

**INDEPENDENT AUDITORS' REPORT**

To,

**The Members of Spice Online Retail Private Limited****Report on the Financial Statements**

We have audited the accompanying financial statements of Spice Online Retail Private Limited ('the Company'), which comprise the balance sheet as at 31 March 2015, the statement of profit and loss and the cash flow statement for the nine months period 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 and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these 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 there under.

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

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

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



## Opinion

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

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143 (3) of the Act, we report that:

(a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

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

(c) the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;

(d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

(e) on the basis of the written representations received from the directors as on 31 March 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164 (2) of the Act; and

(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 does not have any pending litigations which would impact its financial position.

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 GUPTA GARG & AGRAWAL**  
**CHARTERED ACCOUNTANTS**  
**FRN 505762C**

  
**(B.B.GUPTA)**  
**PARTNER**  
**M. No. 012399**



Place: New Delhi  
Date :9<sup>th</sup> May 2015

**RE: Spice Online Retail Private Limited**

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

The comments are in seriatim of the order

- (i) (i) (a) The company is maintaining proper records of its Fixed Assets showing full particulars including quantitative details and situation thereof.
- (b) As informed, the fixed assets were physically verified by the management at reasonable intervals. No discrepancy on such verification noticed by the management and reported to us.
- (ii) (a) The stocks relating to business of the company has been physically verified by the management at the close of the financial year. In our opinion, the frequency of verification is reasonable.
- (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 nature of its business.
- (c) The company is maintaining proper records of inventory. The management has not reported any discrepancy in physical verification of inventory conducted by it.
- (iii) As per the information and explanations given to us and certified by the management and verified from the books of account, the company has not granted any loans secured or unsecured to companies, firms or other parties covered in the register maintained in pursuance of Section 189 of the Companies Act, 2013, as such there are no comments on sub clauses a) and b).
- (iv) The company has adequate internal control system in commensuration with its size and nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. We did not observe any weakness in the internal control system.
- (v) The Company has not accepted any deposits from the public.
- vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Companies Act, 2013, for the products/services of the Company.
- (vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance fund, income-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance fund, income-tax, wealth-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues were outstanding at the period end, for a period of more than six months from the date they became payable.
- (b) According to information and explanations given to us, there are no dues of income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and cess which have not been deposited with the appropriate authorities on account of any dispute.
- (c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.



- (viii) The Company has been in existence for more than five years. The company's accumulated losses at the end of financial year are more than 50% of its net worth. During the period company has suffered cash loss of Rs. 17.11 Lacs as against Rs.17.63 Lacs in the immediate preceding year.
- ix) The Company does not have any loan from Bank, Financial Institutions or Debenture holders, and as such clause is not applicable.
- (x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xi) The Company did not have any term loans outstanding during the period.
- (xii) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of audit.

**For GUPTA GARG & AGRAWAL  
CHARTERED ACCOUNTANTS  
FRN 505762C**

  
**(B.B.GUPTA)  
PARTNER  
M. No. 012399**



Place: New Delhi  
Date: 9<sup>th</sup> May 2015

**SPICE ONLINE RETAIL PRIVATE LIMITED**  
**Regd. Address: 60-D, Street No. C-5, Sainik Farms, New Delhi-110062**  
**CIN: U74140DL2008PTC183856**  
**Balance Sheet as at March 31, 2015**

Particulars	Notes	Figures as at 31-03-2015 Rs.	Figures as at 30-06-2014 Rs.
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
(a) Share capital	2	9,91,00,000	2,01,00,000
(b) Reserves and surplus	3	(9,87,80,738)	(9,53,53,093)
		<b>3,19,262</b>	<b>(7,52,53,093)</b>
<b>Share application money pending allotment</b>	4	-	3,70,00,000
<b>Non-current liabilities</b>			
Long-term provisions	5	9,72,127	4,42,324
<b>Current liabilities</b>			
(a) Short-term borrowings	6	2,37,66,489	4,60,84,403
(b) Trade payables	7	3,43,33,639	4,80,51,613
(c) Other current liabilities	8	29,63,170	35,68,656
(d) Short-term provisions	9	1,80,690	48,394
		<b>6,12,43,988</b>	<b>9,77,53,066</b>
<b>TOTAL</b>		<b>6,25,35,377</b>	<b>5,99,42,297</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Fixed assets	10		
(i) Tangible assets		3,52,179	4,72,671
(ii) Intangible assets		21,86,017	32,53,025
(b) Long-term loans and advances	11	80,000	80,000
		<b>26,18,196</b>	<b>38,05,696</b>
<b>Current assets</b>			
(a) Inventories	12	2,80,27,563	1,89,48,798
(b) Trade receivables	13	2,20,30,172	2,15,71,495
(c) Cash and cash equivalents	14	13,45,877	1,02,95,114
(d) Short-term loans and advances	15	83,70,693	52,40,306
(e) Other current assets	16	1,42,876	80,888
		<b>5,99,17,181</b>	<b>5,61,36,601</b>
<b>TOTAL</b>		<b>6,25,35,377</b>	<b>5,99,42,297</b>

Summary of significant accounting policies

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

As per our attached report of even date  
**For Gupta Garg & Agrawal**  
**Chartered Accountants**

( **B.B.Gupta** )  
 Partner  
 M. No. 012399



Place : New Delhi  
 Date : 9th May 2015

For and on behalf of the Board of Directors

**Subhasish Mohanty**  
 Director  
 DIN: 05329000

**Roni Soni**  
 Company Secretary  
 Member Ship No :- A36842

**Madhusudan Venkatachary**  
 Director  
 DIN: 02650160

**SPICE ONLINE RETAIL PRIVATE LIMITED**  
**Regd. Address: 60-D, Street No. C-5, Sainik Farms, New Delhi-110062**  
**CIN: U74140DL2008PTC183856**  
**Statement of Profit & Loss for the period ended March 31, 2015**

Particulars	Notes	Figures for the period ended 31-03-2015 Rs.	Figures for the yea ended 30-06-2014 Rs.
<b>Income</b>			
Revenue from operations	17	67,47,25,429	65,63,27,590
Other income	18	75,376	1,11,952
<b>Total revenue (I)</b>		<b>67,48,00,805</b>	<b>65,64,39,542</b>
<b>Expenses</b>			
Purchase of stock-in-trade	19	61,34,30,110	60,22,19,471
Changes in inventory	20	(90,78,765)	(99,84,942)
Employee benefits expense	21	1,89,95,166	2,49,76,932
Finance Cost	22	29,92,898	8,401
Depreciation and amortization expense	10	14,38,959	18,10,896
Other expenses	23	5,01,73,119	4,06,31,841
<b>Total expense (II)</b>		<b>67,79,51,487</b>	<b>65,96,62,599</b>
<b>Profit/(Loss) before exceptional and extraordinary items and tax (I) - (II)</b>		<b>(31,50,682)</b>	<b>(32,23,057)</b>
Exceptional items (Depreciation)	10	(2,76,963)	-
<b>Profit/(Loss) before extraordinary items and tax</b>		<b>(34,27,645)</b>	<b>(32,23,057)</b>
Prior period expenses		-	3,50,609
<b>Profit / (Loss) for the period/year</b>		<b>(34,27,645)</b>	<b>(35,73,666)</b>
<b>Earnings per equity share [nominal value of share Rs. 10 (30 June 2014 Rs. 10)]</b>			
1) Basic		(1.51)	(1.78)
2) Diluted		(0.59)	(0.63)

Summary of significant accounting policies

1

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

As per our attached report of even date

**For Gupta Garg & Agrawal**  
Chartered Accountants

( B.B.Gupta )  
Partner  
M. No. 012399



Place : New Delhi  
Date : 9th May 2015

For and on behalf of the Board of Directors

Subhasish Mohanty  
Director  
DIN: 05329000

R. Soni  
Company Secretary  
Member Ship No :- A36842

Madhusudan Venkatachary  
Director  
DIN: 02650160

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**Cash Flow Statement for the period ended March 31, 2015**

Particulars	31-Mar-15 Rs.	30-Jun-14 Rs.
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before tax	(34,27,645)	(35,73,666)
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation/ amortization	17,15,922	18,10,896
Interest paid	29,92,898	8,401
Interest (income)	(75,376)	(1,11,952)
<b>Operating profit/ (loss) before working capital changes</b>	<b>12,05,799</b>	<b>(18,66,321)</b>
Movements in working capital :		
Increase/ (decrease) in trade payables	(1,37,17,974)	2,08,78,692
Increase / (decrease) in short-term provisions	1,32,296	15,121
Increase/ (decrease) in other current liabilities	(6,05,486)	20,14,337
Increase/ (decrease) in other long-term Provisions	5,29,803	(10,650)
Decrease / (increase) in trade receivables	(4,58,677)	(1,46,61,312)
Decrease / (increase) in long-term loans and advances	-	(30,000)
Decrease/(increase) in inventories	(90,78,765)	(99,84,942)
Decrease / (increase) in short-term loans and advances	(18,48,979)	(21,35,499)
<b>Cash generated from / (used in) operations</b>	<b>(2,38,41,983)</b>	<b>(57,80,574)</b>
Direct taxes paid (net of refunds)	(12,81,408)	-
<b>Net cash flow from/ (used in) operating activities</b>	<b>A (2,51,23,391)</b>	<b>(57,80,574)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets, including CWIP and capital advances	(5,28,422)	(4,99,539)
Interest received	13,388	34,894
<b>Net cash flow from/ (used in) investing activities</b>	<b>B (5,15,034)</b>	<b>(4,64,645)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of equity share capital	7,90,00,000	-
Proceeds from Share Application Money	(3,70,00,000)	-
Proceeds from short-term borrowings	1,87,82,086	1,14,84,403
Repayment of short-term borrowings	(4,11,00,000)	-
Interest paid	(29,92,898)	(8,401)
<b>Net cash flow from/ (used in) in financing activities</b>	<b>C 1,66,89,188</b>	<b>1,14,76,002</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>A+B+C (89,49,237)</b>	<b>52,30,783</b>
Cash and cash equivalents at the beginning of the year	1,02,95,114	50,64,331
<b>Cash and cash equivalents at the end of the year</b>	<b>13,45,877</b>	<b>1,02,95,114</b>
<b>Closing Cash &amp; Cash equivalent Balances</b>		
<b>Components of cash and cash equivalents</b>		
Cash on hand	2,656	1,898
With banks- on current account	2,91,873	93,46,456
With banks- on deposit accounts	10,51,348	9,46,760
<b>Total cash and cash equivalents (Note 14)</b>	<b>13,45,877</b>	<b>1,02,95,114</b>

**Notes :**

- The Cash flow statement has been prepared under the indirect method as set out in Accounting Standard 3 on Cash Flow Statements notified by Companies (Accounts) Rules, 2014.
- Negative figures have been shown in brackets.

**Summary of significant accounting policies**

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

As per our attached report of even date

**For Gupta Garg & Agrawal**  
Chartered Accountants

(B.B.Gupta) 9/5/15  
Partner  
M. No. 012399



Place : New Delhi  
Date : 9th May 2015

For and behalf of the Board of Directors

Subhasish Mohanty  
Director  
DIN: 05329000

R.S. Soni  
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**Note to financial statements for the period ended March 31, 2015**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**i Basis of Accounting**

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

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

**ii Changes in Accounting Policy**

**a) Depreciation on fixed assets**

Depreciation on fixed assets w.e.f 01.07.2014 is being provided in the manner as prescribed in schedule II of the Companies Act, 2013 taking useful life as the basis for calculations under Straight Line Method in replacement of schedule XIV of the Companies Act, 1956. In view of this statutory compliance, there is minor change in provision of depreciation. Unless stated otherwise, the impact mentioned for the current period is likely to hold good for future years also.

**b) Useful lives/ depreciation rates**

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

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

Had the Company continued to follow the earlier useful life, the depreciation expense for the period would have been lower by Rs. 276,963 loss would have been lower by Rs. 276,963 and the net block of the fixed assets would have been higher by Rs. 276,963.

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

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

**iii Use of estimates**

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

**iv Fixed Assets & Depreciation**

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which take substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

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

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

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

	<b>Rates (SLM)</b>	<b>Useful Life</b>
Computers	33.33%	3 Years
Mobile Handsets (included under office equipments)	50.00%	2 Years

The useful life of in-house developed 'Software' being intangible asset taking the residual value as 'Nil' has been estimated as 5 years and accordingly 20% depreciation to be provided on Straight Line Method basis.

**v Inventories**

**Inventories are valued as follows:**





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

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

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

**vi Recognition of Income**

Income is recognised and accounted for on accrual basis unless otherwise stated.

**vii Investments**

Long Term investments are valued at cost being the purchase price plus direct costs. Provision is made for permanent diminution, if any, in the value of investments.

**viii Taxes on Income**

Current tax is determined as the amount of tax payable in respect of taxable income for the period. Deferred tax is recognised, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and is capable of reversal in one or more subsequent periods. The Deferred Tax Assets are recognised only to the extent that there is reasonable certainty of sufficient future profits against which such deferred tax assets could be realised.

**ix Contingent Liabilities**

The contingent liabilities, if any, are disclosed in the financial statements. Provision is made in the accounts if it becomes probable that there will be outflow of resources for settling the obligation.

**x Events occurring after the balance sheet date**

Adjustments to assets and liabilities are made for events occurring after the balance sheet date to provide additional information materially affecting the determination of the amounts of assets or liabilities relating to conditions existing at the balance sheet date.

**xi Earnings Per Share**

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



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**Notes to Financial Statements for the period ended March 31, 2015**

**2. Share Capital**

Particulars	Figures as at 31-03-2015 Rs.	Figures as at 30-06-2014 Rs.
<b>Authorised shares</b> 1,00,00,000 (1,00,00,000) Equity Shares of Rs. 10/- each	100,000,000	100,000,000
<b>Issued, subscribed and fully paid-up shares</b> 99,10,000 (20,10,000) Equity Shares of Rs. 10/- each	99,100,000	20,100,000
<b>Total issued, subscribed and fully paid-up share capital</b>	<u>99,100,000</u>	<u>20,100,000</u>

**(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**  
**Equity shares**

Particulars	No. of shares	Amount	No. of shares	Amount
At the beginning of the period/year	2,010,000	20,100,000	2,010,000	20,100,000
Issued during the period	7,900,000	79,000,000	-	-
Outstanding at the end of the period/year	<u>9,910,000</u>	<u>99,100,000</u>	<u>2,010,000</u>	<u>20,100,000</u>

**(b) Terms/rights attached to equity shares**

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

**(c) Shares held by holding company**

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

Hindustan Retail Private Limited Limited, the holding company 99,10,000* (20,10,000) Equity Shares of Rs. 10/- each fully paid	99,100,000	20,100,000
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\*Out of above shares, 5,000 Equity Shares are held by Mr. Gopal Singh Negi, as nominee of Hindustan Retail Private Limited.

**(d) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:**

Nil Nil

**(e) Details of shareholders holding more than 5% shares in the company**

Name of the shareholder	No. of shares	% holding in the class	No. of shares	% holding in the class
Equity shares of Rs.10/- each fully paid Hindustan Retail Private Limited, the holding company	9,910,000	100.00%	2,010,000	100.00%

\*Out of above shares, 5,000 Equity Shares are held by Mr. Gopal Singh Negi, as nominee of Hindustan Retail Private Limited.

(f) The above information (from (a) to (e)) is as per records of the company, including its register of shareholders/ members.

**3. Reserves and Surplus**

**Deficit in the statement of profit and loss**

Balance as per last financial statements	(95,353,093)	(91,779,427)
Loss for the period/year	(3,427,645)	(3,573,666)
<b>Net deficit in the statement of profit and loss</b>	<u>(98,780,738)</u>	<u>(95,353,093)</u>

**4. Share Application Money pending allotment**

Hindustan Retail Pvt Ltd. (Holding Company)	-	37,000,000
	<u>-</u>	<u>37,000,000</u>



**SPICE ONLINE RETAIL PRIVATE LIMITED**  
**Regd. Address: 60-D, Street No. C-5, Sainik Farms, New Delhi-110062**  
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**Notes to Financial Statements for the period ended March 31, 2015**

Particulars	Figures as at 31-03-2015 Rs.	Figures as at 30-06-2014 Rs.
<b>5. Long Term Provisions</b>		
<b>Provision for employee benefits (refer note no. 25)</b>		
Provision for gratuity	5,96,049	2,61,424
Provision for leave benefits	3,76,078	1,80,900
	<u>9,72,127</u>	<u>4,42,324</u>
<b>6. Short-term borrowings</b>		
Hindustan Retail Pvt Ltd	-	4,11,00,000
HDFC CC Limit A/c #	2,37,66,489	49,84,403
	<u>2,37,66,489</u>	<u>4,60,84,403</u>
# CC Limit from HDFC Bank against 100% collateral security provided by Spice Mobility Limited		
<b>7. Trade Payables</b>		
Trade payables	3,43,33,639	4,80,51,613
	<u>3,43,33,639</u>	<u>4,80,51,613</u>
<b>8. Other current liabilities</b>		
Audit Fee Payable	2,66,136	1,12,484
Service Tax Payable	-	14,89,237
TDS Payable	9,98,064	4,93,864
ESI PAYABLE	2,406	2,689
PF payable	84,998	36,405
Expenses Payable	16,11,566	14,33,977
	<u>29,63,170</u>	<u>35,68,656</u>
<b>9. Short term provisions</b>		
<b>Provision for employee benefits (refer note no. 25)</b>		
Provision for Gratuity	78,563	544
Provision for Leave Benefits	1,02,127	47,850
	<u>1,80,690</u>	<u>48,394</u>



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SPICE ONLINE RETAIL PRIVATE LIMITED  
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10. Fixed Assets

Sr. No	Particulars	Gross Block			Depreciation			Net Block		
		As at 30.06.2014	Additions during the period	Deletions during the period	As at 31.03.2015	As at 30.06.2014	For the period	Adjustments	As at 31.03.2015	As at 30.06.2014
I	Tangible Assets									
	Computers & Printers	785,033	265,500	-	1,050,533	312,362	385,992	-	698,354	472,671
	Mobile Phones	16,741	-	-	16,741	16,741	-	-	16,741	-
	Office Equipments	4,089	-	-	4,089	4,089	-	-	4,089	-
	<b>Total (Current period)</b>	<b>805,863</b>	<b>265,500</b>	<b>-</b>	<b>1,071,363</b>	<b>333,192</b>	<b>385,992</b>	<b>-</b>	<b>719,184</b>	<b>-</b>
	<b>(Previous year)</b>	<b>699,584</b>	<b>106,279</b>	<b>-</b>	<b>805,863</b>	<b>194,000</b>	<b>139,191</b>	<b>-</b>	<b>333,192</b>	<b>472,671</b>
II	Intangible Assets									
	Software Development	8,668,663	262,922	-	8,931,585	5,415,638	1,329,930	-	6,745,568	3,253,025
	<b>Total (Current period)</b>	<b>8,668,663</b>	<b>262,922</b>	<b>-</b>	<b>8,931,585</b>	<b>5,415,638</b>	<b>1,329,930</b>	<b>-</b>	<b>6,745,568</b>	<b>3,253,025</b>
	<b>(Previous year)</b>	<b>8,275,403</b>	<b>393,260</b>	<b>-</b>	<b>8,668,663</b>	<b>3,743,933</b>	<b>1,671,705</b>	<b>-</b>	<b>5,415,638</b>	<b>4,531,470</b>



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**Notes to Financial Statements for the period ended March 31, 2015**

Particulars	Figures as at 31-03-2015 Rs.	Figures as at 30-06-2014 Rs.
<b>11. Long term loans and advances</b>		
Security Deposit	80,000	80,000
	<u>80,000</u>	<u>80,000</u>
<b>12. Inventories</b>		
Closing Inventory of Laptop, Mobiles and accessories	2,80,27,563	1,89,48,798
	<u>2,80,27,563</u>	<u>1,89,48,798</u>
<b>13. Trade Receivables</b>		
Sundry Debtors	2,20,30,172	2,15,71,495
	<u>2,20,30,172</u>	<u>2,15,71,495</u>
<b>14. Cash and cash equivalents</b>		
- Cash on hand	2,656	1,898
Balances with banks in current A/c:	2,91,873	93,46,456
Fixed Deposit with HDFC	10,51,348	9,46,760
	<u>13,45,877</u>	<u>1,02,95,114</u>
<b>15. Short-term loans and advances</b>		
Advances recoverable in cash or kind	8,36,386	13,19,770
Prepaid expenses	6,05,581	4,20,514
Vat Recoverable	43,52,024	22,10,239
TDS Recovareble	25,71,191	12,89,783
Service Tax Recoverable	5,511	-
	<u>83,70,693</u>	<u>52,40,306</u>
<b>16. Other current assets</b>		
Interset Receivable	1,42,876	80,888
	<u>1,42,876</u>	<u>80,888</u>
<b>Contingent liabilities and commitments</b>		
<b>(1) Contingent Liabilities</b>		
a) Claims aganinst the company not acknowledged as debts	NIL	NIL
b) Guarantees	NIL	NIL
c) other money for which company is contingently liable	NIL	NIL
<b>(2) Commitments</b>		
a) Estimated amounts of contracts to be executed on capital account not provided for	NIL	NIL
b) Uncalled liability on partly paid shares	NIL	NIL
c) Other commitments	NIL	NIL



/s/

**SPICE ONLINE RETAIL PRIVATE LIMITED**  
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 Notes to Financial Statements for the period ended March 31, 2015

Particulars	Figures for the period ended 31-03-2015 Rs.	Figures for the year ended 30-06-2014 Rs.
<b>17. Revenue from operations</b>		
Sale of Trading Goods	60,97,74,653	59,21,63,746
Sales of Services	6,48,06,320	6,37,84,265
Commission on Sales	1,44,456	3,79,579
	<u>67,47,25,429</u>	<u>65,63,27,590</u>
<b>18. Other income</b>		
Interest income on FDR	75,376	85,582
Interest on income tax refund	-	26,370
	<u>75,376</u>	<u>1,11,952</u>
<b>19. Purchase of stock-in-trade</b>		
Purchase of Laptop, Mobile Phones & Accessories	61,34,30,110	60,22,19,471
	<u>61,34,30,110</u>	<u>60,22,19,471</u>
<b>20. Change in inventory</b>		
Closing stock :		
Mobile Phones	2,80,27,563	1,89,48,798
Less: Opening Stock	1,89,48,798	89,63,856
	<u>(90,78,765)</u>	<u>(99,84,942)</u>
<b>21. Employee benefits expense</b>		
Salaries, wages and bonus	1,76,07,822	2,46,34,888
Contribution to provident fund	3,98,482	2,76,714
Staff welfare expenses	2,65,227	31,845
Gratuity expense	4,12,644	(56,152)
Leave encashment expenses	3,10,991	89,637
	<u>1,89,95,166</u>	<u>2,49,76,932</u>
<b>22. Finance Costs</b>		
Interest on bank overdraft	6,41,753	8,401
Interest on ICD	23,51,145	-
	<u>29,92,898</u>	<u>8,401</u>



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**Notes to Financial Statements for the period ended March 31, 2015**

**23. Other expenses**

Warehousing expenses	6,67,422	8,59,050
Rates & Taxes	13,487	5,210
Advertising and sales promotion	7,65,530	15,62,665
Payment to Auditors (Refer details below)	2,80,900	1,76,377
Sales Commission	3,76,43,930	2,11,19,206
Legal and professional fees	19,59,739	16,04,098
Printing & Stationery	1,05,172	41,573
Selling & Distribution expenses	13,48,472	49,40,278
Rent expenses	40,11,613	43,89,962
Repair & Maintenance-Others	5,79,537	6,51,738
Insurance Charges	6,07,503	7,91,651
Communication costs	10,57,871	16,74,178
Travelling & Conveyance expenses	5,78,373	7,34,483
Bank Charges	2,16,568	20,38,414
Lost in Transit	19,895	18,177
Assets not recoverable written off	2,98,548	1,469
Miscellaneous expenses	18,559	23,312
	<b>5,01,73,119</b>	<b>4,06,31,841</b>

**Payment to Auditors:**

Audit fee	1,12,360	89,888
Tax audit fee	44,944	22,472
Limited review	22,472	33,708
Audit of tax accounts	1,01,124	-
Other services	-	30,309
	<b>2,80,900</b>	<b>1,76,377</b>

**24. Earnings per share (EPS)**

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

Loss after tax	(34,27,645)	(35,73,666)
<u>Number of equity shares for calculating EPS</u>		
Basic	22,69,489	20,10,000
Diluted	58,47,956	57,10,000
<u>Earning per share (EPS)</u>		
Basic	(1.51)	(1.78)
Diluted	(0.59)	(0.63)



/s/

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**25 Disclosures under Accounting Standard- 15 ( Revised ) on 'Employee Benefits' :**

**Gratuity and other post-employment benefit plans**

The Company has a defined benefit gratuity plan which is not funded. 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 6 months.

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

**Statement of profit and loss**

**Net employee benefit expense recognized in the employee cost**

	Gratuity 31-Mar-15 Rs.	Gratuity 30-Jun-14 Rs.
Current service cost	1,27,400	1,20,783
Interest cost on benefit obligation	16,700	27,040
Net actuarial (gain) / loss recognized in the period	2,68,544	(2,03,975)
<b>Net benefit expense</b>	<b>4,12,644</b>	<b>(56,152)</b>

**Balance sheet**

**Benefit asset/ liability**

	Gratuity 31-Mar-15 Rs.	Gratuity 30-Jun-14 Rs.
Present value of defined benefit obligation	-	-
Fair value of plan assets	(6,74,612)	(2,61,968)
<b>Plan (liability)</b>	<b>(6,74,612)</b>	<b>(2,61,968)</b>

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

	Gratuity 31-Mar-15 Rs.	Gratuity 30-Jun-14 Rs.
Opening defined benefit obligation	2,61,968	3,18,120
Current service cost	1,27,400	1,20,783
Interest cost	16,700	27,040
Actuarial (gains) / losses on obligation	2,68,544	(2,03,975)
<b>Closing defined benefit obligation</b>	<b>6,74,612</b>	<b>2,61,968</b>

The principal assumptions used in determining gratuity and post-employment medical benefit obligations for the company's plans are shown below:

	Gratuity 31-Mar-15	Gratuity 30-Jun-14
Discount rate	7.75%	8.50%
Withdrawal rate	20.00%	20.00%
Increase in Compensation cost	8.00%	10.00%
Mortality table referred	IALM ( 2006-08 ) duly modified	

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

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

	31-Mar-15 Rs.	30-Jun-14 Rs.	30-Jun-13 Rs.	30-Jun-12 Rs.	31-Mar-11 Rs.
Gratuity					
Defined benefit obligation	6,74,612	2,61,968	3,18,120	4,65,707	-
Plan assets	-	-	-	-	-
Surplus / (deficit)	(6,74,612)	(2,61,968)	(3,18,120)	(4,65,707)	-
Experience adjustments on plan liabilities (loss) / gain	(3,20,621)	2,03,995	3,43,211	-	-
Experience adjustments on plan assets	-	-	-	-	-

26 The company being a subsidiary of non Small and Medium Enterprises (SME), therefore, has complied with all the notified applicable Accounting Standards.





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**Notes to Financial Statements for the period ended March 31, 2015**

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

28 As per the guidance note issued by ICAI on Accounting Standard AS - 22 " Taxes on Income" , deferred tax assets should be recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In view of losses in the current year as well as in the immediate preceding year and uncertainty of future profits, DTA has not been recognised in the books of account.

29 Information required to be given by way of note regarding foreign currency income/outgo 4,11,757/-

30 Related Party Disclosures

a) Names of the Parties :

Ultimate Holding Company

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

Holding Company

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

Subsidiary company :

Nil

Fellow Subsidiaries with whom transactions have taken place during the year

Spice Retail Limited  
 Spice Digital Ltd.  
 Mobisoc Technology Pvt. Ltd

Name of the other related parties with whom transactions have taken place during the period

Mr. Rajneesh Arora

Key Management Personnel

b) Related party transactions attached as Annexure- 1

As per our attached report of even date  
 For Gupta Garg & Agrawal  
 Chartered Accountants

(~~B.B.~~ Gupta)  
 Partner  
 M. No. 012399



For and on behalf of the Board of Directors

*Subhasish Mohanty*  
 Subhasish Mohanty  
 Director  
 DIN: 05329000  
*Roni Soni*  
 Roni Soni  
 Company Secretary  
 Member Ship No :- A36842

*Madhusudan Venkatachary*  
 Madhusudan Venkatachary  
 Director  
 DIN: 02650160

Place : New Delhi  
 Date : 9th May 2015

*AMS*

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Annexure-1

(Amount in Rs.)

Particulars	Holding Company		Fellow Subsidiaries		Total	
	2014-15	2013-14	2014-15	2013-14	2014-15	2013-14
<b>(A) Transactions</b>						
<b>Share Capital</b>						
Hindustan Retail Private Limited	7,90,00,000	-			7,90,00,000	-
<b>Share Application Money refunded</b>						
Hindustan Retail Private Limited	3,70,00,000	-			3,70,00,000	-
<b>Short Term Borrowing</b>						
Hindustan Retail Private Limited	-	3,05,00,000			-	3,05,00,000
<b>Repayment of Short Term Borrowing</b>						
Hindustan Retail Private Limited	4,11,00,000	2,40,00,000			4,11,00,000	2,40,00,000
<b>Commission Received</b>						
Spice Retail Limited						
Spice Digital Ltd.				1,27,900		1,27,900
Mobisoc Technology Pvt. Ltd			51,464	-	51,464	-
			92,992	2,88,559	92,992	2,88,559
<b>Finance Cost</b>						
Hindustan Retail Private Limited	23,51,145	-			23,51,145	-
<b>Purchases (Excluding VAT)</b>						
Spice Retail Limited						
Spice Digital Ltd.			9,82,74,358	12,54,31,694	9,82,74,358	12,54,31,694
Mobisoc Technology Pvt. Ltd			91,00,000	-	91,00,000	-
			2,31,00,000	5,63,00,000	2,31,00,000	5,63,00,000
<b>Sales (Excluding VAT)</b>						
Spice Retail Limited			3,04,36,000	4,92,22,550	3,04,36,000	4,92,22,550
<b>Rent Paid</b>						
Spice Mobility Limited	34,44,958	43,25,859			34,44,958	43,25,859
<b>Travelling Expenses</b>						
Spice Digital Ltd.			1,14,726	-	1,14,726	-
<b>Reimbursement of Expenses Received</b>						
Spice Retail Limited			3,58,515	-	3,58,515	-
<b>Reimbursement of Expenses Paid</b>						
Spice Retail Limited						
Cellucom Retail India Pvt. Ltd.			69,88,662	1,19,37,919	69,88,662	1,19,37,919
			-	1,85,000	-	1,85,000
<b>(B) Outstanding at the end of the period/year</b>						
<b>Creditors</b>						
Spice Retail Limited						
Spice Mobility Limited	-	6,59,198	93,52,271	1,89,94,413	93,52,271	1,89,94,413
Spice Digital Ltd.			29,382	-	29,382	-
<b>Debtors</b>						
Mobisoc Technology Pvt. Ltd				10,81,829		10,81,829
<b>Short Term Borrowing</b>						
Hindustan Retail Private Limited	-	4,11,00,000			-	4,11,00,000
<b>Share Application money</b>						
Hindustan Retail Private Limited	-	3,70,00,000			-	3,70,00,000

