

INDEPENDENT AUDITOR'S REPORT

To,

The Members of Hindustan Retail Private Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Hindustan Retail Private Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2017 and the statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statement that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance), cash flows and changes in equity of the company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding the assets of the company and for preventing and detecting fraud 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 standalone Ind AS 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 Ind AS financial statements based on our audit. We have taken into account the provision of the Act, the accounting and auditing standards and matters which are required to be included in audit report under the provision of the Act and the Rules made there under.

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

An audit involves performing procedures to obtain the audit evidence about the amounts and the disclosure in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the company's preparation of the standalone Ind AS financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. 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 standalone Ind AS 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 Ind AS financial statements.



Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements gives 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 including the Ind AS, of the state of affairs (financial position) of the Company as at 31st March, 2017, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matter

Without qualifying our report, it is stated that, during the year under audit, it has been noted that company has made further investment of Rs. 15 crore for acquiring 1.50 crore equity shares of face value of Rs. 10/- each of 'New Spice Sales and Solutions Limited' (formerly known as Spice Retail Limited), a subsidiary of the company at a cost of Rs 10/- each.

As the subsidiary's accumulated losses exceeds its paid up capital and reserves, therefore 100% provision has been made against the above investment as per practice follows in earlier years.

During the year under audit, company has also made investment in Zero Coupon Compulsorily Convertible Debentures of Rs. 62.35 crore for acquiring 6.235 crores debentures of face value of Rs. 10/- each of "New Spice Sales and Solutions Limited" and for which 100% provision has also been made.

Report on Other Legal and Regulatory Requirements

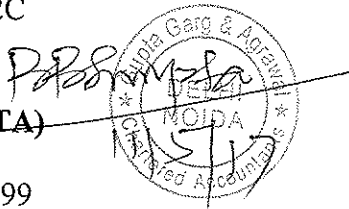
1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure '1' a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
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 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 , the statement of profit and loss, the cash flow statement and statement of changes in equity dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the aforesaid standalone Ind As financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
 - e) On the basis of the written representation received from the directors as on 31st March, 2017 taken on record by the board of directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) with respect to the adequate internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report; and
 - g) 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 has been no amounts which are required to be transferred to the Investor Education and Protection Fund by the company.
- iv) The company has provided requisite disclosures in the standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the company and as produced to us by the management (refer note no. 23).

For GUPTA GARG & AGRAWAL
CHARTERED ACCOUNTANTS
FRN 505762C

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



Place: Noida
Date : 11/05/2017

RE: Hindustan Retail Private Limited

ANNEXURE "1" REFERRED TO IN PARAGRAPH OF OUR REPORT OF EVEN DATE

The comments are in seriatim of the order:

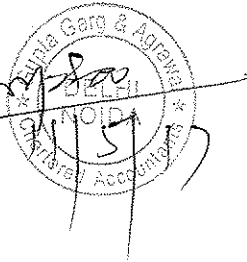
- (i) (a) The company does not have any fixed assets, as such there are no comments on sub clause b).
(b) As per books of accounts verified by us and according to the information and explanations given by the management the company does not have immovable properties and as such the sub clause is not applicable.
- (ii) The Company does not have any inventory; as such the clause is not applicable.
- (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, limited liability partnerships 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), b) and c).
- (iv) In our opinion and according to the information and explanations given to us, the provisions of Section 185 and 186 of the Companies Act 2013 have been complied.
- (v) The Company has not accepted any deposits from the public and as such the clause is not applicable.
- (vi) To the best of our knowledge and as per information and explanations given to us by the management, the central government has not prescribed maintenance of cost records under section 148(1) of the Companies Act, 2013.
- (vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance fund, income-tax, sales 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, sales 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, 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.
- (viii) The Company does not have any loan from Bank, Institutions or Debenture holders, and as such clause is not applicable.
- (ix) As per the information and explanations given to us by the management, the Company has not raised any money way of initial public offer / further public offer / debt instruments and term loans hence, there are no comments in this regard.



- (x) To the best of our knowledge and according to the information and explanations given to us no fraud by the company and no material fraud on the company has been noticed and reported during the year.
- (xi) In the absence of payment of managerial remuneration as per the provisions of Section 197 read with Schedule V of the Act, the clause is not applicable.
- (xii) The clause is not applicable as the company is not a 'Nidhi Company'.
- (xiii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the Ind AS financial statements and according to the information and explanations given by the management, transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013 wherever applicable and the details have been disclosed in the notes to the Ind AS financial statements, as required by the applicable accounting standards.
- (xiv) As per the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and as such there are no comments in this regard.
- (xv) As per the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him.
- (xvi) As per the information and explanations given to us, the provisions of Section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

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

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



Place: Noida
Date: 11/05/2017

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF HINDUSTAN RETAIL PRIVATE LIMITED

Report on the Internal Financial Controls under Clause (f) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Hindustan Retail Private Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the



Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

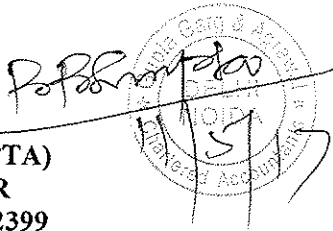
Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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



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

Place: Noida
Date: 11/05/2017

Hindustan Retail Private Limited
 Regd. Address: 19A & 19B, S Global Knowledge Park, Sector 125, Noida – 201301
 CIN: U52100UP2007PTC033258
 Balance Sheet as at March 31, 2017

Particulars	Notes	Figures as at 31-03-2017 Rs.	Figures as at 31-03-2016 Rs.	Figures as at 01-04-2015 Rs.
ASSETS				
Non-current assets				
Non-current investments	2	-	-	-
Current assets				
Financial Assets				
Cash and cash equivalents	3	23,98,154	1,30,843	1,26,19,053
Loans	4	2,90,75,580	36,20,00,000	11,65,50,000
Other Financial assets	5	3,91,29,271	3,67,95,764	1,11,91,883
Current Tax Assets	6	27,67,007	38,02,327	13,05,755
		7,33,70,012	40,27,28,934	14,16,66,691
TOTAL		7,33,70,012	40,27,28,934	14,16,66,691
EQUITY AND LIABILITIES				
Shareholders' funds				
Share capital	7	3,82,98,00,000	3,15,53,00,000	3,15,53,00,000
Reserves and surplus	SOCE	(3,82,51,99,169)	(3,14,77,15,052)	(3,13,78,00,686)
		46,00,831	75,84,948	1,74,99,314
Current liabilities				
Financial Liabilities				
Short-term borrowings	8	3,26,25,172	36,33,51,222	10,88,51,222
Other Financial liabilities	9	3,31,09,698	2,88,38,361	37,95,571
Other current liabilities	10	28,41,244	28,28,969	1,15,20,584
Short term provisions	11	1,93,067	1,25,434	-
		6,87,69,181	39,51,43,986	12,41,67,377
TOTAL		7,33,70,012	40,27,28,934	14,16,66,691

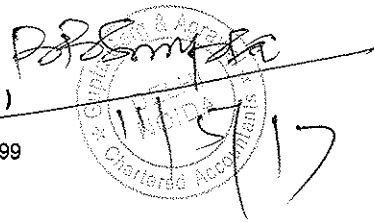
Summary of significant accounting policies 1.1

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
 FRN: 505762C

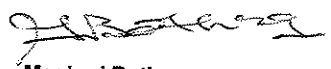
(B.B.Gupta)
 Partner
 M. No. 012399

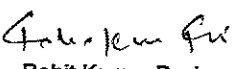


For and on behalf of the Board of Directors


Madhusudan Venkatachary
 Director
 DIN: 02650160


Neeraj Banka
 Chief Executive Officer


Meghraj Bothra
 Director
 DIN: 06966204


Rohit Kumar Ravi
 Chief Financial Officer

Place: Noida
 Date: 11/05/2017

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Hindustan Retail Private Limited
 Regd. Address: 19A & 19B, S Global Knowledge Park, Sector 125, Noida – 201301
 CIN: U52100UP2007PTC033258
 Statement of Profit & Loss for the year ended March 31, 2017

Particulars	Notes	Figures for the year	Figures for the year
		ended 31-03-2017	ended 31-03-2016
		Rs.	Rs.
Income			
Other Income	12	27,860,338	28,464,433
		<u>27,860,338</u>	<u>28,464,433</u>
Expenses			
Employee benefits expenses	13	1,013,553	1,312,658
Finance costs	14	28,167,303	27,854,140
Other expenses	15	1,663,599	1,269,381
Total		<u>30,844,455</u>	<u>30,436,179</u>
Profit/(Loss) before exceptional and extraordinary items and tax			
Exceptional items	16	(2,984,117)	(1,971,746)
Profit/(Loss) before extraordinary items and tax		<u>773,500,000</u>	<u>7,942,620</u>
Extraordinary items		(776,484,117)	(9,914,366)
Profit / (Loss) before tax		<u>-</u>	<u>-</u>
Tax adjustment		(776,484,117)	(9,914,366)
Loss for the period/year		<u>(776,484,117)</u>	<u>(9,914,366)</u>
Other Comprehensive Income			
Total Comprehensive Income for the Period (Comprising (Loss) and Other Comprehensive Income for the Period)		<u>(776,484,117)</u>	<u>(9,914,366)</u>
Earnings per equity share [nominal value of share Rs. 10 (31 March 2016: Rs. 10)]	17		
1) Basic		(2.34)	(0.03)
2) Diluted		(1.80)	(0.03)
Summary of significant accounting policies	1.1		

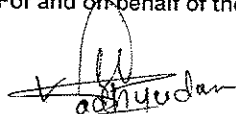
The accompanying notes are an integral part of the financial statements.

As per our report of even date
 For Gupta Garg & Agrawal
 Chartered Accountants
 FRN: 505762C

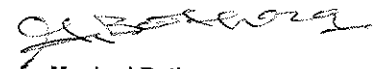
(B.B.Gupta)
 Partner
 M. No. 012399

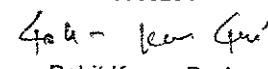
Place: Noida
 Date: 11/05/2017

For and on behalf of the Board of Directors


 Madhusudan Venkatachary
 Director
 DIN: 02650160


 Neeraj Banka
 Chief Executive Officer


 Meghraj Bothra
 Director
 DIN: 06966204


 Rohit Kumar Ravi
 Chief Financial Officer



Hindustan Retail Private Limited
 Regd. Address: 19A & 19B, S Global Knowledge Park, Sector 125, Noida – 201301
 CIN: U52100UP2007PTC033258
 Cash Flow Statement for the year ended March 31, 2017

Particulars	31-Mar-17 Rs.	31-Mar-16 Rs.
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(77,64,84,117)	(99,14,366)
Non-cash adjustment to reconcile profit before tax to net cash flows :		
Provision for diminution in value of investment	77,35,00,000	79,42,620
Interest paid	2,81,67,303	2,78,54,140
Interest income	(2,78,60,338)	(2,84,64,433)
Operating Loss before changes in assets and liabilities	(26,77,152)	(25,82,039)
Changes in assets and liabilities :		
Increase/ (decrease) in other Financial liabilities	94,713	(25,936)
Increase/ (decrease) in other Current liabilities	12,275	(86,91,615)
Decrease / (increase) in short-term loans and advances	33,29,24,420	(24,54,50,000)
Decrease / (increase) in short-term Provisions	67,633	1,25,434
Decrease / (increase) in other current assets	-	-
Cash generated from / (used in) operations	33,04,21,889	(25,66,24,156)
Direct taxes paid (net of refunds)	10,35,320	(24,96,572)
Net cash flow from/ (used in) operating activities	A	(25,91,20,728)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of non-current investments	(77,35,00,000)	(79,42,620)
Interest received	2,55,26,831	28,60,552
Net cash flow from/ (used in) investing activities	B	(50,82,068)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of equity share capital	67,45,00,000	-
Proceeds from Share Application Money	9,90,00,000	-
Proceeds from short-term borrowings	34,09,764	25,75,00,000
Repayment of Short Term Borrowing	(33,41,35,814)	(30,00,000)
Interest paid	(2,39,90,679)	(27,85,414)
Net cash flow from/ (used in) in financing activities	C	25,17,14,586
Net increase/(decrease) in cash and cash equivalents	(A+B+C)	(1,24,88,210)
Cash and cash equivalents at the beginning of the period/year	1,30,843	1,26,19,053
Cash and cash equivalents at the end of the period/year	23,98,154	1,30,843
Components of cash and cash equivalents		
Cash on hand	5,488	6,518
With banks- on current account	23,92,666	1,24,325
Total cash and cash equivalents (Note 3)	23,98,154	1,30,843

Notes :

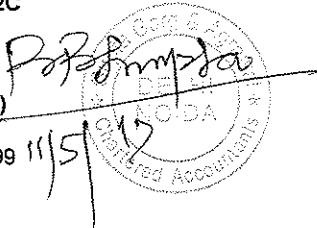
- The Cash flow statement has been prepared under the indirect method as set out in Ind AS 7 on Cash Flow Statements notified by Companies (Indian Accounting Standards) Rules, 2015
 - Negative figures have been shown in brackets.
- Summary of significant accounting policies
- The accompanying notes are an integral part of the financial statements.

1.1

As per our report of even date
For GUPTA GARG & AGRAWAL
 Chartered Accountants
 FRN: 505762C

For and on behalf of the Board of Directors

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



Madhusudan Venkatachary
 Director
 DIN: 02650160

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Rohit Kumar Ravi
 Chief Financial Officer

Place: Noida

Date: 11/05/2017

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Hindustan Retail Private Limited
Regd. Address: 19A & 19B, S Global Knowledge Park, Sector 125, Noida – 201301
CIN: U52100UP2007PTC033258
Notes to financial statements as at March 31, 2017
Statement of changes in Equity (SOCE)

Particulars	Figures as at 31-03-2017 Rs.	Figures as at 31-03-2016 Rs.	Figures as at 01-04-2015 Rs.
A. Equity Share Capital			
Equity Shares of INR Rs. 10 each issued, subscribed and fully paid up			
Number of shares	38,29,80,000	31,55,30,000	31,55,30,000
Equity Share Capital	3,82,98,00,000	3,15,53,00,000	3,15,53,00,000
Total	3,82,98,00,000	3,15,53,00,000	3,15,53,00,000
B. Other Equity			
Share Application Money Pending Allotment *	9,90,00,000	-	-
Retained Earnings			
Balance as per last financial statements	(3,14,77,15,052)	(3,13,78,00,686)	(8,72,06,506)
Loss for the year/period	(77,64,84,117)	(99,14,366)	(3,05,05,94,180)
Net deficit in the statement of profit and loss	(3,92,41,99,169)	(3,14,77,15,052)	(3,13,78,00,686)
Total	(3,82,51,99,169)	(3,14,77,15,052)	(3,13,78,00,686)

* Since shares has been allotted on 27.04.2017.

Summary of significant accounting policies
The accompanying notes are an integral part of the financial statements.

1.1

As per our report of even date

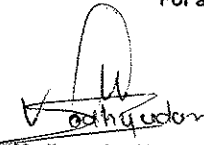
For GUPTA GARG & AGRAWAL
Chartered Accountants
FRN: 505762C

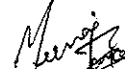
(B.B.Gupta)
Partner
M. No. 012399




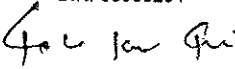
Place: Noida
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For and on behalf of the Board of Directors


Madhusudan Venkatachary
Director
DIN: 02650160


Neeharj Banka
Chief Executive Officer


Meghraj Bothra
Director
DIN: 06966204


Rohit Kumar Ravi
Chief Financial Officer

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Notes to financial statements as at March 31, 2017

Statement of Compliance:

In accordance with the notification issued by the Ministry of Corporate Affairs, the company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from April 1, 2016. Previous year figures in the financial statements have been restated to Ind AS.

Corporate information

The main activity of the company is to overall look after affairs of the subsidiary and arrange for them necessary funds and man-power.

1. Basis of Preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by Companies (Indian Accounting Standard) (Amendment) Rules, 2016. 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 ("the Act").

The financial statements have been prepared on a historical cost basis, except for the following financial assets and liabilities which have been measured at fair value:

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments);

1.1 Summary of significant accounting policies

A. Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

B. Fair value measurement

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

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability (The principal or the most advantageous market must be accessible by the Company.)

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

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

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

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

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

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

The Company's management determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for distribution in discontinued operation.

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

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.



Notes to financial statements as at March 31, 2017

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

C. Use of estimates

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

D. Recognition of Income

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

E. Taxes

Current income tax

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

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

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities.

F. Borrowing Costs

Borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

G. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.



H. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

- 1) Debt instruments at amortised cost
- 2) Debt instruments at fair value through other comprehensive income (FVTOCI)
- 3) Debt instruments and equity instruments at fair value through profit or loss (FVTPL)
- 4) Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading.

For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument by - instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

Presently, Company does not hold any investment in equity instruments.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Impairment of financial assets

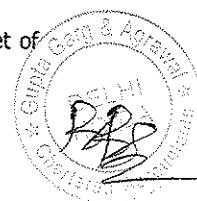
The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables and all other financial with no significant financing component is measured at an amount equal to 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured for specific assets. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognized as an impairment gain or loss in profit or loss.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.



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The Company's financial liabilities include trade and other payables, loans and borrowings and financial guarantee contracts.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognised in the profit or loss.

I. Cash and cash equivalents

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

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

J. 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.

K. Events occurring after reporting period

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

L. 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.

M. Cash flow statement

Cash flows are reported using indirect method, whereby profits for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

N. Other income

Other income is comprised primarily of interest income, dividend income and income from liabilities no longer payable. Interest income is recognized using effective interest method. Dividend income is recognised when the right to receive payment is established.

O. Employee benefits

a. Short term employee benefits

All employee benefits payable/available within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages and bonus etc., are recognised in the profit and loss account in the year in which the employee renders the related service.

b. Post Employee Benefits

Defined contribution plan

In respect of retirement benefit in the form of provident fund, the Company's contribution paid/payable towards provident fund are deposited with the Regional Provident Fund Commissioner of the Company and are charged to profit and loss account.

Defined Benefit Plan

The Company's gratuity scheme is a defined benefit plan. The present value of the obligation under such defined benefit plan is determined based on management valuation.



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Particulars	Figures as at 31-03-2017 Rs.	Figures as at 31-03-2016 Rs.	Figures as at 01-04-2015 Rs.
2. Non-Current Investments			
In Subsidiaries			
Unquoted - Fully Paid Up Equity Shares of Face value Rs. 10/- each 9,97,17,401 (8,47,17,401) (8,39,23,139) New Spice Sales and Solutions Limited * NIL (99,10,000) (99,10,000) Spice Online Pvt. Ltd.	2,981,709,657 -	2,831,709,657 99,100,000	2,823,767,037 99,100,000
Fully paid up shares of face value AED 10,00,000 each 1 (1) (1) S Retail Middle East FZE	-	15,160,000	13,160,000
In 0% Compulsory Convertible Debentures of Rs. 10/- each 6,23,50,000 (Nil) (Nil) New Spice Sales and Solutions Limited* (Formerly known as Spice Retail Limited)	623,500,000	-	-
	3,605,209,657	2,946,869,657	2,936,927,037
Less :- Provision for diminution in value of investment	3,605,209,657	2,943,369,657	2,936,927,037
	-	-	-
Aggregate value of Unquoted Shares	-	-	-
3. Cash and cash equivalents			
Balances with banks:			
On current accounts	2,392,666	124,325	12,592,035
Cash on hand	5,488	6,518	27,018
	2,398,154	130,843	12,619,053
4. Loans			
Unsecured considered good;			
Loans and advances to related parties (subsidiaries)			
i) New Spice Sales and Solutions Limited(Formerly known as Spice Retail Limited)	22,075,580	357,000,000	116,550,000
ii) S Retail Middle East FZE*	-	53,744,509	53,744,509
iii) Spice Online Pvt. Ltd.(Formerly known as Spice Online Retail Pvt. Ltd.)	7,000,000	5,000,000	-
	29,075,580	415,744,509	170,294,509
Less:- Provision against doubtful advances (S Retail Middle East FZE)*	-	53,744,509	53,744,509
	29,075,580	362,000,000	116,550,000
* During the year Company has written off its investment in S Retail Middle East FZE.			
5. Other Financial Assets			
Interest receivable	39,129,271	36,795,764	11,191,883
	39,129,271	36,795,764	11,191,883
6. Current Tax Assets			
TDS Recoverable	2,767,007	3,802,327	1,478,656
Provision for Income Tax	-	-	(172,901)
	2,767,007	3,802,327	1,305,755
7. Equity Share Capital			
Authorized shares			
425,000,000 (Previous period 325,000,000) (Period previous to previous period 325,000,000) Equity Shares of Rs. 10 each	4,250,000,000	3,250,000,000	3,250,000,000
Issued, subscribed and fully paid-up shares			
382,980,000 (Previous period 315,530,000) (Period previous to previous period 315,530,000) Equity Shares of Rs. 10 each	3,829,800,000	3,155,300,000	3,155,300,000
Total issued, subscribed and fully paid-up share capital	3,829,800,000	3,155,300,000	3,155,300,000

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

Particulars	No. of shares	Amount Rs.	No. of shares	Amount Rs.	No. of shares	Amount Rs.
At the beginning of the year/period	315,530,000	3,155,300,000	315,530,000	3,155,300,000	70,530,000	705,300,000
Issued during the year/period	67,450,000	674,500,000	-	-	245,000,000	2,450,000,000
Outstanding at the end of the year/period	382,980,000	3,829,800,000	315,530,000	3,155,300,000	315,530,000	3,155,300,000

(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



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Particulars	Figures as at 31-03-2017 Rs.	Figures as at 31-03-2016 Rs.	Figures as at 01-04-2016 Rs.
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(c) Shares held by holding company

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

Spice Mobility Limited (Formerly S Mobility Ltd.), the holding company 382,980,000 (Previous period 315,530,000) (315,530,000) Equity Shares of Rs. 10 each	3,82,98,00,000	3,15,53,00,000	3,15,53,00,000
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(Out of above shares, 10 shares are held by Mrs. Veena Modi as nominee of Spice Mobility 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

(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	No. of shares	% holding in the class
Equity shares of Rs.10 each fully paid						
Spice Mobility Limited (Formerly S Mobility Ltd.), the holding company	38,29,80,000	100%	31,55,30,000	100%	31,55,30,000	100%

(Out of above shares, 10 shares are held by Mrs. Veena Modi as nominee of Spice Mobility Limited)

(f) The above information (from (a) to (e)) are as per records of the company, including its register of shareholders/ members and other declarations received from shareholder regarding beneficial interest. The above shareholding represents both legal and beneficial ownerships of shares.

8. Short-term borrowings

i) Spice Digital Limited	22,15,408	33,63,51,222	7,88,51,222
ii) Spice Labs Pvt Ltd.	3,04,09,764	2,70,00,000	3,00,00,000
	3,26,25,172	36,33,51,222	10,88,51,222

9. Other Financial liabilities

Audit fees payable	1,59,925	1,28,013	99,801
Salary Payable	1,03,513	63,568	-
Interest accrued but not due on borrowings	-	1,45,25,351	-
Other expenses payable	95,765	72,909	1,90,625
Interest accrued and due on borrowings	3,27,50,495	1,40,48,520	35,05,145
	3,31,09,698	2,88,38,381	37,95,571

10. Other current liabilities

TDS payable	28,41,244	28,28,969	1,15,20,584
	28,41,244	28,28,969	1,15,20,584

11. Short term provisions

Provision for leave benefits	52,346	9,181	-
Provision for gratuity	1,40,721	1,16,253	-
	1,93,067	1,25,434	-

Due from directors or officers of the company

NIL

Contingent liabilities & commitments

(1) Contingent Liabilities

a) Claims against the company not acknowledged as debts	NIL	NIL	NIL
b) Guarantees	NIL	NIL	NIL
c) Other money for which company is contingently liable	NIL	NIL	NIL

(2) Commitments

a) Estimated amounts of contracts to be executed on capital account not provided for	NIL	NIL	NIL
b) Uncalled liability on partly paid shares	NIL	NIL	NIL
c) Other commitments	NIL	NIL	NIL



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Particulars	Figures for the year ended	Figures for the year ended
	31-03-2017	31-03-2016
	Rs.	Rs.
12. Other Income		
Profit on sale of investments*	1	-
Interest Income	27,670,095	28,448,756
Interest income on debentures	-	-
Interest Income on Income Tax Refund	190,242	15,577
	<u>27,860,338</u>	<u>28,464,433</u>

* is on account of sale of shares of Spice Online Private Limited (Formally known as Spice Online Retail Private Limited).

13. Employee benefits expense

Salaries, wages and bonus	1,013,553	1,312,658
	<u>1,013,553</u>	<u>1,312,658</u>

14. Finance cost

Interest on loan	28,167,303	27,854,140
	<u>28,167,303</u>	<u>27,854,140</u>

15. Other expenses

Rates and taxes	505,564	47,918
Payment to auditor (Refer details below)	115,000	126,485
Legal and professional fees	489,104	574,099
Directors' sitting fees	547,500	515,250
Courier charges	330	-
Bank charges	89	29
Other Expenses	6,012	5,600
	<u>1,663,599</u>	<u>1,269,381</u>

Payment to auditors :

Audit fee	35,706	47,191
Limited review	34,350	34,350
In other capacity:		
Other services	44,944	44,944
	<u>115,000</u>	<u>126,485</u>

16. Exceptional Item

Provision for diminution in value of Investment	773,500,000	7,942,620
	<u>773,500,000</u>	<u>7,942,620</u>

17. Earnings per share (EPS)

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

Loss for the period/year	(776,484,117)	(9,914,366)
Weighted average number of equity shares in calculating basic EPS	331,409,726	315,530,000
Basic earning per share	<u>(2.34)</u>	<u>(0.03)</u>
Weighted average number of equity shares in calculating diluted EPS	430,409,726	315,530,000
Diluted earning per share	<u>(1.80)</u>	<u>(0.03)</u>



Additional Notes:

18. First-time adoption of Ind AS

These financial statements, for the year ended 31 March 2017, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2017, together with the comparative period data as at and for the year ended 31 March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2015 and the financial statements as at and for the year ended 31 March 2016.

Exemptions applied

These are the Company's first financial statements prepared in accordance with Ind AS. The significant accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended March 31, 2017, the comparative information presented in these financial statements for the year ended March 31, 2016 and in the preparation of an opening Ind AS balance sheet as at April 01, 2015 (the date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amount reported previously in financial statements prepared in accordance with the Accounting Standards notified under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

Optional exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

(i) Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition.

(ii) Investments in subsidiaries

As per Ind AS 27, investment in subsidiary needs to be accounted into the books either at cost or at value determined in accordance with Ind AS 109. If a first time adopter measures such an investment at cost in accordance with Ind AS 27, it shall measure its investment at one of the following amounts in its separate opening balance sheet:

Ind AS mandatory exceptions applied

(i) Estimates

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at April 01, 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP.

Reconciliation of Balance Sheet as previously reported under IGAAP to Ind AS

Particulars	IGAAP as on 31 March 2016	Adjustment	Ind AS as on 31 March 2016
Assets			
Financial Assets			
Trade receivables			
Cash and bank balances	1,30,843	-	1,30,843
Loans	36,20,00,000	-	36,20,00,000
Other Financial Assets	3,67,95,764	-	3,67,95,764
Current Tax Assets	38,02,327	-	38,02,327
	40,27,28,934	-	40,27,28,934
TOTAL	40,27,28,934	-	40,27,28,934
Equity and liabilities			
Shareholders' funds			
Share capital	3,15,53,00,000	-	3,15,53,00,000
Other Equity	(3,14,77,15,052)	-	(3,14,77,15,052)
	75,84,948	-	75,84,948
Current liabilities			
Financial Liabilities			
Short-term borrowings	36,33,51,222	-	36,33,51,222
Other Financial liabilities	2,88,38,361	-	2,88,38,361
Other current liabilities	28,28,969	-	28,28,969
Short-term provisions	1,25,434	-	1,25,434
	39,51,43,986	-	39,51,43,986
TOTAL	40,27,28,934	-	40,27,28,934



Balance Sheet as at 1 April 2015

Particulars

	IGAAP as on 1 April 2015	Adjustment	Ind AS as on 1 April 2015
Financial Assets			
Trade receivables	1,26,19,053	-	1,26,19,053
Cash and bank balances	11,65,50,000	-	11,65,50,000
Loans	1,11,91,883	-	1,11,91,883
Other Financial Assets	13,05,755	-	13,05,755
Current Tax Assets	14,16,66,691	-	14,16,66,691
TOTAL	14,16,66,691	-	14,16,66,691
Equity and liabilities			
Shareholders' funds			
Share capital	3,15,53,00,000	-	3,15,53,00,000
Other Equity	(3,13,78,00,686)	-	(3,13,78,00,686)
Current liabilities	1,74,99,314	-	1,74,99,314
Financial Liabilities			
Short-term borrowings	10,88,51,222	-	10,88,51,222
Other Financial liabilities	37,95,571	-	37,95,571
Other current liabilities	1,15,20,584	-	1,15,20,584
TOTAL	12,41,67,377	-	12,41,67,377
	14,16,66,691	-	14,16,66,691
	(0)	-	(0)

Footnote:

There were no items which result the difference in carrying amount and income and expense amount in conversion from IGAAP to Ind AS though classification and recognition principle have been changed.



Reconciliation Statement of Profit and Loss as previously reported under IGAAP to Ind AS

Particulars	IGAAP as on 31 March 2016	Adjustment	Ind AS as on 31 March 2016
Income			
Other income (2)	2,84,64,433	-	2,84,64,433
Total Income (1 + 2)	<u>2,84,64,433</u>	-	<u>2,84,64,433</u>
Expenses:			
Employee benefits expense	13,12,658	-	13,12,658
Finance costs	2,78,54,140	-	2,78,54,140
Other expenses	12,69,381	-	12,69,381
Total expenses	<u>3,04,36,179</u>	-	<u>3,04,36,179</u>
Profit before exceptional items and tax	(19,71,746)	-	(19,71,746)
Exceptional items	79,42,620	-	79,42,620
Profit before tax	<u>(99,14,366)</u>	-	<u>(99,14,366)</u>
Tax expense:			
(1) Current tax	-	-	-
(2) Deferred tax	-	-	-
(3) MAT credit entitlement/utilised	-	-	-
Profit (Loss) for the period	<u>(99,14,366)</u>	-	<u>(99,14,366)</u>
Other Comprehensive Income			
Items that will not be reclassified to profit or loss	-	-	-
Income Tax relating to items that will not be reclassified to profit or loss	-	-	-
Items that will be reclassified to profit or loss	-	-	-
Income Tax relating to items that will be reclassified to profit or loss	-	-	-
Total Comprehensive Income for the period (Comprising Profit (Loss) and Other Comprehensive Income for the period)	<u>(99,14,366)</u>	-	<u>(99,14,366)</u>



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Additional Notes:

19. Fair value hierarchy

(1) Financial Instruments by Category

Financial Assets	31-Mar-17	31-Mar-17	31-Mar-16	31-Mar-16	01-Apr-15	01-Apr-15
	FVTPL	Amortised	FVTPL	Amortised Cost	FVTPL	Amortised Cost
-Cash and cash equivalent	-	23,98,154	-	1,30,843	-	1,26,19,053
Loans & advances	-	2,90,75,580	-	36,20,00,000	-	11,65,50,000
Other Financial Assets	-	3,91,29,271	-	3,67,95,764	-	1,11,91,883
Total financial assets	-	7,06,03,005	-	39,89,26,607	-	14,03,60,936
Short-term borrowings	-	3,26,25,172	-	36,33,51,222	-	10,88,51,222
Other Financial Liabilities	-	3,31,09,698	-	2,88,38,361	-	37,95,571
Total Financial liabilities	-	6,57,34,870	-	39,21,89,583	-	11,26,46,793

20. Financial risk management objectives and policies

The Company's principal financial liabilities, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents and bank balances that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management advises on financial risks and the appropriate financial risk governance framework for the Company. The senior management provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees on policies for managing each of these risks, which are summarised below.

1) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings and deposits. Company is not affected by commodity risk.

The sensitivity analyses in the following sections relate to the position as at 31 March 2017, 31 March 2016 and 01 April 2015.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt instruments are all constant.

The analyses exclude the impact of movements in market variables on the carrying values of gratuity and other post-retirement obligations, provisions.

The following assumptions have been made in calculating the sensitivity analyses:

- The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2017 and 31 March 2016.



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-Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Security deposits received/paid and borrowing.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Increase/(decrease) in basis points	Effect on profit before tax
31-Mar-17		
INR	50	14,146
INR	-50	(14,146)
31-Mar-16		
INR	50	34,353
INR	-50	(34,353)
01-Apr-15		
INR	50	76,928
INR	-50	(76,928)

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

-Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's does not have significant foreign currency risk.

3) Liquidity risk

The Company's objective is to maintain optimum levels of liquidity to meet its cash and collateral requirements at all times. The Company relies on a mix of borrowings and excess operating cash flows to meet its needs for funds. The current committed lines of credit are sufficient to meet its short to medium/ long term expansion needs. The Company monitors rolling forecasts of its liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

	On Demand	Less than 3 Months	3-12 Months	1-5 Years	> 5 years	Total
Year ended						
31-Mar-17						
Borrowings (Current)	3,26,25,172					3,26,25,172
Other financial liabilities(current)	-	3,31,09,698				3,31,09,698
Trade and other payables	-	-				-
Total	3,26,25,172	3,31,09,698	-	-	-	6,57,34,870
Year ended						
31-Mar-16						
Borrowings (Current)	36,33,51,222					36,33,51,222
Other financial liabilities(current)	-	2,88,38,361				2,88,38,361
Trade and other payables	-	-				-
Total	36,33,51,222	2,88,38,361	-	-	-	39,21,89,583
Year ended						
01-Apr-15						
Borrowings	10,88,51,222					10,88,51,222
Other financial liabilities(current)	-	37,95,571				37,95,571
Trade and other payables	-	-				-
Total	10,88,51,222	37,95,571	-	-	-	11,26,46,793

-Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.



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21. Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants.

	As at 31 Mar 2017	As at 31 Mar 2016	As at 01 Apr 2015
Borrowings	3,26,25,172	36,33,51,222	10,88,51,222
Trade payables/Other payables	3,59,50,942	3,16,67,330	1,53,16,155
Less: cash and cash equivalents	23,98,154	1,30,843	1,26,19,053
Net debt	6,61,77,960	39,48,87,709	11,15,48,325
Equity	3,82,98,00,000	3,15,53,00,000	3,15,53,00,000
Reserve	(3,82,51,99,169)	(3,14,77,15,052)	(3,13,78,00,686)
Total capital	46,00,831	75,84,948	1,74,99,314
Capital and net debt	7,07,78,791	40,24,72,657	12,90,47,638
Gearing ratio	93%	98%	86%

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2017 and 31 March 2016.

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

As required under section 186(4) of the companies Act, 2013, particulars of loans and advances and investments are disclose below.

Details of loans and advances given and outstanding:

Name of the Party	Rate of Interest	Secured/ unsecured	Opening Balance	Loan given/(repay) during the period	Outstanding at end of the year
New Spice Sales and Solutions Limited (Formerly known as Spice Retail Limited)	11% & 10.5%	Unsecured	11,65,50,000	24,04,50,000	35,70,00,000
Spice Online Private Limited (Formerly known as Spice Online Retail Private Limited)	8.00%	Unsecured	50,00,000	20,00,000	70,00,000

The loan given to above companies are for meeting working capital requirements.

Details of Investments made (At cost):

Name of the Party	Nature of Investment	Investments made during the period (Rs.)	No. of Shares/CCDs
New Spice Sales and Solutions Limited (Formerly known as Spice Retail Limited)	Equity Shares	15,00,00,000	1,50,00,000
New Spice Sales and Solutions Limited (Formerly known as Spice Retail Limited)	Compulsory Convertible Debentures(CCD)	62,35,00,000	6,23,50,000

23. Details of Specified Bank Notes (SBN) held and transacted during the period from November 8th, 2016 to December 30th, 2016 are provided in the table below:-

Particulars	SBNs *	Other Denomination Notes	(Amount in INR)	
				Total
Closing Cash in hand as on 08.11.2016	-	6518	-	6518
(+) Permitted Receipts	-	-	-	-
(-) Permitted payments	-	102	-	102
(-) Amount Deposited in Banks	-	-	-	-
Closing cash in hand as on 30.12.2016	0	6416	-	6416

* For the purpose of this clause, the term Specified Bank Notes (SBN) shall have the same meaning provided in the notification of Government of India in the ministry of Finance, Department of Economic affairs number S.O 3407(E), dated 8th November 2016.



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	Current period	Previous year
24. Value of Import on CIF Basis	Nil	Nil
25. Earnings in Foreign Exchange	Nil	Nil
26. Outflow of Foreign Currency (AED)	Nil	Nil

27. In view of huge losses of S Retail Middle East FZE ("SRME FZE"), a wholly owned subsidiary company at Dubai, eroding its complete net worth resulting into its closure vide letter dated 23/10/2016 issued by Dubai Airport Free Zone Authority ("DAFZA") cancelling its trade licence, entire investment of the Company in SRME FZE of AED 42,93,792 (INR 6,69,04,509/-), i.e., investment in equity share capital of AED 1,000,000 (INR 1,31,60,000/-) and loans of AED 32,93,792 (INR 5,37,44,509/-), have been written off fully pursuant to the resolution passed by the Board of Directors of the Company in its meeting held on 20th January, 2017.

28. Related Party Disclosures

a Name of the Related Parties

i) Ultimate Holding Company

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

ii) Holding Company

Spice Mobility Ltd. (formerly known as S Mobility Limited) (SML)
 Spice Connect Private Limited (formerly known as Smart Ventures Pvt. Ltd.) (Holding company of SML)

iii) Subsidiary Company

New Spice Sales and Solutions Limited (Formerly known as Spice Retail Limited)
 Cellucom Retail India Pvt Ltd.
 Spice Online Pvt. Ltd. (Formerly known as Spice Online Retail Pvt. Ltd.) (Till 31st May-2016)

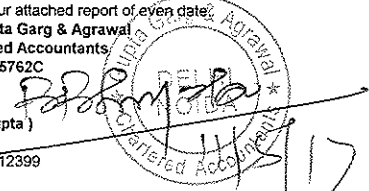
iv) Fellow Subsidiaries with whom transactions has taken place during the period

Spice Digital Ltd.
 Spice Labs Pvt. Ltd.
 Hotspot Sales & Solutions Pvt. Ltd.

v) Name of the other related parties with whom transactions have taken place during the period- NIL

b Related party transactions attached as Annexure-1

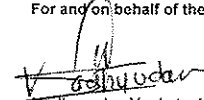
As per our attached report of even date,
 For Gupta Garg & Agrawal
 Chartered Accountants
 FRN: 505762C




(B.B.Gupta)
 Partner
 M. No. 612399

Place: Noida
 Date: 11/05/2017

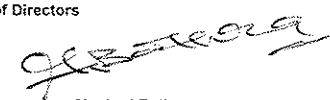
For and on behalf of the Board of Directors



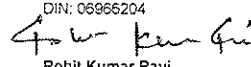
Madhusudan Venkatachary
 Director
 DIN: 02650160



Neeraj Banka
 Chief Executive Officer



Meghraj Bothra
 Director
 DIN: 06966204



Rohit Kumar Ravi
 Chief Financial Officer

