

**CELLUCOM RETAIL INDIA PRIVATE LIMITED**

**FINANCIAL STATEMENTS AS AT AND  
FOR THE PERIOD ENDED MARCH 31, 2015**

**INDEPENDENT AUDITOR'S REPORT****To the Members of Cellucom Retail India Private Limited****Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of **Cellucom Retail India Private Limited** ("the Company"), which comprise the Balance Sheet as at 31 March 2015, the Statement of Profit and Loss, the Cash Flow Statement for the period then ended, and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2015, and its loss and its cash flows for the period ended on that date.





# S.R. BATLIBOI & Co. LLP

Chartered Accountants

## Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 29 in the financial statements which indicates that the Company has incurred a net loss of Rs. 33,375,248 during the period ended March 31, 2015 and as of that date; the Company's current liabilities exceeded its current assets by Rs. 147,074,531. These conditions, along with other matters as set forth in said Note, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by the law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on 31 March 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 27 to the financial statements;
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm registration number: 301003E

*Anil Gupta*

per Anil Gupta

Partner

Membership no.: 87921

Place: *Noida*

Date: *11/07/2015*



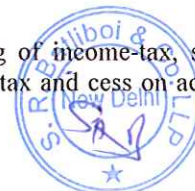
# **S.R. BATLIBOI & Co. LLP**

Chartered Accountants

**Annexure referred to in paragraph 'Report on Other Legal and Regulatory Requirements' of our report of even date**

Re: Cellucom Retail India Private Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets were physically verified by the management in the previous year in accordance with a planned programme of verifying them once in two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the period.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a) and (b) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Companies Act, 2013, for the products/services of the Company.
- (vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance fund, investor education and protection fund, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance fund, income-tax, sales-tax, wealth-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues were outstanding at the period end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, duty of customs, duty of excise, value added tax and cess on account of any dispute, are as follows:





# S.R. BATLIBOI & Co. LLP

Chartered Accountants

Name of the statute	Nature of dues	Amount	Period to which the amount relates	Forum where dispute is pending
Maharashtra VAT Act, 2002	Demand for VAT	1,487,973	2006-07	Deputy Commissioner of Sales Tax, Appeal-5, Mumbai.
Income Tax Act, 1961	Demand for TDS	28,278	2010-11	Commissioner of Income Tax ( Appeals ), Delhi

(d) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

- (viii) The Company's accumulated losses at the end of the financial period are more than fifty percent of its net worth. The Company has incurred cash loss during the current period and also in the immediately preceding financial year.
- (ix) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to any bank. The Company did not have any outstanding debentures and loan from financial institution during the period.
- (x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xi) The Company did not have any term loans outstanding during the period.
- (xii) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the period.

For S.R. Batliboi & Co. LLP  
Chartered Accountants  
ICAI Firm Registration Number: 301003E

*Anil Gupta*

per Anil Gupta  
Partner  
Membership Number: 87921

Place:  
Date:

*New Delhi*  
*11/07/2015*



Cellucom Retail India (P) Limited

CIN: U32202DL2006PTC153361

Regd. Address: B-1/628, Plot No. 628, B-1 Block, Pankha Road, Janakpuri, New Delhi-110058

Balance Sheet as at March 31, 2015

	Notes	31-Mar-15 Rs.	30-Jun-14 Rs.
<b>Equity and liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	3	500,000,000	200,000,000
Reserves and surplus	4	(632,779,888)	(599,404,640)
		<b>(132,779,888)</b>	<b>(399,404,640)</b>
<b>Current liabilities</b>			
Short-term borrowings	6	-	278,000,000
Trade payables	7	266,087,076	182,314,835
Other current liabilities	7	9,807,982	4,636,654
Short-term provisions	5	350,488	306,573
		<b>276,245,546</b>	<b>465,258,062</b>
<b>TOTAL</b>		<b>143,465,658</b>	<b>65,853,422</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	8	7,752,434	9,573,736
Intangible assets	9	-	-
Long-term loans and advances	10	5,821,514	11,326,270
Other non-current assets	11.2	720,694	198,293
		<b>14,294,642</b>	<b>21,098,299</b>
<b>Current assets</b>			
Inventories	12	30,030,172	20,681,724
Trade receivables	11.1	76,394,846	991,655
Cash and bank balances	13	5,997,020	9,964,879
Short-term loans and advances	10	16,748,978	13,110,224
Other current assets	11.2	-	6,641
		<b>129,171,016</b>	<b>44,755,123</b>
<b>TOTAL</b>		<b>143,465,658</b>	<b>65,853,422</b>
Summary of significant accounting policies	2.1		

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

As per our report of even date

For S.R. BATLIBOI & CO. LLP  
ICAI Firm's Registration No. 301003E  
Chartered Accountants

per Anil Gupta  
Partner  
Membership No.: 87921



Place :  
Date :

11/7/2015

For and on behalf of the Board of Directors of Cellucom Retail India Private Limited

Madhusudan Venkatachary  
Director  
DIN: 02650160

Rajneesh Arora  
Manager

Subhasish Mohanty  
Director  
DIN: 05329000

Amit Garg  
Chief Financial Officer

**Cellucom Retail India (P) Limited**

CIN: U32202DL2006PTC153361

Regd. Address: B-1/628, Plot No. 628, B-1 Block, Pankha Road, Janakpuri, New Delhi-110058

**Statement of Profit & Loss for the Period ended March 31, 2015**

	Notes	31-Mar-15 Rs.	30-Jun-14 Rs.
<b>Income</b>			
Revenue from operations	14	680,841,213	747,799,091
<b>Revenue from operations (net)</b>		<b>680,841,213</b>	<b>747,799,091</b>
Other income	15	781,324	1,152,575
<b>Total revenue (I)</b>		<b>681,622,537</b>	<b>748,951,666</b>
<b>Expenses</b>			
Purchase of traded goods	16	640,136,609	671,104,521
(Increase) / Decrease in inventories of traded goods	16	(9,348,448)	8,335,376
Employee benefits expense	17	16,123,544	15,063,068
Other expenses	18	47,810,058	59,171,515
<b>Total (II)</b>		<b>694,721,763</b>	<b>753,674,480</b>
<b>(Loss) before interest, tax, depreciation and amortization (EBITDA) (I) – (II)</b>		<b>(13,099,226)</b>	<b>(4,722,814)</b>
Depreciation and amortization expense	19	4,372,749	8,054,257
Finance costs	20	15,842,192	84,733
Exceptional items	21	61,081	2,969,622
<b>Loss for the year</b>		<b>(33,375,248)</b>	<b>(15,831,426)</b>
<b>Earnings per equity share [nominal value of share Rs. 10 (30 June 2014: Rs. 10)]</b>			
Basic and diluted	22	(1.62)	(0.79)

Summary of significant accounting policies 2.1

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

As per our report of even date

For S.R. BATLIBOI & CO. LLP

ICAI Firm's Registration No. 301003E  
Chartered Accountants

per Anil Gupta  
Partner  
Membership No.: 87921



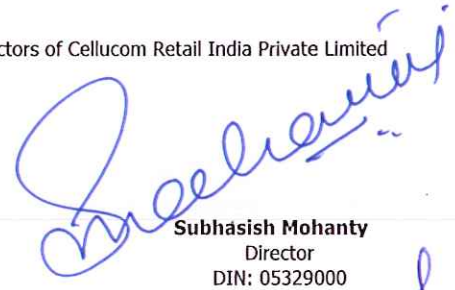
Place :  
Date :

1001/15  
11/3/2015

For and on behalf of the Board of Directors of Cellucom Retail India Private Limited

  
**Madhusudan Venkatachary**  
Director  
DIN: 02650160

  
**Rajneesh Arora**  
Manager

  
**Subhasish Mohanty**  
Director  
DIN: 05329000

  
**Amit Garg**  
Chief Financial Officer



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Cash Flow statement for the period ended March 31, 2015

	31-Mar-15 Rs.	30-Jun-14 Rs.
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before tax	(33,375,248)	(15,831,426)
Non-cash adjustment to reconcile loss before tax to net cash flows		
Depreciation/ amortization	4,433,830	11,023,879
(Profit)/ loss on sale of fixed assets	(26,255)	44,404
Provision for doubtful debts and advances	501,353	-
Bad debts / advances written off	5,344	105,923
Interest expense	15,842,192	84,733
Interest (income)	(89,454)	(264,052)
<b>Operating (loss) before working capital changes</b>	<b>(12,708,238)</b>	<b>(4,836,539)</b>
Movements in working capital :		
Increase/ (Decrease) in trade payables	83,772,241	(7,301,881)
Increase/ (Decrease) in short-term provisions	43,915	(150,487)
Increase/ (Decrease) in other current liabilities	5,019,380	(713,193)
(Increase)/ Decrease in trade receivables	(75,403,191)	3,680,795
(Increase)/ Decrease in inventories	(9,348,448)	8,335,376
Decrease in long-term loans and advances	5,504,756	5,627,404
Increase in short-term loans and advances	(4,634,470)	(2,913,930)
<b>Cash generated (used in)/from operations</b>	<b>(7,754,055)</b>	<b>1,727,545</b>
Direct taxes paid (net of refunds)	489,019	(126,255)
<b>Net cash flow (used in)/from operating activities</b>	<b>A (7,265,036)</b>	<b>1,601,290</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets, including CWIP and capital advances	(2,461,625)	(4,700,037)
Proceeds from sale of fixed assets	27,300	129,550
Investments in bank deposits (having original maturity of more than three months)	(25,981)	(123,031)
Interest received	67,987	320,687
<b>Net cash flow (used in) investing activities</b>	<b>B (2,392,319)</b>	<b>(4,372,831)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of equity share capital	300,000,000	-
Repayment of short-term borrowings	(278,000,000)	-
Interest paid	(15,842,192)	(84,733)
<b>Net cash flow from/ (used in) in financing activities</b>	<b>C 6,157,808</b>	<b>(84,733)</b>
<b>Net (decrease) in cash and cash equivalents (A + B + C)</b>	<b>A+B+C (3,499,547)</b>	<b>(2,856,274)</b>
Cash and cash equivalents at the beginning of the period/year	9,323,097	12,179,371
<b>Cash and cash equivalents at the end of the period/year</b>	<b>5,823,550</b>	<b>9,323,097</b>
<b>Components of cash and cash equivalents</b>		
Cash on hand	763,932	1,384,821
With banks- on current accounts	5,059,618	7,938,276
<b>Total cash and cash equivalents (note 13)</b>	<b>5,823,550</b>	<b>9,323,097</b>

Notes :

1. The Cash flow statement has been prepared under the indirect method as set out in Accounting Standard 3 on Cash Flow Statements notified by Companies Accounting Standard Rules, 2006 (as amended).
2. Negative figures have been shown in brackets.

Summary of significant accounting policies

2.1

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

As per our report of even date

For S.R. BATLIBOI & CO. LLP  
 ICAI Firm's Registration No. 301003E  
 Chartered Accountants

per Anil Gupta  
 Partner  
 Membership No.: 87921



Place :

Date :

For and on behalf of the Board of Directors of Cellucom  
 Retail India Private Limited

Madhusudan Venkatachary  
 Director  
 DIN: 02650160

Rajneesh Arora

Manager

Subhasish Mohanty  
 Director  
 DIN: 05329000

Amit Garg

Chief Financial Officer



Cellucom Retail India (P) Limited  
CIN: U32202DL2006PTC153361  
Regd. Address: B-1/628, Plot No. 628, B-1 Block, Pankha Road,  
Janakpuri, New Delhi-110058

Notes to financial statements for the period ended March 31, 2015

**1. Corporate information**

Cellucom Retail India Private Limited ("the Company") is into the business of trading in mobile handsets, IT products and related accessories. The Company operates through its chain of stores across India.

**2. Basis of preparation**

The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under Section 133 of the Companies Act 2013, read together with Rule 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those used in the previous year except for the change in accounting policy explained in Note No. 2.1(b) below.

**2.1 Summary of significant accounting policies**

**Change in accounting policy**

**(a) Depreciation on fixed assets**

Till the year ended 30 June 2014, Schedule XIV to the Companies Act, 1956, prescribed requirements concerning depreciation of fixed assets. From the current period, Schedule XIV has been replaced by Schedule II to the Companies Act, 2013. The applicability of Schedule II has resulted in the following changes related to depreciation of fixed assets. Unless stated otherwise, the impact mentioned for the current period is likely to hold good for future years also.

**(b) Useful lives/ depreciation rates**

Till the year ended 30 June 2014, depreciation rates prescribed under Schedule XIV were treated as minimum rates and the Company was not allowed to charge depreciation at lower rates even if such lower rates were justified by the estimated useful life of the asset. Schedule II to the Companies Act 2013 prescribes useful lives for fixed assets which, in many cases, are different from lives prescribed under the erstwhile Schedule XIV. However, Schedule II allows companies to use higher/ lower useful lives and residual values if such useful lives and residual values can be technically supported and justification for difference is disclosed in the financial statements.

Considering the applicability of Schedule II, the management has re-estimated useful lives and residual values of all its fixed assets which are equal to or lower than useful lives and residual values specified in Schedule II. The management believes that depreciation rates used by the company fairly reflect its estimate of the useful lives and residual values of fixed assets, though these rates in certain cases are different from the life prescribed under Schedule II.

Had the Company continued to follow the earlier useful life, the depreciation expense for the period would have been lower by Rs. 61,081 loss would have been lower by Rs. 61,081 and the net block of the fixed assets would have been higher by Rs. 61,081.

Till year ended 30 June 2014, to comply with the requirements of Schedule XIV to the Companies Act, 1956, the Company was charging 100% depreciation on assets costing less than Rs. 5,000 within one year from the date of acquisition. However, Schedule II to the Companies Act 2013, applicable from the current year, does not recognize such practice. Hence, to comply with the requirement of Schedule II to the Companies Act, 2013, the Company has changed its accounting policy for depreciation of fixed assets costing less than Rs. 5,000. As per the revised policy, the Company is depreciating such fixed assets over their useful life as assessed by the management. The management has decided to apply the revised accounting policy prospectively from accounting periods commencing on or after 1 July 2014.

The change in accounting for depreciation of fixed assets costing less than Rs. 5,000 did not have any material impact on the loss for the current period.

**(c) Use of estimates**

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

**(d) Tangible fixed assets**

Fixed assets 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. Borrowing costs relating to acquisition of fixed assets which take substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.



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Notes to financial statements for the period ended March 31, 2015

Gains or losses arising from derecognition of fixed assets 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.

**(e) Depreciation on tangible fixed assets**

Leasehold improvements are amortised over 3 years or unexpired lease period, whichever is earlier.

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The Company has used the following rates to provide depreciation on its fixed assets.

	Rates (SLM)
Computers ( other than servers etc )	33.33%
Furniture and Fittings	12.5%*
Office Equipments	20.00%
Mobile Handsets (included under office equipments)	50%*

\* The Company considers lower useful life than the life prescribed in Schedule II as per their estimate.

Accelerated depreciation on leasehold improvements/ furnitures and fixtures related to stores/ warehouses under closure is calculated over the notice period of respective lease of the leased premises.

**(f) Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Intangible assets are amortized on a straight line basis over the estimated useful economic life of three years.

Gains or losses arising from derecognition of an intangible asset 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.

**(g) Leases**

Where the Company is the lessee

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

**(h) Borrowing costs**

Borrowing cost 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 capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

**(i) Impairment of tangible and intangible assets**

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflect current market assessment of the time value of money and risks specific to asset.

**(j) Inventories**

Inventories are valued as follows:

Traded goods are valued at lower of cost and net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a moving weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

**(k) Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized.





**Cellucom Retail India (P) Limited**  
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**Regd. Address: B-1/628, Plot No. 628, B-1 Block, Pankha Road,**  
**Janakpuri, New Delhi-110058**

**Notes to financial statements for the period ended March 31, 2015**

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*Sale of goods*

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not the economic benefits flowing to the Company. Hence, they are excluded from revenue.

*Sale of Services*

Revenue is recognized as and when the services are rendered.

*Interest*

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of Profit and Loss.

**(I) Foreign currency translation**

*Foreign currency transactions and balances*

(i) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are retranslated 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 reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

(iii) Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

**(m) Retirement and other employee benefits**

i. Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre payment will lead to, for example, a reduction in future payment or a cash refund.

ii. Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial period. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The liability as at the period end represents the difference between the actuarial valuation of the gratuity liability of continuing employees and the fair value of the plan assets with the SBI Life Insurance Company Limited as at the end of the period.

iii. 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.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the period-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

**(n) Income taxes**

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.



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Deferred income taxes reflect the impact of current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. 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 tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date, the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

**(o) Earnings Per Share**

Basic earnings per share are calculated by dividing the net profit/loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for bonus element in a rights issue to existing shareholders.

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

**(p) Provisions**

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and are adjusted to reflect the current best management estimates.

**(q) Contingent liabilities**

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 the Company or a 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 extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

**(r) Cash and cash equivalents**

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

**(s) Segment reporting**

*Identification of segments*

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

*Segment accounting policies*

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

**(t) Measurement of EBITDA**

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the Company has elected to present earnings before interest, tax, depreciation and amortization (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 expense, finance costs and tax expense.





Notes to financial statements for the period ended March 31, 2015

3. Share Capital

	31-Mar-15 Rs.	30-Jun-14 Rs.
<b>Authorized shares</b>		
50,000,000 (Previous year 20,000,000) equity shares of Rs. 10 each	500,000,000	200,000,000
<b>Issued, subscribed and fully paid-up shares</b>		
50,000,000 (Previous year 20,000,000) equity shares of Rs. 10 each fully paid up	500,000,000	200,000,000
<b>Total issued, subscribed and fully paid-up share capital</b>	<b>500,000,000</b>	<b>200,000,000</b>

(a) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period/year  
Equity shares

	31-Mar-15		30-Jun-14	
	No.	Rs.	No.	Rs.
At the beginning of the period/year	20,000,000	200,000,000	20,000,000	200,000,000
Issued during the period	30,000,000	300,000,000	-	-
<b>Outstanding at the end of the period/year</b>	<b>50,000,000</b>	<b>500,000,000</b>	<b>20,000,000</b>	<b>200,000,000</b>

(b) Terms/rights attached to equity shares

The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share.

(c) Shares held by holding company

Out of equity shares issued by the Company, shares held by its holding company are as below:

	31-Mar-15 Rs.	30-Jun-14 Rs.
Spice Retail Limited, the holding company	50,000,000	200,000,000
50,000,000 (Previous year 20,000,000) equity shares of Rs. 10 each fully paid up		

(d) Details of shareholders holding more than 5% shares in the Company

Name of the shareholder	As at 31 Mar 2015		As at 30 June 2014	
	No.	% holding in the class	No.	% holding in the class
<b>Equity shares of `10 each fully paid</b>				
Spice Retail Limited, the holding company	50,000,000	100.00%	20,000,000	100.00%

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

4. Reserves and Surplus

	31-Mar-15 Rs.	30-Jun-14 Rs.
<b>Securities premium account</b>		
Balance as per the last financial statements	847,800,000	847,800,000
<b>Closing Balance</b>	<b>847,800,000</b>	<b>847,800,000</b>
<b>Deficit in the statement of profit and loss</b>		
Balance as per last financial statements	(1,447,204,640)	(1,431,373,214)
Loss for the period/year	(33,375,248)	(15,831,426)
<b>Net deficit in the statement of profit and loss</b>	<b>(1,480,579,888)</b>	<b>(1,447,204,640)</b>
<b>Total reserves and surplus</b>	<b>(632,779,888)</b>	<b>(599,404,640)</b>



Notes to financial statements for the period ended March 31, 2015

5. Provisions

	Long-term		Short-term	
	31-Mar-15 Rs.	30-Jun-14 Rs.	31-Mar-15 Rs.	30-Jun-14 Rs.
Provision for employee benefits	-	-	350,488	306,573
Provision for leave benefits	-	-	350,488	306,573
	-	-	350,488	306,573

6. Short-term borrowings

	31-Mar-15 Rs.	30-Jun-14 Rs.
8% Interest bearing ( Previous year interest free) Loan from holding company repayable on demand (unsecured)	-	278,000,000
	-	278,000,000
The above amount represents		
Unsecured borrowings	-	278,000,000

7. Other Current Liabilities

	31-Mar-15 Rs.	30-Jun-14 Rs.
Trade payables (including acceptances) (refer note 28 for details of dues to micro and small enterprises)	266,087,076	182,314,835
<b>Other liabilities</b>		
Advance received from customers and their credit balances	-	7,500
Payable for capital goods	2,462,115	2,310,167
Employee Payable	3,148,001	1,816,228
Others		
Service tax payable	-	19,594
VAT payable	1,867,532	-
WCT payable	-	38,444
PF payable	156,890	110,440
ESI payable	42,282	11,631
TDS payable	2,131,162	322,650
	9,807,982	4,636,654
	275,895,058	186,951,489

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Notes to financial statements for the period ended March 31, 2015

8. Tangible Assets

	Lease Hold Improvements	Office Equipments	Furniture and Fixtures	Computers	Total
<b>Gross Block</b>					
At 01.07.2013	38,435,063	11,100,950	17,049,720	16,240,443	82,826,176
Additions	3,254,962	508,445	1,423,043	67,000	5,253,450
Deletions/ Adjustments	16,794,853	6,255,771	4,993,257	14,933,533	42,977,414
At 30.06.2014	24,895,172	5,353,624	13,479,506	1,373,910	45,102,212
Additions	1,311,745	476,777	396,101	428,950	2,613,573
Deletions/ Adjustments	1,744,937	126,484	16,210	-	1,887,631
At 31.03.2015	24,461,980	5,703,917	13,859,397	1,802,860	45,828,154
<b>Depreciation</b>					
At 01.07.2013	35,160,206	5,674,497	10,670,549	15,802,805	67,308,057
For the year	2,600,337	4,864,240	3,223,055	336,247	11,023,879
Deletions / Adjustments	16,794,853	6,081,817	4,993,257	14,933,533	42,803,460
At 30.06.2014	20,965,690	4,456,920	8,900,347	1,205,519	35,528,476
For the period	2,325,493	329,551	1,632,599	146,187	4,433,830
Deletions / Adjustments	1,744,937	125,439	16,210	-	1,886,586
At 31.03.2015	21,546,246	4,661,032	10,516,736	1,351,706	38,075,720
<b>Net Block</b>					
At 30.06.2014	3,929,482	896,704	4,579,159	168,391	9,573,736
At 31.03.2015	2,915,734	1,042,885	3,342,661	451,154	7,752,434



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Notes to financial statements for the period ended March 31, 2015

9. Intangible Assets Amount in Rupees

	Software
<b>Gross Block</b>	
At 01.07.2013	312,480
Additions	-
Deletions	-
At 30.06.2014	312,480
Additions	-
Deletions	-
At 31.03.2015	312,480
<b>Amortization</b>	
At 01.07.2013	312,480
For the year	-
Deletions	-
At 30.06.2014	312,480
For the period	-
Deletions	-
At 31.03.2015	312,480
<b>Net Block</b>	
At 30.06.2014	-
At 31.03.2015	-





Notes to financial statements for the period ended March 31, 2015

10. Loans and advances

	Non-current		current	
	31-Mar-15 Rs.	30-Jun-14 Rs.	31-Mar-15 Rs.	30-Jun-14 Rs.
<b>Security deposits</b>				
Unsecured, considered good	5,821,514	11,326,270	9,005,479	3,725,723
Doubtful	-	-	179,625	179,625
	<b>5,821,514</b>	<b>11,326,270</b>	<b>9,185,104</b>	<b>3,905,348</b>
Provision for doubtful security deposit	-	-	(179,625)	(179,625)
	<b>5,821,514</b>	<b>11,326,270</b>	<b>9,005,479</b>	<b>3,725,723</b>
<b>Advances recoverable in cash or kind</b>				
Unsecured, considered good	-	-	965,573	3,080,769
Doubtful	-	-	1,019,300	1,456,274
	-	-	<b>1,984,873</b>	<b>4,537,043</b>
Provision for doubtful advances	-	-	(1,019,300)	(1,456,274)
	-	-	<b>965,573</b>	<b>3,080,769</b>
<b>Other loans and advances</b>				
Unsecured, considered good	-	-	443,848	932,867
Income tax deducted at source	-	-	70,064	142,793
Prepaid expenses	-	-	6,264,014	5,228,072
Balances with statutory / government authorities	-	-	-	-
	-	-	<b>6,777,926</b>	<b>6,303,732</b>
	<b>5,821,514</b>	<b>11,326,270</b>	<b>16,748,978</b>	<b>13,110,224</b>

11. Trade Receivables and Other Assets

11.1. Trade Receivables

	Non-current		Current	
	31-Mar-15 Rs.	30-Jun-14 Rs.	31-Mar-15 Rs.	30-Jun-14 Rs.
<b>Outstanding for a period not exceeding six months from the date they are due for payment</b>				
Unsecured, considered good	-	-	76,394,846	991,655
	-	-	<b>76,394,846</b>	<b>991,655</b>

11.2. Other assets

	Non-current		Current	
	31-Mar-15 Rs.	30-Jun-14 Rs.	31-Mar-15 Rs.	30-Jun-14 Rs.
<b>Unsecured, considered good</b>				
Non-current bank balances	692,586	198,293	-	-
	<b>692,586</b>	<b>198,293</b>	-	-
<b>Others</b>				
Interest accrued on fixed deposits	28,108	-	-	6,641
	<b>28,108</b>	-	-	<b>6,641</b>
	<b>720,694</b>	<b>198,293</b>	-	<b>6,641</b>

12. Inventories (valued at lower of cost and net realizable value)

	31-Mar-15 Rs.	30-Jun-14 Rs.
Traded Goods	30,030,172	20,681,724
	<b>30,030,172</b>	<b>20,681,724</b>



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Notes to financial statements for the period ended March 31, 2015

13. Cash and bank balances

	Non-current		Current	
	31-Mar-15 Rs.	30-Jun-14 Rs.	31-Mar-15 Rs.	30-Jun-14 Rs.
<b>Cash and cash equivalents</b>				
Balances with banks:				
– On current accounts	-	-	5,059,618	7,938,276
Cash on hand	-	-	763,932	1,384,821
	-	-	<b>5,823,550</b>	<b>9,323,097</b>
<b>Other bank balances</b>				
– Margin money deposit	692,586	198,293	173,470	641,782
	<b>692,586</b>	<b>198,293</b>	<b>173,470</b>	<b>641,782</b>
Amount disclosed under non-current assets (note 11.2)	(692,586)	(198,293)		
	-	-	<b>5,997,020</b>	<b>9,964,879</b>

Margin money deposits given as security

Margin money deposits with a carrying amount of Rs. 866,056 ( 30 June 2014: Rs. 840,075 ) are pledged with bank for issue of bank guarantees.

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Notes to financial statements for the period ended March 31, 2015

14. Revenue from operations

	31-Mar-15 Rs.	30-Jun-14 Rs.
Revenue from operations		
Sale of Trading Goods	680,430,458	747,130,959
Sale of services	410,755	668,132
<b>Revenue from operations (net)</b>	<b>680,841,213</b>	<b>747,799,091</b>

Detail of products sold

	31-Mar-15 Rs.	30-Jun-14 Rs.
Traded goods sold		
Mobile handsets	664,222,388	730,024,159
Others	16,208,070	17,106,800
	<b>680,430,458</b>	<b>747,130,959</b>

Detail of services rendered

Particulars	31-Mar-15 Rs.	30-Jun-14 Rs.
Commission on Airtime ( net of discount on airtime recharge )	410,755	668,132
	<b>410,755</b>	<b>668,132</b>

15. Other income

	31-Mar-15 Rs.	30-Jun-14 Rs.
Interest income on		
Bank deposits	52,414	71,752
Vat refund	37,040	192,300
Credit balances written back	99,469	334,779
Profit on disposal of Fixed assets (net)	26,255	-
Miscellaneous Income	566,146	553,744
	<b>781,324</b>	<b>1,152,575</b>

16. (Increase)/Decrease in inventories

	31-Mar-15 Rs.	30-Jun-14 Rs.
Inventories at the end of the year		
Traded goods	30,030,172	20,681,724
Inventories at the beginning of the year		
Traded goods	20,681,724	29,017,100
	<b>(9,348,448)</b>	<b>8,335,376</b>

Details of purchase of traded goods

	31-Mar-15 Rs.	30-Jun-14 Rs.
Mobile handsets	622,622,712	658,348,203
Others	17,513,897	12,756,318
	<b>640,136,609</b>	<b>671,104,521</b>

Details of inventory

	31-Mar-15 Rs.	30-Jun-14 Rs.
Traded goods		
Mobile handsets	25,460,689	18,744,430
Others	4,569,483	1,937,294
	<b>30,030,172</b>	<b>20,681,724</b>



Notes to financial statements for the period ended March 31, 2015

17. Employee benefits expense

	31-Mar-15 Rs.	30-Jun-14 Rs.
Salaries, wages and bonus	14,487,624	13,610,602
Contribution to provident and other funds	920,120	868,551
Gratuity expense (note 23)	164,561	27,633
Staff welfare expenses	551,239	556,282
	<u>16,123,544</u>	<u>15,063,068</u>

18. Other expenses

	31-Mar-15 Rs.	30-Jun-14 Rs.
Electricity & water charges	2,767,688	3,569,186
Rent	26,219,206	35,095,100
Rates and taxes	2,857,289	1,124,980
Insurance	134,495	280,578
Repairs and maintenance		
Others	3,609,834	3,797,643
Advertising and sales promotion	1,460,607	1,134,055
Security Service Charges	759,763	1,302,203
Traveling and conveyance	193,290	583,888
Communication costs	672,894	1,021,884
Printing and stationery	150,529	202,089
Legal and professional fees	1,378,336	2,022,860
Payment to statutory auditors (Refer details below)	1,511,629	1,754,463
Bank charges	638,827	862,154
Credit card charges	4,843,868	6,117,532
Bad debts / advances written off	943,671	105,923
Less adjusted with doubtful debts and advances	(938,327)	5,344
Provision for doubtful debts and advances	501,353	-
Loss on disposal of fixed assets (net)	-	44,404
Miscellaneous expenses	105,106	152,573
	<u>47,810,058</u>	<u>59,171,515</u>

Payment to statutory auditors

	31-Mar-15 Rs.	30-Jun-14 Rs.
<b>As auditor:</b>		
Statutory audit fee	561,800	505,620
Tax audit fee	238,765	168,540
Limited review	449,440	674,160
Audit of tax accounts	105,337	140,450
<b>In other capacity:</b>		
Other services (certification fees)	112,360	224,720
Reimbursement of expenses	43,927	40,973
	<u>1,511,629</u>	<u>1,754,463</u>

19. Depreciation and amortization expense

	31-Mar-15 Rs.	30-Jun-14 Rs.
Depreciation of tangible assets	4,372,749	8,054,257
Amortization of intangible assets	-	-
	<u>4,372,749</u>	<u>8,054,257</u>

20. Finance costs

	31-Mar-15 Rs.	30-Jun-14 Rs.
Interest	15,842,192	84,733
	<u>15,842,192</u>	<u>84,733</u>

21. Exceptional Items

	31-Mar-15 Rs.	30-Jun-14 Rs.
Increase in Depreciation due to Change in Accounting estimate	61,081	2,969,622
	<u>61,081</u>	<u>2,969,622</u>





Notes to financial statements for the period ended March 31, 2015

22. Earnings per share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computation:

	31-Mar-15 Rs.	30-Jun-14 Rs.
Loss for the period/year	(33,375,248)	(15,831,426)
Weighted average number of equity shares in calculating basic and diluted EPS	20,656,934	20,000,000
<b>Basic and diluted earning per share</b>	<b>(1.62)</b>	<b>(0.79)</b>

23. Disclosures under Accounting Standard- 15 ( Revised ) on 'Employee Benefits' :

A. Gratuity and other post-employment benefit plans

11. The Company has defined benefit gratuity plan which has been funded under separate arrangement with SBI Life Insurance Company Limited. 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 or part thereof in excess of six months.

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the gratuity plan.

Statement of profit and loss

Net employee benefit expense recognized in the employee cost

	Gratuity 31-Mar-15 Rs.	Gratuity 30-Jun-14 Rs.
Current service cost	110,431	153,910
Interest cost on benefit obligation	57,990	90,021
Expected return on plan assets	(90,977)	(104,982)
Net actuarial loss/(gain) recognized during the period/year	87,117	(111,316)
<b>Net benefit expense</b>	<b>164,561</b>	<b>27,633</b>

Balance sheet

Benefit asset/ liability

	Gratuity 31-Mar-15 Rs.	Gratuity 30-Jun-14 Rs.
Present value of defined benefit obligation	(914,357)	(909,645)
Fair value of plan assets	1,436,862	1,347,801
<b>Plan asset / (liability)</b>	<b>522,505</b>	<b>438,156</b>

Changes in the present value of the defined benefit obligation are as follows:

	Gratuity 31-Mar-15 Rs.	Gratuity 30-Jun-14 Rs.
Opening defined benefit obligation	909,645	1,059,066
Current service cost	110,431	153,910
Interest cost	57,990	90,021
Benefits paid	(248,910)	(289,778)
Actuarial loss/(gains) on obligation	85,201	(103,574)
<b>Closing defined benefit obligation</b>	<b>914,357</b>	<b>909,645</b>

Changes in the fair value of plan assets are as follows:

	Gratuity 31-Mar-15 Rs.	Gratuity 30-Jun-14 Rs.
Fair value of plan assets at beginning of the year	1,347,801	1,235,077
Expected Return on plan assets	90,977	104,982
Actuarial gain/ (loss)	(1,916)	7,742
<b>Closing fair value of plan assets</b>	<b>1,436,862</b>	<b>1,347,801</b>
<b>Actual return on plan assets</b>	<b>89,061</b>	<b>112,724</b>

The Company expects to contribute Rs. 1,73,537 to the gratuity fund in the year 2015-16. The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	31-Mar-15	30-Jun-14
Investment with insurer	100%	100%



Notes to financial statements for the period ended March 31, 2015

The principal assumptions used in determining gratuity obligations for the Company's plan are shown below:

	31-Mar-15	30-Jun-14
Discount rate	7.75%	8.5%
Expected rate of return on assets	8.5%	8.5%
Withdrawal rate	35%	35%
Increase in Compensation cost	8%	8%
Mortality table referred	IALM ( 2006-08 ) duly modified	

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Amounts for the current and previous four periods are as follows:

	31-Mar-15 Rs.	30-Jun-14 Rs.	30-Jun-13 Rs.	30-Jun-12 Rs.	31-Mar-11 Rs.
<b>Gratuity</b>					
Defined benefit obligation	914,357	909,645	1,059,066	1,094,933	1,111,516
Plan assets	1,436,862	1,347,801	1,235,077	1,133,098	1,022,600
Surplus / (deficit)	522,505	438,156	176,011	38,165	(88,916)
Experience adjustments on plan liabilities (loss) / gain	(61,940)	103,574	42,264	195,486	393,232
Experience adjustments on plan assets	3,139	7,742	5,666	(4,545)	-

B. Defined Contribution Plan

	31-Mar-15 Rs.	30-Jun-14 Rs.	30-Jun-13 Rs.	30-Jun-12 Rs.	31-Mar-11 Rs.
Contribution to Provident Fund	609,120	612,003	937,293	1,302,794	1,503,254

24. Leases

Operating lease: Company as lessee

Outlet premises, office premises and warehouses are obtained on operating lease. The lease term ranges from 1 to 9 years and renewable for further 2 to 6 years at the option of the Company. There are no restrictions imposed by lease arrangements and the rent is not determined based on any contingency.

The total of future minimum lease payments under the non-cancellable operating leases are as under:

	31-Mar-15 Rs.	30-Jun-14 Rs.
Within one year	2,942,371	2,942,371
After one year but not more than five years	948,097	3,187,569
More than five years	-	-
	<u>3,890,468</u>	<u>6,129,940</u>

25. Segment Reporting Policies

Primary Segments: Business Segments

The Company is primarily engaged in the business of retail trade through retail store facilities, which in the context of Accounting Standard 17 on 'Segment Reporting' constitute a single reporting segment.

Secondary Segment Reporting (by Geographical Segments)

As the Company's business activity falls within a single geographical segment, there is no additional disclosure required to be provided for geographical segments in terms of Accounting Standard-17 Segment Reporting.

26. Related party disclosures

Names of related parties and related party relationship  
 Related parties where control exists

Ultimate holding company

Smart Global Corporate Holding Pvt. Ltd. (Formerly known as Spice Global Investments Pvt. Ltd) (Holding company of Smart Ventures Pvt. Ltd.)

Holding company

Spice Retail Limited ( SRL)  
 Hindustan Retail Private Limited ( HRPL ) (Holding company of SRL)  
 Spice Mobility Limited ( SML) (Holding company of HRPL)  
 Smart Ventures Pvt. Ltd. (Formerly known as Smart Venture Ltd.) (Holding company of SML)

Related parties with whom transactions have taken place during the period/previous year

Fellow subsidiary

Spice Online Retail Private Limited  
 Bharat IT Services Limited





Cellucom Retail India (P) Limited  
 CIN: U32202DL2006PTC153561  
 Regd. Address: B-1/628, Plot No. 628, B-1 Block, Pankha Road, Janakpuri, New Delhi-110058

Notes to financial statements for the period ended March 31, 2015  
 Transactions with Related Parties:

Particulars	Enterprises owned or significantly influenced by key management personnel or their relatives		Holding Company		Total	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
<b>A. Transactions during the period</b>						
Share Capital Received						
Spice Retail Limited			300,000,000	-	300,000,000	-
Repayment of Loans						
Spice Retail Limited			278,000,000	-	278,000,000	-
Purchases and services received*						
Spice Retail Limited			625,531,384	656,882,013	625,531,384	656,882,013
Commission received on Airtime connection						
Spice Retail Limited			880,161	791,421	880,161	791,421
Reimbursement of expenses received						
Spice Online Retail Pvt. Limited		185,000			-	185,000
Interest Paid						
Spice Retail Limited			15,842,192	-	15,842,192	-
Computer Maintenance Expenses						
Bharat IT Services Limited	101,732	-			101,732	-
<b>E. Balances at the period end</b>						
Loan Outstanding						
Spice Retail Limited			-	278,000,000	-	278,000,000
Creditors						
Spice Retail Limited			248,419,545	170,287,824	248,419,545	170,287,824
Bharat IT Services Limited	2,231	-			2,231	-

\* Excluding VAT



Notes to financial statements for the period ended March 31, 2015

27. Contingent liabilities ( Not provided for) in respect of :

	31-Mar-15 Rs.	30-Jun-14 Rs.
Claims against the Company not acknowledged as debts *	2,861,643	2,641,594
Demands raised by Income tax authority *	28,278	28,278
Demands raised by sale tax authority *	1,487,973	1,487,973
The Hon'ble Supreme Court of India vide its order dated December 17, 2014 on the judgment in case of State of Punjab Vs. Nokia India Pvt. Ltd. has held that sales tax on battery charger sold along with mobile phone should be charged at sales tax rate applicable to chargers, which is higher than the sales tax rate applicable to mobile phones in few states. In the case of the Company, since there was no such dispute pending in any of the states and no demand whatsoever has been raised/received, no effect has been given on the financial statements on account of above judgment. The Company is currently evaluating the above judgment. Since the reliable estimate of the liability cannot be made	Amount unascertainable	-
	<u>4,377,894</u>	<u>4,157,845</u>

\* As per the management, the Company has fair chances of success in all these cases and hence no provision in respect thereof is made in the books.

28. Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

	31-Mar-15 Rs.	30-Jun-14 Rs.
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	-	-
The amount of interest paid by the buyer in terms of Section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the current period) but without adding the interest specified under the MSMED Act 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act 2006	-	-

29. As at March 31, 2015, the Company has accumulated losses of Rs.1,480,579,888 (Previous Year Rs.1,447,204,640) against equity and security premium of Rs. 1,347,800,000 (Previous Year Rs.1,047,800,000) and also has net current liabilities of Rs. 147,074,530 (Previous Year Rs 420,502,939). The Company has incurred losses of Rs. 33,375,248 (Previous Year Rs. 15,831,426) during the period. Financial statements do not include any adjustment relating to recoverables / payables and classification of recorded assets / liabilities that may be necessary if the entity is unable to continue as a going concern in view of the fact that Spice Mobility Limited, the holding company has confirmed its intention to settle its obligations as and when they fall due and operate as a going concern.

30. In accordance with Accounting Standard 22 'Accounting for Taxes on Income', issued by the Institute of Chartered Accountants of India, in view of the losses incurred by the Company during the period and earlier years, deferred tax assets on and on unabsorbed depreciation, carried forward business losses and other timing differences have not been accounted for in the books since it is not virtually certain that they will be realized against future profits.

31. Previous year's figures were for twelve months period ended June 30, 2014, whereas current period's figures are for nine months period ended March 31, 2015. Hence, the current period's figures are not strictly comparable with those of the previous year's. Previous year figures have been regrouped / reclassified, where necessary, to conform to this period's classification.

As per our report of even date

For S.R. BATLIBOI & CO. LLP  
 ICAI Firm's Registration No. 301003E  
 Chartered Accountants

per Anil Gupta  
 Partner  
 Membership No. 87921

Place :

Date :

For and on behalf of the Board of Directors of Cellucom Retail India Private Limited

Madhusudan Venkatachary  
 Director  
 DIN: 02650160

Rajeev Anra  
 Manager

Subhasish Mohanty  
 Director  
 DIN: 05329000

Amit Garg  
 Chief Financial Officer

11/5/2015