

INDEPENDENT AUDITOR'S REPORT

To the Members of Spice Digital Limited

Report on the Financial Statements

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

Management's Responsibility for the 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 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 the design, implementation and maintenance of adequate internal financial control 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.

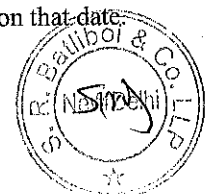
Auditor's Responsibility

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, issued by the Institute of Chartered Accountants of India, as 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 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 effectiveness of such controls. An audit also includes evaluating the appropriateness of 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 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 March 31, 2015, its profit, and its cash flows for the nine months period ended on that date.




S.R. BATLIBOI & CO. LLP

Chartered Accountants

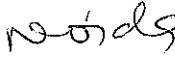
Report on Other Legal and Regulatory Requirements

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 1 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 purpose of our audit;
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss, and 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 written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 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 33 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


per **Anil Gupta**
Partner
Membership Number: 87921

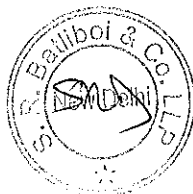


Place: 
Date: 11/5/2015

Annexure A referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date

Re: Spice Digital Limited ("the Company")

- i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) Fixed assets have been physically verified by the management during the previous year in accordance with a planned programme of verifying them once in three years which, in our opinion is reasonable having regard to the size of the Company and the nature of assets. No material discrepancies were identified 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) Apart from rendering telecom related services, the Company is also in the business of development and sale of telecom related software. We are explained that such software is of unique and specialized nature, and hence, in such cases, it is not possible to make the comparison of prices with the market rates or with the sales of similar products to others parties. Read with above, 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, fixed assets, sale of goods and rendering of 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) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.
 - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, 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, customs duty, excise duty, value added tax and cess on account of any dispute, are as follows:



S.R. BATLIBOI & Co. LLP

Chartered Accountants

- (vii) (a) The Holding Company and the Covered entities of the Group are generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues applicable to it, however there is a slight delay in few cases by the Holding Company.
- (b) According to the information and explanations given to us, no undisputed amount payable in respect provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues applicable to it were outstanding at the year end, for a period of more than six months from the date they became payable for the Covered entities of the Group;
- (c) According to the records of the Holding company and the Covered entities of the Group, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount Rs.	Period to which the amount relates	Forum where dispute is pending
Finance Act, 1944	Service tax demand on Short Message Peer to Peer Service	23,845,955	July 1, 2004 to May 15, 2008	Pending with Appellate Tribunal, Delhi
Finance Act, 1944	Service tax demand in respect of non-registration of corporate office as an input service distributor and availment of input service CENVAT credit.	10,128,837	April 1, 2007 to March 31, 2009	Pending with Appellate Tribunal, Delhi
Finance Act, 1944	Demand in respect of wrong availment of input service tax credit on various expenses.	2,067,825	April 1, 2006 to March 31, 2007	Pending with Commissioner (Appeals), Chandigarh

- (d) There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding company and the Covered entities of the Group in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.
- (viii) The Holding Company has no accumulated losses at the end of the financial period and it has not incurred cash losses in the current and immediately preceding financial year. In case of covered entities, accumulated losses at the end of financial year are not more than fifty percent of its net worth and the covered entities have not incurred cash losses in the current and immediately preceding financial year.
- (ix) Based on our audit procedures and as per the information and explanations given by the management, and as reported by the other auditor who audited the Financial Statements of a covered entity of the group, we are of the opinion that the holding company and other covered entities of the Group have not defaulted in the repayment of dues to any bank. The group did not have any outstanding dues from any financial institution or debenture holders.
- (x) According to the information and explanations given to us, the Holding Company and the Covered entities of the Group have not given any guarantee for loans taken by others from bank or financial institutions.
- (xi) The Holding Company and the other covered entities of the Group did not have any term loans outstanding during the year.



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- (xii) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the consolidated financial statements and as per the information and explanations given by the management and reports of the other auditors who audited the financial statements / financial information of other Covered entities of the group, which we have relied upon, we report that no fraud on or by the Holding Company and the Covered entities of the Group have 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 of Signature: *Anil Gupta*

Date: *11/07/2015*



Spice Digital Limited
Balance Sheet as at March 31, 2015

	Notes	As at 31 March 2015 Rs.	As at 30 June 2014 Rs.
Equity and Liabilities			
Shareholders' funds			
Share capital	3	397,709,840	397,709,840
Reserves and surplus	4	2,458,340,341	2,329,991,483
		<u>2,856,050,181</u>	<u>2,727,701,323</u>
Non-current Liabilities			
Long term liabilities	5	313,316	401,312
Deferred tax liabilities (net)	6	6,933,227	-
Long term provisions	7	11,620,245	9,613,822
		<u>18,866,788</u>	<u>10,015,134</u>
Current Liabilities			
Trade payables	8	153,285,284	120,980,974
Other current liabilities	8	90,468,353	76,565,515
Short term provisions	7	22,307,883	18,296,618
		<u>266,061,520</u>	<u>215,843,107</u>
TOTAL		<u><u>3,140,978,489</u></u>	<u><u>2,953,559,564</u></u>

APPLICATION OF FUNDS

Fixed Assets			
Tangible assets	9	198,028,416	202,600,185
Intangible assets	10	52,013,815	58,249,807
Capital work-in-progress		4,202,686	948,834
Non-current Investments	11	868,281,107	784,393,379
Deferred tax assets(net)	6	-	1,335,315
Long term loans and advances	12	263,172,545	195,582,790
Other non-current assets	15	25,000	-
		<u>1,385,723,569</u>	<u>1,243,110,310</u>
Current assets			
Current investments	13	165,586,516	335,212,158
Inventories	14	556,000	2,456,878
Trade receivables	15	485,997,298	434,902,985
Cash and bank balances	16	162,508,593	170,938,787
Short term loans and advances	12	711,503,078	548,951,560
Other -current assets	15	229,103,435	217,986,886
		<u>1,755,254,920</u>	<u>1,710,449,254</u>
TOTAL		<u><u>3,140,978,489</u></u>	<u><u>2,953,559,564</u></u>

TOTAL

Summary of significant accounting policies 2

The accompanying notes are an internal part of the financial statements

As per our report of even date

For S.R. Batliboi & Co.LLP

Chartered Accountants

ICAI Firm Registration No. 301003E

Anil Gupta
per Anil Gupta
Partner
Membership No.: 87921
Place: New Delhi
Date: 11/07/15



For and on behalf of the Board of Directors of Spice Digital Limited

Rajul Garg
(Chairman)
DIN: 00085256

Suman Ghose Hazra
(Director)
DIN: 00012223

Subramanian Murali
(Director)
DIN: 00041261

Saket Agarwal
(Chief Executive Officer)

Sunil Kapoor
(Chief Financial Officer)
Membership No: 079430

Kokila Arora
(Company Secretary)
Membership No: A21670

Spice Digital Limited


Statement of profit and loss for the period ended 31 March, 2015

	Notes	As at 31 March 2015 Rs.	As at 30 June 2014 Rs.
INCOME			
Revenue from operations (net)	17	927,549,815	1,254,283,831
Other Income	18	125,077,322	61,604,107
TOTAL		1,052,627,137	1,315,887,938
EXPENDITURE			
Purchase of traded goods		30,866,816	14,852,855
(Increase)/Decrease in inventories of traded goods	19	1,900,878	(2,130,303)
Operating expenses	20	355,227,305	516,317,938
Employee benefits expenses	21	232,869,689	256,764,805
Other expenses	22	194,529,847	252,993,071
TOTAL		815,394,535	1,038,798,366
Earning before interest, tax, exceptional item, depreciation and amortization (EBITDA) (I)-(II)			
		237,232,602	277,089,572
Depreciation and amortization expense	23	49,057,402	76,080,256
Finance costs	24	64,428	3,261,600
Profit before exceptional item and tax		188,110,772	197,747,716
Exceptional item	24.1	2,036,462	-
Profit before tax		186,074,310	197,747,716
Tax expenses			
Current tax		40,800,000	41,500,000
Deferred tax charged / (credit)		8,268,542	(2,672,629)
Income tax adjustments for earlier years		8,656,910	(1,376,620)
Total Tax Expense		57,725,452	37,450,751
Profit for the period/year		128,348,858	160,296,965
Earnings per equity share[nominal value of share Rs.10 (30 June 2014: Rs.10)]			
	25	3.23	4.03

The accompanying notes are an integral part of the financial statements
As per our report of even date

For S.R. Batliboi & Co.LLP
Chartered Accountants
ICAI Firm Registration No. 301003E

per Anil Gupta
Partner
Membership No.: 87921
Place: *New Delhi*
Date: *11/5/2015*



For and on behalf of the Board of Directors of Spice Digital Limited

Rajul Garg
Rajul Garg
(Chairman)
DIN: 00085256

Suman Ghose Hazra
Suman Ghose Hazra
(Director)
DIN: 00012223

Subramanian Murali
Subramanian Murali
(Director)
DIN: 00041261

Saket Agarwal
Saket Agarwal
(Chief Executive Officer)

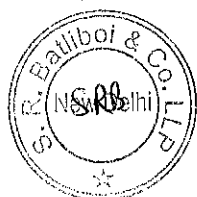
Sunil Kapoor
Sunil Kapoor
(Chief Financial Officer)
Membership No: 079430

Kokila Arora
Kokila Arora
(Company Secretary)
Membership No: A21670

Spice Digital Limited

Cash Flow Statement for the year ended March 31, 2015

	For the year ended March 31, 2015 (Rs.)	For the year ended June 30, 2014 (Rs.)
A. Cash flow from operating activities		
Net Profit before Tax	186,074,310	197,747,716
Adjustments for		
Depreciation / Amortization	51,093,864	76,080,256
(Profit)/ Loss on disposal of Fixed Assets (net)	(1,132,828)	4,109,173
Provision for Doubtful debts	(46,087,351)	(12,869,857)
Bad debts written off	(6,912,435)	2,821,521
Provision for diminution in the value of current investments	-	4,435,607
Interest Income	(54,748,041)	(33,731,318)
Dividend income	(5,150,053)	(7,145,873)
Income from long term Fixed Maturity Plan Investment (other than trade)	(8,489,100)	(3,990,500)
Loss/(Profit) on sale of current investments	(6,310,323)	1,817,553
Provision for diminution in the value of current investments written back	(4,823,412)	-
Interest paid	64,428	3,261,600
Sundry balances written back	(8,601)	(87,127)
Provision for diminution in the value of long term investments	4,100,000	(3,000,000)
Operating profit before working capital changes	107,670,458	229,448,751
Movement in Working Capital:		
Decrease in Trade Receivables	1,905,473	71,665,404
(Increase) / Decrease in Inventories	1,900,878	(2,130,303)
(Increase) / Decrease in Loans and Advances	(48,571,628)	17,974,136
Decrease in Other Current Assets	6,425,599	4,743,236
Increase in Trade Payable, Other Liabilities & Provisions	50,703,112	3,871,002
Cash generated from Operations	120,033,892	325,572,227
Direct taxes paid/(refund)	(111,006,348)	(108,975,550)
Net cash (used in) / generated from operating activities (A)	9,027,544	216,596,677
B. Cash flow from Investing Activities		
Purchase of Fixed Assets and Intangibles	(45,759,508)	(45,915,213)
Proceeds from disposal of Fixed Assets	1,202,691	(647,980)
Purchase of Current Investments	-	(250,819,456)
Investment in Subsidiary / Associate company	(87,987,728)	(2,503,600)
Proceeds from sale of investments	180,759,376	208,617,545
Loans to subsidiary/fellow subsidiary companies	(36,428,188)	(32,500,000)
Loan to a body corporate	(80,000,000)	-
Dividend received	5,335,427	6,960,500
Fixed Deposits made	22,600,541	101,842,362
Interest Received	45,509,620	13,351,764
Net cash generated/ (used in) from investing activities (B)	5,232,231	(1,614,078)
C. Cash flow from financing activities		
Dividend paid	-	(198,854,920)
Dividend distribution tax paid	-	(33,795,394)
Interest Paid	(64,428)	(3,261,600)
Net cash (used in) financing activities (C)	(64,428)	(235,911,914)
Net Increase in cash & cash equivalents (A+B+C)	14,195,347	(20,929,315)
Cash & Cash Equivalents at the beginning of the period/year	107,711,683	128,640,998
Cash & Cash Equivalents at the end of the period/year	121,907,030	107,711,683



Components of cash & cash equivalents as at 31 March, 2015

Cash on Hand	130,382	168,988
Cheques in Hand	1,522,783	2,209,023
Balances with Scheduled Banks:		
On Current Accounts	109,029,185	105,132,995
Deposits with original maturity of less than three months	11,224,680	200,677
	121,907,030	107,711,683

Note:

The above cash flow statement has been prepared under the "Indirect Method" as stated in the Accounting Standard 3 on Cash Flow Statement notified by Accounting Standards Rules, 2006 (as amended).

As per our report of even date

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 301003E



Anil Gupta
per Anil Gupta
Partner

Membership No.: 87921

Place:

Date:

11/5/2015

For and on behalf of the Board of Directors

Rajul Garg

Rajul Garg
(Chairman)
DIN: 00085256

Suman Ghose Hazra

Suman Ghose Hazra
(Director)
DIN: 00012223

Subramanian Murali

Subramanian Murali
(Director)

DIN: 00041261

Saket Agarwal

Saket Agarwal
(Chief Executive
Officer)

Kokila Arora

Kokila Arora
(Company Secretary)

Sunil Kapoor

Sunil Kapoor
(Chief Financial
Officer)

Membership No:
079430

Membership No:
A21670

Spice Digital Limited

Notes to financial statements for the period ended 31 March 2015

1. Corporate Information

The Company is into the Information and Communication Technology business providing Value Added Services, Mobile Content and Roaming Management Services to the Telecom Operators. Also, the Company undertakes development and sale of telecom related software. During the previous year, based on license from Indian Railway Catering and Tourism Corporation, the Company has appointed agents for booking of railway tickets all over India. Besides IRCTC ticketing, agents also book air tickets, hotels and provides other travel needs through the platform provided by the Company. The Company gets one-time fee from the agents and also receives service charges on booking of tickets, hotels etc.

With the objective to expand their business in retail sector & financial sector, Spice Digital Limited has started a new business named DMT (Domestic Money Transfer) by executing an agreement with Yes bank Limited in the current financial year 2014-15. This is an extended arm of Yes Bank for the purpose of domestic remittances and this service is known as banking correspondence (BC).

Yes bank has given an access of their portal which is labeled by the Company for enabling these remittances and Company using their existing retail network or through new acquisition is providing the services to customers. Using this portal, any customer not having bank account can send the money to their relative, friends and others at any locations in India. Currently, this service is used for cash to account remittance only.

2. Basis of Preparation

The financial statements of the Company have been prepared in accordance with generally accepted 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 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 of previous year, except for the change in accounting policy explained below.

2.1 Summary of significant accounting policies

A) Change in accounting policy

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 year, 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 year is likely to hold good for future years also.

a) Useful lives/ depreciation rates

Till the year ended 30 June 2014, depreciation rates prescribed under Schedule XIV to the Companies Act, 1956 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 to the Companies Act, 1956. However, Schedule II to the Companies Act, 2013 allows company 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. The management believes that depreciation rates currently used fairly reflect its estimate



Spice Digital Limited

Notes to financial statements for the period ended 31 March 2015

of the useful lives and residual values of fixed assets, though these rates in certain cases are different from lives 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. 2,036,462 (disclosed under exceptional items in the statement of profit and loss) and and loss would have been lower by Rs. 2,036,462 and the net block of fixed assets would have been higher by Rs. 2,036,462.

b) Depreciation on assets costing less than Rs. 5,000/-

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/- in the year of purchase. 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 depreciations of assets costing less than Rs.5,000. As per the revised policy, the Company is depreciating such 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 assets costing less than Rs.5,000 did not have any material impact on financial statements of the Company for the current year.

B) 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 'reported 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.

C) Tangible Fixed Assets

- i) Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises the purchase price, and any attributable cost of bringing the asset to its working condition for its intended use.
- ii) Subsequent expenditure related to an item of tangible 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 tangible 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 year during which such expenses are incurred.
- iii) Gains or losses arising from de-recognition 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.

D) Depreciation on tangible fixed assets

- i. Buildings are depreciated over the period of lease or their useful lives whichever is lower. Useful life prescribed under Schedule II of the Companies Act, 2013 has been considered for calculating rate of depreciation.
- ii. Cost of Leasehold improvements is amortized over the period ranging from 1-6 years and leasehold land over the period ranging from 18-90 years or their useful lives whichever is lower.



Spice Digital Limited

Notes to financial statements for the period ended 31 March 2015

- iii. Depreciation on fixed assets is calculated on a straight-line basis. The Company has used the following rates to provide depreciation on its fixed assets.

Tangible Assets	Rates (SLM) (in %)	Schedule II Rates (SLM) (in %)
Data Processing Machines-Sites	19.00	15.83
Data Processing Machines-Office	31.67	31.67
Furniture & Fixtures	13.57	9.50
Office Equipment		
- Mobile phones	31.67	19.00
- Others	19.00	19.00
Vehicles		
- Motor Cars	11.88	11.88
- Motor buses	13.57	13.57

E) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Costs incurred towards in-house software development are charged to the statement of profit and loss as and when incurred.

Intangible assets are amortized on a straight line basis over the estimated useful economic life. The Company uses a rebuttable presumption that the useful life of intangible assets will not exceed 10 years from the date when the asset is available for use. Such intangible assets not yet available for use are tested for impairment annually, either individually or at the cash-generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period items and Changes in Accounting Policies.

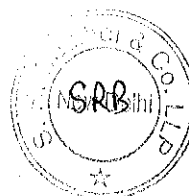
Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

A summary of amortization policies applied to the Company's intangible assets is as follow:-

Intangible Assets	Estimated Useful Life (Years)
Computer Software – SAP (ERP) and Sites	5 years
Intellectual Property Rights	5 years
Computer Software – Office	3 years

F) Leases

Where the Company is the lessee



Spice Digital Limited

Notes to financial statements for the period ended 31 March 2015

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.

Where the Company is the lessor

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss. Initial direct costs such as legal costs. Brokerage costs etc. are recognized immediately in the statement of profit and loss.

G) Impairment of tangible and intangible assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future, cash flows are discounted to their present value using a pre-tax discount rate that reflects current market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

H) Government grants and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the Company will comply with the conditions attached to them, and (ii) the grant /subsidy will be received.

Government grants of the nature of promoters' contribution are credited to capital reserve and treated as a part of the shareholders' funds.

D) Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

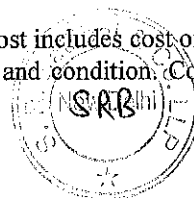
On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

J) Inventories

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 FIFO basis.



Spice Digital Limited

Notes to financial statements for the period ended 31 March 2015

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:

Sale of goods

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been 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 economic benefits flowing to the Company. Hence, they are excluded from revenue.

Sale of telecom related software

Revenue is recognized at the time when the 'user acceptance test certificate' is received from the customers.

Income from services

Revenue from value added services are recognized at the end of each month in which the services are rendered. The Company collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "interest income" in the statement of profit and loss.

Dividends

Dividend income is recognized when the Company's right to receive dividend is established by the reporting date.

Income on Fixed Maturity Plan Investments

Income on fixed maturity plan investments in various schemes of mutual funds is recognized based on reasonable certain yield at the balance sheet date.

L) Foreign Currency Translation

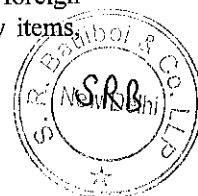
Foreign currency transactions and balances

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



Spice Digital Limited

Notes to financial statements for the period ended 31 March 2015

which are measured at fair value or other similar 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 at rates different from those at which they were initially recorded during the period or recorded during the Previous period, are recognized as income or as expense in the period in which they arise.

M) Retirement and other employee benefits

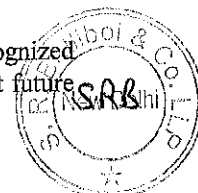
- i) Retirement benefit in the form of provident fund and national pension scheme are defined contribution schemes. The Company has no obligation, other than the contribution payable to the provident fund and national pension scheme. The Company recognizes contribution payable to the provident fund and national pension scheme as 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 is a defined benefit obligation. The Company has created an approved gratuity fund for the future payment of gratuity to the employees. The costs of providing benefits under this plan are determined on the basis of actuarial valuation at each period-end. Actuarial valuation is carried out for the plan using the projected unit credit method. Gratuity liability of an employee, who leaves the Company before the close of the period and which is remaining unpaid, is provided on actual computation basis. Actuarial gains and losses are recognized in full in the period in which they occur in the statement of profit and loss.
- 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 year-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 current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-Tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current period and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future



Spice Digital Limited

Notes to financial statements for the period ended 31 March 2015

taxable income will be available against which such deferred tax assets can be realized. In situation where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India, no deferred tax (asset or liability) is recognized in respect of timing differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing difference which reverse after the tax holiday period is recognized in the period in which the timing difference originate. However, the Company restricts recognition of 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 realized. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset 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 realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes down the carrying amount of deferred tax asset to the extent 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 realized. 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.

Minimum alternate tax (MAT) paid in a period is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period i.e., the period for which MAT credit is allowed to be carried forward. In the period in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income Tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit entitlement". The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specific period.

O) Segment reporting policy

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.

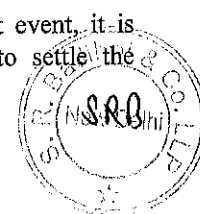
P) Earnings Per Share

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

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

Q) Provisions

A provision is recognized when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the



Spice Digital Limited

Notes to financial statements for the period ended 31 March 2015

obligation and a reliable estimate can be made of the amount of obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

R) 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.

S) 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.

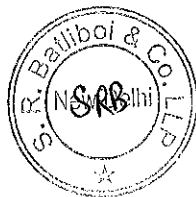
T) Government Grants and Subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the Company will comply with the conditions attached to them, and (ii) the grant /subsidy will be received.

Government grants of the nature of promoters' contribution are credited to capital reserve and treated as a part of shareholders' funds.

U) 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. In its measurement, the Company does not include depreciation and amortization expense, finance costs and tax expense.



Spice Digital Limited

Notes to financial statements for the period ended 31 March 2015

	31 March 2015 Rs.	30 June 2014 Rs.
3.Share Capital		
Authorised shares(No.)		
100,000,000 (Previous year: 100,000,000) equity shares of Rs. 10 each	1,000,000,000	1,000,000,000
Issued, subscribed and paid up shares		
39,770,984 (Previous year: 39,770,984) equity shares of Rs. 10 each fully paid up	397,709,840	397,709,840
Total issued, subscribed and fully paid-up share capital	397,709,840	397,709,840

a.Reconciliation of the shares outstanding at the beginning and at the end of the reporting period/year

Equity shares	31 March 2015		30 June 2014	
	No. of shares	Amount in Rs.	No. of shares	Amount in Rs.
At the beginning of the period/year	39,770,984	397,709,840	39,770,984	397,709,840
Outstanding at the end of the period/year	39,770,984	397,709,840	39,770,984	397,709,840

b. Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs10 per share. Each holder of equity shares is entitled to one vote per share. 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 equity shareholders will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Shares held by holding/ultimate holding

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

	31 March 2015 Rs.	30 June 2014 Rs.
Spice Mobility Limited		
35,470,674 (Previous year: 35,470,674) equity shares of Rs.10 fully paid up	354,706,740	354,706,740

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

Equity shares of Rs 10 each fully paid	31 March 2015		30 June 2014	
	No. of shares	% of holding	No. of shares	% of holding
Spice Mobility Limited	35,470,674	89.19%	35,470,674	89.19%
Mediatek Singapore Pte. Limited	4,288,969	10.78%	4,288,969	10.78%

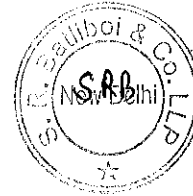
As per the records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

e) During the year ended March 31, 2013, the Company had bought back 3,118,701 equity shares of Rs. 10 each as fully paid up.



Spice Digital Limited**Notes to financial statements for the period ended 31 March 2015**

	31 March 2015	30 June 2014
	Rs.	Rs.
4. Reserves and Surplus		
Capital Reserve (Capital Investment Subsidy)		
As per last financial statements	3,000,000	3,000,000
Securities Premium Account		
As per last financial statements	54,994,331	54,994,331
General Reserve		
As per last financial statements	95,778,760	95,778,760
Shares Buy Back Reserve Account		
As per last financial statements	31,187,010	31,187,010
Surplus in the statement of profit and loss		
As per last financial statements	2,145,031,382	1,984,734,417
Profit for the period/year	128,348,858	160,296,965
Net Surplus in the statement of profit and loss	2,273,380,240	2,145,031,382
Total reserves and surplus	2,458,340,341	2,329,991,483



Spice Digital Limited

Notes to financial statements for the period ended 31 March 2015

	31 March 2015	30 June 2014
	Rs.	Rs.
5. Long term liabilities		
Trade payables (refer note 35 for details of due to micro and small enterprises)	313,316	401,312
Total	313,316	401,312



Spice Digital Limited

Notes to financial statements for the period ended 31 March 2015

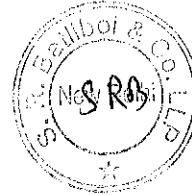
	31 March 2015	30 June 2014
	Rs.	Rs.
6. Deferred tax liabilities (net)		
Deferred Tax Liabilities		
Fixed assets: Impact of difference between tax depreciation and depreciation/amortization charged for the financial reporting	20,649,233	22,160,146
Impact of income recognised in the statement of profit and loss in the current /earlier years but chargeable to tax in subsequent years	4,319,190	-
Gross Deferred Tax Liabilities	24,968,423	22,160,146
Deferred Tax Assets		
Impact of expenditure charged to the statement of profit and loss in the current / earlier years but allowable for tax purpose in subsequent years		
- Provision for doubtful debts	6,300,252	16,541,948
- Others	11,734,944	6,953,513
Gross Deferred Tax Assets	18,035,196	23,495,461
Net Deferred Tax (Assets)/ Liabilities	6,933,227	(1,335,315)



Spice Digital Limited

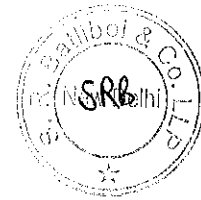
Notes to financial statements for the period ended 31 March 2015

	Long-term		Short-term	
	31 March 2015	30 June 2014	31 March 2015	30 June 2014
	Rs.	Rs.	Rs.	Rs.
7. Provisions				
Provision for employee benefits				
Provision for gratuity (refer note 26)	11,620,245	9,613,822	10,490,590	6,805,327
Provision for leave benefits	-	-	11,817,293	11,491,291
Total	11,620,245	9,613,822	22,307,883	18,296,618



Spice Digital Limited**Notes to financial statements for the period ended 31 March 2015**

	31 March 2015	30 June 2014
	Rs.	Rs.
8. Trade Payables and Other current liabilities		
Trade payables(refer note 35 for details of dues to micro and small enterprises)	153,285,284	120,980,974
Other liabilities		
Payable towards capital goods	2,585,880	1,143,551
Employee related payable	50,162,172	45,814,351
Unearned revenue	275,945	695,084
Advances from customers	23,534,362	14,606,887
Service tax payable	214,274	7,238,072
TDS Payable	8,878,076	4,925,327
Provident Fund Payable	2,674,142	2,061,355
Other Statutory dues payable	333,452	80,888
Other payable	1,810,050	-
	90,468,353	76,565,515
Total	243,753,637	197,546,489



Spice Digital Limited
Notes to financial statements for the period ended 31 March 2015
9. Tangible Assets

(Amount in Rs.)

	Leasehold Land	Leasehold Improvement	Buildings	Data Processing Machines	Furniture & Fixture	Office Equipment	Vehicles	Total
As at 30-Jun-13	56,729,517	15,145,683	97,021,036	392,057,109	21,584,908	40,140,976	1,038,720	623,717,049
Additions	-	-	14,544,471	4,013,582	325,184	3,336,341	-	22,219,578
Disposals	-	-	-	36,850,729	266,243	687,330	-	37,804,302
As at 30-June-2014	56,729,517	15,145,683	111,565,507	359,219,962	21,642,949	42,789,987	1,038,720	608,132,325
Additions	-	1,388,134	3,282,817	14,476,213	2,704,043	4,328,568	3,053,279	29,233,054
Disposals	-	3,807,096	-	175,950	394,080	809,300	-	5,186,426
As at 31-March-2015	56,729,517	12,726,721	114,848,324	373,520,225	23,952,912	46,309,255	4,091,999	632,178,953
Depreciation								
As at 30-Jun-13	12,499,898	14,860,176	26,197,688	296,921,495	15,083,349	28,132,882	747,650	394,443,138
Charge for the year	2,542,420	278,707	5,733,738	29,763,100	2,406,107	4,609,403	98,637	45,432,112
Disposals	-	-	-	33,563,582	191,306	588,222	-	34,343,110
As at 30-June-2014	15,042,318	15,138,883	31,931,426	293,121,013	17,298,150	32,154,063	846,287	405,532,140
Charge for the year	1,908,556	245,129	4,531,248	19,660,299	1,780,384	5,367,197	242,148	33,734,961
Disposals	-	3,804,659	-	167,156	375,728	769,021	-	5,116,564
As at 31-March-2015	16,950,874	11,579,353	36,462,674	312,614,156	18,702,806	36,752,239	1,088,435	434,150,537
NET BLOCK								
As at 30-Jun-14	41,687,199	6,800	79,634,081	66,098,949	4,344,798	10,635,924	192,433	202,600,185
As at 31-March-2015	39,778,643	1,147,368	78,385,650	60,906,069	5,250,106	9,557,016	3,003,564	198,028,416

Notes:
1. Fixed Assets include following assets given on operating lease:

Particulars	Gross Block		Depreciation		Accumulated Depreciation		Net Block	
	As at March 31, 2015	As at June 30, 2014	For the year period March 31, 2015	For the year ended June 30, 2014	As at March 31, 2015	As at June 30, 2014	As at March 31, 2015	As at June 30, 2014
Leasehold Land	8,595,934	8,595,934	358,739	477,929	3,303,330	2,944,591	5,292,604	5,651,343
Building	18,859,487	18,859,487	787,568	1,050,288	7,078,549	6,290,981	11,780,938	12,568,506
Total	27,455,421	27,455,421	1,146,307	1,528,217	10,381,879	9,235,572	17,073,542	18,219,849

2. Data processing machines include assets having gross block of Rs. 7,289,830 (Previous year: Rs. 7,289,830) and written down value of Nil (Previous year: Rs.1,062,717) which are held in joint ownership with others.

3. Deletion from data Processing Machines include tangible assets of Rs. Nil, WDV of Rs. Nil (Previous year Rs. 289,949 and Rs. 243,322 respectively) transferred to cost of goods sold.



Spice Digital Limited

Notes to financial statements for the period ended 31 March 2015

10. Intangible Assets

(Amount in Rs.)

	Computer Software	Intellectual Property Rights	Total
As at 30-Jun-13	343,772,319	2,900,000	346,672,319
Additions	14,019,333	8,731,000	22,750,333
Disposals	63,033,517	-	63,033,517
As at 30-June-2014	294,758,135	11,631,000	306,389,135
Additions	11,122,911	-	11,122,911
Disposals	-	-	-
As at 31-03-2015	305,881,046	11,631,000	317,512,046
Amortisation			
As at 30-Jun-13	279,917,496	607,205	280,524,701
Charge for the year	28,416,361	2,231,783	30,648,144
Disposals	63,033,517	-	63,033,517
As at 30-June-2014	245,300,340	2,838,988	248,139,328
Charge for the year	15,629,175	1,729,728	17,358,903
Disposals	-	-	-
As at 31-03-2015	260,929,515	4,568,716	265,498,231
NET BLOCK			
As at 30-Jun-14	49,457,795	8,792,012	58,249,807
As at 31-03-2015	44,951,531	7,062,284	52,013,815

Note:

1. Computer software includes assets having gross block of Rs. 18,831,600 (Previous year: Rs.18,831,600) and written down value of Rs. Nil (Previous year: Rs. 1,898,637) which are held in joint ownership with



Spice Digital Limited
Notes to financial statements for the period ended 31 March 2015

	31 March 2015 Rs.	30 June 2014 Rs.
11. Non-current investments		
Unquoted equity instruments		
Trade investments (value at cost unless stated otherwise)		
Investment in subsidiaries		
10,000,000 (Previous year: 10,000,000) equity shares of Rs. 10 each fully paid up in Mobisoc Technology Private Limited (at cost less provision for other than temporary diminution in value Rs. 8,500,000 (Previous year: Rs. 4,400,000))	91,500,000	95,600,000
10,039,997 (Previous year: 10,039,997) equity shares of Rs. 10 each fully paid up in Spice Labs Private Limited	100,399,970	100,399,970
15,735,600 equity shares (Previous year: 15,735,600) of 1 Sing \$ each in S GIC Pte. Limited	585,360,875	585,360,875
38,860 (Previous year: 38,860) equity shares of Tk 100 each in Spice Digital Bangladesh Limited	3,032,534	3,032,534
Investment in Associates		
3,514 (Previous year : Nil) equity shares of Rs10 each in Vavia Technologies Private Limited	10,000,000	-
83,636 (Previous year: Nil) equity share of Re 1 each in Anytime Learning Private Limited	77,987,728	-
	868,281,107	784,393,379
Aggregate amount of unquoted investments	868,281,107	784,393,379
*Aggregate provision for diminution in the value of investments	8,500,000	4,400,000



Spice Digital Limited
Notes to financial statements for the period ended 31 March 2015

	Non-Current		Current	
	31 March 2015 Rs.	30 June 2014 Rs.	31 March 2015 Rs.	30 June 2014 Rs.
12. Loans and advances				
Capital advances				
unsecured, considered good	5,494,400	1,902,379	-	-
(A)	5,494,400	1,902,379	-	-
Security Deposits				
unsecured, considered good	17,433,414	19,417,750	3,818,513	1,487,590
(B)	17,433,414	19,417,750	3,818,513	1,487,590
Loan and advances to related parties (refer note 29)				
unsecured, considered good				
Loans to subsidiary/fellow subsidiary companies	-	-	248,928,188	212,500,000
Advances to related parties	-	-	4,873,846	7,865,608
(C)	-	-	253,802,034	220,365,608
Advances recoverable in cash or kind				
unsecured, considered good	-	-	80,647,264	33,088,156
(D)	-	-	80,647,264	33,088,156
Loans and advances to employees				
Unsecured, considered good	1,526,341	842,566	1,330,053	1,886,222
(E)	1,526,341	842,566	1,330,053	1,886,222
Other loans and advances				
(Unsecured, considered good)				
MAT Credit Entitlement (refer note 37)	157,543,508	172,743,508	-	-
Advance income-tax (net of provision for taxation)	-	-	358,337,530	281,588,095
Prepaid expenses	1,174,882	676,587	6,009,601	6,303,038
Balance with statutory/government authorities	-	-	7,558,083	4,232,851
Loan to a body corporate	80,000,000	-	-	-
(F)	238,718,390	173,420,095	371,905,214	292,123,984
Total(A+B+C+D+E+F)	263,172,545	195,582,790	711,503,078	548,951,560



	31 March 2015 Rs.	30 June 2014 Rs.
13. Current investments		
Unquoted mutual fund units of Rs. 10 each fully paid up		
Current portion of long term investments (valued at cost)		
5,000,000 (Previous year: 5,000,000) Birla Sun Life Fixed Term Plan-Series KJ- Growth Regular	50,000,000	50,000,000
3,000,000 (Previous year: 3,000,000) TATA Fixed Maturity Plan-Series 47 Scheme D-Plan A-Growth	30,000,000	30,000,000
5,000,000 (Previous year: 5,000,000) DWS Fixed Maturity Plan Series 53-Regular Plan Growth	50,000,000	50,000,000
Current Investments (at lower of cost and fair value, unless stated otherwise)		
Nil (Previous year 3,045,814) ICICI Prudential Regular Saving Fund Quarterly Dividend #	-	36,431,596
78,639 (Previous year 1,048,638) ICICI Prudential Income Regular Plan Growth	2,999,642	40,000,000
Nil (Previous year 1,671,039) SBI Magnum Income-Fund Dividend #	-	19,216,115
Nil (Previous year 653,829) SBI Magnum Income-Fund Regular Plan Growth	-	20,000,000
2,922,144 (Previous year 3,583,934) IDFC Super Saver Income Fund- Quarterly dividend Regular Plan	32,586,874	39,910,825
Nil (Previous year 801,231) SBI Magnum Fund-Regular Plan Quarterly dividend #	-	9,528,876
Unquoted mutual fund units of Rs. 1000 each fully paid up		
Nil (Previous year: 13,144) Reliance Liquid Fund Treasury Plan -Direct Growth Plan	-	40,124,746
	<u>165,586,516</u>	<u>335,212,158</u>
Aggregate amount of unquoted investments {Net Assets value Rs. 179,147,268 (Previous year Rs. 342,603,287)}	165,586,516	335,212,158
#Aggregate provision for diminution in the value of investments	-	4,823,413
14. Inventories (valued at lower of cost and net realizable value)		
Traded goods	556,000	2,456,878
	<u>556,000</u>	<u>2,456,878</u>

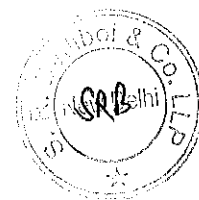


Spice Digital Limited

Notes to financial statements for the period ended 31 March 2015

	Non-Current		Current	
	31 March 2015	30 June 2014	31 March 2015	30 June 2014
	Rs.	Rs.	Rs.	Rs.
15. Trade receivable and other assets				
15.1 Trade receivables*				
Unsecured, considered good unless stated otherwise Outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, considered good	-	-	144,516,564	84,597,686
Doubtful	-	-	22,523,742	62,671,169
	-	-	167,040,306	147,268,855
Provision for doubtful receivables	-	-	22,523,742	62,671,169
(A)	-	-	144,516,564	84,597,686
Other receivables				
Unsecured, considered good	-	-	341,480,734	350,305,299
Doubtful	-	-	372,409	6,312,333
	-	-	341,853,143	356,617,632
Provision for doubtful receivables	-	-	372,409	6,312,333
(B)	-	-	341,480,734	350,305,299
Total(A+B)	-	-	485,997,298	434,902,985

	Non-Current		Current	
	31 March 2015	30 June 2014	31 March 2015	30 June 2014
	Rs.	Rs.	Rs.	Rs.
15.2 Other Assets				
Unsecured, considered good				
Non-current bank balances (note 16)	25,000	-	-	-
Others				
Interest receivable on Income Tax	-	-	28,980,840	-
Interest accrued on fixed deposits	-	-	509,402	885,132
Interest accrued on inter-corporate loans	-	-	6,998,644	26,365,333
Dividend receivable on current investments	-	-	-	185,374
Receivable against Ticketing	-	-	13,364,691	12,882,828
Rent Receivable	-	-	1,036,705	140,321
Income accrued on investment in Fixed Maturity Plan	-	-	12,479,601	3,990,500
Investments	-	-	164,533,942	173,312,398
Unbilled revenue	-	-	1,199,610	225,000
Others receivable from related party	-	-	-	-
	25,000	-	229,103,435	217,986,886

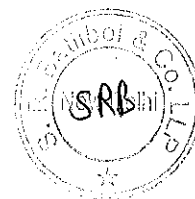


Spice Digital Limited

Notes to financial statements for the period ended 31 March 2015

	Non-Current		Current	
	31 March 2015 Rs.	30 June 2014 Rs.	31 March 2015 Rs.	30 June 2014 Rs.
16. Cash and Bank Balances				
Cash and cash equivalents				
Balance with banks:				
On current accounts	-	-	109,029,185	105,132,995
Deposit with original maturity of less than three month	-	-	11,224,680	200,677
Cheques on hand	-	-	1,522,783	2,209,023
Cash on hand	-	-	130,382	168,988
	-	-	121,907,030	107,711,683
Other bank balances*				
Deposits with original maturity for more than 3 months but upto 12 months	-	-	40,601,563	2,140,000
for more than 12 months	25,000	-	-	61,087,104
	25,000	-	40,601,563	63,227,104
Amount disclosed under non-current assets (refer note 15.2)	(25,000)	-	-	-
	-	-	162,508,593	170,938,787

*Includes receipts pledged with bank as margin money against issuance of bank guarantee Rs. 34,172,662 (Previous year Rs. 33,510,677)



Spice Digital Limited
Notes to financial statements for the period ended 31 March 2015

	31 March 2015	30 June 2014
	Rs.	Rs.
17. Revenue from operations		
Sale of traded goods	38,805,731	16,022,862
Sales of services	888,744,084	1,238,260,969
Revenue from operations	927,549,815	1,254,283,831
Details of sale of traded goods		
Sale of telecom related hardwares and others	38,805,731	16,022,862
	38,805,731	16,022,862
Details of services rendered		
Value Added Services Revenue	888,744,084	1,238,260,969
18 Other income		
Interest income on		
Bank deposits	3,801,034	10,557,275
Inter corporate loans	21,909,554	22,978,352
Income Tax refund	28,980,840	-
Others	56,613	195,691
Dividend income on		
Current investments	5,150,053	7,145,873
Income from long term Fixed Maturity Plan Investment	8,489,100	3,990,500
Net gain on sale of current investments	6,310,323	-
Provision for diminution in the value of current investments written back	4,823,412	-
Provision for diminution in value of investment in a subsidiary company written back	-	3,000,000
Exchange difference (net)	2,431,018	-
Provision for doubtful debts written back	46,087,351	-
Less: Bad Debts written off	6,912,435	-
Profit on disposal of fixed assets (net)	39,174,916	10,048,336
Rental Income	1,132,828	-
Sundry balances written back (net)	2,806,673	3,551,630
	8,601	87,127
Other non-operating income	2,357	49,323
	125,077,322	61,604,107



Spice Digital Limited
 Notes to financial statements for the period ended 31 March 2015

	31 March 2015 Rs.	30 June 2014 Rs.
19. (Increase)/Decrease in inventories		
Inventory at the end of the period/year		
Traded goods	556,000	2,456,878
	556,000	2,456,878
Inventory at the beginning of the period/year		
Traded goods	2,456,878	326,575
	2,456,878	326,575
	1,900,878	(2,130,303)
20. Operating Expenses		
Value added service charges	355,227,305	516,317,938
	355,227,305	516,317,938



Spice Digital Limited
Notes to financial statements for the period ended 31 March 2015

	31 March 2015 Rs.	30 June 2014 Rs.
21. Employee benefits expenses		
Salaries,wages and bonus	207,341,446	231,020,292
Contribution to provident and other funds	12,470,941	13,160,993
Gratuity expense (refer note 26)	5,790,263	3,874,390
Staff welfare expenses	7,267,039	8,709,130
	232,869,689	256,764,805
22. Other expenses		
Rent	21,764,928	26,210,597
Rates and taxes	1,735,572	1,698,315
Insurance	1,120,902	1,264,112
Repair and maintenance		
Computers and others	6,299,172	9,444,423
Buildings	404,091	81,142
Electricity and water	9,390,847	13,500,619
Advertising and sales promotion	15,419,394	9,375,446
Commission on sale of services	-	13,664,654
Travelling and conveyance	15,848,189	23,176,904
Communication costs	14,332,614	19,540,010
Legal and professional fees	49,730,852	69,679,315
Director's sitting fees	302,472	60,000
Payment to auditors(refer details below)	3,926,794	3,359,880
Vehicle running and maintenance	33,696,033	40,810,456
Provision for diminution in value of investment in subsidiary	4,100,000	-
Loss on sale of current investments (net)	-	1,817,553
Provision for diminution in the value of current investments	-	4,435,607
Exchange Difference (net)	-	1,116,631
Loss on disposal of fixed assets(net)	-	4,109,173
Charity and donation -other than political parties	128,100	148,500
Corporate Social Responsibility Expenditure	5,500,000	-
Miscellaneous expenses	10,829,887	9,499,734
	194,529,847	252,993,071
Payment to auditor		
As auditor:		
Audit fee	1,400,000	1,150,000
Tax audit fee	400,000	300,000
Limited review	1,000,000	1,200,000
Audit of tax account	400,000	400,000
In other capacity:-		
Other services (certification fees)	670,358	220,001
Reimbursement of expenses	56,436	89,879
	3,926,794	3,359,880



Spice Digital Limited
Notes to financial statements for the period ended 31 March 2015

	31 March 2015 Rs.	30 June 2014 Rs.
23. Depreciation and amortization expense		
Depreciation on tangible assets	31,698,499	45,432,112
Amortization on intangible assets	17,358,903	30,648,144
	<u>49,057,402</u>	<u>76,080,256</u>
24. Finance costs		
Interest expense (including Rs. 55,728 (Previous year Rs. 25,556) on income tax)	64,428	3,261,600
	<u>64,428</u>	<u>3,261,600</u>
24.1 Exceptional Items		
Additional depreciation due to change in useful life (Refer Note 2.1 (a))	2,036,462	-
	<u>2,036,462</u>	<u>-</u>
25. Earning per share(EPS)		
Net profit as per profit and loss statement (Rs.)	128,348,858	160,296,965
Opening number of equity shares	39,770,984	39,770,984
Closing number of equity shares	39,770,984	39,770,984
Weighted average number of equity shares outstanding during the period/year	39,770,984	39,770,984
Basic and Diluted earnings per share (Rs.)	<u>3.23</u>	<u>4.03</u>



26. Gratuity benefit plans

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service or part thereof in excess of six months. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

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.

Statement of profit and loss

Net employee benefit expense recognized in employee cost:

	March 31, 2015	June 30, 2014
	Rs.	Rs.
Current service cost	2,947,570	3,299,774
Interest cost	1,275,993	1,458,442
Expected return on plan assets	(285,229)	(477,315)
Net actuarial Loss / (gain) recognized in the period / year	1,960,968	(70,502)
Expenses recognized in the statement of profit and loss*	5,899,302	4,210,399
Actual return on plan assets	284,246	347,110

*Excluding reversal of provision in respect of left employees of Rs. 109,039 (Previous year: Rs. 336,009).

Balance Sheet

Benefit asset/ liability

	March 31, 2015	June 30, 2014
	Rs.	Rs.
Defined benefit obligation	22,885,127	20,530,561
Fair value of plan assets	774,292	4,111,412
Funded status/Difference	(22,110,835)	(16,419,149)

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

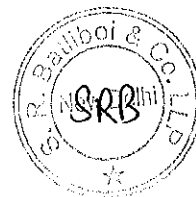
	March 31, 2015	June 30, 2014
	Rs.	Rs.
Opening defined benefit obligation	20,530,561	17,158,137
Interest cost	1,275,993	1,458,442
Current service cost	2,947,570	3,299,774
Benefits paid*	(3,835,405)	(1,700,076)
Acquisition adjustment	6,423	514,991
Actuarial (gain) on obligation	1,959,985	(200,707)
Closing defined benefit obligation	22,885,127	20,530,561

* Including Rs.214,039 (Previous year: Rs. 304,212) paid directly by the Company.

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

	March 31, 2015	June 30, 2014
	Rs.	Rs.
Opening fair value of plan assets	4,111,412	5,160,166
Expected return	285,229	477,315
Contributions by employer	-	-
Benefits paid	(3,621,366)	(1,395,864)
Actuarial gains/(loss) on plan assets	(983)	(130,205)
Closing fair value of plan assets	774,292	4,111,412

The Company expects to contribute Rs.7,467,193 to gratuity fund in the next year. (Previous year Rs.6,290,336)



Spice Digital Limited

Notes to financial statements for the period ended 31 March 2015

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	March 31, 2015	June 30, 2014
	%	%
Investments with insurer	100	100

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled. These rates are different from the actual rate of return during the current year.

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

	March 31, 2015	June 30, 2014
	(%)	(%)
Discount rate	7.75%	8.50%
Expected rate of return on plan assets	9.25%	9.25%
Increase in compensation cost	8.00%	8.00%
Employee turnover		
Upto 30 years	15.00	15.00
31 to 34 years	15.00	15.00
Above 44 years	15.00	15.00

Notes:

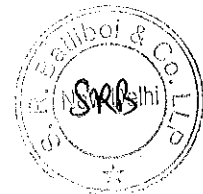
a) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

b) Disclosure as required by para 120 (n) of Accounting Standard Standard 15 (Revised) for current and previous four periods are as follows:

	March 31, 2015	June 30, 2014	June 30, 2013	June 30, 2012	March 31, 2011
Defined benefit obligation	22,885,127	20,530,561	17,158,137	17,521,328	22,570,765
Plan assets	774,292	4,111,412	5,160,166	9,790,831	4,951,931
Surplus/ (deficit)	(22,110,835)	(16,419,149)	(11,997,971)	(7,730,497)	(17,618,834)
Experience adjustments on plan liabilities – (loss)/ gain	(1,959,985)	200,707	(1,581,736)	3,058,512	1,699,308
Experience adjustments on plan assets – (loss)/ gain	(983)	(130,205)	(76,076)	122,779	77,985

Defined Contribution Plan:

	March 31, 2015	June 30, 2014
	Rs.	Rs.
Charged to Statement of Profit and Loss		
Contribution to Provident Fund	10,416,182	11,212,454
Contribution to National Pension Scheme	856,656	787,104



Spice Digital Limited

Notes to financial statements for the period ended 31 March 2015

27. Leases

In case of assets taken on operating Lease:

Office premises and guest house are obtained on operating lease. In the case of office premises and guest houses, the lease term vary between 11 months to 5 years. There are no restrictions imposed by lease arrangements. There is no contingent rent. All the leases are cancelable in nature.

Particulars	For the period ended March 31, 2015 (Rs.)	For the year ended June 30, 2014 (Rs.)
Lease payment for the period / year	21,764,928	26,210,597

In case of assets given on operating Lease:

The Company has let a portion of its office premises on operating lease. The lease term is for 11 months and thereafter renewable on mutual agreement. There is no escalation clause in the lease agreement. There are no restrictions imposed by lease arrangement.

Particulars	For the period ended March 31, 2015 (Rs.)	For the year ended June 30, 2014 (Rs.)
Lease rent received during the period / year	2,806,673	3,551,630

28. Segment information

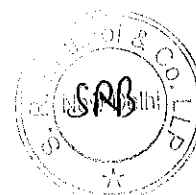
Business Segments:

The Company is engaged in the Information and Communication Technology business rendering mobile-related services to various telecom service providers. Based on identical services, the Company deals in, which have similar risks and rewards, the entire business is considered as operating as a single business segment in terms of Accounting Standard-17 'Segment Reporting' notified by Accounting Standards Rules, 2006 (as amended) and hence, there are no additional disclosures to be given other than those already given in the financial statements.

*Geographical Segment **

The following table shows the distribution of the Company's consolidated operating revenue by geographical location of customers, regardless of where the goods were produced/services were rendered from:

Particulars	For the period ended March 31, 2015 (Rs.)	For the year ended June 30, 2014 (Rs.)
Domestic Market	749,670,054	907,338,450
Overseas Markets	177,879,761	346,945,381
Total	927,549,815	1,254,283,831



Spice Digital Limited

Notes to financial statements for the period ended 31 March 2015

The following table shows the distribution of the Company's consolidated trade receivables by geographical market:

Particulars	As at March 31, 2015 (Rs.)	As at June 30, (Rs.)
Domestic Market	291,441,582	318,482,277
Overseas Markets	217,451,867	185,404,210
Total	508,893,449	503,886,487

The following table shows the carrying amount of fixed assets and additions to tangible and intangible fixed assets by geographical area in which the assets are located:

Particulars	Carrying amount of tangible and intangible fixed assets* (Rs.)		Additions to tangible and intangible fixed assets (Rs.)	
	As at march 31, 2015	As at June 30, 2014	As at march 31, 2015	As at June 30, 2014
Domestic Market	2,41,474,131	244,558,899	403,55,964	44,969,911
Overseas Markets	12,770,786	17,239,928	-	-
Total	254,244,917	261,798,827	40,355,964	44,969,911

* including capital work in progress.

The following table shows the carrying amount of other assets excluding debtors and fixed assets by geographical area in which the assets are located:

Particulars	Carrying amount of other assets (Rs.)	
	As at March 31, 2015	As at June 30, 2014
Domestic Market	1,766,709,651	1,607,226,210
Overseas Markets	634,026,623	649,631,545
Total	2,400,736,274	2,256,857,755

29. Related Party Disclosures

Names of related parties and related party relationship

Related parties where control exists

Ultimate Holding Company	Smart Global Corporate Holdings Private Limited (Formerly known as, Spice Global Investments Private Limited)
Holding Company	Spice Mobility Limited (Formerly known as S Mobility Limited) Smart Ventures Private Limited (Formerly known as Smart Ventures Limited and prior to that Si2i Mobility Private Limited)
Subsidiaries	Mobisoc Technology Private Limited Spice Labs Private Limited



Spice Digital Limited

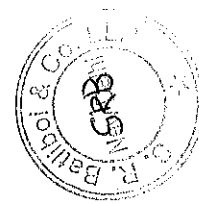
Notes to financial statements for the period ended 31 March 2015

Spice Digital Bangladesh Limited
S GIC Pte. Limited
Beoworld Sdn Bhd.
Spice VAS (Africa) Pte. Limited
Spice Digital Nigeria Limited
Spice VAS Ghana Limited
Spice VAS Uganda Limited
Spice Digital South Africa Pty. Limited
Spice Vas Kenya Limited
Spice VAS Tanzania Limited
Spice VAS Zambia Limited

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

Fellow Subsidiaries	Wall Street Finance Limited Goldman Securities Private Limited Kimaan Exports Private Limited Hindustan Retail Private Limited Spice Retail Limited Spice Online Retail Private Limited Bougainvillea Multiplex & Entertainment Center Private Limited Sterea Infratech Limited Smart Entertainment Limited (Formerly Known as Spice Enfotainment Limited) Smart Value Ventures Private Limited (Formerly known as Spice Investment and Finance Advisors Private Limited) Saket City Hospitals Private Limited (Formerly known as G.M. Modi Hospital Corporation Private Limited) Omnia Education Private Limited Smart Ventures Private Limited (Formerly known as Smart Ventures Limited)
Key Management Personnel	Mr. Saket Agarwal (Chief Executive Officer) Mr. Sunil Kapoor (Director till 26 th August 2013) Mr. Vikram Dheer (Director till 26 th August 2013) Mr. Shezad Azad (Director till 26 th August 2013)
Relatives of Key Management Personnel	Mrs. Rupali Dheer (till 26 th August 2013) Mrs. Farhat Azad (till 26 th August 2013) Mr. Kuldeep Chand Kapoor
Enterprises owned or significantly influenced by Key Management Personnel or their Relatives	VCorp Mercantile Private Limited
Associate	Vavia Technologies Private Limited



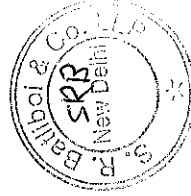


	Ultimate Holding Company		Holding Company		Subsidiary		Fellow Subsidiary		Associate	
	For the period ending March, 2015	For the year ending June, 2014	For the period ending March, 2015	For the year ending June, 2014	For the period ending March, 2015	For the year ending June, 2014	For the period ending March, 2015	For the year ending June, 2014	For the period ending March, 2015	For the year ending June, 2014
Particulars										
(A) Transactions										
i)	Revenues from Value Added Services	-	-	-	-	-	-	-	-	-
	S.G.C. Pte. Limited	-	-	-	5,820,453	-	-	-	-	-
	Spice Digital Branding Limited	-	-	-	2,475,978	-	-	-	-	-
	Spice Retail Limited	-	-	-	7,556,083	-	-	-	-	-
	MediSense Technology Private Limited	-	-	-	360,000	-	-	-	-	-
	Smart Ventures Private Limited (Formerly known as Smart Ventures Limited and prior to that S21 Mobility Private Limited)	-	-	-	75,000	-	-	-	-	-
ii)	Travel Commission	-	-	-	-	-	-	-	-	-
	Spanganylian Multiplex & Entertainment Center Private Limited	-	-	-	-	-	-	-	-	-
	Spice Retail Limited (Formerly known as S Mobility Limited)	-	-	480,123	279,947	-	-	68,447	-	-
	Smart Entertainment Limited (Formerly known as Spice Entertainment Limited)	-	-	-	-	-	-	486,660	-	-
	Global Creative Holdings Private Limited (Formerly known as Spice Global Creative Holdings Private Limited)	-	-	-	-	-	-	399,339	-	-
	Spice Labs Private Limited	19,022	-	-	-	-	-	-	-	-
	Seren Infotech Limited	-	-	-	3,601	-	-	-	-	-
	Smart Value Ventures Private Limited (Formerly known as Spice Investment and Finance Advisors Private Limited)	-	-	-	-	-	-	27,967	-	-
	Smart Ventures Private Limited	-	-	-	-	-	-	1,737	-	-
	Smart Ventures Private Limited (Formerly known as Smart Ventures Limited and prior to that S21 Mobility Private Limited)	-	-	-	-	-	-	207,882	-	-
	Spice Online Retail Private Limited	-	-	-	640,613	-	-	14,214	-	-
	Spice Online Retail Private Limited	-	-	-	-	-	-	1,624	-	-
	Spice Vas Africa Pte. Limited	-	-	-	-	-	-	-	-	-
	Saket City Hospitals Private Limited (Formerly known as G.M. Mool Hospital Corporation Private Limited)	-	-	-	155,805	-	-	103,465	-	-
	Saket City Hospitals Private Limited (Formerly known as G.M. Mool Hospital Corporation Private Limited)	-	-	-	-	-	-	160,438	-	-
iii)	Value Added Services Charges	-	-	-	-	-	-	-	-	-
	Navin Technologies Pvt. Ltd	-	-	-	-	-	-	-	2,312,712	-
	S.G.C. Pte. Limited	-	-	-	10,850,003	-	-	14,438,162	-	-
	Spice Online Retail Private Limited	-	-	-	-	-	-	353,803	-	-
iv)	Other Income (Retail Income)	-	-	-	-	-	-	-	-	-
	Spice Labs Private Limited	-	-	-	-	-	-	-	2,490,250	-
	Spice Labs Private Limited	-	-	-	-	-	-	-	356,623	-
	Goldman Securities Private Limited	-	-	-	-	-	-	-	433,130	-
v)	Rent Paid	-	-	-	-	-	-	-	-	-
	Spice Mobility Limited (Formerly known as S Mobility Limited)	-	-	13,665,000	15,018,002	-	-	-	-	-
vi)	Business Promotion Expenses	-	-	-	-	-	-	-	-	-
	Spice Retail Limited	-	-	-	-	-	-	63,203	-	-
	Bougainvillea Multiplex & Entertainment Center Private Limited	-	-	-	-	-	-	2,540	-	-
	Spice Online Retail Private Limited	-	-	-	-	-	-	207,844	-	-
vi)	Staff Welfare Expenses	-	-	-	-	-	-	-	-	-
	Spice Mobility Limited (Formerly known as S Mobility Limited)	-	-	-	-	-	-	-	-	-
	Spice Online Retail Private Limited	-	-	-	-	-	-	134,384	-	-
	Spice Retail Limited	-	-	-	-	-	-	162,927	-	-
vii)	Telephone Expenses	-	-	-	-	-	-	-	-	-
	MediSense Technology Private Limited	-	-	-	745,183	-	-	2,027,456	-	-
viii)	Legal & Professional Charges	-	-	-	-	-	-	-	-	-
	MediSense Technology Private Limited	-	-	-	24,360,890	-	-	40,590,000	-	-
ix)	Interest Income	-	-	-	-	-	-	-	-	-
	Spice Retail Limited	-	-	-	-	-	-	9,148,410	-	-
	Kinnara Sports Private Limited	-	-	-	-	-	-	9,044,176	-	-
	Finchattan Retail Pvt. Ltd	-	-	-	-	-	-	6,064,399	-	-
	Smart Value Ventures Private Limited (Formerly known as Spice Investment and Finance Advisors Private Limited)	-	-	-	-	-	-	4,478,663	-	-
x)	Remuneration paid	-	-	-	-	-	-	-	-	-
	Sheer Anarwal	-	-	-	-	-	-	-	-	-
	Meham Dhase	-	-	-	-	-	-	-	-	-
	Shree Aron	-	-	-	-	-	-	-	-	-
	Shree Espar	-	-	-	-	-	-	-	-	-
xii)	Reimbursement of expenses paid to related companies	-	-	-	-	-	-	-	-	-
	Spice Labs Private Limited	-	-	-	-	-	-	599,933	-	-
	Wall Street Finance Limited	-	-	-	-	-	-	5,439	-	-
	Spice Retail Limited	-	-	-	-	-	-	1,410,894	-	-
		-	-	-	-	-	-	2,293,884	-	-

Particulars	Ultimate Holding Company		Holding Company		Subsidiary		Fellow Subsidiary		Associate	
	For the period ending March, 2015	For the year ending June, 2014	For the period ending March, 2015	For the year ending June, 2014	For the period ending March, 2015	For the year ending June, 2014	For the period ending March, 2015	For the year ending June, 2014	For the period ending March, 2015	For the year ending June, 2014
v) Unbilled Revenue										
Spice Retail Limited						489,984	1,209,151			
Spice Retail Bangladesh Limited						10,972,679	2,275,978	1,292,657	381,833	
vi) Interest Receivable										
Kinnam Exports Private Limited										
Spice Retail Limited										10,641,196
Hindustan Retail Pvt. Ltd								2,169,863	13,327,532	
Smart Ventures Private Limited (Formerly known as Smart Ventures Limited and prior to that S21 Mobility Private Limited)		154,603						2,832,485	2,242,040	
vii) Advance against Investment										
Spice Retail Bangladesh Limited							2,503,600			
viii) Other Assets										
Spice Mobility Limited (Formerly known as S. Mobility Limited.)				2,784,297						
Smart Ventures Private Limited (Formerly known as Smart Ventures Limited and prior to that S21 Mobility Private Limited)				406,859	3,861,754			231,083	23,694	
Smart Ventures Text & Entertainment Center Private Limited								60,620	27,950	
Spice Retail Private Limited								52,187	52,187	
Spice Retail Limited								2,056,680	2,297,659	
Goldman Securities Private Limited									5,228	
Saket Aarav									135,093	
Wall Street Finance Limited										
Spice VAS (Africa) Pte. Ltd						138,682				
Saket City Hospitals Private Limited (Formerly known as G.M. Mool Hospital Corporation Private Limited)								2,327,995		
Spice Labs private ltd						48,690				
Smart Entertainment Limited (Formerly known as Spice Entertainment Limited)										
ix) Provision for diminution in the value of investments										
Mohese Technology Private Limited							8,500,000			4,400,000



Particulars	Key Management Personnel		Relatives of Key Management Personnel		Enterprises owned or significantly influenced by key management or their relatives	Total	
	For the year ending March, 2015		For the year ending June, 2014			For the year ending June, 2014	
	For the period ending March, 2015	For the year ending June, 2014	For the period ending March, 2015	For the year ending June, 2014		For the period ending March, 2015	For the year ending June, 2014
v) Intellectual Revenue							
SIC Pte Limited							1,202,151
Spice Digital Bangladesh Limited							381,333
							2,275,278
vii) Interest Receivable							
Kinman Exports Private Limited							10,641,138
Spice Retail Limited							13,327,532
Hindigun Retail Pvt Ltd							2,169,283
Smart Ventures Private Limited (Formerly known as Smart Ventures Limited and prior to that SIZ: Mobility Private Limited)							2,832,483
							154,693
viii) Advance against Investment							
Spice Digital Bangladesh Limited							2,503,600
Other Assets							
Smart Mobility Limited (Formerly known as S: Mobility Limited)							2,784,977
Smart Ventures Private Limited (Formerly known as Smart Ventures Limited and prior to that SIZ: Mobility Private Limited)							405,839
Smart Ventures Retail & Entertainment Center Private Limited							231,083
Spice Ventures Private Limited							69,620
Spice Retail Limited							52,187
Goldman Securities Private Limited							2,036,680
Saket Annual							5,228
Wall Street Finance Limited							233,000
Spice VAS (Africa) Pte. Ltd							138,662
Saket City Hospitals Private Limited (Formerly known as G.M. Modi Hospital Corporation Private Limited)							2,322,093
Spice Labs private ltd							48,489
Smart Entertainment Limited (Formerly known as Spice Entertainment Limited)							3,418,595
Provision for diminution in the value of investments							
Mobiscie Technology Private Limited							3,500,000
							4,400,000



Spice Digital Limited

Notes to financial statements for the period ended 31 March 2015

30. Value of imports calculated on CIF basis

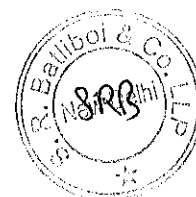
Particulars	For the period ended March 31, 2015 (Rs.)	For the year ended June 30, 2014 (Rs.)
Traded Goods	1,410,734	6,201,554
Capital goods	4,744,569	1,626,398

31. Earning in Foreign Currency (accrual basis)

Particulars	For the period ended March 31, 2015 (Rs.)	For the year ended June 30, 2014 (Rs.)
Export of Services	177,879,761	346,945,381

32. Expenditure in Foreign Currency (accrual basis)

	For the period ended March 31, 2015 (Rs.)	For the year ended June 30, 2014 (Rs.)
Value added service charges	52,920,779	98,170,979
Travelling & Conveyance	2,684,924	7,782,007
Legal & Professional Fees	708,395	409,800
Repairs & Maintenance	503,600	610,755
Commission on sale of services	-	13,664,654
Miscellaneous Expenses	64,251	66,529
Total	56,881,949	120,704,724



Spice Digital Limited

Notes to financial statements for the period ended 31 March 2015

33. Contingent Liabilities

Particulars	As at March 31, 2015 (Rs.)	As at June 30, 2014 (Rs.)
<p>a) Demand in respect of non-charging the service tax on the Short messaging peer-to-peer service including penalty thereon, (including Rs 8,600,000, Previous year Rs 8,600,000 paid under protest which is appearing as security deposits under loans and advances (refer note 12))</p> <p>The Company is of the view that it is an 'information technology service' and thus is exempt from the service tax. Based on discussions with the solicitors, the management believes that the Company has a good chance of success in the above mentioned case and hence, no provision there against is considered necessary.</p>	105,026,067*	102,639,138*
<p>b) Demands in respect of non-registration of corporate office as a input service distributor and availment of input service CENVAT credit.</p> <p>The Company is of the view that since it is having central registration so there is no requirement for separately registering the corporate office as input service distributor</p>	28,295,674**	26,873,481**
<p>c) Show cause notice in respect of non-payment of service tax on unbilled revenue.</p> <p>The Company is of the view that the service tax liability becomes payable only on the actual billing i.e. on actualization of the unbilled revenue.</p>	58,430,478	58,430,478
<p>d) Demand in respect of wrong availment of input service tax credit on various expenses.</p> <p>The Company is of the view that the service tax is in relation to the taxable output services provided, and service tax paid hence can be availed</p>	5,665,841***	5,665,841***

* Including penalty of Rs. 33,540,957 (Previous year Rs. 33,431,357)

** Including penalty of Rs 7,170,497 (Previous year Rs. 7,115,697)

*** Including penalty of Rs 3,598,016 (Previous year Rs. 3,598,016)



Spice Digital Limited

Notes to financial statements for the period ended 31 March 2015

34. Capital Commitment

Particulars	As at March 31, 2015 (Rs.)	As at June 30, 2014 (Rs.)
Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for.	1,441,580	14,715,465

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

	For the period ending March 31, 2015 (Rs.)	For the year ending June 30, 2014 (Rs.)
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of accounting period.	-	-
The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during the period.	-	-
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 period) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting period, and	-	-
The amount of further interest remaining due and payable even in the succeeding periods, 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 Micro Small and Medium Enterprise Development Act, 2006.	-	-

*As certified by the management



Spice Digital Limited

Notes to financial statements for the period ended 31 March 2015

36. The amount of foreign currency exposures that is not hedged by a derivative instrument or otherwise as at March, 31 2015 is as under:

Particulars	Amount (in Rs.)	Foreign Currency
Export Trade Receivable	73,086,753	USD 1,169,295
	(77,963,664)	(USD 1,295,808)
	Nil	Nil
	(22,712)	(AFN 20,703)
	(4,543,534)	(SGD 94,354)
Import Trade Payable	144,347,272	TAKA 183,575,527
	(100,664,048)	(TAKA 132,691,889)
	17,841	EUR 263
	(2,210,252)	(EUR 27,023)
	5,759,367	SGD 121,085
Unbilled revenue	(9,708,689)	(SGD 202,572)
	46,733,982	USD 747,684
	(11,951,688)	(USD 198,599)
	4,334,615	USD 69,320
	(15,726,699)	(USD 261,328)
	NIL	NIL
	(30,430)	(MYR 1,632)
	29,266,695	AFN 27,109,083
	(23,736,238)	(AFN 22,812,576)
	15,293	SGD 318
	(18,657)	(SGD 389)
	4,47,070	IDR 9,39,22,368
	(279,675)	(IDR 55,934,967)
11,319,869	TAKA 1,43,96,191	
(19,676,655)	(TAKA 26,062,595)	
67,208	ETB 22,183	
(647,247)	(ETB 213,516)	
6,853	AED 403	
(NIL)	NIL	
11,561	JOD 131	
(NIL)	(NIL)	
15,101	PHP 10826	
NIL	(NIL)	
32,450	VND 1,13,46,275	
NIL	(NIL)	



Spice Digital Limited

Notes to financial statements for the period ended 31 March 2015

37. The asset of Rs. 157,543,508, (Previous year Rs. 172,743,508) recognized by the Company as 'MAT Credit Entitlement' under 'Loans and Advances', in respect of MAT payment for earlier years, represents that portion of MAT liability which can be recovered and set off in subsequent periods based on the provisions of Section 115JAA of the Income Tax Act, 1961. The management based on the present trend of profitability and also the future profitability projections, is of the view that there would be sufficient taxable income in foreseeable future, which will enable the Company to utilize MAT credit assets.
38. The Company is carrying Rs. 8,500,000 (Previous year: Rs. 4,400,000), as diminution in the value of long term investment in a subsidiary company, namely, Mobisoc Technology Private Limited. The amount of diminution in the value of investment has been provided based on the losses incurred by the said subsidiary company upto the period ended March 31,2015. The management is of the view that the diminution in the value of these investments so provided is adequate and no further provision is required there against.

39. Disclosure required under Sec 186(4) of the Companies Act 2013

Included in loans and advances to body corporate, the particulars of which are disclosed below

Name of the loanee	Rate of Interest	Due date	Secured/ unsecured	30-Jun-14	Loan given	Loan repaid	31-Mar-15	Purpose
Bharat BPO Services Limited	11%	17-Nov-15	Unsecured	-	80,000,000	-	80,000,000	General corporate purposes

Included in loans and advances to related parties, the particulars of which are disclosed below

Name of the loanee	Rate of Interest	Due date	Secured/ unsecured	30-Jun-14	Loan given	Loan Repaid	31-Mar-15	Purpose
Spice Retail Limited	11%	12-Dec-15	Unsecured	5,00,00,000	99,12,347	-	5,99,12,347	For meeting certain business exigency requirement
Spice Retail Limited	11%	07-Feb-16	Unsecured	5,00,00,000	91,64,618	-	5,91,64,618	General corporate purposes
Hindustan Retail Private Limited	11%	19-Nov-15	Unsecured	3,25,00,000	5,63,51,222	1,00,00,000	7,88,51,222	General corporate purposes
Kiman Exports Private Limited	11%	01-Jun-15	Unsecured	8,00,00,000	-	2,90,00,000	5,10,00,000	General corporate purposes



Spice Digital Limited

Notes to financial statements for the period ended 31 March 2015

Details of Investments made (At cost):

Particulars	Opening Investments	Investments made during the period	Closing Investments
10,000,000 (Previous year: 10,000,000) equity shares of Rs. 10 each fully paid up in Mobisoc Technology Private Limited (at cost less provision for other than temporary diminution in value Rs. 8,500,000 (Previous year: Rs. 4,400,000))	95,600,000	-	91,500,000*
10,039,997 (Previous year: 10,039,997) equity shares of Rs. 10 each fully paid up in Spice Labs Private Limited	100,399,970	-	100,399,970
15,735,600 equity shares(Previous year: 15,735,600) of 1 Sing \$ each in S GIC Pte. Limited	585,360,875	-	585,360,875
38,860 (Previous year: 38,860) equity shares of Tk 100 each in Spice Digital Bangladesh Limited	3,032,534	-	3,032,534
3,514 (Previous year : Nil) equity shares of Rs10 each in Vavia Technologies Private Limited	-	10,000,000	10,000,000
83,636 (Previous year: Nil) equity share of Re 1 each in Anytime Learning Private Limited	-	77,987,728	77,987,728

* An additional provision Rs. 4,100,000 has been made for diminution in value of Investment.

40. Previous year figures

The current period's figures are for nine months ended March 31, 2015. However, the previous year's figures are for the twelve months period ended June 30, 2014. Accordingly, current period's figures are not strictly comparable with those of previous year. Previous year's figures have been regrouped / rearranged wherever considered necessary to confirm to current period's classification.

As per our report of even date

For **S.R. Batliboi & Co. LLP**
ICAI Firm Registration No. 301003E
Chartered Accountants

For and on behalf of the
Board of Directors of Spice Digital Limited

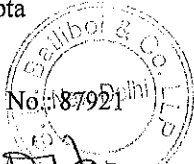


per Anil Gupta

Partner
Membership No.: 87921

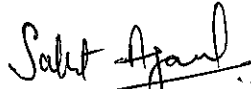
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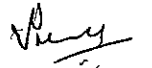


Rajul Garg

(Chairman)
DIN: 00085256



Saket Agarwal
(Chief Executive Officer)

Suman Ghose
Hazra
(Director)
DIN: 00012223


Sunil Kapoor
(Chief Financial Officer)
Membership No:
079430

Subramanian Murali

(Director)
DIN: 00041261


Kokila Arora
(Company Secretary)
Membership No:
A21670