

INDEPENDENT AUDITOR'S REPORT**To the Members of Hotspot Sales & Solutions Private Limited****Report on the Ind AS Financial Statements**

We have audited the accompanying Ind AS financial statements of **Hotspot Sales & Solutions Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31 2017, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the 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 Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, its loss including other comprehensive income, its cash flows and the changes in equity for the period ended on that date.

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 paragraphs 3 and 4 of the Order.



S.R. BATLIBOI & CO. LLP

Chartered Accountants

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

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, Statement of Profit and Loss including the Statement of Other Comprehensive Income, 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 Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 Companies (Indian Accounting Standards) Rules, 2015.
- (e) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the 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.
- (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 has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 31 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. The Company has provided requisite disclosures in Note 32 to these Ind AS financial statements as to the holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on our audit procedures and relying on the management representation regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the Management.

For S.R. Batliboi & CO. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

Per Anil Gupta

Partner

Membership No: 87921

Place of signature: Noida

Date: May 11, 2017



Annexure 1 referred to in paragraph 'Report on Other Legal and Regulatory Requirements' of our report of even date**Re: Hotspot Sales & Solutions Private Limited ('the Company')**

- i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management, there are no immovable properties, included in property, plant and equipment of the Company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.
- ii) The management has conducted physical verification of inventory at reasonable intervals during the period and no material discrepancies were noticed on such physical verification.
- iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, provisions of Section 186 of the Companies Act 2013 in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the Company. In our opinion and according to the information and explanations given to us, there are no loans, guarantees, and securities granted to directors including entities in which they are interested in respect of which provisions of Section 185 of the Companies Act 2013 are applicable and hence not commented upon.
- (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 Section 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, income-tax, sales-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues applicable to it though there has been slight delay in few cases.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues were outstanding at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, service tax, customs duty, excise duty, value added tax and cess on account of any dispute, are as follows:



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Name of the statute	Nature of dues	Amount (Rs. in '000)	Period to which the amount relates	Forum where dispute is pending
The Uttar Pradesh Value Added Tax Act, 2008	Penalty on check post case for non-carrying the required document at the time of movement of goods	75	2008-09	Joint Commissioner (Appeal) Noida
The West Bengal Value Added Tax Act, 2003	Demand for VAT	10,515	2009-10	Additional Commissioner (North) Kolkata
The West Bengal Value Added Tax Act, 2003	Demand for VAT	2,43,789	2010-11 and 2011-12	Revisional Board, CCT, Kolkata
The Delhi Value Added Tax Act, 2004	CST Assessment Order passed with demand by VATO on the basis of DVAT R-10 online	32,284	2010-11	AC (VATO) Ward-100 and 60, New Delhi
The Tamilnadu Value Added Tax Act, 2006	Imposition of tax on sale of Recharge and Airtime	360	2007-08,2008-09,2009-10	AC (CT) Saligramam Circle, Chennai
The Tamilnadu Value Added Tax Act, 2006	Reversal of Input Tax Credit on goods locally purchased and sold as deemed export against form H	2,584	2011-12	AC (CT) Saligramam Circle, Chennai
The Uttar Pradesh Value Added Tax Act, 2008	Demand for VAT	12,515	2011-12 to 2015-16	Additional Commissioner, Gr-2, Noida
The Uttar Pradesh Value Added Tax Act, 2008	Provisional Assessment- Form H & F	1,280	2011-12 to 2015-16	Additional Commissioner, Gr-2, Noida
The Tamilnadu Value Added Tax Act, 2006	Reversal of ITC on stock transfers	238	2013-14	Deputy Commissioner (CT) Appeal, Chennai
The Tamilnadu Value Added Tax Act, 2006	Inspection & Assessment on surprise visit at place of business	1,494	2011-12 and 2013-14	AC (CT) Saligramam Circle, Chennai
The West Bengal Value Added Tax Act, 2003	Demand for VAT	23,390	2012-13	Joint Commissioner (CT), Saltlake, Kolkata



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The West Bengal Value Added Tax Act, 2003	ITC Demand	2,17,642	2013-14	Sr Joint Commissioner (CT), North Circle, Kolkata
The West Bengal Value Added Tax Act, 2003	Form F	11,967	2013-14	Sr Joint Commissioner (CT), North Circle, Kolkata
The Telangana, Value Added Tax	Demand for VAT	61,439	2010-11 to 2013-14	Hyderabad High Court, Interim Order
The Karnataka Value Added Tax Act,	Demand for VAT	11,164	2010-11 to 2013-14	Appeal to be filed before the Appellate Tribunal, Bangalore
The Bihar Value Added Tax	Demand for VAT	626	2011-12	Appeal to be filed before the Joint Commissioner, Patna
The Bihar Value Added Tax	ITC Demand	89	2012-13	Appeal to be filed before the Joint Commissioner, Patna
The Delhi, Value Added Tax Act	Forms	354	2012-13	VATO (Appeal), DoTT, NCT of Delhi
The Haryana Value Added Tax Act, 2003	Demand for VAT	1,699	2013-14	Joint Commissioner (Appeal) Faridabad

- viii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to any bank. Further, the Company did not have any outstanding debentures or dues in respect of a financial institution or government during the year.
- ix) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, the Company has not raised any money by way of initial public offer / further public offer (including debt instruments) and term loans. Hence reporting under clause (ix) is not applicable to the Company and hence not commented upon.
- x) We have been informed that one employee of the Company had misappropriated funds amounting to Rs.244 thousand during current year. Investigations are in progress. The Company is adequately covered by fidelity insurance cover and has not received any claim till March 31, 2017 from the insurance company.



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- xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xi) of the order are not applicable to the Company and hence not commented upon.
- xiii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the 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 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- xiv) According to 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 hence not commented upon.
- xv) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to 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) According to 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 S. R. Batliboi & Co. LLP

Chartered Accountants

Firm registration number: 301003E/E300005

per Anil Gupta

Partner

Membership No: 87921

Place: Noida

Date: May 11, 2017



ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF HOTSPOT SALES & SOLUTIONS PRIVATE LIMITED**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

To the Members of Hotspot Sales & Solutions Private Limited

We have audited the internal financial controls over financial reporting of Hotspot Sales & Solutions 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 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 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;



S.R. BATLIBOI & Co. LLP

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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 **S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per **Anil Gupta**

Partner

Membership Number: 87921

Place: Noida

Date: May 11, 2017



Hotspot Sales & Solutions Private Limited
Regd. Address: S Global Knowledge Park, Plot No. 19A & 19B, Sector 125, Noida – 201301
CIN: U74999UP2016PTC083722
Balance Sheet as at March 31, 2017

	Notes	31-Mar-17 Rs.
Assets		
Non-current assets		
Property, Plant and Equipment	3	50,436,265
Intangible assets	4	1,757,132
Financial Assets		
Other Financial Assets	5	48,370,358
Other assets	6	4,614,265
		105,178,020
Current assets		
Inventories	7	313,709,445
Financial Assets		
Trade receivables	8	66,703,478
Cash and cash equivalents	9A	5,959,715
Other Bank Balances	9B	15,093,399
Other Financial Assets	5	34,720,241
Current Tax Assets	10	560,645
Other assets	6	70,424,472
		193,461,950
TOTAL		612,349,415
Equity and liabilities		
Shareholders' funds		
Share capital	11	100,000
Other Equity		(1,013,410,356)
		(1,013,310,356)
Non-current liabilities		
Financial Liabilities		
Trade payables		-
Other financial liabilities	12	7,443,358
Provisions	13	4,328,203
Other liabilities	17	3,780,000
		15,551,561
Current liabilities		
Financial Liabilities		
Short-term borrowings	14	847,207,967
Trade payables	15	546,036,972
Other financial liabilities	16	65,755,265
Other liabilities	17	145,152,040
Provisions	13	5,955,966
		1,610,108,210
TOTAL		612,349,415
Summary of significant accounting policies	2	

As per our report of even date

For S R Batliboi & CO. LLP
Chartered Accountants
ICAI Firm's Registration No. 301003E/E300005

Anil Gupta
per Anil Gupta
Partner
Membership No.: 87921

For and on behalf of the Board of Directors of Hotspot Sales
& Solutions Private Limited

Subhasish Mohanty
Subhasish Mohanty
Director
DIN: 05329000

Karan Panchal
Karan Panchal
Director
DIN: 07496767

Place: Noida
Date: May 11, 2017



Hotspot Sales & Solutions Private Limited
Regd. Address: S Global Knowledge Park, Plot No. 19A & 19B, Sector 125, Noida – 201301
CIN: U74999UP2016PTC083722
Statement of Profit and Loss for the period ended March 31, 2017

	Notes	For the period from June 1, 2016 to March 31, 2017 Rs.
Income		
Revenue from operations	18	4,982,400,593
Revenue from operations		4,982,400,593
Other income	19	14,857,196
Total revenue (I)		4,997,257,789
Expenses		
Purchase of traded goods	20	4,664,143,925
(Increase) in inventories of traded goods	20	(98,620,188)
Employee benefits expense	21	166,994,799
Depreciation and amortization expense	22	25,448,135
Finance costs	23	73,509,706
Other expenses	24	318,366,905
Total (II)		5,149,843,282
(Loss) for the period (I-II)		(152,585,493)
Other Comprehensive Income		
<i>Items that will not be reclassified to profit or loss</i>		
Remeasurements of net defined benefit liability/asset	25	539,386
Total Comprehensive Income for the Period (Comprising (Loss) and Other Comprehensive Income for the Period)		(152,046,107)
Earnings per equity share (nominal value of share Rs. 10)		
Basic and diluted	26	(15,258.55)
Summary of significant accounting policies	2	

As per our report of even date

For S R Batliboi & CO. LLP
Chartered Accountants
ICAI Firm's Registration No. 301003E/E300005

per Anil Gupta
Partner
Membership No.: 87921

Place: Noida
Date: May 11, 2017

For and on behalf of the Board of Directors of Hotspot Sales & Solutions Private Limited


Subhasish Mohanty
Director
DIN: 05329000


Karan Panchal
Director
DIN: 07496767



	Notes	31-Mar-17 Rs.
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES		
(Loss) before tax		(152,585,493)
Adjustments for :		
Depreciation/ amortization	22	25,448,135
Loss/(Profit) on disposal of fixed assets (net)	24	(1,278,302)
Provision for doubtful debts and advances	24	302,206
Unclaimed balances written back	19	(3,115,875)
Interest expense	23	62,038,313
Interest (income)	19	(3,354,991)
Operating (loss) before working capital changes		(72,546,007)
Movements in working capital :		
Decrease in trade payables	15	(70,697,264)
Decrease in long-term provisions	13	(2,663,426)
Increase in short-term provisions	13	1,364,710
Increase in other current Financial liabilities	16	4,686,904
Increase in other current liabilities	17	109,284,901
Decrease in other long-term Financial liabilities	12	(1,481,441)
Increase in other long-term liabilities	17	3,780,000
Increase in trade receivables	8	(57,093,512)
Increase in inventories	7	(98,620,193)
Increase in long-term loans and advances	5	86,937
Increase in short-term loans and advances	5	(1,003,311)
Increase in Non Current Assets	6	(1,468,907)
Increase in other current assets	6	(44,024,874)
Cash generated (used in) operations		(230,395,483)
Direct taxes paid (net of refunds)		(560,645)
Net cash (used in) from operating activities	A	(230,956,128)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets, including CWIP and capital advances		(17,405,854)
Proceeds from sale of fixed assets		1,518,939
Movement in fixed deposits (having original maturity of more than three months)		(11,174,565)
Interest received		3,389,124
Net cash flow (used in) investing activities	B	(23,672,356)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of equity share capital	11	100,000
Proceeds from short-term borrowings		628,142,065
Repayment of short-term borrowings		(352,810,093)
Interest paid		(24,250,130)
Net cash flow from financing activities	C	251,181,842
Net increase in cash and cash equivalents (A + B + C)	A+B+C	(3,446,642)
Cash and cash equivalents acquired pursuant to Slump Sale		9,406,357
Cash and cash equivalents at the end of the Period		5,959,715
Components of cash and cash equivalents		
Cash on hand		3,730,449
With banks- on current account		2,229,266
Total cash and cash equivalents	9	5,959,715

Summary of significant accounting policies

2

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

As per our report of even date

For **S R Batliboi & CO. LLP**
 Chartered Accountants
 ICAI Firm's Registration No. 301003E/E300005

per Anil Gupta
 Partner
 Membership No.: 87921

For and on behalf of the Board of Directors of
 Hotspot Sales & Solutions Private Limited

Subhasish Mohanty
 Director
 DIN: 05329000

Karan Panchal
 Director
 DIN: 07496767

Place: Noida
 Date: May 11, 2017



Hotspot Sales & Solutions Private Limited
Regd. Address: S Global Knowledge Park, Plot No. 19A & 19B, Sector 125, Noida – 201301
CIN: U74999UP2016PTC083722

Statement of changes in Equity(SOCIE)

Particulars

As at 31 Mar 2017

Equity Shares of INR Rs. 10 each issued, subscribed and fully paid up

Number of shares	10,000
Equity Share Capital	100,000
Total	100,000

Other Equity

**As at 31 Mar 2017
Rs.**

Capital Reserve (Refer Note 28)	(861,364,249)
Closing balance	(861,364,249)
Retained Earnings*	
(Loss) for the period	(152,585,493)
Remeasurement gains on employee defined benefit plan for the period	539,386
Closing balance	(152,046,107)
Total Other Equity	(1,013,410,356)

*Retained earnings refer to net loss of the Company till the date of financial statements.

Summary of significant accounting policies

2

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


As per our report of even date

For S R Batliboi & CO. LLP
Chartered Accountants
ICAI Firm's Registration No. 301003E/E300005

For and on behalf of the Board of Directors of
Hotspot Sales & Solutions Private Limited



per Anil Gupta
Partner
Membership No.: 87921


Subhasish Mohanty
Director
DIN: 05329000


Karan Panchal
Director
DIN: 07496767

Place: Noida
Date: May 11, 2017



1. Corporate information

The financial statements comprise financial statements of Hotspot Sales & Solutions Private Limited ("the Company") for the year ended March 31, 2017. The Company is a private limited Company domiciled in India and incorporated on June 01, 2016, under the provisions of the Companies Act, 2013. The Company is engaged in the business of trading of mobile handsets and related accessories and operates through its chain of outlets across India. The registered office of the Company is located at, S Global Knowledge Park, Plot No. 19A& 19B, Sector 125 Noida - 201301

The financial statements were authorised for issue in accordance with a resolution of the directors on May 11, 2017.

2. Significant accounting policies

2.1 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 and 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") read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

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:

- Derivative financial instruments;
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments);
- Defined benefit plans – plan assets measured at fair value;

The financial statements are presented in INR and all values are rounded to the nearest rupee, except when otherwise indicated.

2.2 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 Company's 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 Company's 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 classified all other liabilities as non-current.

The Company's 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. Foreign currencies

The Company's financial statements are presented in INR, which is also the Company's functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at the exchange rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

C. Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

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

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

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



D. Business Combination

Common control business combinations includes transactions such as transfer of businesses between entities within a group. Business combinations involving businesses under common control is accounted for using the pooling of interests method. The pooling of interest method is considered to involve the following: (i) The assets and liabilities of the combining business are reflected at their carrying amounts. (ii) No adjustments are made to reflect fair values, or no new assets or liabilities are recognized. The only adjustments that are made are to harmonise accounting policies. The difference, between the amount recorded as consideration in the form of cash or other assets and the amount of net assets of the transferor is transferred to capital reserve and presented separately from other capital reserves with disclosure of its nature and purpose in the notes.

E. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

Sales tax/ value added tax (VAT) is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue. The specific recognition criteria described below must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Rendering of services

Revenue from services rendered towards VAS and airtime commission is recognised as and when the services are rendered.

Revenue from branding fee

The Company recognizes revenue from branding fee over the period of the contracts for branding entered into with the respective vendors.

Interest income

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, Interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

F. 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.

G. Sales/ value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of sales/ value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

H. Property, plant and equipment

The Company has elected to continue with the carrying value for all of its property plant & equipment, which were acquired under the slump sale agreement on June 01, 2016, as deemed cost since they were broadly comparable to fair value.

Capital work in progress, property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Repair and maintenance costs are recognised in profit or loss as incurred.

The Company calculates depreciation on a straight-line basis over the estimated useful lives of the assets as follows:

- Leasehold Improvement : 3 years or unexpired lease, whichever is earlier (retail business)
- Plant and equipment : 15 years
- Furniture and Fittings* : 8 years
- Office Equipment (excluding mobile handsets) : 5 years
- Mobile Handsets* : 2 years
- Computers (excluding server) : 3 years



*The Company, based on assessment made, depreciates certain items of furniture and fittings; and mobile handsets over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit & loss when the asset is derecognised.

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

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

I. Intangible assets

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

Based on management assessment cost of software are amortized over their estimated useful life of 3 years on straight line basis.

The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with Ind AS-8 "Accounting Policies, Changes in Accounting Estimates and Errors".

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

J. 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.

K. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that retains substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term unless the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

L. Inventories

Inventories comprise of trading goods which are valued at the lower of cost and net realisable value.

Cost of traded goods includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

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

M. Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss.

N. 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.

O. Retirement and other employee benefits

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

b. Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The Company treats accumulated leave expected to be carried forward beyond twelve months as long term employee benefit for measurement purpose & such long term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where the Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non current liability.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur.

Remeasurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income



P. 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)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise to specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables. For more information on receivables, refer to Note 8.

Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

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

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 statement of profit and 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.

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.

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings. For more information refer Note 14.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Q. 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.

2.3 Recent Accounting pronouncements

Standards issued but not yet effective

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and has amended the following standard:

Amendments to Ind AS 7, Statement of Cash Flows

The amendments to Ind AS 7 requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1 April 2017. Application of this amendments will not have any recognition and measurement impact. However, it will require additional disclosure in the financial statements.

Amendments to Ind AS 102, Share-based Payment

The MCA has issued amendments to Ind AS 102 that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction, the classification of a share-based payment transaction with net settlement features for withholding tax obligations, and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. The amendments are effective for annual periods beginning on or after 1 April 2017. The Company is assessing the potential effect of the amendments on its financial statements.

The Company is evaluating the requirements of the amendment and the impact on the financial statements will be given in due course. Currently the provisions of Ind AS 102 are not applicable to the Company as there are no cash-settled awards.



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Particulars	(Amount in Rs.)			
	Office Equipments	Furniture and Fixtures	Computers	Leasehold Improvement
At cost				Total
Additions under Slump Sale (Refer Note 28)				
Additions	7,990,314	19,629,729	3,590,131	20,094,038
Disposals	4,131,718	5,043,022	400,018	13,969,997
	268,686	4,301,117	-	1,041,885
At 31 Mar 2017	11,853,346	20,371,634	3,990,149	33,022,150
Depreciation				
Charge for the period	3,002,492	7,268,485	2,015,041	11,886,048
Disposals	150,966	4,178,200	-	1,041,885
At 31 Mar 2017	2,851,526	3,090,285	2,015,041	10,844,163
Net Book Value				
At 31 Mar 2017	9,001,820	17,281,349	1,975,108	22,177,987

Particulars	(Amount in Rs.)		
	Software	Website Development Cost	Total
At Cost			
Additions under Slump Sale (Refer Note 28)			
Additions	1,720,437	434,536	2,154,973
Disposals	878,228	-	878,228
At 31 Mar 2017	2,598,665	434,536	3,033,201
Amortization			
Charge for the Period	1,011,447	264,622	1,276,069
Disposals	-	-	-
At 31 Mar 2017	1,011,447	264,622	1,276,069
Net Book Value			
At 31 Mar 2017	1,587,218	169,914	1,757,132



5. Other Financial Assests

	Non-Current 31-Mar-17 Rs.	Current 31-Mar-17 Rs.
Security deposits		
Unsecured, considered good	42,685,895	25,340,846
Unsecured, considered good		
Deposits with remaining maturity more than 12 months (Refer Note 9B)	4,996,463	-
Others		
Interest accrued on fixed deposits	-	130,100
Income accrued but not billed	-	3,289,175
		3,419,275
Advances to Suppliers		
Unsecured considered good	688,000	5,960,120
Doubtful	-	302,206
	688,000	6,262,326
Provision for doubtful advances	-	(302,206)
	688,000	5,960,120
	48,370,358	34,720,241
Break up		
From Related parties (Refer Note 29)	-	2,158,364
From Others	48,370,358	32,561,877

6. Other assets

	Non-current 31-Mar-17 Rs.	Current 31-Mar-17 Rs.
Capital advances		
Unsecured, considered good	54,673	-
	54,673	-
Advances to Suppliers		
Unsecured considered good	-	1,961,520
	-	1,961,520
Other loans and advances		
Unsecured considered good	-	-
Prepaid expenses	3,905,452	8,735,755
Balances with statutory / government authorities	-	59,727,197
	3,905,452	68,462,952
Security deposit	654,140	-
	4,614,265	70,424,472



7. Inventories (valued at lower of cost or net realizable value)

	31-Mar-17 Rs.
Traded Goods	313,709,445
	<u><u>313,709,445</u></u>

During the year ended 31 March 2017, Rs 17,53,280 was recognised as an expense for Inventories carried at net realisable value.

8. Trade Receivables

	Current 31-Mar-17 Rs.
Trade Receivables	26,229,071
Receivables from Related parties (Refer Note No. 29)	40,474,407
	<u><u>66,703,478</u></u>
Break up for Security Details	
Secured, considered good	1,162,000
Unsecured, considered good	65,541,478
	<u><u>66,703,478</u></u>

No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

For terms and conditions relating to related party receivables, Refer Note 29.

Trade receivables are non-interest bearing and are generally on terms of 1 to 30 days.

9A. Cash and bank balances

	Non-current 31-Mar-17 Rs.	Current 31-Mar-17 Rs.
Cash and cash equivalents		
Balances with banks:		
– On current accounts	-	2,229,266
Cash on hand	-	3,730,449
	<u><u>-</u></u>	<u><u>5,959,715</u></u>

9B. Other bank balances

-Deposits with remaining maturity for less than 12 months	-	15,093,399
Deposits with remaining maturity for more than 12 months	4,996,463	-
	<u><u>4,996,463</u></u>	<u><u>15,093,399</u></u>
Amount disclosed under non-current assets (note 5)	(4,996,463)	-
	<u><u>-</u></u>	<u><u>15,093,399</u></u>

Deposits given as security

All Deposits are pledged with banks/ government authorities.

10. Current Tax Assets

	current 31-Mar-17 Rs.
Advance income-tax	560,645
	<u><u>560,645</u></u>



11. Share Capital

	31-Mar-17 Rs.
Authorized shares	
10,000 Equity Shares of Rs. 10 each	100,000
Issued, subscribed and fully paid-up shares	
10,000 Equity Shares of Rs. 10 each	100,000
Total issued, subscribed and fully paid-up share capital	100,000

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

	31-Mar-17 No.
Issued during the period	10,000
Outstanding at the end of the Period	10,000

(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.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the numbers of equity shares held by the shareholders.

(c) Shares held by holding Company

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

	31-Mar-17 Rs.
Spice Online Private Limited 10,000 Equity Shares of Rs. 10 each*	100,000

*Out of above, 1 equity share is held by Mr. Madhusudan Venkatachary as nominee of Spice Online Private Limited

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

Name of the shareholder	As at 31 March 2017	
	No.	% holding in the class
Equity shares of `10 each fully paid		
Spice Online Private Limited*	10,000	100%

*Out of above, 1 equity share is held by Mr. Madhusudan Venkatachary as nominee of Spice Online Private Limited

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



12. Other long-term Financial liabilities

	31-Mar-17 Rs.
Other payables	
Security Deposits	7,443,358
	<u>7,443,358</u>

13. Provisions

	Long-term 31-Mar-17 Rs.	Short-term 31-Mar-17 Rs.
Provision for employee benefits		
Provision for gratuity (Note 27)	4,328,203	2,494,243
Provision for leave benefits	-	3,461,723
	<u>4,328,203</u>	<u>5,955,966</u>

14. Short-term borrowings

	31-Mar-17 Rs.
11% interest bearing loan from a related party repayable on demand (unsecured) (refer note 29)	430,976,966
10.5% interest bearing loan from a related party repayable on demand (unsecured) (refer note 29)	40,000,000
8.9% interest bearing Overdraft Limit from Bank**	276,242,065
Bills discounted from a Bank*	99,988,936
	<u>847,207,967</u>

The above amount includes

Unsecured borrowings from Related Parties	470,976,966
Secured borrowings	376,231,001

* The bill discounting facility is obtained from HDFC Bank, the tenor for which is 60 days and the rate of interest charged by the bank is 11.5% p.a. The facility has been secured by way of:

1. Exclusive charge over present and future movable fixed assets and current assets of the Company.
2. Equitable Mortgage of 19A & 19B, Sector-125, Noida, owned by fellow subsidiary Kimaan Exports Pvt Ltd.
3. Corporate Guarantee of the Holding Company Spice Mobility Limited to the extent of Rs 8,00,000 thousand.
4. 4 PDCs of Rs. 2,50,00,000 each from the Company.

** Bank OD Limit is secured by way of 105% Fixed deposit pledged by the holding company Spice Online Private Limited



15. Trade Payable

	31-Mar-17 Rs.
Trade payables	
Trade payables (refer note 38 for details of dues to micro and small enterprises)	507,365,732
Trade payables to Related Parties (Refer Note 29)	38,671,240
	<u>546,036,972</u>

16. Other Financial liabilities

	31-Mar-17 Rs.
Payable for capital goods	9,342,044
Employee Payable	18,600,928
Interest accrued and due on borrowings	37,812,293
	<u>65,755,265</u>

Break up of other Financial Liabilities

From Related Parties	37,812,293
From Others	27,942,972

Terms and conditions of the above financial liabilities:

interest payable is normally settled Periodically throughout the financial Period

For terms and conditions with related parties, refer to Note 29.

For explanations on the Company's credit risk management processes, refer to Note 35.

17. Other liabilities

	31-Mar-17 Long Term Rs.	31-Mar-17 Short Term Rs.
Unaccrued Income	3,780,000	7,560,000
Advance received from customers and their credit balances	-	126,737,517
Others		
Service tax payable	-	13,942
VAT payable	-	69,011
WCT payable	-	1,276,831
PF payable	-	1,126,072
ESI payable	-	427,360
TDS payable	-	7,941,307
	<u>3,780,000</u>	<u>145,152,040</u>



18. Revenue from operations

	31-Mar-17
	Rs.
Revenue from operations	
Sale of Trading Goods	4,970,498,436
Sale of services	9,406,702
Branding Fees	2,495,455
Revenue from operations	4,982,400,593

19. Other income

	31-Mar-17
	Rs.
Interest income on effective interest basis :	
- Bank deposits	980,105
- Security Deposits	2,374,886
Credit balances written back	3,115,875
Foreign exchange Gain (net)	264,539
Profit on disposal of Fixed Assets (net)	1,278,302
Miscellaneous Income	6,843,489
	14,857,196

20. (Increase) in Inventories

	31-Mar-17
	Rs.
Inventories at the end of the year	
Traded goods	313,709,445
Inventory received in Slump Sale (Refer Note 28)	
Traded goods	215,089,257
(Increase in Inventories)	(98,620,188)

Purchase of Traded Goods

	31-Mar-17
	Rs.
Purchase during the period	4,664,143,925
	4,664,143,925

21. Employee benefits expense

	31-Mar-17
	Rs.
Salaries, wages and bonus	150,591,543
Contribution to provident and other funds	8,530,526
Gratuity expense (note 27)	1,919,960
Staff welfare expenses	5,952,770
	166,994,799

22. Depreciation and amortization expens

	31-Mar-17
	Rs.
Depreciation of tangible assets	24,172,066
Amortization of intangible assets	1,276,069
	25,448,135

23. Finance costs

	31-Mar-17
	Rs.
Interest (including Rs 38,409 on income tax)	42,027,956
Bill discounting Charges	9,519,603
Finance Charges	11,471,393
Interest on Overdraft facility	10,490,754
	73,509,706



24. Other expenses

	31-Mar-17
	Rs.
Electricity and water charges	16,868,730
Freight and forwarding charges	506,312
Rent	178,585,825
Rates and taxes	2,064,736
Insurance	2,960,146
Repairs and maintenance	
Others	16,658,174
Advertising and sales promotion	20,265,710
Security Service Charges	330,113
Sales Commission	2,874,601
Travelling and conveyance	8,572,496
Communication costs	5,545,253
Printing and stationery	1,801,721
Legal and professional fees	13,008,546
Payment to statutory auditors (Refer details below)	3,590,322
Credit card charges	40,341,804
Bank charges	1,404,134
Bad debts / advances written off	383,832
Provision for doubtful debts and advances	302,206
Miscellaneous expenses	2,302,244
	318,366,905

Payment to statutory auditors

	31-Mar-17
	Rs.
As auditor:	
Audit fee	1,725,000
Tax audit fee	460,000
Limited review	1,265,000
In other capacity:	
Reimbursement of expenses	140,322
	3,590,322

25. Items that will not be reclassified to Profit and Loss

	31-Mar-17
	Rs.
Remeasurements of Defined Benefit Plans	539,386
	539,386

26. Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the profit/(loss) for the period attributable to equity holders by the weighted average number of Equity shares outstanding during the period.

Diluted EPS amounts are calculated by dividing the profit/(loss) attributable to equity holders (after adjusting impact on profit of dilutive potential equity shares) by the weighted average number of Equity shares outstanding during the period plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

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

	31-Mar-17
	Rs.
(Loss) after tax	(152,585,493)
Weighted average number of equity shares in calculating basic and diluted EPS	10,000
Basic and diluted earning per share of Rs 10 each (in Rs.)	(15,259)



27. Gratuity (defined benefit plan)

(Amount in Rs.)

	Gratuity March 31, 2017 Rs.
Gratuity plan	6,822,446
	6,822,446

The Company has a defined benefit gratuity plan in India.

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. This gratuity benefit on departure at 15 days salary (last drawn salary) for each completed year of service or part thereof in excess of 6 months.

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

Changes in the defined benefit obligation and fair value of plan assets as at 31 March 2017:

(Amount in Rs.)

Gratuity cost charged to profit or loss	Gratuity Benefit Obligation	Fair value of plan assets	Benefit liability
Acquired on account of slump sale (Note 28)	9,416,832	1,562,587	7,854,245
Transferred during the period	(999,983)	-	(999,983)
Service cost	1,342,673	-	-
Net interest expense	692,137	114,850	-
Sub-total included in profit or loss (Note 21)	2,034,810	114,850	1,919,960
Benefits Paid	(1,412,390)	-	(1,412,390)
Remeasurement gains/(losses) in other comprehensive income			
Return on plan assets (excluding amounts included in net interest expense)	-	11,720	-
Actuarial changes arising from changes in demographic assumptions	-	-	-
Actuarial changes arising from changes in financial assumptions	-	-	-
Experience adjustments	(527,666)	-	-
Subtotal included in OCI	(527,666)	11,720	(539,386)
As at March 31, 2017	8,511,603	1,689,157	6,822,446

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

Particulars	March 31, 2017 Rs.
Discount rate (in %)	7.35%
Salary Escalation (in %)	8.00%
Mortality Rate (% of IALM 06-08)	100%
Withdrawal rate (per annum)	35%

A quantitative sensitivity analysis for significant assumption as at 31 March 2017 is as shown below:

Gratuity Plan

Assumptions Sensitivity Level	31-Mar-17 Discount rate		31-Mar-17 Future salary increases	
	0.5% increase	0.5% increase	0.5% increase	0.5% increase
	Rs.	Rs.	Rs.	Rs.
Impact on defined benefit obligation	(102,564)	102,714	101,712	(102,419)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

Sensitivities due to mortality & withdrawals are not material & hence impact of change not calculated.

Maturity Profile of Defined benefit obligation:

Expected cash flows over the next (valued on undiscounted basis):

	31-Mar-17 Rs.
Within the next 12 months (next annual reporting period)	2,494,243
Between 2 and 5 years	4,320,187
Between 6 and 10 years	1,697,173
Beyond 10 years	-

The average duration of the defined benefit plan obligation at the end of the reporting period is 2.28 years



28. Acquisition of Business Division under slump sale agreement

Pursuant to the slump sale agreement, all the assets and liabilities of the "Retail Business Division" undertaking of Spice Retail Limited (Now known as New Spice Sales and Solutions Limited); Cellucom Retail India Private Limited and "Saholic Business Division" of Spice Online Retail Private Limited (Now known as Spice Online Private Limited) were transferred to and vested in the Company on a going concern basis w.e.f. June 01, 2016 being the date of business transfer.

Assets acquired and liabilities assumed :

The fair value of Assets and Liabilities as on date of slump sale were:

Non-current assets	Amounts recognised on acquisition (Rs.)
Property ,Plant and Equipment (Refer Note 3)	51,304,208
Intangible assets (Refer Note 4)	2,154,973
Financial Assets	
Other Financial assets	45,107,768
Other non-current assets	3,090,685
	<u>101,657,634</u>
Current assets	
Inventories	215,089,257
Financial Assets	
Trade receivables	9,609,966
Cash and cash equivalents	9,406,357
Other Bank Balances	7,268,361
Other Financial Assets	34,053,269
Other current assets	26,551,853
	<u>301,979,063</u>
TOTAL	<u><u>403,636,697</u></u>
LIABILITIES	
Non-current liabilities	
Long-term Liabilities	8,924,799
Long-term provisions	7,531,015
Current liabilities	
Financial Liabilities	
Short-term borrowings	571,875,995
Trade payables	619,850,114
Other Financial liabilities	16,360,631
Other current liabilities	35,867,139
Short-term provisions	4,591,256
	<u>1,248,545,135</u>
TOTAL	<u><u>1,265,000,949</u></u>
Total identified Net Assets	(861,364,252)
Capital Reserve arising on acquisition	(861,364,249)
Purchase consideration	3

The fair value of trade receivable amounts to Rs 96,09,996 which approximates their gross carrying amount. None of the trade receivables is impaired and it is expected that the full contractual amounts can be credited.

The details of the Contingent Liabilities as on date of transfer were are as under:

- Various Sales Tax Demands being disputed by the Company Rs 33,62,45,146
- Various other claims against the Company not acknowledged as debts Rs 8,580,232 (based on management estimate)

From the date of acquisition, Business has contributed Rs. 4,982,400,593 to revenue and Rs 152,585,493 to the loss before tax from continuing operations. If the acquisition had taken place at beginning of the year , Revenue from operation would have been Rs 6,132,876,450 and the loss before tax would have been Rs.196,390,889



29. Related party disclosures

Names of related parties where control exists irrespective of whether transactions have occurred or not:

Ultimate Holding Company	Smart Global Corporate Holding Private Limited (Formerly Spice Global Investment Private Limited) (Holding Co. of Spice Connect Private Limited)
Holding Company	Spice Online Private Limited Omniventures Private Limited (Holding Company of Spice Online Private Limited) Spice Mobility Limited (Holding Company of Omniventure Private Limited) Spice Connect Private Limited (Formerly known as Smart Ventures Private Limited) (Holding Co. of Spice Mobility Limited)

Names of other related parties with whom transactions have taken place during the year:

Fellow subsidiaries	Spice Digital Limited New Spice Sales and Solutions Ltd. Cellucom Retail India Pvt Ltd Hindustan Retail Private Limited Kimaan Exports Pvt. Ltd. Mobisoc Technology Pvt. Ltd.
Key Management Personnel	Mr. Parveen Mittal (Director till 30.12.2016)

30. Segment information

Primary segments: Business Segments

The Company is engaged mainly in business of trading of mobile handsets and related accessories. The Company operates through its chain of outlets across India. The entire business was considered as a single segment in terms of Ind AS-108 on Segment Reporting.

Secondary Segments: Geographical Segment

As the Company's business activity falls within a single geographical segment, there is no additional disclosure required to be provided for geographical segments in terms of Ind AS-108 Segment Reporting.

31. Commitment & Contingencies

A. Leases

Operating lease commitments – Company as lessee

The Company has entered into Operating lease on certain outlet premises, office premises and warehouse. There is no contingent rent in the lease agreement. The lease term is for 1 to 3 years, which can be extended on mutual consent of both the parties. There are no restrictions imposed by lease arrangements. The Company has recognised lease expenses (including amortisation of deferred lease expense) of Rs 17,54,20,742 for the year ended March 31, 2017.

B. Contingent Liabilities

	31-Mar-17 Rs.
Claims against the Company not acknowledged as debts	
Consumer Disputes*	1,218,000
Demands raised by sale tax authority**	649,120,305
Others**	6,781,232
	657,119,537

* The cases are pending with various Consumer Disputes Redressal Forums. As per the management, the Company is made only a proforma party to these claims and liability, if any, arising out of these claims would be on the manufacturer and not likely to devolve on the Company.

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

*The Hon'ble Supreme Court of India vide its order dated December 17, 2014 on the judgment in case of State of Punjab Vs. Nokia India Pvt. Ltd. has held that sales tax on battery charger sold along with mobile phone should be charged at sales tax rate applicable to chargers, which is higher than the sales tax rate applicable to mobile phones in few states. Demand of Rs 6,26,489 Rs. 16,98,602 Rs. 1,59,48,424 and Rs 1,66,51,482 has been received from Bihar, Haryana, Karnataka, and Uttar Pradesh. No demand has been received/ascertained for other states.

C. Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for:

Estimated amount of contracts remaining to be executed on capital account and not provided for Rs.Nil.

32. 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	(Amount in Rs.)		
	SBNs*	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	17,510,500	413,371	17,923,871
(+) Permitted receipts	-	37,867,057	37,867,057
(-) Permitted payments	-	(2,826,676)	(2,826,676)
(-) Amount deposited in Banks	(17,510,500)	(34,041,221)	(51,551,721)
Closing cash in hand as on 30.12.2016	-	1,412,531	1,412,531

Inclusive of Petty Cash received back.

* 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, Departement of Economic affairs number S.O 3407(E), dated 8th November 2016.



33. Fair values

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	(Amount in Rs.)	
	Carrying Value	Fair Value
	March 31, 2017	March 31, 2017
Financial assets		
Other Financial assets		
Security deposits	42,685,895	42,685,895
Total financial assets	42,685,895	42,685,895
Financial liabilities		
Others :		
Security Deposits	7,443,358	7,443,358
Total Financial liabilities	7,443,358	7,443,358

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

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

The following methods and assumptions were used to estimate the fair values:

The fair value of other financial liabilities, obligations under finance leases, is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.



34. Fair value measurement

34 (a) : Financial instruments by category

	(Amount in Rs.)		
	31 March 2017		
	FVTPL	FVOCI	Amortised cost
Financial assets			
Trade receivables	-	-	66,703,478
Cash and cash equivalents	-	-	5,959,715
Other Bank Balances	-	-	15,093,399
Other Financial Assets :			
Security deposits	-	-	68,026,741
Deposits with long term maturity	-	-	4,996,463
Others	-	-	10,369,601
Total financial assets			171,149,397
Financial liabilities			
Short-term borrowings	-	-	847,207,967
Trade payables	-	-	546,036,972
Other financial liabilities :			
Security Deposits	-	-	7,443,358
Others	-	-	65,755,265
Total Financial liabilities			1,466,443,562

34 (b) : Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2017 :

	(Amount in Rs.)				
	Fair value measurement using				
	Date of Valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets for which fair values are disclosed (Note 33)					
Security deposits	March 31, 2017	42,685,895	-	42,685,895	-

There have been no transfers between level 1, level 2 and level 3 during the year.

Quantitative disclosures fair value measurement hierarchy for liabilities as at 31 March 2017:

	(Amount in Rs.)				
	Fair value measurement using				
	Date of Valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Liabilities for which fair values are disclosed (Note 33)					
Security deposits	March 31, 2017	7,443,358	-	7,443,358	-

There have been no transfers between level 1, level 2 and level 3 during the year.



35. Financial risk management objectives and policies

The Company's principal financial liabilities comprise 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, cash and cash equivalents and other 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. The senior management provides assurance 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 commodity risk. Financial instruments affected by market risk include borrowings and deposits. The Company is not effected by commodity risk.

The sensitivity analysis in the following sections relate to the position as at March 31, 2017.

The sensitivity analysis have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives and the proportion of financial instruments in foreign currencies are all constant.

The analysis exclude the impact of movements in market variables on: the carrying values of gratuity and other post retirement obligations, provisions, and other non-financial assets.

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

-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 March 31, 2017.

a) 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.

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:

	(Amount in Rs.)	
	Increase/ decrease in basis points	Effect on profit before tax
March 31, 2017		
Rs.	+50	4,046,717
Rs.	-50	(4,046,717)

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

b) 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.

Foreign currency sensitivity

The Company's exposure to foreign currency fluctuation is not material.

2) Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions and other financial instruments.

a) Trade receivables

Customer credit risk is managed subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed and limits are defined in accordance with this assessment. At 31 March 2017, the Company had net outstanding of trade receivables amounting to Rs. 6,67,03,478.

An impairment analysis is performed at each reporting date on an individual basis for trade customers.

b) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed in accordance with the Company's policy. Further the Company's policy also covers the limit of overall deposit which the Company can make with a particular bank or financial institution. The Company does not maintain the significant amount of cash and deposits other than those required for its day to day operations.



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.

Particulars	(Amount in Rs.)					Total
	On demand	Less than 3 Months	3-12 Months	1-5 Years	> 5 years	
Borrowings	470,976,966	376,231,001	-	-	-	847,207,967
Other financial liabilities	-	65,755,265	-	7,443,358	-	73,198,623
Trade Payables	38,671,240	507,365,732	-	-	-	546,036,972

4) 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.

36. 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. 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.

	As at 31 Mar 2017 Rs.
Borrowings	847,207,967
Trade payables/Other payables	611,792,237
Less: cash and cash equivalents	21,053,114
Net debt	1,437,947,090
Equity	100,000
Reserve	(1,013,410,356)
Total capital	(1,013,310,356)
Capital and net debt	424,636,734
Gearing ratio	339%

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 period ended 31 March 2017.



37. Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

The Company has carried forward tax losses. These losses expire in 8 years and may not be used to offset taxable income elsewhere in the Company. The Company neither have any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Company has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future, salary increases and gratuity increases are based on expected future inflation rates.

Further details about gratuity obligations are given in Note 27.

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

Particulars	As at 31 Mar 2017
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	
-Principal amount due to micro and small enterprises	NIL
-Interest due on above	NIL
The amount of interest paid by the buyer in terms of Section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	NIL
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	NIL
The amount of interest accrued and remaining unpaid at the end of each accounting year	NIL
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act 2006	NIL

As per our report of even date

For S R Batliboi & CO. LLP
Chartered Accountants
ICAI Firm's Registration No. 301003E/E300005

per Anil Gupta
Partner
Membership No.: 87921

Place: Noida
Date: May 11, 2017

For and on behalf of the Board of Directors of
Hotspot Sales & Solutions Private Limited

Sudesh Mohanty
Director
DIN: 05329000

Karan Ranchor
Director
DIN: 07496767



Hotspot Sales & Solutions Private Limited
Regd. Address: S Global Knowledge Park, Plot No. 19A & 19B, Sector 125, Noida – 201301
CIN: U74999UP2016PTC083722

Related party transactions for the period June 1, 2016 to March 31, 2017

(Amount in Rs.)

Particulars	Holding Company/Ultimate Holding Company	Fellow Subsidiary	key management personnel	Relatives of key management personnel	Total
	2016-17	2016-17	2016-17	2016-17	2016-17
(A) Transactions					
Sale of Trading Goods					
Spice Online Pvt. Ltd.	40,531,824	-			40,531,824
Allotment of Shares					
Spice Online Pvt. Ltd.	100,000	-			100,000
Purchase of Business under Slump Sale					
New Spice Sales and Solutions Limited	-	1			1
Cellucom Retail India (P) Limited	-	1			1
Spice Online Pvt. Ltd.	1	-			1
Loan Taken					
Spice Digital Limited	-	351,900,000			351,900,000
Repayment of Loans					
Hindustan Retail Private Limited	-	352,800,000			352,800,000
Interest expense					
Spice Digital Limited	-	20,202,383			20,202,383
Hindustan Retail Private Limited	-	18,289,082			18,289,082
Mobisoc Technology Pvt. Ltd.	-	3,498,082			3,498,082
Purchase of Trading Goods					
Spice Digital Limited	-	8,590,000			8,590,000
S Mobility Limited	1,088,254,185	-			1,088,254,185
Spice Online Pvt. Ltd.	45,743,227	-			45,743,227
Commission on Airtime-Taken					
Spice Digital Limited	-	177,871			177,871
Operating & Other Expenses					
Spice Digital Limited	-	2,000,677			2,000,677
Omniventure Private Limited	241,936	-			241,936
Reimbursement of Expenses-Given					
Spice Mobility Ltd.	632,977	-			632,977
Rent paid					
Spice Mobility Limited	8,428,560	-			8,428,560
Short term employee benefits					
Parveen Mittal			765,619		765,619
Post employment benefits					
Parveen Mittal			142,196		142,196



Particulars	Holding Company/Ultimate Holding Company	Fellow Subsidiary	key management personnel	Relatives of key management personnel	Total
	2016-17	2016-17	2016-17	2016-17	2016-17
(B) Outstanding at the end of the period					
Accrued Interest on Loans					
Spice Digital Limited	-	18,182,145			18,182,145
Hindustan Retail Private Limited	-	16,481,874			16,481,874
Mobisoc Technology Pvt. Ltd.	-	3,148,274			3,148,274
Creditors					
Spice Digital Limited	-	2,826,966			2,826,966
Spice Mobility Limited	34,923,839	-			34,923,839
Omniventures Pvt. Ltd.	254,032	-			254,032
New Spice Sales and Solutions Limited		666,403			666,403
Loans Payable					
Spice Digital Limited		430,976,966			430,976,966
Mobisoc Technology Pvt. Ltd.	-	40,000,000			40,000,000
Debtors					
Spice Online Pvt. Ltd.	40,474,407	-			40,474,407
	-	-			
Advances recoverable in cash or in kind					
New Spice Sales and Solutions Limited	-	2,190			2,190
Cellucom Retail India (P) Limited	-	2,156,174			2,156,174

Notes:-

- The Holding Company, Spice Online Pvt. Ltd., has pledged fixed deposits of Rs.28,35,00,000 in respect of Bank Overdraft facility.
- The Holding Company i.e. Spice Mobility Ltd. has given corporate guarantee in respect of bills discounting facility taken by the Company to the extent of Rs. 25,00,00,000 .
- Kimaan Exports Pvt. Ltd., a fellow subsidiary of the Company has an equitable mortgage of its property situated at Plot No. 19A & 19B Sector 125, Noida in respect of bill discounting facility taken by the Company.
- New Spice Sales and Solutions Ltd., a fellow subsidiary of the Company has pledged fixed deposits of Rs. 5,25,00,000 in respect of the bank guarantee given by the Company to one of its vendors.
- Spice Mobility Ltd., holding Company, has pledged fixed deposits of Rs. 7,500 thousand in respect of the bank guarantee given by the Company to one of its vendors.
- The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free (except for loan given) and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2017, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related parties.
- The remuneration to the key managerial personnel as disclosed above does not include the provision made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

