

**INDEPENDENT AUDITOR'S REPORT**

To the Members of Spice Digital Limited

**Report on the Standalone Ind AS Financial Statements**

We have audited the accompanying standalone Ind AS financial statements of Spice Digital 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 year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Ind AS financial statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the 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 Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 standalone 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 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 standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, 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 standalone 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 standalone Ind AS financial statements. We believe that the audit evidence we have obtained is



sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements 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, of its profit including other comprehensive income, its cash flows and the changes in equity for the year 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.
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 appears from our examination of those books;
  - (c) The Balance Sheet, Statement of Profit and Loss including the Statement of Other Comprehensive income, Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - (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 Companies Act, 2013;
  - (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:



# S.R. BATLIBOI & CO. LLP

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- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 33(c) to the standalone Ind AS 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 44 to these standalone 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

Anil Gupta

per Anil Gupta

Partner

Membership Number: 87921

Place:

Date:



20/12/17  
19/12/2017

**Annexure 1 referred to in paragraph 'Report on Other Legal and Regulatory Requirements' of our report of even date**

Re: Spice Digital Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets..
- (b) Fixed assets have been physically verified by the management in the previous year in accordance with a planned programme of verifying them once in three years which, in our opinion is reasonable having regard to the size of the Company and the nature of assets. No material discrepancies were identified on such verification.
- (c) 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, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- (iii) (a) The Company has granted loans to four Companies covered in the register maintained under Section 189 of the Companies Act, 2013. In our opinion and according to the information and explanations given to us, the terms and conditions of the grant of such loans are not prejudicial to the Company's interest.
- (b) The Company has granted loans that are re-payable on demand, to four Companies covered in the register maintained under Section 189 of the Companies Act, 2013. We are informed that the Company has not demanded repayment of any such loans during the year, and thus, there has been no default on the part of the parties to whom the money has been lent. The payment of interest has been regular.
- (c) There are no amounts of loans granted to companies, firms or other parties listed in the register maintained under Section 189 of the Companies Act, 2013 which are overdue for more than ninety days.
- (iv) In our opinion and according to the information and explanations given to us, provisions of Section 185 and 186 of the Companies Act 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the Company.
- (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.



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(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales-tax, wealth-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, wealth-tax, service tax, customs duty, excise duty, value added tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Finance Act, 1944	Service tax demand on Short Message Peer to Peer Service	23,845,955	July 1, 2004 to May 15, 2008	Supreme Court
Finance Act, 1944	Service tax demand in respect of non-registration of corporate office as an input service distributor and availment of input service CENVAT credit.	10,128,837	April 1, 2007 to March 31, 2009	Appellate Tribunal, Chandigarh
Finance Act, 1944	Demand in respect of wrong availment of input service tax credit on various expenses.	2,067,825	April 1, 2006 to March 31, 2007	Commissioner (Appeals), Chandigarh
Finance Act, 1944	Cenvat taken from dealer mentioning non PAN based registration	289,516	April 1, 2008 to March 31, 2009	Commissioner (Appeals), Chandigarh

(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. However, the Company did not have any outstanding debentures or dues in respect of a financial institution or to 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 / debt instruments and term loans and hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.

(x) Based upon the 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, we report that no fraud on or by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the provisions of Section 197 read with Schedule V of the Act is not applicable to the Company and hence reporting under clause 3(xi) are not applicable and hence not commented upon.



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- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) 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

ICAI Firm Registration Number: 301003E/E300005

*Anil Gupta*

per Anil Gupta

Partner

Membership Number: 87921

Place: *Noida*

Date: *19/9/2017*



**ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE  
STANDALONE FINANCIAL STATEMENTS OF SPICE DIGITAL 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 Spice Digital Limited

We have audited the internal financial controls over financial reporting of Spice Digital Limited ("the Company") as of March 31, 2017, in conjunction with our audit of the standalone 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 ("the Guidance Note"). 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 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.

An 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 qualified audit opinion on the internal financial controls 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



# S.R. BATLIBOI & Co. LLP

Chartered Accountants

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

## **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

## **Opinion**

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

For S.R. Batliboi & CO. LLP  
Chartered Accountants  
ICAI Firm Registration Number: 301003E/E300005

*Anil Gupta*  
per Anil Gupta  
Partner  
Membership Number: 87921  
Place: *New Delhi*  
Date: *19/9/2017*





Spice Digital Limited  
Balance Sheet as at 31 March, 2017

		As at 31 March 2017 INR	As at 31 March 2016 INR	As at 1 April 2015 INR
<b>Assets</b>				
<b>Non-Current assets</b>				
Property, Plant and Equipment	3	194,636,364	196,249,528	198,028,417
Capital Work in Progress	3	2,947,845	252,969	4,202,680
Other Intangible Assets	4	57,597,169	49,506,966	52,013,815
Intangible Assets under development	4	26,736,085	-	-
<b>Financial Assets</b>				
(i) Investments	5A	809,220,680	892,084,408	868,281,107
(ii) Loans	5B	30,563,495	31,526,338	81,526,341
(iii) Other Financial Assets	5C	167,920,793	68,356,408	8,768,349
Deferred Tax Assets (Net)	6	132,313,680	138,524,621	150,205,301
Other Assets	7	10,087,688	10,792,986	15,317,668
		<b>1,432,023,799</b>	<b>1,387,294,224</b>	<b>1,378,343,678</b>
<b>Current Assets</b>				
Inventories	8	23,468,906	8,785,940	556,000
<b>Financial Assets</b>				
(i) Investments	9A	63,303,405	73,824,326	179,236,310
(ii) Trade Receivables	9B	481,765,855	532,529,765	485,997,298
(iii) Cash and Cash equivalents	9C	364,501,940	249,908,071	121,907,031
(iv) Bank balances other than (iii) above	9D	144,023,035	90,850,222	40,601,563
(v) Loans	9E	505,682,100	468,651,852	250,258,252
(vi) Other financial assets	9F	356,106,274	279,186,958	197,534,463
Current Tax Assets (Net)	10	245,238,590	257,160,162	358,337,530
Other Assets	11	64,813,811	80,324,350	122,035,385
		<b>2,248,903,916</b>	<b>2,041,221,646</b>	<b>1,756,463,832</b>
		<b>3,680,927,715</b>	<b>3,428,515,870</b>	<b>3,134,807,510</b>
<b>Equity and Liabilities</b>				
<b>EQUITY</b>				
Equity Share capital	12	397,709,840	397,709,840	397,709,840
Other Equity	13			
Retained Earnings		2,412,339,942	2,376,567,126	2,278,068,047
Other Reserves		181,960,101	181,960,101	181,960,101
		<b>2,992,009,883</b>	<b>2,956,237,067</b>	<b>2,857,737,988</b>
<b>LIABILITIES</b>				
<b>Non-current Liabilities</b>				
Provisions	14	27,409,557	17,605,111	11,620,245
Other Liabilities	15	313,610	-	-
		<b>27,723,167</b>	<b>17,605,111</b>	<b>11,620,245</b>
<b>Current Liabilities</b>				
<b>Financial Liabilities</b>				
(i) Borrowing	16A	52,493,508	95,932,769	-
(ii) Trade payables	16B	220,751,814	178,328,453	152,673,048
(iii) Other financial liabilities	16C	73,657,951	71,881,060	52,748,052
Provisions	17	17,886,481	21,430,704	22,307,883
Other Liabilities	18	296,404,911	87,100,706	37,720,294
		<b>661,194,665</b>	<b>454,673,692</b>	<b>265,449,277</b>
<b>TOTAL</b>		<b>3,680,927,715</b>	<b>3,428,515,870</b>	<b>3,134,807,510</b>

Summary of significant accounting policies

The accompanying notes are an internal part of the financial statements

As per our report of even date

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

*Anil Gupta*

per Anil Gupta  
Partner  
Membership No.: 87921  
Place: Noida  
Date: 19 May 2017



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

*Dilip Kumar Modi*  
Dilip Kumar Modi  
(Chairman)  
DIN: 00029062

*Sunil Kapoor*  
Sunil Kapoor  
(Chief Financial Officer)  
(Mem. No.: F079430)

*Saket Agarwal*  
Saket Agarwal  
(Chief Executive Officer)

*Kokila Anora*  
Kokila Anora  
(Company Secretary)  
(Mem. No.: A21670)

Spice Digital Limited  
Statement of profit and loss for the year ended 31 March, 2017

Particulars	Notes	As at 31 March 2017 INR	As at 31 March 2016 INR
Revenue from operations (net)	19	1,822,228,601	1,718,655,544
Other Income	20	134,482,811	106,431,382
<b>TOTAL</b>		<b>1,956,711,412</b>	<b>1,825,086,926</b>
<b>EXPENDITURE</b>			
Purchase of traded goods	21	359,039,559	397,530,363
(Increase) in inventories of traded goods	21	(14,682,966)	(8,229,940)
Operating expenses	22	652,476,936	544,602,677
Employee benefit expense	23	332,483,174	341,871,608
Finance Costs	24	688,307	2,589,639
Depreciation and amortization expense	25	61,580,839	59,282,948
Other expenses	26	406,770,795	344,936,420
<b>TOTAL</b>		<b>1,798,356,644</b>	<b>1,682,583,715</b>
<b>Profit before exceptional items and tax</b>		<b>158,354,768</b>	<b>142,503,211</b>
Exceptional items	27	81,487,658	-
<b>Profit before tax</b>		<b>76,867,110</b>	<b>142,503,211</b>
Tax expenses			
(1) Current tax		69,900,000	54,700,000
(2) Deferred tax credit		(20,976,502)	(12,110,422)
(3) Adjustment of tax relating to earlier years		(8,040,775)	392,820
<b>Income tax expense</b>	28	<b>40,882,723</b>	<b>42,982,398</b>
<b>Profit for the year</b>		<b>35,984,387</b>	<b>99,520,813</b>
<b>Other Comprehensive Income</b>			
Items that will not be reclassified to profit or loss	29		
Re-measurement gains (losses) on defined benefit plans		(323,542)	(1,562,476)
Deferred tax impact		111,971	540,742
<b>Total Comprehensive Income for the year (Comprising Profit and Other Comprehensive Income for the year)</b>		<b>35,772,816</b>	<b>98,499,079</b>
Earnings per equity share (nominal value of share INR 10)			
Basic and diluted computed on the basis of profit	30	0.90	2.50

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

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

*Anil Gupta*

per Anil Gupta  
Partner  
Membership No.: 87921  
Place: Noida  
Date: 19 May 2017



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

*Dilip Kumar Modi*  
Dilip Kumar Modi  
(Chairman)  
DIN: 00029062

*Sunil Kapoor*  
Sunil Kapoor  
(Chief Financial Officer)  
(Mem. No. F079430)

*Saket Agarwal*  
Saket Agarwal  
(Chief Executive Officer)

*Neha Arora*  
Neha Arora  
(Company Secretary)  
(Mem. No. A21670)

	Note No.	For the year ended March 31, 2017 INR	For the year ended March 31, 2016 INR
<b>A. Cash flow from operating activities</b>			
Profit before tax		76,867,110	142,503,211
Adjustments to reconcile profit before tax to net cash flows:			
Exceptional Item	27	81,487,658	-
- Provision for diminution in the value of non current Investments	25	38,752,459	37,588,791
Depreciation of property, plant and equipment	25	22,828,380	21,694,157
Amortisation of intangible assets	26	2,298,139	(218,052)
Loss/(gain) on property, plant and equipment	26	57,843,027	15,673,869
Allowance for doubtful debts and advances	20	(80,018,164)	(70,490,786)
Interest Income (including fair value change in financial instruments)	20	(32,342,999)	(12,858,619)
Dividend income	20	(8,165,776)	(1,330,132)
Fair value gain on financial instruments at fair value through profit or loss	20	-	(218,800)
Income from long term Fixed Maturity Plan Investment	20	(4,027,535)	(7,896,638)
Net gain on sale of current investments in mutual fund units	20	-	(5,100,000)
Provision for diminution in the value of investments written back	24	688,307	1,589,639
Interest expense & other financing expenses	20	(283,484)	-
Sundry balances written back			
<b>Operating profit before working capital changes</b>		<b>160,406,217</b>	<b>120,936,640</b>
<b>Working capital adjustments:</b>			
(Increase) in trade receivables	8	(7,160,577)	(62,206,335)
(Increase) in inventories		(14,682,966)	(8,229,940)
(Increase) in loans and advances, other financial assets and other assets		(65,458,239)	(4,474,369)
Increase in trade payables, other liabilities & provisions		258,070,233	97,638,064
<b>Cash flows from operations</b>		<b>331,174,668</b>	<b>143,664,060</b>
Direct taxes refund / (paid)		(22,638,238)	70,416,390
<b>Net cash flows from operating activities (A)</b>		<b>308,536,430</b>	<b>214,080,450</b>
<b>B. Cash flow from investing activities</b>			
Purchase of property, plant and equipment (including capital work in progress, intangible assets and intangible assets under development)		(96,936,589)	(47,429,798)
Proceeds from sale of property, plant and equipment	5C	217,613	1,070,723
Advance for purchase of equity shares		(94,135,500)	(1,500,000)
Purchase of current investments		(20,000,000)	(70,000,000)
Purchase of non-current investments		(15,799,934)	(20,027,301)
Proceeds from sale of current and non current investments		61,390,232	186,181,555
Loans to subsidiary/fellow subsidiary companies		(351,900,000)	(217,499,989)
Loans received back from fellow subsidiary companies		351,900,000	
Loan to a body corporate received back (repaid)		-	50,000,000
Dividend received		45,201,617	
Fixed Deposits made / encashed (net)		(61,472,797)	(113,746,207)
Interest Received		31,720,365	52,528,477
<b>Net cash (used in) investing activities (B)</b>		<b>(149,814,993)</b>	<b>(180,422,540)</b>
<b>C. Cash flow from financing activities</b>			
Repayment of short term borrowings		(95,932,769)	
Proceeds from short term borrowings	24	52,493,508	95,932,769
Finance cost		(688,307)	(1,589,639)
<b>Net cash flows from/(used in) financing activities (C)</b>		<b>(44,127,568)</b>	<b>94,343,130</b>
<b>Net Increase in cash &amp; cash equivalents (A+B+C)</b>		<b>114,593,869</b>	<b>128,001,040</b>
Cash & cash equivalents at the beginning of the year	9C	249,908,071	121,907,031
Cash & cash equivalents at the end of the year		<b>364,501,940</b>	<b>249,908,071</b>
<b>Components of cash &amp; cash equivalents:</b>			
Cash on hand	9C	123,560	159,306
Cheques in hand	9C	10,000	4,164,781
<b>Balances with Banks:</b>			
On current accounts	9C	364,368,380	217,233,984
Deposits with original maturity of less than three months	9C	-	28,350,000
		<b>364,501,940</b>	<b>249,908,071</b>

Cash Flow from operating activities for the March 31, 2017 is after considering Corporate Social Responsibility Expenditure of INR. 84,47,500 ( 31 March 2016: INR 40,00,000 )

As per our report of even date

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

*Anil Gupta*

per Anil Gupta  
Partner  
Membership No.: 87921  
Place: Noida  
Date: 19 May 2017



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

*Dilip Kumar Modi*  
Dilip Kumar Modi  
(Chairman)  
DIN: 00029062

*Sunil Kapoor*  
Sunil Kapoor  
(Chief Financial Officer)  
(Mem. No. F079430)

*Saket Agarwal*  
Saket Agarwal  
(Chief Executive Officer)

*Kokila Arora*  
Kokila Arora  
(Company Secretary)  
(Mem. No. A21670)

Statement of Change in Equity

A Equity share capital

Equity Share Capital:	No. of shares	Amount in INR
Equity shares of INR 10 each issued, subscribed and fully paid up		
At 1 April 2014	39,770,984	397,709,840
At 31 March 2015	39,770,984	397,709,840
Issue of share capital	-	-
At 31 March 2016	39,770,984	397,709,840
Issue of share capital	-	-
At 31 March 2017	39,770,984	397,709,840

B Other equity

(Amount in INR)

	Reserve and surplus				Total
	Security premium	Retained earnings	General reserve	Share Buy Back Reserve Account	
Balance as at 1 April 2015	54,994,331	2,278,068,047	95,778,760	31,187,010	2,460,028,148
Profit for the year	-	99,520,813	-	-	99,520,813
Other comprehensive income/ (expense)	-	(1,021,734)	-	-	(1,021,734)
Total comprehensive income for the year	-	98,499,079	-	-	98,499,079
Balance at 31 March 2016	54,994,331	2,376,567,126	95,778,760	31,187,010	2,558,527,228
Balance at 1 April 2016	54,994,331	2,376,567,126	95,778,760	31,187,010	2,558,527,228
Profit for the year	-	35,984,387	-	-	35,984,387
Other comprehensive income	-	(211,571)	-	-	(211,571)
Total comprehensive income for the year	54,994,331	2,412,339,943	95,778,760	31,187,010	2,594,300,043
Balance at 31 March 2017	54,994,331	2,412,339,943	95,778,760	31,187,010	2,594,300,043

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

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

per Anil Gupta  
Partner  
Membership No.: 87921  
Place: Noida  
Date: 19 May 2017



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

Dilip Kumar Modi  
(Chairman)  
DIN: 00029062

Sunil Kapoor  
(Chief Financial Officer)  
(Mem. No. F079430)

Saket Agarwal  
(Chief Executive Officer)

Kokila Arora  
(Company Secretary)  
(Mem. No. A21670)

### 1. Corporate Information

The financial statements comprise financial statements of Spice Digital Limited ("the Company") for the year ended March 31, 2017. The Company is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India.

The Company is engaged into the Information and Communication Technology business providing Value Added Services, and Mobile Content services to the domestic/international Telecom Operators. Also, the Company undertakes development and sale of telecom related software. In addition to this, Company is corporate agent of IRCTC for booking of railway tickets all over India through its appointed agents. Besides IRCTC ticketing, agents also book air tickets, hotels and provides other travel needs through the platform provided by the Company. Company is also providing financial technologies services such as Domestic Money Transfer(DMT) services, aadhar enabled payment services (AEPS), Bharat Bill payment system (BBPS) and other related services.

The registered office of the Company is located at D-60, Street No. C-5, Sainik Farms, New Delhi - 110062  
The financial statements were authorised for issue in accordance with a resolution of the directors on May 19, 2017.

### 2. Significant accounting policies

#### 2.1 Basis of preparation

The financial statements of the Company has 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").

For all periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These financial statements for the year ended 31 March 2017 are the first, the Company has prepared in accordance with Ind AS. Refer to note 40 for information on how the company adopted Ind AS.

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

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

##### B. Foreign currencies

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

##### Transactions and balances

Transactions in foreign currencies are initially recorded by the Company in its functional currency spot rates at the date the transaction first qualifies for recognition.

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the balance sheet date. The gains or losses resulting from such translations are included in net profit in the statement of profit and loss.

Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

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 other comprehensive income or profit or loss are also recognised in other comprehensive income or statement of profit and loss, respectively).

##### C. Fair value measurement

The Company measures financial instruments, such as, investments 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 principal or the most advantageous market must be accessible by the Company.



The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in 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 External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets, and significant liabilities.

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

#### D. 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.

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 sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. 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.

##### Sale of software/hardware (customised bundled solution) and software services

Revenue is recognised based on milestone achieved by the Company on development of softwares, and invoice for that milestone raised on the customer.

The Company derives revenues primarily from software development and related services and from the licensing of software products. Arrangements with customers for software related services are either on a fixed-price, fixed-time frame or on a time-and-material basis.

Revenue on time-and-material contracts are recognized as the related services are performed and revenue from the end of the last billing to the balance sheet date is recognized as unbilled revenues. Revenue from fixed-price, fixed-time frame contracts, where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Maintenance revenue is recognized rateably over the term of the underlying maintenance arrangement.

Advances received for services and products are reported as client deposits until all conditions for revenue recognition are met.

##### Income from services

Revenue from value added services are recognized as per arrangement with the customers at the end of each month/period in which the services are rendered.

Revenue from Fintech services such as Domestic money transfer(DMT), AEPS, BBPS, Top up recharges etc. are recognized when the services are actually rendered on real time basis.

##### Interest income

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

##### Dividends

Dividend income is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

##### Rental income

Rental income arising from operating lease is accounted for on a straight-line basis over the lease terms unless the payments by the lessee are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

#### E. Taxes

##### Current income tax

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

Current income tax relating to items recognised outside statement profit or loss is recognised outside of statement of profit and loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in other comprehensive income 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, except:

i) When the deferred tax liability arises from the initial recognition of an asset or liability in a transaction, affects neither the accounting profit nor taxable profit or loss.



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 statement of profit and loss is recognised outside of statement profit and loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income 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 and the deferred taxes.

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

#### F. Sales/ value added taxes and service tax 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:

- i) 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
- ii) When receivables and payables are stated with the amount of tax included

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

#### G. Property, plant and equipment.

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2015 measured as per the Indian GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

Capital Work in Progress, Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by management.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

- Building : period of lease, or useful life of 25 years, whichever is lower
- Leasehold Land : 18-19 years or useful life, whichever is lower
- Leasehold Improvements : 1-6 years
- Data Processing Machines - Sites : 5 years
- Data Processing Machines - Office : 3 years
- Furniture and Fittings : 7 years
- Office Equipment (excluding mobile handsets) : 5 years
- Mobile Handsets : 3 years
- Vehicles : 8 years

Based on technical evaluation, the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence, the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013. Depreciation methods, useful lives and residual values are reviewed periodically, including at each financial year end.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in net profit in the statement of profit and loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the statement of profit and loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

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 income statement when the asset is derecognised.

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.

#### H. Intangible assets

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as at 1 April 2015 measured as per the Indian GAAP and use that carrying value as the deemed cost of the intangible assets.

Intangible assets 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.

Costs incurred towards in-house Software Development are capitalized in the books of account as "In-house Developed Software". The cost of developed software is determined on the basis of actual time spent by the technical persons on each software and capitalized on technical/marketing evaluation basis.

Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets is recognised in the statement of profit and loss.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

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 and loss when the asset is derecognised.



	Estimated Useful Life
<b>Intangible Assets</b>	
Computer Software	5 Years
In-house developed Software	5 Years
Intellectual Property Right	5 Years

The residual values, useful lives and method of depreciation of intangible assets are reviewed at each financial year and adjusted prospectively, if appropriate.

#### I. Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate:

- i. The technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- ii. Its intention to complete and its ability and intention to use or sell the asset;
- iii. How the asset will generate future economic benefits;
- iv. The availability of resources to complete the asset; or
- v. The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset. During the period of development, the asset is tested for impairment annually.

#### J. Investment in Subsidiaries, Associates and Joint Venture

Investment in Subsidiaries, Associates and Joint Venture are measured initially at costs. Subsequent to initial recognition, investment in Subsidiaries, Associates and Joint Venture are stated at cost less impairment loss, if any.

Investment in Subsidiaries, Associates and Joint Venture are derecognised when they are sold or transferred. The difference between the net proceeds on sales and the carrying amount of the asset is recognised in statement of profit and loss in the year of derecognition.

#### K. 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.

#### L. 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.

For arrangements entered into prior to 1 April 2015, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

##### Company as a lessee

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are 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.

##### Company as a lessor

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in property, plant and equipment. Rental income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term, unless the payments by the lessee are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Costs, including depreciation, are recognized as an expense in the statement of profit and loss. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

#### M. Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Traded goods: cost 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.

#### N. 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, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

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 transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. Impairment losses including impairment on inventories, are recognised in the statement of profit and loss.

#### O. 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. When the Company expects some or all of a provision to be reimbursed, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

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.





## P. Retirement and other employee benefits

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 expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre payment will lead to, for example, a reduction in future payment or a cash refund.

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund. The liability as at the year-end represents the difference between the actuarial valuation of the gratuity liability of continuing employees and the fair value of the plan assets with the Life Insurance Corporation of India (LIC) as at the end of the year. During the year 2017, company has fully used funds for gratuity plan. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

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

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

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 other comprehensive income in the period in which they occur. Remeasurements are not reclassified to statement profit and 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

## Q. 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 following categories:

- i. Debt instruments at amortised cost
- ii. Equity instruments measured at fair value through other comprehensive income (FVTOCI)
- iii. Debt instruments and equity instruments at fair value through profit or loss (FVTPL)
- iv. 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 on 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 statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss. This category generally applies to trade and other receivables.

#### Debt instrument at Fair value through Other Comprehensive Income

A 'debt instrument' is classified as at the Fair value through other comprehensive income 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 fair value through other comprehensive income category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income. However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in other comprehensive income is reclassified from the equity to statement of profit and loss. Interest earned whilst holding fair value through other comprehensive income debt instrument is reported as interest income using the EIR method.

#### Debt instrument at Fair value through profit or loss.

Fair value through profit or loss is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as fair value through other comprehensive income is classified as at fair value through profit or loss.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or fair value through other comprehensive income criteria, as at fair value through profit or loss. 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 fair value through profit or loss.

Debt instruments included within the fair value through profit or loss category are measured at fair value with all changes recognized in the statement of profit and loss.

#### Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value.

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

Equity instruments included within the fair value through profit or loss category are measured at fair value with all changes recognized in the statement of profit and loss.



#### *Derecognition*

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

- i. The rights to receive cash flows from the asset have expired, or
- ii. 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 assets 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 recognised 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 borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, and borrowings including bank overdrafts.

##### *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 statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as fair value through profit or loss, fair value gains/ losses attributable to changes in own credit risk are recognized in other comprehensive income. These gains/ loss are not subsequently transferred to statement of profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss. The company has not designated any financial liability as at fair value through profit or loss.

##### *Borrowings*

After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in statement of profit and 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.

##### *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.

##### *Reclassification of financial assets*

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

##### *Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated 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.

#### **R. 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, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

#### **S. Segment Reporting Policy**

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



## 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 Group's financial statements are disclosed below. The Group 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:

#### (i) Amendments to Ind AS 7, Statement of Cash Flows

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.

#### (ii) 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 Group is assessing the potential effect of the amendments on its financial statements.

The group will adopt these amendments from their applicability date.



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3. Property Plant and Equipment

Particulars	(Amounts in INR)									
	Leasehold Land	Leasehold Improvement	Building	Data Processing Machines	Furniture & Fixture	Office Equipment	Vehicles	Total	Capital Work in Progress	Total
Deemed Cost										
As at 01.04.2015	39,778,643	1,147,368	78,385,650	60,906,069	5,250,106	9,557,016	3,003,564	198,028,417	4,202,680	202,231,097
Additions	-	4,382,551	1,695,738	22,189,963	2,465,449	3,074,494	2,854,377	36,662,572	(3,949,711)	32,712,861
Disposals	-	-	-	502,093	47,730	299,737	51,936	901,496	-	901,496
As at 31-03-2016	39,778,643	5,529,919	80,081,388	82,593,939	7,667,825	12,331,773	5,806,005	233,789,493	252,969	234,042,462
Additions	-	-	-	33,292,657	799,056	1,336,856	4,226,478	39,655,046	2,694,876	42,349,922
Disposals	-	-	-	3,170,738	227,760	436,793	-	3,835,290	-	3,835,290
At 31 Mar 2017	39,778,643	5,529,919	80,081,388	112,715,858	8,239,121	13,231,836	10,032,483	269,609,249	2,947,845	272,557,094
Depreciation										
As at 01.04.2015										
Charge for the year (Refer Note 25)	2,542,420	774,538	6,075,482	23,713,507	1,317,759	2,368,668	796,418	37,588,791	-	37,588,791
Disposals	-	-	-	7,050	8,278	33,498	-	48,826	-	48,826
As at 31-03-2016	2,542,420	774,538	6,075,482	23,706,457	1,309,481	2,335,170	796,418	37,539,965	-	37,539,965
Charge for the year (Refer Note 25)	2,542,420	1,923,884	6,091,040	23,448,421	1,200,927	2,387,579	1,158,188	38,752,459	-	38,752,459
Disposals	-	-	-	1,187,288	100,156	32,095	-	1,319,539	-	1,319,539
As at 31-03-2017	5,084,840	2,698,422	12,166,522	45,967,590	2,410,252	4,690,654	1,954,606	74,972,885	-	74,972,885
NET BLOCK										
As at 31-03-2015	39,778,643	1,147,368	78,385,650	60,906,069	5,250,106	9,557,016	3,003,564	198,028,417	4,202,680	202,231,097
As at 31-03-2016	37,236,223	4,755,381	74,005,906	58,887,482	6,358,344	9,996,603	5,009,587	196,249,528	252,969	196,502,497
As at 31-03-2017	34,693,803	2,831,497	67,914,866	66,748,268	5,828,869	8,541,182	8,077,877	194,636,364	2,947,845	197,584,209

Notes:

1. Property, Plant & Equipment (PPE) include the following assets given on operating lease :

Particulars	Gross Block			Depreciation		Accumulated Depreciation		Net Block	
	As at 31 March 2017	As at 31 March 2016	As at 1st April 2015	For the year ended 31st March 2017	For the year ended 31st March 2016	As at 31st March 2017	As at 31st March 2016	As at 31 March 2017	As at 31 March 2016
Leasehold Land	21,170,277	5,292,569	5,292,569	1,911,715	477,929	3,823,430	477,929	17,346,847	4,814,640
Building	47,128,375	11,782,094	11,782,094	4,196,530	1,049,132	8,393,060	1,049,132	38,735,315	10,732,962
Total	68,298,652	17,074,663	17,074,663	6,108,245	1,527,061	12,216,490	1,527,061	56,082,163	15,547,602

2. For Property, Plant and Equipment existing as on 1 April 2015 i.e., its date of transition to Ind AS, the Company has used Indian GAAP carrying value as deemed Costs.



## 4. Intangible Assets

(Amounts in INR)

Particulars	Computer Software	In-house developed Software	Intellectual Property Rights	Total	Intangible Assets under development	Total
<b>Deemed Cost</b>						
As at 1 April 2015	44,951,531	-	7,062,284	52,013,815	-	52,013,815
Additions	19,187,308	-	-	19,187,308	-	19,187,308
At 31 Mar 2016	64,138,839	-	7,062,284	71,201,123	-	71,201,123
Additions	5,723,193	25,195,390	-	30,918,583	26,736,085	57,654,668
At 31 Mar 2017	69,862,032	25,195,390	7,062,284	102,119,706	26,736,085	128,855,791
<b>Amortisation and Impairment</b>						
At 1 April 2015	-	-	-	-	-	-
Charge for the year (Refer Note 25)	19,389,957	-	2,304,200	21,694,157	-	21,694,157
At 31 Mar 2016	19,389,957	-	2,304,200	21,694,157	-	21,694,157
Charge for the year (Refer Note 25)	18,864,681	1,659,499	2,304,200	22,828,380	-	22,828,380
At 31 Mar 2017	38,254,638	1,659,499	4,608,400	44,522,537	-	44,522,537
<b>Net Book Value</b>						
At 1 April 2015	44,951,531	-	7,062,284	52,013,815	-	52,013,815
At 31 Mar 2016	44,748,882	-	4,758,084	49,506,966	-	49,506,966
At 31 Mar 2017	31,607,394	23,535,891	2,453,884	57,597,169	26,736,085	84,333,254

## Notes:

- Intangible assets under development includes Manpower and other cost incurred for various internally developed softwares.
- For Intangible Assets existing as on 1 April 2015 i.e., its date of transition to Ind AS, the Company has used Indian GAAP carrying value as deemed Costs.



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5A. Financial assets

Non Current Investments

	As at 31 March 2017 INR	As at 31 March 2016 INR	As at 1 April 2015 INR
<b>Investment in equity instrument of subsidiaries (unquoted) carried at cost unless otherwise stated</b>			
10,000,000 (31 March 2016: 10,000,000, 1 April 2015: 10,000,000) equity shares of Mobisoc Technology Private Limited. (at cost less impairment in value INR 3,400,000 (31 March 2016: INR 3,400,000, 1 April 2015: INR 8,500,000))	96,600,000	96,600,000	91,500,000
10,039,997 (31 March 2016: 10,039,997, 1 April 2015: 10,039,997) equity shares of Spice Labs Private Limited	100,399,970	100,399,970	100,399,970
15,735,600 equity shares (31 March 2016: 15,735,600, 1 April 2015: 15,735,600) of S Global Services Pte Ltd. (Formerly known as S GIC Pte. Limited)	585,360,875	585,360,875	585,360,875
97,310 (31 March 2016: 38,860, 1 April 2015: 38,860) equity shares of Spice Digital Bangladesh Limited	3,032,534	3,032,534	3,032,534
<b>Investment in equity instruments of Associates (unquoted) carried at cost unless otherwise stated</b>			
Nil (31 March 2016: 3,514, 1 April 2015: 3514) equity shares of Vavia Technologies Private Limited	-	10,000,000	10,000,000
95,058 (31 March 2016: 83,636, 1 April 2015: 83,636) equity share of Sunstone Learning Private Limited (formerly known as Anytime Learning Private Limited)(at cost less impairment in value INR 81,487,658 including investment made during the current year INR 3,499,930) (31 March 2016: Nil, 1 April 2015: Nil)	-	77,987,728	77,987,728
3,514 (31 March 2016: 3,514, 1 April 2015: Nil) Creative Functionapps Lab Private Ltd	10,000,000	10,000,000	-
Nil (31 March 2016: 27,301, 1 April 2015: Nil) Sunstone Eduversity Private Ltd	-	27,301	-
<b>Investment in equity instruments of Joint venture (unquoted) carried at cost unless otherwise stated</b>			
1,230,000 (31 March 2016: Nil, 1 April 2015: Nil) Adgyde Solutions Private Ltd	12,300,000	-	-
<b>Investment in other equity instruments (unquoted) at fair value through profit or loss</b>			
27,301 (31 March 2016: Nil, 1 April 2015: Nil) Sunstone Eduversity Private Ltd (reclassified from "Investment in equity instruments of Associates(unquoted)")	27,301	-	-
<b>Investment in Cumulative Compulsorily Convertible Preference Shares instruments (unquoted) at fair value through profit or loss</b>			
4,275 (31 March 2016: Nil, 1 April 2015: Nil) Sunstone Eduversity Private Ltd	1,500,000	-	-
<b>Unquoted debt securities at fair value through profit or loss</b>			
Nil (31 March 2016: 100, 1 April 2015: Nil) debentures of Reliance Capital Limited	-	8,676,000	-
	<b>809,220,680</b>	<b>892,084,408</b>	<b>868,281,107</b>
Aggregate value of unquoted investments	809,220,680	892,084,408	868,281,107
Aggregate amount of impairment in value of investment	84,887,658	3,400,000	8,500,000

In the current year, the Company has sold the investment in associate (Vavia Technology) of INR 10,000,000 (31 March 2016: Nil, 1 April 2015: Nil). As the same has been sold at cost, hence no gain/loss has arisen from this transaction.

In the current year, the Company has identified an impairment of INR 81,487,658 (31 March 2016: Nil, 1 April 2015: Nil) on investment in an Associate as the net worth of said company has fully eroded. The impairment of investment in associate company has been recognised as exceptional items in the statement of profit or loss.

For investment in Subsidiaries, associates and joint ventures existing as on 1 April 2015 i.e., its date of transition to Ind AS, the Company has used Indian GAAP carrying value as deemed Costs

5B. Non Current Loans

	As at 31 March 2017 INR	As at 31 March 2016 INR	As at 1 April 2015 INR
<b>Unsecured, considered good</b>			
Loans to employees	563,495	1,526,338	1,526,341
<b>Secured, considered good</b>			
Loan to a body corporate	30,000,000	30,000,000	80,000,000
<b>Total Non Current Loans</b>	<b>30,563,495</b>	<b>31,526,338</b>	<b>81,526,341</b>

Loans and receivables are non-derivative financial assets which generate a fixed or variable interest income for the Company. The carrying value may be affected by changes in the credit risk of the counterparties.

5C. Other Non Current Financial Assets

	As at 31 March 2017 INR	As at 31 March 2016 INR	As at 1 April 2015 INR
<b>Receivable from Related Party (Refer Note 34)</b>			
Advance for purchase of Equity Shares of Kimaan Exports Private Limited	94,135,500	-	-
Share application money pending allotment(Sunstone Eduversity Private Limited)	-	1,500,000	-
<b>Receivable from others</b>			
Deposits with remaining maturity of more than 12 months	71,822,532	63,522,548	25,000
Security Deposits	1,962,761	3,333,860	8,743,349
<b>Total</b>	<b>167,920,793</b>	<b>68,356,408</b>	<b>8,768,349</b>



Spice Digital Limited  
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6. Deferred Tax Asset

Deferred tax relates to the following:

	As at 31 March 2017 INR	Balance Sheet As at 31 March 2016 INR	As at 1 April 2015 INR	Statement of profit and loss As at 31 March 2017 INR	As at 31 March 2016 INR
<b>Deferred Tax Liabilities</b>					
Fixed Assets : Impact of difference between tax depreciation and depreciation/amortization charged for the financial reporting	(18,937,691)	(21,302,649)	(20,649,233)	(2,364,958)	653,416
Impact of income recognised to the statement of profit & loss in the current/earlier years but chargeable to tax in subsequent years.	(3,054,659)	(865,313)	(4,724,170)	2,189,346	(3,858,857)
<b>Deferred Tax Assets</b>					
Impact of expenditure charged to the statement of profit & loss in the current/earlier years but allowable for tax purpose in subsequent years.					
- Provision for doubtful debts	30,139,627	11,301,103	6,300,252	(18,838,525)	(5,000,851)
- Others	18,254,152	16,179,815	11,734,944	(2,074,337)	(4,444,871)
Deferred tax impact of OCI				111,971	540,742
MAT Credit Receivables	105,912,251	133,211,665	157,543,508		
Deferred tax (income)				(20,976,503)	(12,110,421)
Net deferred tax assets	<u>132,313,680</u>	<u>138,524,621</u>	<u>150,205,301</u>		

Net deferred tax assets

Reflected in the balance sheet as follows:

	As at 31 March 2017 INR	As at 31 March 2016 INR	As at 1 April 2015 INR
Deferred tax assets	48,393,779	27,480,918	18,035,196
Deferred tax liabilities	(21,992,350)	(22,167,962)	(25,373,403)
MAT Credit Receivables	105,912,251	133,211,665	157,543,508
Deferred tax Assets (Net)	<u>132,313,680</u>	<u>138,524,621</u>	<u>150,205,301</u>
Reconciliation of deferred tax Assets (net):			
Opening balance as of 1 April	138,524,621	150,205,301	
Tax income during the year	20,976,503	12,110,421	
Deferred tax impact of OCI	111,971	540,742	
MAT Credit utilized/adjustment	27,299,414	24,331,843	
Closing balance as at 31 March	<u>132,313,681</u>	<u>138,524,621</u>	<u>150,205,301</u>

The Company offsets deferred tax assets and deferred tax liabilities if and only if it relate to income taxes levied by the same tax authority.

The assets of 10,59,12,251 (31 March 2016: INR 133,211,665, 1 April 2015: INR 157,543,508) recognised by the Company as 'MAT Credit Entitlement' under 'Deferred tax assets' in respect of MAT payment for earlier years, represents that portion of MAT liability which can be recovered and set off in subsequent years based on the provisions of Section 115JAA of the Income Tax Act, 1961. The management based on the present trend of profitability and also the future profitability projections, is of the view that there would be sufficient taxable income in foreseeable future, which will enable the Company to utilize MAT credit assets.

7. Other Non Current Assets

	As at 31 March 2017 INR	As at 31 March 2016 INR	As at 1 April 2015 INR
Capital Advances			5,494,400
Prepaid expenses	1,414,234	983,252	1,174,882
Balance with Government Authorities	8,623,500	8,600,000	8,600,000
Prepaid Rent	49,954	109,734	48,386
	<u>10,087,688</u>	<u>10,792,986</u>	<u>15,317,668</u>

Balance with Government Authorities appearing above represents to service tax deposited under protest by the Company with Service tax authority

8. Inventories

	As at 31 March 2017 INR	As at 31 March 2016 INR	As at 1 April 2015 INR
Traded goods (at lower of cost and net realisable value)	23,468,906	8,785,940	556,000
	<u>23,468,906</u>	<u>8,785,940</u>	<u>556,000</u>

9A. Current Investments

	As at 31 March 2017 INR	As at 31 March 2016 INR	As at 1 April 2015 INR
Unquoted debt securities at fair value through profit or loss			
100 (31 March 2016: Nil, 1 April 2015: Nil) debentures of Reliance Capital Limited (reclassified in current year from "Unquoted debt securities at fair value through profit or loss")	11,704,108	-	-
Unquoted mutual fund units at fair value through profit or loss			
Nil (31 March 2016: Nil, 1 April 2015: 5,000,000) Birla Sun Life Fixed Term Plan-Series KJ-Growth Regular	-	-	54,954,000
Nil (31 March 2016: Nil, 1 April 2015: 3,000,000) TATA Fixed Maturity Plan-Series 47 Scheme D-Plan A-Growth	-	-	32,741,100
Nil (31 March 2016: Nil, 1 April 2015: 5,000,000) DWS Fixed Maturity Plan Series 53-Regular Plan Growth	-	-	54,784,500
Nil (31 March 2016: Nil, 1 April 2015: 78,639) ICICI Prudential Income Regular Plan Growth	-	-	3,451,578
Nil (31 March 2016: Nil, 1 April 2015: 2,922,144) IDFC Super Saver Income Fund- Quarterly dividend Regular Plan	-	-	33,305,132
1270,705 (31 March 2016: 2,595,717, 1 April 2015: Nil) Reliance Regular Savings Fund- Debt-Growth	28,789,978	53,603,894	-
564,052 (31 March 2016: 564,052 1 April 2015: Nil) IDFC Super Saver Income Fund-Investment Plan-Growth (Regular Plan)	22,809,319	20,220,432	-
	<u>63,303,405</u>	<u>73,824,326</u>	<u>179,236,310</u>
Aggregate value of unquoted investments	63,303,405	73,824,326	179,236,310
Aggregate market value of unquoted investments	63,303,405	73,824,326	179,236,310



9B. Trade receivables

Receivables from related parties (Refer Note 34)  
Receivables from others  
Total Trade receivables

As at 31 March 2017 INR	As at 31 March 2016 INR	As at 1 April 2015 INR
69,998,567	55,329,501	29,527,302
411,767,288	477,200,264	456,469,996
481,765,855	532,529,765	485,997,298

Break-up for security details:

Trade receivables  
Unsecured, considered good  
Doubtful

481,765,855	532,529,765	485,997,298
92,015,410	38,570,018	22,896,151
573,781,265	571,099,783	508,893,449

Impairment Allowance (allowance for bad and doubtful debts)

Unsecured, considered good  
Doubtful

92,015,410	38,570,018	22,896,151
92,015,410	38,570,018	22,896,151

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 no 34.  
Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

9C. Cash and cash equivalent

Balance with banks:

On current accounts  
Deposit with original maturity of less than three months  
Cheques/drafts on hand  
Cash on hand

As at 31 March 2017 INR	As at 31 March 2016 INR	As at 1 April 2015 INR
364,368,380	217,233,984	109,029,185
-	28,350,000	11,224,680
10,000	4,164,781	1,522,784
123,560	159,306	130,382
364,501,940	249,908,071	121,907,031

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

At 31 March 2017, the Company had available INR 303,823,675 (31 March 2016: INR 4,067,231, 1 April 2015: Nil) of undrawn committed borrowing facilities.

9D. Other bank balances\*

Deposits with remaining maturity of less than 12 months

As at 31 March 2017 INR	As at 31 March 2016 INR	As at 1 April 2015 INR
144,023,035	90,850,222	40,601,563
144,023,035	90,850,222	40,601,563

\*Includes receipts pledged with bank as margin money against issuance of bank guarantees INR 74,174,607 (31 March 2016: INR 73,895,555, 1 April 2015: INR 34,172,662) and for PPI business INR 33,710,647 (31 March 2016: INR 31,410,357, 1 April 2015: Nil)

9E. Current Loans (Unsecured considered good unless otherwise stated)

Loans to related party (Refer Note 34)  
Loans to fellow subsidiaries

As at 31 March 2017 INR	As at 31 March 2016 INR	As at 1 April 2015 INR
502,358,935	466,428,188	248,928,199
3,323,165	2,223,664	1,330,053
505,682,100	468,651,852	250,258,252

Total loans

Loans and receivables are non-derivative financial assets which generate a fixed or variable interest income for the Company. The carrying value may be affected by changes in the credit risk of the counterparties.

9F. Other Current Financial Assets

Unsecured and Considered good  
Receivable from related party (Refer Note 34)

Interest accrued on inter-corporate loans  
Dividend receivable on equity investment in a subsidiary company  
Receivable against Ticketing  
Rent receivable  
Advances to related parties  
Unbilled revenue

As at 31 March 2017 INR	As at 31 March 2016 INR	As at 1 April 2015 INR
56,077,902	43,330,665	5,002,370
-	12,858,619	-
6,916,528	7,613,085	10,535,186
1,838,976	993,186	1,036,705
11,442,990	2,028,158	6,072,956
1,178,076	21,874,004	12,755,330
8,225,828	13,328,236	4,029,115
11,865,345	8,124,943	3,818,513
4,157,305	1,103,222	509,402
3,058,738	-	1,996,274
224,160,956	147,446,036	151,778,612
27,183,630	20,486,804	-
1,369,564	-	-
357,475,838	279,186,958	197,534,463
(1,369,564)	-	-
356,106,274	279,186,958	197,534,463

Unsecured and Considered doubtful  
Receivable against Collection from agents

Less: Allowance for doubtful receivable against Collection from agents





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Notes to separate financial statements for the year ended 31 March 2017

	As at 31 March 2017 INR	As at 31 March 2016 INR	As at 1 April 2015 INR
<b>10. Current Tax Assets (net)</b>			
Advance income-tax (net of provision for taxation)	245,238,590	257,160,162	358,337,530
	<b>245,238,590</b>	<b>257,160,162</b>	<b>358,337,530</b>

	As at 31 March 2017 INR	As at 31 March 2016 INR	As at 1 April 2015 INR
<b>11. Other Current Assets</b>			
Receivable from others	84,047	101,430	38,708
Prepaid rent	19,822,876	10,812,888	6,009,601
Prepaid expenses	12,751,496	12,896,425	7,558,083
Balance with statutory/government authorities	28,631,091	46,496,297	79,448,153
Advances to service providers	3,524,301	10,017,310	28,980,840
Interest receivable on Income Tax			
<b>Unsecured and Considered doubtful</b>			
Advances to service providers	3,028,071		
	67,841,882	80,324,350	122,035,385
	(3,028,071)		
Less : Allowance for doubtful receivable	64,813,811	80,324,350	122,035,385

Balance with Statutory/Government Authorities appearing includes INR 4,402,782 (31 March 2016: INR 4,402,782) relating to Value Added Tax deposited under protest by the Company with VAT authority.

	Equity Shares	
	No. of Share	INR
<b>12. Share Capital</b>		
Authorised Share Capital	100,000,000	1,000,000,000
At 1 April, 2015		
Increase/(decrease) during the year	100,000,000	1,000,000,000
At 31 March 2016		
Increase/(decrease) during the year	100,000,000	1,000,000,000
At 31 March 2017		

**b. Terms/rights attached to equity shares**

The Company has only one class of equity shares having a par value of INR 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 number of equity shares held by the shareholders.

	No. of Share	INR
<b>Issued equity capital</b>		
Equity shares of INR 10 each issued, subscribed and fully paid	39,770,984	397,709,840
At 1 April 2015		
Changes during the year		
At 31 March 2016	39,770,984	397,709,840
Changes during the year		
At 31 March 2017	39,770,984	397,709,840

**Equity shares held by holding/ ultimate holding company and/ or their subsidiaries/ associates**

Out of equity shares issued by the Company, equity shares held by its holding company, ultimate holding company and their subsidiaries/ associates are as below:

	As at 31 March 2017	As at 31 March 2016
Spice Mobility Limited		
35,470,674 (31 March 2016: 35,470,674) equity shares	354,706,740	354,706,740

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

	As at 31 March 2017		As at 31 March 2016	
Name of the shareholder	No. of Shares	% holding in the class	No. of Shares	% holding in the class
Equity shares of INR 10 each fully paid				
Spice Mobility Limited	35,470,674	89.19%	35,470,674	89.19%
Mediatek Singapore Pte. Limited	4,288,969	10.78%	4,288,969	10.78%

No shares have been allotted without payment of cash or by way of bonus shares during the period of five years immediately preceding the balance sheet date.

**13. Other Equity**

	As at 31 March 2017 INR	As at 31 March 2016 INR	As at 1 April 2015 INR
<b>Retained Earnings</b>			
At 1 April, 2015	2,278,068,047		
Profit during the year	98,499,079		
At 31 March 2016	2,376,567,126		
Profit during the year	35,772,816		
At 31 March 2017	2,412,339,942		
<b>Other reserves</b>			
Securities Premium Account	54,994,331	54,994,331	54,994,331
Share Buy Back Reserve Account	31,187,010	31,187,010	31,187,010
General Reserve	95,778,760	95,778,760	95,778,760
Total other reserves	181,960,101	181,960,101	181,960,101

Company has transferred Capital Reserve amounting to INR 3,000,000 to Retained Earnings on transition date (i.e. 1 April 2015).

**Description of nature and purpose of each component of Other Equity**

- Retained earnings represents net earnings not paid out as dividends, but retained by the company to be reinvested in its core business. This amount is available for distribution of dividends to its equity shareholders.
- Security Premium Account represents amount of Premium recognised on issue of shares to shareholders at a Price more than its face value.
- Share Buy Back Reserve Account represents amount transferred from General Reserve Account on cancellation of equity shares bought back pursuant to buy back scheme
- General reserve is created from time to time by way of transfer of profits from retained earnings for appropriation purposes



14. Non Current Provisions

Provision for employees benefits  
Provision for gratuity

	As at 31 March 2017 INR	As at 31 March 2016 INR	As at 1 April 2015 INR
	27,409,557	17,605,111	11,620,245
	<u>27,409,557</u>	<u>17,605,111</u>	<u>11,620,245</u>

15. Other Non Current Liabilities  
Rent received in advance

	As at 31 March 2017 INR	As at 31 March 2016 INR	As at 1 April 2015 INR
	313,610	-	-
	<u>313,610</u>	<u>-</u>	<u>-</u>

16A. Short Term Borrowings

Bill discounting facility from a bank (Secured)  
Aggregate Secured loans

Maturity	31 March 2017 INR	31 March 2016 INR	1 April 2015 INR
On Demand	52,493,508	95,932,769	-
	<u>52,493,508</u>	<u>95,932,769</u>	<u>-</u>

The bill discounting facility from the bank is secured by first and exclusive charge on current assets of the Company, both present and future. Further, lien is marked on fixed deposits receipt to the extent of 15% of INR 52,493,508 (31 March 2016: 25% of INR 100,000,000, 1 April 2015: Nil). The facility carries interest at base rate plus 1.10% (31 March 2016: 1.65%, 1 April 2015: Nil).

16B. Trade payables

Trade payables to related parties (Refer Note 34)  
Trade payables (refer note 42 for details of due to micro and small enterprises)  
- Due to Micro and Small Enterprises  
- Due to Other than Micro and Small Enterprises

	As at 31 March 2017 INR	As at 31 March 2016 INR	As at 1 April 2015 INR
	40,680,683	34,765,336	12,196,693
	180,071,131	143,563,117	140,476,355
	<u>220,751,814</u>	<u>178,328,453</u>	<u>152,673,048</u>

16C. Other Financial Liabilities

Payable to Related Parties (KMP) (Refer Note 34)  
Payable to Others  
Payable towards capital goods  
Employee related payable (includes salary payable and variable compensation)  
Deposits from Customers

	As at 31 March 2017 INR	As at 31 March 2016 INR	As at 1 April 2015 INR
	4,770,369	7,359,280	5,252,964
	4,629,841	2,661,843	2,585,880
	62,665,937	61,859,937	44,909,208
	1,591,804	-	-
	<u>73,657,951</u>	<u>71,881,060</u>	<u>52,748,052</u>

Terms and conditions of the above financial liabilities:

Trade payables are non-interest bearing and are normally settled on 60-day terms

Other payables are non-interest bearing and have an average term of three month

For terms and conditions with related parties, refer to note 34

There are no dues to Micro, Small and Medium Enterprises during the year ending 31 March 2017, 31 March 2016, and 31 March 2015 as per the Disclosure requirement of Section 22 of "The Micro Small and Medium Enterprises Development Act, 2006" (as certified by the management).

17. Current Provisions

Provision for employee benefit  
Gratuity  
Compensated absences

	As at 31 March 2017 INR	As at 31 March 2016 INR	As at 1 April 2015 INR
	3,922,229	8,483,011	10,490,590
	13,964,252	12,947,693	11,817,293
	<u>17,886,481</u>	<u>21,430,704</u>	<u>22,307,883</u>

18. Other Current Liabilities

Rent received in advance  
Deferred Revenue  
Advances from customers  
Service tax payable  
TDS Payable  
Provident Fund Payable  
ESI Payable  
Other Statutory dues payable  
Other payable

	As at 31 March 2017 INR	As at 31 March 2016 INR	As at 1 April 2015 INR
	188,166	-	275,945
	753,786	83,333	23,534,362
	276,014,705	71,910,095	214,274
	-	133,980	8,878,076
	14,997,722	11,162,054	2,674,142
	3,468,541	2,745,725	-
	129,347	21,959	333,452
	639,529	342,374	1,810,043
	213,115	701,186	-
	<u>296,404,911</u>	<u>87,100,706</u>	<u>37,720,294</u>



Spice Digital Limited  
Notes to separate financial statements for the year ended 31 March 2017

	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>19. Revenue from operations:</b>		
	INR	INR
Sale of traded goods	360,928,548	407,116,129
Total sale of traded goods	<u>360,928,548</u>	<u>407,116,129</u>
Sales/rendering of services	1,461,300,053	1,311,539,415
	<u>1,461,300,053</u>	<u>1,311,539,415</u>
Total	<u>1,822,228,601</u>	<u>1,718,655,544</u>
<b>20. Other income</b>		
Interest on Income Tax refund	6,685,916	11,282,745
Interest received on financial and non financial assets -Carried at amortised cost		
Bank deposits	15,529,842	11,327,519
Inter corporate loans	57,386,650	47,504,263
Income Tax refund	415,756	376,259
Others	-	-
Dividend income on		
Long term investments from a subsidiary company	32,342,998	12,858,619
Income from long term Fixed Maturity Plan Investment	-	218,800
Net gain on sale of current investments in mutual fund units	4,027,535	7,896,638
Provision for diminution in value of investment in a subsidiary company written back	-	5,100,000
Exchange difference (net)	8,165,776	4,533,790
Fair value gain on financial instruments at fair value through profit or loss	-	1,330,132
Net gain on disposal of property, plant and equipment	-	218,052
Rental Income	5,210,968	3,783,029
Sundry balances written back (net)	283,484	-
Other non-operating income	4,433,886	1,536
	<u>134,482,811</u>	<u>106,431,382</u>
Fair value gain on financial instruments at fair value through profit or loss relates to investment in debt securities		
	INR	INR
<b>21. Purchase of Traded Goods and (Increase) in inventories of traded goods</b>		
Purchases of Traded Goods	359,039,559	397,530,363
TOTAL	<u>359,039,559</u>	<u>397,530,363</u>
Inventory at the beginning of the year	8,785,940	556,000
Less: inventory at the end of the year	23,468,906	8,785,940
Total (Increase) in Inventories of traded goods	<u>(14,682,966)</u>	<u>(8,229,940)</u>
<b>22. Operating Expenses</b>		
Value added service charges	652,476,936	544,602,677
	<u>652,476,936</u>	<u>544,602,677</u>
<b>23. Employee benefits expenses</b>		
Salaries, wages and bonus*	293,270,268	308,077,685
Contribution to provident and other funds	22,949,125	18,275,179
Gratuity expense (Refer Note 32)	7,040,488	5,962,773
Staff welfare expenses	9,223,293	9,555,971
	<u>332,483,174</u>	<u>341,871,608</u>
* Net of INR 24,048,313 capitalised as intangible assets and INR 21,016,160 transferred to intangible assets under development		
<b>24. Finance costs</b>		
Interest expense (including INR 1,592 (31 March 2016, INR 214,421) on income tax)	106,702	617,123
Bill Discounting Charges	581,605	972,516
Other finance cost	-	1,000,000
Total finance costs	<u>688,307</u>	<u>2,589,639</u>
<b>25. Depreciation and amortization expense</b>		
Depreciation on Plant, Property and equipments (Note 3)	38,752,459	37,588,791
Amortization on intangible assets (Note 4)	22,828,380	21,694,157
	<u>61,580,839</u>	<u>59,282,948</u>



Spice Digital Limited

Notes to separate financial statements for the year ended 31 March 2017

26. Other expenses

Rent	22,722,894	26,858,137
Rates and taxes	5,855,252	2,866,785
Insurance	1,467,035	1,399,536
Repair and maintenance	9,854,611	8,473,686
Computers and others	1,572,178	289,161
Buildings	6,941,395	10,310,883
Electricity and water	4,073,921	20,901,866
Advertising and sales promotion	36,000	-
Brokerage and discounts	31,144,680	23,247,009
Travelling and conveyance	26,944,315	28,457,374
Communication costs	145,771,597	125,344,413
Legal and professional fees	4,182,067	3,678,978
Payment to auditors (Refer details below)	54,255,370	45,639,825
Vehicle running and maintenance	11,366,906	-
Exchange Differences (net)	57,843,027	15,673,869
Allowance for doubtful debts and advances	2,298,139	-
Loss on sale of fixed assets (net)	505,000	178,100
Charity and donation -other than to political parties	8,447,500	4,000,000
CSR expenditure (Refer details below)	11,488,908	27,616,798
Miscellaneous expenses	406,770,795	344,936,420

Payment to auditors

	31 March 2017 INR	31 March 2016 INR
As auditor:	1,650,000	1,400,000
Audit fee	400,000	400,000
Tax audit fee	1,500,000	1,500,000
Limited review	-	-
In other capacity:-	240,000	195,000
Other services (certification fees)	392,067	183,978
Reimbursement of expenses	4,182,067	3,678,978

B. Details of CSR expenditure

a). Gross amount required to be spent by the Company during the year ended 31 March 2017

b). Amount spent during the year ending 31 March 2017:

- Construction /acquisition of any asset
- On purposes other than (i) above

	In cash	Yet to be paid in cash	Total
	3,486,403	-	3,486,403
	-	-	-
	8,447,500	-	8,447,500
	-	-	-
	3,440,712	-	3,440,712
	-	-	-
	4,000,000	-	4,000,000

a). Gross amount required to be spent by the Company during the year ended 31 March 2016

b). Amount spent during the year ending 31 March 2016:

- Construction /acquisition of any asset
- On purposes other than (i) above

27. Exceptional Item

Impairment in an associate company

	81,487,658	-
	81,487,658	-

The Company has identified an impairment of INR 81,487,658 (31 March 2016: Nil) on investment in Associate. Since amount is material, it is separately reflected in the financial statements

28. Income Tax

The major components of income tax expense for the years ended 31 March 2017 and 31 March 2016 are:

Standalone statement of profit and loss:  
Profit or loss section

	31 March 2017 INR	31 March 2016 INR
Current Income Tax:	69,900,000	54,700,000
Current income tax charge	(8,040,775)	392,820
Adjustment in respect of current tax of previous year	-	-
Deferred tax:	(21,088,474)	(12,651,164)
Relating to origination and reversal of temporary differences	111,971	540,742
Deferred tax impact on Component of OCI	40,882,723	42,982,398
Income tax expense reported in the statement of profit or loss		

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2016 and 31 March 2017:

	31 March 2017 INR	31 March 2016 INR
Accounting profit before tax	76,543,568	140,940,735
At India's statutory income tax rate of 34.608% (31 March 2016: 34.608%)	26,490,198	48,776,770
Adjustments in respect of current income tax of previous years	(8,040,775)	392,820
	(2,011,980)	(7,699,310)
Deduction under Section 80 (C) of the Income Tax Act, 1961	(5,396,632)	(2,225,055)
Dividend received from subsidiary Company taxable at lower rates	-	-
Non-deductible expenses for tax purposes:	28,089,545	-
Provision on impairment in the value of Investment	1,840,395	3,196,432
Other adjustments	-	-
	40,770,751	42,441,657

At the effective income tax rate of % (31 March 2016: %)



29. Components of Other Comprehensive Income (OCI)

During the year ended 31 March 2017  
Re-measurement gains (losses) on defined benefit plans  
Deferred tax impact

	(323,542)	(1,562,476)
	111,971	540,742
	<u>(211,571)</u>	<u>(1,021,734)</u>

30. Earning Per Share (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year  
Diluted EPS amounts are calculated by dividing the profit 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 year 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 income and share data used in the basic and diluted EPS computations:

	31 March 2017	31 March 2016
	INR	INR
Profit attributable to equity holders of the Company:	35,984,387	99,520,813
Profit attributable to equity holders o for basic and diluted earnings	<u>35,984,387</u>	<u>99,520,813</u>
Weighted average number of Equity shares for basic and diluted EPS*	39,770,984	39,770,984
Weighted average number of Equity shares	39,770,984	39,770,984
Basic and Diluted earnings per share of INR 10 each ( in INR)	0.90	2.50

\*There have been no transactions involving Equity shares or potential Equity shares between the reporting date and the date of authorisation of these financial statements, hence the weighted average number of shares remain same in all years.



### 31. Significant accounting judgements, estimates and assumptions

The preparation of the Company's separate 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.

The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period i.e. the period for which MAT credit is allowed to be carried forward.

The tax assets of INR 105,912,251 (31 March 2016: INR 133,211,665, 1 April 2015: INR 157,543,508) recognised by the Company as 'MAT Credit Entitlement' under 'Deferred Tax assets' in respect of MAT payment for earlier years, represents that portion of MAT liability which can be recovered and set off in subsequent years based on the provisions of Section 115JAA of the Income Tax Act, 1961. The management based on the present trend of profitability and also the future profitability projections, is of the view that there would be sufficient taxable income in foreseeable future, which will enable the Company to utilize MAT credit assets.

#### B) 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.

#### C) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

#### D) Intangible asset under development

The Company capitalises intangible asset under development for a project in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgment that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. At 31 March 2017, the carrying amount of intangible asset under development was INR. 26,736,086 (31 March 2016: Nil, 1 April 2015: Nil).

#### E) Useful lives of Depreciable Assets

The management estimates useful lives and estimated residual value of depreciable assets based on technical evaluation. These assumptions are reviewed at each reporting date.



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32. Gratuity Plans

(Amounts in INR)		
As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
31,331,786	26,088,122	22,110,835
<b>31,331,786</b>	<b>26,088,122</b>	<b>22,110,835</b>

Gratuity plan obligation  
**TOTAL**

The Company has a defined benefit gratuity plan. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service or part thereof in excess of six months. The scheme is partially funded with an insurance company in the form of a qualifying insurance policy. The level of benefits provided depends on the member's length of service and salary at the time of departure.

The following tables summarises the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for the plans:

Gratuity Plan  
Net benefit expense 31 March 2017 (recognised in profit or loss)

(Amounts in INR)		
As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
4,984,679	4,289,593	
2,064,969	1,733,188	
(9,160)	(60,008)	
<b>7,040,488</b>	<b>5,962,773</b>	

Current service cost  
Interest cost on benefit obligation  
Expected return on plan assets  
**Net benefit expense**

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

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Opening defined benefit obligation</b>	26,202,618	22,885,127	
Interest cost	2,064,969	1,733,188	
Current service cost	4,984,679	4,289,593	
Benefits paid	(2,120,366)	(4,225,905)	
Re-measurements gain	323,828	1,520,615	
<b>Closing defined benefit obligation</b>	<b>31,455,728</b>	<b>26,202,618</b>	<b>22,885,127</b>

**Opening fair value of plan asset**  
Expected return  
Benefits paid  
Actuarial gains/(loss) on plan assets  
**Closing fair value of plan asset**

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

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
114,496	774,292		
9,160	60,008		
-	(677,943)		
286	(41,861)		
<b>123,942</b>	<b>114,496</b>	<b>774,292</b>	

**Opening fair value of plan asset**  
Expected return  
Benefits paid  
Actuarial gains/(loss) on plan assets  
**Closing fair value of plan asset**

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

01-Apr-16	Gratuity cost charged to profit or loss		Sub-total included in profit or loss (Note 23)	Return on plan assets (excluding amounts included in net interest expense)	Benefits paid	Remeasurement gains/(losses) in other comprehensive income		Sub-total included in OCI	Contributions by employer	31-Mar-17
	Service Cost	Net interest expense				Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions			
26,202,618	4,984,679	2,064,969	7,049,648	-	(2,120,366)	-	984,750	(660,922)	-	31,455,728
114,496	-	9,160	9,160	286	-	-	-	-	286	123,942
26,088,122	4,984,679	2,055,809	7,040,488	(286)	(2,120,366)	(286)	-	(660,922)	-	31,331,786

Defined benefit obligation  
Fair value of plan assets  
**Benefit liability**



(Amounts in INR)

## Changes in the defined benefit obligation and fair value of plan assets as at 31 March 2016:

01-Apr-15	Gratuity cost charged to profit or loss		Remeasurement gains/(losses) in other comprehensive income					31-Mar-16		
	Service Cost	Net interest expense	Sub-total included in profit or loss (Note 23)	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions		Experience adjustments	Sub-total included in OCI
22,885,127	4,289,593	1,733,188	6,022,781	(4,225,905)	-	(380,635)	1,901,250	1,520,615	-	26,202,618
774,292	-	60,008	60,008	(677,943)	(41,861)	-	-	(41,861)	-	114,496
22,110,835	4,289,593	1,673,180	5,962,773	(3,547,962)	41,861	-	1,901,250	1,562,476	-	26,088,122
<b>Defined benefit obligation</b>				<b>(4,225,905)</b>				<b>1,520,615</b>		
<b>Fair value of plan assets</b>				<b>(677,943)</b>				<b>(41,861)</b>		
<b>Benefit liability</b>				<b>(3,547,962)</b>				<b>1,562,476</b>		

The principal assumptions used in determining gratuity are shown below:

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Discount rate	7.35%	8.00%	7.75%
Future salary increases	8.00%	8.00%	8.00%
Retirement Age (Years)	58	58	58
Mortality rates inclusive of provision for disability	100% of IALM		
Ages			
Upto 30 years	15%	15%	15%
From 31 to 44 years	15%	15%	15%
Above 44 years	15%	15%	15%

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

Gratuity plan:	As at March 31, 2017	As at March 31, 2017	As at March 31, 2017
Assumptions			
Sensitivity Level			
Impact on defined benefit obligation	(773,159)	817,523	808,609
			(772,115)

A quantitative sensitivity analysis for significant assumption as at 31 March 2016 is as shown below:

Gratuity plan:	As at March 31, 2016	As at March 31, 2016	As at March 31, 2016
Assumptions			
Sensitivity Level			
Impact on defined benefit obligation	(806,303)	767,561	763,947
			(809,966)

The following payments are expected contributions to the defined benefit plan in future years:

	(Amount in INR)	
	As at March 31, 2017	As at March 31, 2016
Within the next 12 months (next annual reporting period)	3,922,229	4,466,344
Between 2 and 5 years	11,756,637	9,640,320
Between 5 and 10 years	4,771,920	3,592,273
Beyond 10 years	11,004,942	8,503,681
<b>Total expected payments</b>	<b>31,455,728</b>	<b>26,202,618</b>

The average duration of the defined benefit plan obligation at the end of the reporting period is 26.28 years (31 March 2016: 26.92 years).





33. Group information

Information about Subsidiaries, Associates and Joint Venture

Name of Subsidiary Company	Principal Place of Business	Proportion of Ownership			Method of Accounting of Investment
		As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	
Mobisoc Technology Private Limited@	India	99.90%	99.90%	99.90%	Cost
Spice Labs Private Limited@	India	99.90%	99.90%	99.90%	Cost
Spice Digital Bangladesh Limited@\$\$	Bangladesh	100.00%	100.00%	100.00%	Cost
S Global Services Pte. Ltd (formerly known as S GIC Pte. Ltd.)@	Singapore	100.00%	100.00%	100.00%	Cost
Beoworld Sdn. Bhd.*#	Malaysia	100.00%	100.00%	100.00%	Cost
Spice VAS (Africa) Pte. Limited*@	Singapore	69.63%	69.63%	69.62%	Cost
S Mobility Pte. Ltd. (w.e.f March 3, 2017)*#	Singapore	100.00%	-	-	Cost
PT Spice Digital Indonesia (w.e.f April 07, 2016)*@^	Indonesia	100.00%	-	-	Cost
Omnia Pte. Ltd. (w.e.f February 17, 2017)*#	Singapore	100.00%	-	-	Cost
Spice Digital FZCO (w.e.f March 26, 2017)*#	Dubai	100.00%	-	-	Cost
Spice Digital Nigeria Limited**@\$	Nigeria	100.00%	100.00%	100.00%	Cost
Spice VAS Kenya Limited**\$@	Kenya	100.00%	100.00%	100.00%	Cost
Spice VAS Uganda Limited**@	Uganda	75.00%	75.00%	75.00%	Cost
Spice VAS Ghana Limited**@	Ghana	100.00%	100.00%	100.00%	Cost
Spice VAS Zambia Limited**@^^	Zambia	100.00%	100.00%	100.00%	Cost
Spice VAS Tanzania Limited**%@	Tanzania	100.00%	100.00%	100.00%	Cost
Spice Digital South Africa (Pty) Limited**@	South Africa	100.00%	100.00%	100.00%	Cost
Spice VAS RDC (w.e.f April 08, 2016)***	Democratic Republic of Congo	100.00%	-	-	Cost
SVA (Mauritius) Pvt Ltd. (w.e.f October 4, 2016)***#	Mauritius	100.00%	-	-	Cost

\* Subsidiary through S Global Services Pte. Ltd. (formerly known as S GIC Pte. Ltd.)

\*\* Subsidiary through Spice VAS (Africa) Pte. Limited

# Management financial statements (unaudited) have been considered for consolidation.

@ Audited financial statements of the entities for the year ended March 31, 2017

\$\$ 2 shares (representing an equity interest of 0%) held by a third party on behalf of Spice Digital Limited

^ 10 shares (representing 0.4% equity interest) held by a third party on behalf of S Global Services Pte. Limited

\$ An equity interest of 20% held by a third party on behalf of Spice VAS (Africa) Pte. Limited

\$\$\$ 1 share (representing an equity interest of 0%) held by a third party on behalf of Spice VAS (Africa) Pte. Limited

^^ 1 shares (representing 0.02% equity interest) held by a third party on behalf of Spice VAS (Africa) Pte. Limited

% An equity interest of 35% held by a third party on behalf of Spice VAS (Africa) Pte. Limited

Name of Associates and Joint Venture	Nature	Country of Incorporation	Proportion of Ownership			Method of Accounting of Investment
			As at March 31, 2017	As at March 31, 2016	As at March 31, 2015	
Vavia Technologies Private Limited*	Associate	India	-	26.00%	26.00%	Cost
Sunstone Learning Private Limited	Associate	India	41.61%	38.54%	38.54%	Cost
Creative Functionapps Lab Private Limited	Associate	India	26.00%	26.00%	-	Cost
Exponentially I Mobility LLP	Associate	India	28.47%	-	-	Cost
Sunstone Eduversity Private Limited**	Associate	India	-	26.99%	-	Cost
Adgyde Solutions Private Limited	Joint Venture	India	49.00%	-	-	Cost

\* Vavia Technologies Private Limited ceased to be an associate during the current reporting year.

\*\* Sunstone Eduversity Private Limited ceased to be an associate during the reporting year.



**34. Related Party Transaction details**

In accordance with the requirements of Ind AS - 24 'Related Party Disclosures', names of the related parties, related party relationship, transactions and outstanding balances including commitments where control exists and with whom transactions have taken place during reported periods are:

**Entity with significant influence:**

**Ultimate Holding Company**

Smart Global Corporate Holding Private Limited

**Holding Company**

Spice Mobility Limited (Formerly known as S Mobility Limited)  
Spice Connect Private Limited (Formerly known as Smart Ventures Private Limited)

**Subsidiaries**

Mobisoc Technology Private Limited  
Spice Labs Private Limited  
Spice Digital Bangladesh Limited  
S Global Services Pte. Ltd. (Formerly known as S GIC Pte. Ltd.)  
Beoworld SDN. BHD  
PT Spice Digital Indonesia  
Omnia Pte. Ltd.  
S Mobility Pte. Ltd.  
Spice VAS (Africa) Pte. Limited  
Spice Digital Nigeria Limited  
Spice VAS Kenya Limited  
Spice VAS Uganda Limited  
Spice VAS Ghana Limited  
Spice VAS Zambia Limited  
Spice VAS Tanzania Limited  
Spice Digital FZCO  
Spice Digital South Africa (Pty) Limited  
Spice VAS RDC  
SVA (Mauritius) Pvt Ltd.

**Joint Venture**

Adgyde Solutions Pvt. Ltd

**Associates**

Vavia Technologies Private Limited\*  
Sunstone Learning Private Limited  
Creative Functionapps Lab Pvt. Ltd  
Sunstone Eduversity Private Ltd\*

\* Ceased to be an associate during the current reporting year.

**Other Related parties with whom transactions have taken place during the year**

**Fellow Subsidiaries**

Wall Street Finance Limited  
Goldman Securities Private Limited  
Kimaan Exports Private Limited  
Hotspot Sales & Solutions Private Limited  
Spice Online Private Limited (Formerly known as Spice Online Retail Private Limited)  
New Spice Sales & Solutions Limited (Formerly known as Spice Retail Limited)  
Single Stop Evaluation Private Limited  
Hindustan Retail Private Limited  
Bougainvillea Multiplex & Entertainment Center Private Limited  
Sterea Infratech Ltd  
Smart Entertainment Limited (Formerly known as Spice Entertainment Ltd)  
Smartvalue Ventures Private Limited (Formerly known as Spice Investments & Finance Advisors Pvt. Ltd.)

**Key Management Personnel (KMP)**

Mr. Saket Agarwal (Chief Executive Officer)  
Mr. Umang Das (Independent Director)  
Mr. Suman Ghose Hazra (Independent Director)  
Mr. Sunil Kapoor (Chief Financial Officer)  
Mrs. Kokila Arora (Company Secretary) (from 11 May 2015)  
Mrs. Jyoti Gera (Company Secretary) (till 10 March 2015)



The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

Particulars	Relationship	For the year ended March, 2017	For the year ended March, 2016
<b>Revenue from Value Added Services</b>			
S Global Services Pte. Ltd	Subsidiary	73,466	(243,048)
Spice Digital Bangladesh Limited	Subsidiary	13,868,746	24,486,529
New Spice Sales & Solutions Limited	Fellow Subsidiary	2,104,364	7,647,719
Mobisoc Technology Private Limited	Subsidiary	2,498,130	18,312,923
HotSpot Sales & Solutions Pvt. Ltd.	Fellow Subsidiary	2,309,650	-
<b>Sale of Airtime</b>			
Spice Online Private Limited	Fellow Subsidiary	2,790,000	29,950,000
HotSpot Sales & Solutions Pvt. Ltd.	Fellow Subsidiary	8,590,000	-
<b>Purchase of Airtime</b>			
Mobisoc Technology Private Limited	Subsidiary	40,450,334	53,763,983
<b>Travel Commission</b>			
Spice Mobility Limited	Holding Company	31,569	239,017
New Spice Sales & Solutions Limited	Fellow Subsidiary	113,495	351,003
Smart Entertainment Limited	Fellow Subsidiary	-	25,734
Spice Labs Private Limited	Subsidiary	213	3,689
Smartvalue Ventures Private Limited	Fellow Subsidiary	-	207,882
Spice Connect Private Limited	Holding Company	175,410	374,661
Spice Online Private Limited	Fellow Subsidiary	1,280	2,641
Spice Vas (Africa) Pte. Limited	Subsidiary	30,696	153,712
S Global Services Pte. Ltd	Subsidiary	82,269	68,333
Single Stop Evaluation Pvt Ltd	Fellow Subsidiary	35,371	11,290
Wall Street Finance Limited	Fellow Subsidiary	13,369	-
<b>Value Added Service Charges</b>			
Vavia Technologies Pvt. Ltd	Associate	-	3,144,181
S Global Services Pte. Ltd	Subsidiary	15,863,383	14,474,609
Spice Online Private Limited	Fellow Subsidiary	-	134,304
New Spice Sales & Solutions Limited	Fellow Subsidiary	10,614,947	13,185,540
Wall Street Finance Limited	Fellow Subsidiary	969,180	831,601
HotSpot Sales & Solutions Pvt. Ltd.	Fellow Subsidiary	177,871	-
<b>Other Income (Rental Income)</b>			
Wall Street Finance Limited	Fellow Subsidiary	3,080,246	3,266,999
Goldman Securities Private Limited	Fellow Subsidiary	468,000	516,028
<b>Rent Paid</b>			
Spice Mobility Limited	Holding Company	21,459,690	19,640,001
<b>Business Promotion Expenses</b>			
New Spice Sales & Solutions Limited	Fellow Subsidiary	-	53,756
Spice Online Private Limited	Fellow Subsidiary	-	138,588
Mobisoc Technology Private Limited	Subsidiary	614,797	256,300



Particulars	Relationship	For the year ended March, 2017	For the year ended March, 2016
<b>Telephone Expenses</b>			
Mobisoc Technology Private Limited	Subsidiary	43,698	1,907,451
<b>Legal &amp; Professional Charges</b>			
Mobisoc Technology Private Limited	Subsidiary	21,600,000	24,300,000
Spice Connect Private Limited	Holding Company	68,571,813	62,727,237
Spice Labs Private Limited	Subsidiary	7,219,992	-
<b>Interest Income</b>			
New Spice Sales & Solutions Limited	Fellow Subsidiary	2,895,126	12,438,448
Kimaan Exports Private Limited	Fellow Subsidiary	6,166,912	5,625,370
Hindustan Retail Private Limited	Fellow Subsidiary	24,822,229	24,812,910
HotSpot Sales & Solutions Pvt. Ltd.	Fellow Subsidiary	20,202,383	-
<b>Remuneration paid (Short-term employee benefits)</b>			
Saket Agarwal	KMP-CEO	20,426,868	16,139,976
Sunil Kapoor	KMP-CFO	3,586,500	3,958,615
Kokila Arora	KMP-CS	1,228,971	1,015,871
<b>Director Sitting Fees</b>			
Umang Das	KMP-Independent Director	350,000	325,000
Suman Ghose Hazra	KMP-Independent Director	375,000	375,000
<b>Reimbursement of Expenses paid to related companies</b>			
Spice Mobility Limited	Holding Company	1,306,862	997,140
Wall Street Finance Limited	Fellow Subsidiary	5,510,926	5,289,729
New Spice Sales & Solutions Limited	Fellow Subsidiary	2,018,948	2,237,673
Spice Connect Private Limited	Holding Company	45,995	-
S Global Services Pte. Ltd	Subsidiary	58,654	-
<b>Reimbursement of Expenses received from related companies</b>			
Spice Mobility Limited	Holding Company	1,189,781	3,327,236
Smart Entertainment Limited	Fellow Subsidiary	-	(118,691)
S Global Services Pte. Ltd	Subsidiary	1,243,686	1,626,743
Smartvalue Ventures Private Limited	Holding Company	-	210
Spice Connect Private Limited	Holding Company	2,517,910	1,443,138
Spice Online Private Limited	Fellow Subsidiary	23,977	37,100
Spice Vas (Africa) Pte. Limited	Subsidiary	904,679	2,205,959
Spice Labs Private Limited	Subsidiary	1,103,757	73,072
Wall Street Finance Limited	Fellow Subsidiary	2,305,342	2,971,040
Mobisoc Technology Private Limited	Subsidiary	1,595,813	215,399
New Spice Sales & Solutions Limited	Fellow Subsidiary	1,988,348	8,344,080
Goldman Securities Private Limited	Fellow Subsidiary	123,000	138,000
Single Stop Evaluation Pvt Ltd	Fellow Subsidiary	797,932	145,321
Spice Digital Bangladesh Limited	Subsidiary	1,146,393	-
PT Spice Digital Indonesia	Subsidiary	11,442,990	-



Particulars	Relationship	For the year ended March, 2017	For the year ended March, 2016
<b>Investment in Equity Share Capital (including share application money pending allotment)</b>			
Creative Functionapps Lab Private Limited	Associate	-	10,000,000
Sunstone Eduversity Pvt Ltd	Associate	-	1,527,301
Adgyde Solutions Pvt. Ltd	Joint Venture	12,300,000	-
<b>Purchase of Investments</b>			
Sunstone Learning Pvt Ltd	Associate	3,499,930	-
<b>Security Deposits paid</b>			
Spice Labs Private Limited	Subsidiary	-	300,000
Mobisoc Technology Private Limited	Subsidiary	-	200,000
<b>Loan given during the year</b>			
New Spice Sales & Solutions Limited	Fellow Subsidiary	-	55,000,000
HotSpot Sales & Solutions Pvt. Ltd.	Fellow Subsidiary	430,976,966	-
Hindustan Retail Private Limited	Fellow Subsidiary	-	257,500,000
<b>Loan received back during the year</b>			
Hindustan Retail Private Limited	Fellow Subsidiary	351,900,000	-
New Spice Sales & Solutions Limited	Fellow Subsidiary	79,076,966	95,000,000
<b>Provision for diminution in the value of investment written back</b>			
Mobisoc Technology Private Limited	Subsidiary	-	5,100,000
<b>Advances for purchase of Shares</b>			
Spice Mobility Limited	Holding Company	94,135,500	-
<b>Dividend income during the year</b>			
Spice Digital Bangladesh Limited	Subsidiary	32,342,998	12,858,619



The following table provides the total amount of balances outstanding at year end with related parties for the relevant financial year.

Particulars	Relationship	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Receivables</b>				
Wall Street Finance Limited	Fellow Subsidiary	-	-	2,741,538
New Spice Sales & Solutions Limited	Fellow Subsidiary	-	7,112,395	10,101,927
Spice Digital Bangladesh Limited	Subsidiary	67,171,601	48,217,106	16,683,837
HotSpot Sales & Solutions Pvt. Ltd.	Fellow Subsidiary	2,826,966	-	-
<b>Advances for purchase of Shares</b>				
Spice Mobility Limited	Holding Company	94,135,500	-	-
<b>Payables</b>				
Spice Mobility Limited	Holding Company	11,726,564	3,078,716	-
Mobisoc Technology Private Limited	Subsidiary	11,396,095	9,604,703	2,888,470
Goldman Securities Private Limited	Fellow Subsidiary	-	82,280	-
New Spice Sales & Solutions Limited	Fellow Subsidiary	-	-	2,725,878
S Global Services Pte. Ltd	Subsidiary	6,250,625	21,970,042	5,759,367
Spice Digital Bangladesh Limited	Subsidiary	-	-	822,978
Spice Online Private Limited	Fellow Subsidiary	-	29,595	-
Spice Labs Private Limited	Subsidiary	6,056,138	-	-
Spice Connect Private Limited	Holding Company	5,251,261	-	-
<b>Payables to KMP</b>				
Saket Aggrawal	KMP	3,202,820	5,755,657	3,877,300
Sunil Kapoor	KMP	1,439,009	1,508,449	1,360,020
Kokila Arora	KMP	128,540	95,174	-
Jyoti Gera	KMP	-	-	15,644
<b>Loans Receivable</b>				
New Spice Sales & Solutions Limited	Fellow Subsidiary	13,103,728	79,076,966	119,076,266
Kimaan Exports Private Limited	Fellow Subsidiary	56,062,833	51,000,000	51,000,000
Hindustan Retail Private Limited	Fellow Subsidiary	2,215,408	336,351,222	78,851,222
HotSpot Sales & Solutions Pvt. Ltd.	Fellow Subsidiary	430,976,966	-	-
<b>Advance recoverable</b>				
PT Spice Digital Indonesia	Subsidiary	11,442,990	-	-
Spice Labs Private Limited	Subsidiary	-	-	4,000,771
Wall Street Finance Limited	Fellow Subsidiary	-	2,028,158	873,075
Spice Mobility Limited	Holding Company	-	-	1,199,110
<b>Unbilled Revenue</b>				
New Spice Sales & Solutions Limited	Fellow Subsidiary	100,658	512,583	1,292,657
S Global Services Pte. Ltd	Subsidiary	91,421	172,505	489,994
Spice Digital Bangladesh Limited	Subsidiary	201,791	3,712,221	10,972,679
Mobisoc Technology Private Limited	Subsidiary	605,206	17,476,695	-
HotSpot Sales & Solutions Pvt. Ltd.	Fellow Subsidiary	179,000	-	-
<b>Interest Receivable</b>				
Kimaan Exports Private Limited	Fellow Subsidiary	5,550,220	5,062,833	-
New Spice Sales & Solutions Limited	Fellow Subsidiary	2,605,614	13,103,728	2,169,863
Hindustan Retail Private Limited	Fellow Subsidiary	29,739,924	25,164,104	2,832,485
HotSpot Sales & Solutions Pvt. Ltd.	Fellow Subsidiary	18,182,145	-	-
<b>Dividend Receivable</b>				
Spice Digital Bangladesh Limited	Subsidiary	32,342,998	12,858,619	-

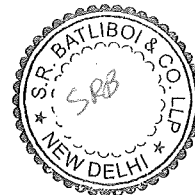


Particulars	Relationship	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Receivable against ticketing</b>				
Spice Mobility Limited	Holding Company	556,785	267,253	2,784,997
Spice Connect Private Limited	Holding Company	750,266	697,917	406,859
Bougainvillea Multiplex & Entertainment Center Private Limited	Fellow Subsidiary	40,280	-	231,083
Spice Online Private Limited	Fellow Subsidiary	-	-	69,620
Sterea Infratech Ltd	Fellow Subsidiary	52,187	52,187	52,187
New Spice Sales & Solutions Limited	Fellow Subsidiary	1,700,091	4,345,901	2,056,680
S Global Services Pte. Ltd	Subsidiary	-	1,626,744	-
Spice Labs Private Limited	Subsidiary	-	(1,928)	48,490
Smart Entertainment Limited	Fellow Subsidiary	261,967	261,967	2,418,595
Single Stop Evaluation Pvt Ltd	Fellow Subsidiary	83,940	40,030	-
Smartvalue Ventures Private Limited	Fellow Subsidiary	458,209	210	-
Spice Vas (Africa) Pte. Limited	Subsidiary	-	322,804	138,682
Wall Street Finance Limited	Fellow Subsidiary	77,422	-	-
Rudrav Modi	Relative of KMP	1,206,038	-	-
Siya Modi	Relative of KMP	987,963	-	-
Sonal Modi	Relative of KMP	741,381	-	-
<b>Rent Receivables</b>				
Wall Street Finance Limited	Fellow Subsidiary	1,838,977	993,186	1,036,705
<b>Provision for diminution in the value of investments</b>				
Mobisoc Technology Private Limited	Subsidiary	-	3,400,000	8,500,000

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 (31 March 2016: INR Nil, 1 April 2015: Nil). This assessment is undertaken each financial year through examining the financial position of the related parties.

**Note:**

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.



35 : Segment information

Primary segments: Business Segments

The Company is engaged in the Information and Communication Technology business, rendering mobile related services. Based on identical services the Company deals in, which have similar risks and rewards, the entire business has been considered as a single segment in terms of Ind AS-108 on Segment Reporting and hence, there are no additional disclosures to be given other than those already given in the financial statements.

Company has two customers in the Domestic Market from whom the revenue is INR 22,53,01,484 and INR 18,70,43,967 respectively during the current year.

Secondary Segments: Geographical Segment

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

Particulars	For the year March 31, 2017	For the year March 31, 2016
	INR	INR
Domestic Market	1,598,960,078	1,512,017,254
Overseas Market	223,268,523	206,638,290
	<b>1,822,228,601</b>	<b>1,718,655,544</b>

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

Particulars	Carrying amount of property, plant and equipment and intangible fixed assets*			Additions to property, plant and equipment and intangible fixed assets*	
	INR			INR	
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016
Domestic Market	281,917,462	238,983,382	241,474,131	100,004,590	51,900,169
Overseas Markets	-	7,026,081	12,770,786	-	-
<b>Total</b>	<b>281,917,462</b>	<b>246,009,463</b>	<b>254,244,917</b>	<b>100,004,590</b>	<b>51,900,169</b>

\* including capital work in progress, intangible assets under development.

The following table shows the carrying amount of Non Current Loans, Non Current Other Financial Assets and Other Non Current Assets by geographical area in which the assets are located:

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	INR	INR	INR
Domestic Market	208,571,976	110,675,732	105,612,358
Overseas Markets	-	-	-
<b>Total</b>	<b>208,571,976</b>	<b>110,675,732</b>	<b>105,612,358</b>





Spice Digital Limited  
Notes to separate financial statements for the year ended 31 March 2017

36. 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:

	Carrying value		Fair value	
	31-Mar-17 INR	31-Mar-16 INR	31-Mar-17 INR	31-Mar-16 INR
<b>Financial assets</b>				
Investments	64,830,706	82,500,326	64,830,706	82,500,326
Loans	30,563,495	31,526,338	30,563,495	31,526,338
Other Financial Assets (refer Note 5C)	167,920,793	68,356,408	167,920,793	68,356,408
<b>Total</b>	<b>263,314,994</b>	<b>182,383,072</b>	<b>263,314,994</b>	<b>182,383,072</b>
<b>Financial liabilities</b>				
Borrowing	52,493,508	95,932,769	52,493,508	95,932,769
<b>Total</b>				

The management assessed that cash and cash equivalents, bank balances, trade receivables, trade payables, and other current financial assets and 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 fair value of Security deposit received has been estimated using DCF method  
Loan to body corporate have been issued at 10.50%-11.00%, hence at par with market rates, hence carrying value is considered fair value.



37. Fair value hierarchy

Financial Instruments by Category

	31-Mar-17		31-Mar-16		31-Mar-15	
	FVTPL	Amortised Cost	FVTPL	Amortised Cost	FVTPL	Amortised Cost
<b>Financial Assets</b>						
-Non-current Investment	1,527,301		8,676,000		-	
-Non Current loans and advances		30,563,495		31,526,338		81,526,341
-Other Non-Current Financial Assets		167,920,793		68,356,408		8,768,349
-Current Investments	63,303,405		73,824,326		179,236,310	
-Trade receivables		481,765,855		532,529,765		485,997,298
-Cash and cash equivalent		364,501,940		249,908,071		121,907,031
-Bank Balances other than above		144,023,035		90,850,222		40,601,563
-Current loans and advances		505,682,100		468,651,852		250,258,252
-Other Current Financial assets		356,106,275		279,186,959		197,534,463
<b>Total financial assets</b>	<b>64,830,706</b>	<b>2,050,563,493</b>	<b>82,500,326</b>	<b>1,721,009,615</b>	<b>179,236,310</b>	<b>1,186,593,297</b>
<b>Other Non Current Financial Liabilities</b>	-	313,610	-	-	-	-
Current Borrowing	-	52,493,508	-	95,932,769	-	-
Current Trade payables	-	220,751,811	-	178,328,453	-	152,673,048
Other Current Financial Liabilities	-	73,657,951	-	71,881,060	-	52,748,052
<b>Total Financial liabilities</b>	-	<b>347,216,880</b>	-	<b>346,142,281</b>	-	<b>205,421,100</b>

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:

	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		INR	INR	INR	INR
<b>Non Current Investments</b>					
Investment in other equity instruments (unquoted) at FVTPL	31-Mar-17	27,301		27,301	
Investment in Cumulative Compulsorily Convertible Preference Shares instruments (unquoted) at fair value through profit or loss	31-Mar-17	1,500,000		1,500,000	
<b>Current Investments</b>					
Unquoted debt securities at fair value through profit or loss	31-Mar-17	63,303,405	63,303,405		
Total FVTPL investments		64,830,706	63,303,405	1,527,301	
<b>Loans and Other financial assets</b>					
Loan to a body corporate and employees	31-Mar-17	30,563,495		30,563,495	
Other financial assets	31-Mar-17	167,920,793		167,920,793	
		198,484,288		198,484,288	
<b>Quantitative disclosures fair value measurement hierarchy for liabilities as at 31 March 2017:</b>					
Borrowing	31-Mar-17	52,493,508		52,493,508	
Other Financial Liabilities	31-Mar-17	313,610		313,610	
		52,807,118		52,807,118	

There have been no transfers between Level 1 and Level 2 during the year.



Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2016:

Date of valuation	Total	Fair value measurement using		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		INR	INR	INR
<b>Non Current Investments</b>				
Investment in Unquoted Debt Equity Fund	8,676,000	8,676,000		
<b>Total</b>	<b>8,676,000</b>	<b>8,676,000</b>		
<b>Current Investments</b>				
Unquoted debt securities at fair value through profit or loss	73,824,326	73,824,326		
<b>Total FVTPL investments</b>	<b>73,824,326</b>	<b>73,824,326</b>		
<b>Loans and Other financial assets</b>				
Loan to a body corporate and employees	31,526,338		31,526,338	
Other financial assets	68,356,408		68,356,408	
	<b>99,882,746</b>		<b>99,882,746</b>	

Quantitative disclosures fair value measurement hierarchy for liabilities as at 31 March 2016:

Borrowing	31-Mar-16	95,932,769	95,932,769
		<b>95,932,769</b>	<b>95,932,769</b>

There was no transfers between Level 1 and Level 2 during the year.

Quantitative disclosures fair value measurement hierarchy for assets as at 1 April 2015:

Date of valuation	Total	Fair value measurement using		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		INR	INR	INR
<b>Current Investments</b>				
Unquoted debt securities at fair value through profit or loss	179,236,310	179,236,310		
<b>Total FVTPL investments</b>	<b>179,236,310</b>	<b>179,236,310</b>		
<b>Loans and Other financial assets</b>				
Loan to a body corporate and employees	81,526,341		81,526,341	
Other financial assets	8,768,349		8,768,349	
<b>Total</b>	<b>90,294,690</b>		<b>90,294,690</b>	

There was no transfers between Level 1 and Level 2 during the year.



### 38. 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 and support the operations of the Company. The Company's principal financial assets include Inventories, loans, trade receivables, cash and cash equivalents and other financial assets that derive directly from its operations. The Company has also given loans to its fellow subsidiary Companies. The Company also holds FVTPL investments and investment in subsidiary companies measured at cost.

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 policies for managing each of these risks, which are summarised below.

#### Market risk

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

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

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

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

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 31 March 2017 and 31 March 2016.

The sensitivity of equity is calculated by considering the effect of any associated cash flow of a net investment in a foreign subsidiary at 31 March 2017 for the effects of the assumed changes of the underlying risk.

#### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's Short-term debt obligations with floating interest rates and loan advanced by Company to fellow subsidiaries and a body corporate.

The Senior Management of the Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate borrowings.

#### Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings affected, With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, present rate is MCLR plus 1.10%, the impact of change in rate is as follows:

In case of borrowing, the impact of change in interest rate on bill discounting facility is given below:-

		(Amount in INR)
	Increase/decrease in basis points	Effect on profit before tax
31-Mar-17		
INR	50	262,468 (262,468)
31-Mar-16		
INR	50	(479,664) 479,664

In case of loans given to fellow subsidiaries and body corporate, the impact of change in interest rate is given below:-

		(Amount in INR)
	Increase/decrease in basis points	Effect on profit before tax
31-Mar-17		
INR	50	2,661,795 (2,661,795)
31-Mar-16		
INR	50	(2,482,141) 2,482,141



## 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 exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency) and the Company's net investments in foreign subsidiaries.

## Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD, AFN, SGD and BDT exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material.

		(Amount in INR)			
		Change in Rates	Effect on profit before tax	Effect on pre-tax equity	
31 March 2017	USD	5%	648,566	648,566	
		-5%	(648,566)	(648,566)	
	SGD	5%	(275,049)	(275,049)	
		-5%	275,049	275,049	
	AFN	5%	3,050,140	3,050,140	
		-5%	(3,050,140)	(3,050,140)	
	BDT	5%	5,203,166	5,203,166	
		-5%	(5,203,166)	(5,203,166)	
	31 March 2016	USD	5%	434,098	434,098
			-5%	(434,098)	(434,098)
		SGD	5%	(996,249)	(996,249)
			-5%	996,249	996,249
AFN		5%	1,145,378	1,145,378	
		-5%	(1,145,378)	(1,145,378)	
BDT		5%	7,838,940	7,838,940	
		-5%	(7,838,940)	(7,838,940)	

## Other risk

The Company operates in a service sector on revenue sharing model. There is downward revision of revenue shares frequently, as a result, the revenue of Company may reduce depending upon percentage decrease in revenue share of Company with the operators.

## 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, foreign exchange transactions and other financial instruments.

## Trade receivables

Customer credit risk is managed by the Company's established credit policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment and also based upon agreement/terms with respective customers. Outstanding customer receivables are regularly monitored. At 31 March 2017, the Company had 12 customers (31 March 2016: 12 customers, 1 April 2015: 9 customers) that owed the Company INR 496,637,685 (31 March 2016: INR 495,162,246, 1 April 2015: INR 420,726,071) and accounted for approximately 87% (31 March 2016: 87%, 1 April 2015: 83%) of all the receivables outstanding.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 9. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.



### Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. All investments are reviewed by the Company's Board of Directors on a quarterly basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

### Liquidity risk

The Company monitors its risk of a shortage of funds using a liquidity planning tool.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bill discounting facility. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

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

(Amount in INR)

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
Year ended <b>31 March 2017</b>					
Borrowing		52,493,508			52,493,508
Trade payables		136,954,892	83,796,922		220,751,814
Other Financial Liabilities		67,436,306	6,221,645		73,657,951
		<b>256,884,706</b>	<b>90,018,567</b>	-	<b>346,903,273</b>
Year ended <b>31 March 2016</b>					
Borrowing		95,932,769	-	-	95,932,769
Trade payables		115,387,142	62,941,311		178,328,453
Other Financial Liabilities		69,219,217	2,661,843		71,881,060
		<b>280,539,127</b>	<b>65,603,154</b>	-	<b>346,142,281</b>
Year ended <b>1 April 2015</b>					
Borrowing		-			-
Trade payables		80,053,418	72,619,630		152,673,048
Other Financial Liabilities		50,162,172	2,585,880		52,748,052
		<b>130,215,590</b>	<b>75,205,510</b>	-	<b>205,421,100</b>

### 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.

### Collateral

The Company has pledged part of its short-term deposits with banks as margin money against issuance of bank guarantees in order to fulfil the collateral requirements for its various contracts and for Pre Paid Instrument Business. At 31 March 2017, 31 March 2016 and 1 April 2015, the fair values of the short-term deposits pledged were INR 107,885,254, INR 105,305,912 and INR 34,172,662, respectively. The counterparties have an obligation to return the deposits to the Company upon settlement of the obligations under the contracts. There are no other significant terms and conditions associated with the use of collateral.



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**39. 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. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company's policy is to keep the gearing ratio less than 25%. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents, excluding discontinued operations.

	31 March 2017	31 March 2016	1 April 2015
	INR	INR	INR
Borrowing	52,493,508	95,932,769	-
Trade payables	220,751,814	178,328,453	152,673,048
Other Current Liabilities	296,404,911	87,100,706	37,720,294
Other Financial Liabilities	73,657,951	71,881,060	52,748,052
Less: Cash and Cash equivalents	(364,501,940)	(249,908,071)	(121,907,031)
<b>Net Debt</b>	<b>278,806,244</b>	<b>183,334,917</b>	<b>121,234,363</b>
Total Equity Capital	2,992,009,883	2,956,237,067	2,857,737,988
Capital and net debt	<b>3,270,816,128</b>	<b>3,139,571,984</b>	<b>2,978,972,351</b>
Gearing ratio	9%	6%	4%

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

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



#### 40. First-time adoption of Ind AS

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

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

#### Exemptions applied

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

i) Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets.

Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

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

- Cost determined in accordance with the Ind AS 27; or
- Deemed cost

Deemed cost shall be either:

- (a) the fair value at the entity's date of transition to Ind AS; or
- (b) the carrying value as per the previous GAAP at the date of transition.

A first time adopter may choose either (a) or (b) above to measure its investment in each subsidiary, associate and joint venture.

The Company has chosen to measure its investment in subsidiaries, associates and joint venture at carrying value as per the previous GAAP on the date of transition to Ind AS.

#### Estimates

The estimates at 1 April 2015 and at 31 March 2016 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies).

#### Deferred tax

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has however, not resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Company has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction in retained earnings. On the date of transition, the net impact on deferred tax liabilities is of INR 865,313 (31 March 2015: INR 404,989).

#### Other comprehensive income

Under Indian GAAP, the Company has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Indian GAAP profit to profit as per Ind AS. Further, Indian GAAP profit is reconciled to total comprehensive income as per Ind AS.

#### Statement of cash flows

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.





**Reconciliation of total equity as at April 01, 2015 and 31 March 2016.**

		1 April 2015	31 March 2016
Total equity (shareholder's funds) as per previous GAAP	Foot Note	2,856,050,182	2,954,393,371
Investments measured at fair value	1	1,170,194	2,500,325
Reinstatement of Security Deposit given.	2	(2,971)	(6,668)
Rent Equalisation elimination	3	925,566	215,352
Deferred Tax Impact on Ind AS Adjustment	4	(404,984)	(865,313)
<b>Total adjustments</b>		<b>1,687,805</b>	<b>1,843,696</b>
<b>Total equity as per Ind AS</b>		<b>2,857,737,987</b>	<b>2,956,237,067</b>

**Reconciliation of the total comprehensive income for the year ended March 31, 2016**

		March 31, 2016
Profit after tax as per previous GAAP		98,343,189
Investments measured at fair value	1	1,330,131
Reinstatement of Security Deposit given.	2	(3,698)
Rent Equalisation elimination	3	(710,214)
Deferred Tax Impact on Ind AS Adjustment	4	(460,329)
		<b>155,890</b>
<b>Profit after tax as per previous Ind AS</b>		<b>98,499,079</b>

**Note**

**1. Investments measured at fair value**

Under Indian GAAP, the Company accounted for long term investments in unquoted and quoted equity shares as investment measured at cost less provision for other than temporary diminution in the value of investments. Under Ind AS, the Company has designated such investments as FVTPL investments. Ind AS requires FVTPL investments to be measured at fair value.

**2. Reinstatement of Security Deposit given.**

Under IND AS, Security deposited given has been discounted as a result, certain portion of security deposit, has been transferred in prepaid rent account and amortised on straight line basis and Interest Income is recognised on Discount Rate basis.

**3. Rent Equalisation elimination**

Under Indian GAAP, lease agreement with periodic increase in lease rental were required to be straight lined and charge equally over the period of contract to statement of profit and loss. As per Ind AS rental cost is recognised 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. Company has accordingly accounted for such transaction after considering general inflation impact for computation of straight line cost. Accordingly, Rent equalisation reserve recognised under previous GAAP has been transferred to retained earnings.

**4. Deferred Tax Impact**

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has however, not resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

The transitional adjustments lead to temporary differences. According to the accounting policies, the Company has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction in retained earnings.

On the date of transition, the net impact on deferred tax liabilities is of INR 404,984 on 1 April 2015 and INR 865,313 on 31 March 2016 in Total Equity and in Statement of Profit and Loss Account INR. 4,60,329 for the year ended 31 March 2016.



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41. Disclosures required under Section 186(4) of the Companies Act 2013

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

Name of the Loanee	Rate of Interest	Due date	Secured / unsecured	(Amounts in INR)		
				31-Mar-17	31-Mar-16	01-Apr-15
Bharat BPO Services Limited	11%	16-Nov-15	Secured	30,000,000	50,000,000	80,000,000
						Purpose General Corporate purposes

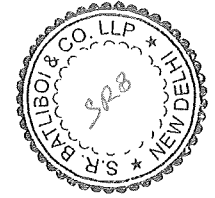
Included in loans and advances to related parties, the particulars of which are disclosed below

Name of the loanee	Rate of Interest	Due date	Secured / unsecured	(Amounts in INR)					
				31-Mar-15	31-Mar-16	31-Mar-17	Loan given	Loan Repaid	Purpose
New Spice Sales and Solutions Limited (Spice Retail Limited)	11%	31-Mar-17	Unsecured	119,076,965	79,076,965	13,103,728	13,103,728	79,076,965	For meeting certain business exigency requirement
Hindustan Retail Private Limited	10.50% - 11%	31-Mar-17	Unsecured	78,851,222	336,351,222	17,764,186	2,215,408	351,900,000	General corporate purposes
Kimaan Exports Private Limited	11%	31-Mar-17	Unsecured	51,000,000	51,000,000	5,062,833	56,062,833	-	General corporate purposes
Hotspot Sales & Solutions Private Limited	11%	31-Mar-17	Unsecured	-	-	430,976,966	430,976,966	-	General corporate purposes

\* The above amounts are excluding interest accrued on the loan amounts.

Details of Investments made (At cost or FVTPL)

Particulars	(Amounts in INR)			
	Opening Investments	Investments made during the year	Investment Sold during the year	Closing Investments
10,000,000 (31 March 2016; 10,000,000; 1 April 2015)				
10,000,000 equity shares of Mobisoc Technology Private Limited (at cost less impairment in value INR 3,400,000 (31 March 2016; INR 3,400,000; 1 April 2015; INR 8,500,000)	100,000,000	-	-	100,000,000
10,039,997 (31 March 2016; 10,039,997; 1 April 2015; 10,039,997) equity shares of Spice Labs Private Limited	100,399,970	-	-	100,399,970
15,735,600 equity shares (31 March 2016; 15,735,600; 1 April 2015; 15,735,600) of S Global Services Pte. Ltd	585,360,875	-	-	585,360,875
97,310 (31 March 2016; 38860; 1 April 2015; 38,860) equity shares of Spice Digital Bangladesh Limited	3,032,534	-	-	3,032,534
Nil (31 March 2016; 3,514; 1 April 2015; 3514) equity shares of Vavia Technologies Private Limited	10,000,000	-	10,000,000	-
95,058 (31 March 2016; 83,656; 1 April 2015; 83,656) equity share of Sunstone Learning Private Limited (formerly known as Anytime Learning Private Limited) (at cost less impairment in value INR 81,487,658 including investment made during the current year INR 3,499,930) (31 March 2016; Nil; 1 April 2015; Nil)	77,987,728	3,499,930	-	81,487,658
3,514 (31 March 2016; 3,514; 1 April 2015; Nil) Creative Functionapps Lab Private Ltd	10,000,000	-	-	10,000,000
31,576 (31 March 2016; 27301; 1 April 2015; Nil) Sunstone Eduversity Private Ltd	27,301	1,500,000	-	1,527,301
1,230,000 (31 March 2016; Nil; 1 April 2015; Nil) Adgyde Solutions Private Ltd	-	12,300,000	-	12,300,000



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

(Amounts in INR)

Particulars	As at March 31, 2017	As at March 31, 2016
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of accounting years.		
- Principal amount due to micro and small enterprises	Nil	Nil
- Interest due on above	Nil	Nil
The amount of interest paid by the buyer in terms of Section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during the year.	Nil	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 Micro Small and Medium Enterprise Development Act, 2006.	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of each accounting year, and	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding periods, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro Small and Medium Enterprise Development Act, 2006.	Nil	Nil



43 Commitments and contingencies

(a) Leases

Operating lease commitments — Company as lessee

Office premises and guest house has been obtained on operating lease. In the case of office premises and guest houses, the lease term vary between 11 months to 3 years. There are no restrictions imposed by lease arrangements. There is no contingent rent. All the leases are cancellable in nature. The Company has paid INR 22,722,894 (31 March 2016: INR 26,858,137) during the year towards minimum lease payment.

	31 March 2017 Amount in INR	31 March 2016 Amount in INR
Lease rent paid during the year	22,722,894	26,858,137

Operating lease commitments — Company as lessor

The Company has entered into operating lease of its office building situated in Mumbai. The Company has let a significant portion of its office premises on operating lease. The lease term is 3 years and thereafter renewal on mutual agreement. There is no escalation clause in the lease agreement. The lease has a lock in period of 2 years and is cancellable after the lock in period by either party by serving a notice of atleast 3 months. There are no restrictions imposed by lease agreement.

	31 March 2017 Amount in INR	31 March 2016 Amount in INR
Lease rent received during the year	5,210,968	3,783,029

Future minimum rental receivables under non-cancellable operating lease is as follows :- (Amount in INR)

	As at 31-Mar-17	As at 31-Mar-16	As at 1-Apr-15
Within one year	8,400,000	-	-
After one year but not more than five years	7,700,000	-	-
More than five years	-	-	-

(b) Commitments

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

	31 March 2017 Amount in INR	31 March 2016 Amount in INR	31 March 2015 Amount in INR
Estimated value of contracts (net of advances) remaining to be executed on capital account and not provided for.	7,532,201	359,668	1,441,580

Other Commitments

The Company has entered into an agreement with its Holding Company (Spice Mobility Limited) for purchase of equity shares of Kimaan Exports Pvt. Ltd. for INR 627,600,000, out of which the Parent Company has already paid INR 94,135,500, balance amount of INR 533,464,500 remains unpaid as on 31 March 2017.



(c) Contingent liabilities

Claims against the Company not acknowledged as debts

The Company had contingent liabilities at year end in respect of:

	31 March 2017 Amount in INR	31 March 2016 Amount in INR	31 March 2015 Amount in INR
<b>Legal claim contingency</b>			
<b>Service tax matters</b>			
a) Demand in respect of non- charging the service tax on the Short messaging peer-to-peer service including penalty thereon, including INR 8,600,000 (31 March, 2016: INR 8,600,000) paid under protest which is appearing as Balance with Government Authorities under Non Current Assets (Refer note 7).  The Company is of the view that it is an 'information technology service' and thus is exempt from the service tax. Based on discussions with the solicitors, the management believes that the Company has a good chance of success in the above mentioned case and hence, no provision there against is considered necessary.	117,714,487*	113,115,214*	105,026,067*
b) Demands in respect of non-registration of corporate office as a input service distributor and availment of input service CENVAT credit.  The Company is of the view that since it is having central registration so there is no requirement for separately registering the corporate office as input service distributor.	31,467,555**	30,191,864**	28,295,674**
c) Show cause notice in respect of non-payment of service tax on unbilled revenue.  The Company is of the view that the service tax liability becomes payable only on the actual billing i.e. on actualization of the unbilled revenue.	58,430,478	58,430,478	58,430,478
d) Demand in respect of wrong availment of input service tax credit on various expenses.  The Company is of the view that the service tax is in relation to the taxable output service provided and service tax paid hence can be availed.	7,030,605***	6,534,327***	5665841***
e) Demand in respect of wrong cenvat taken from dealer mentioning non PAN based registration  Company received the order in the previous financial year. Out of total show cause notice amount of INR 1,330,457, department has disallowed INR 313,016 and also imposed the penalty INR 313,016. The Company has paid INR 23,500 ( March 31, 2016 : Nil) under protest and has filed appeal against the order and matter is still pending with commissioner appeal.  *Includes penalty INR 32,445,957 (31 March 2016: INR 33,686,957, 1 April 2015: INR 33,540,957) **Includes penalty INR 6,695,997 ( 31 March 2016: INR 7,243,497, 1 April 2015: INR 7,170,497) ***Includes penalty INR 4,962,780 ( 31 March 2016: INR 4,466,502, 1 April 2015: INR 3,598,016) ****Includes penalty INR 313,016 ( 31 march 2016: INR 665,229, 1 April 2015: INR. Nil)	626,032****	3,592,234****	

(d) Financial Guarantees

The Company has pledged its fixed deposit of INR 74,174,607 (March 31, 2016 : INR 73,895,555 April 1, 2015 : INR 34,172,662) against issuance of bank guarantees INR 43,682,817 (March 31, 2016 : INR 47,961,584).

The Company has pledged its fixed deposit of INR 33,710,647 (March 31, 2016 : INR 31,410,357 April 1, 2015 : Nil) for its pre paid Instrument business.



Spice Digital Limited

Notes to separate financial statements for the year ended 31 March 2017

44. During the year Company has specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308( E) dated March 31, 2017. The details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016, is given below:

Particulars	(Amounts in INR)		
	SBNs	Other Denomination Notes	Total
Closing Cash in hand as on 08.11.2016	56,000	13,277	69,277
(+) Permitted Receipts		2,788,825	2,788,825
(-) Permitted payments		1,993,737	1,993,737
(-) Amount Deposited in Banks	56,000	200	56,200
Closing cash in hand as on 30.12.2016	-	808,165	808,165

Note:

As represented by the management, cash of INR 66,38,40,882 was deposited by Cash Management Executives, agents and distributors in the bank accounts of Spice Digital Limited during the period November 8, 2016 to December 30, 2016. These deposits have not been included in the above particulars.

As per our report of even date

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

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

per Anil Gupta  
Partner  
Membership No.: 87921  
Place: Noida  
Date: 19 May 2017



Dilip Kumar Modi  
(Chairman)  
DIN: 00029062

Sunil Kapoor  
(Chief Financial Officer)  
(Mem. No.: F079430)

Saket Agarwal  
(Chief Executive Officer)

Kokila Arora  
(Company Secretary)  
(Mem. No.: A21670)