

**Cellucom Retail India Pvt Ltd**

**Financial Statements**

**For The Year Ended March 31, 2016**

**Together with Independent Auditor's Report**

**S.R. BATLIBOI & CO. LLP**

**INDEPENDENT AUDITOR'S REPORT****To the Members of Cellucom Retail India Private Limited****Report on the Financial Statements**

We have audited the accompanying financial statements of **Cellucom Retail India Private Limited** ("the Company"), which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016, and its loss and its cash flows for the year ended on that date.



# S.R. BATLIBOI & CO. LLP

Chartered Accountants

## Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 29 in the financial statements which indicates that the Company has incurred a net loss of Rs. 39,698,788 during the year ended March 31, 2016 and as of that date; the Company's current liabilities exceeded its current assets by Rs. 187,410,535. These conditions, along with other matters as set forth in said Note, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

## 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 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 purposes of our audit.
  - (b) In our opinion, proper books of account as required by the law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on 31 March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 27 to the financial statements;
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm registration number: 301003E/E300005



per Anil Gupta

Partner

Membership no.: 87921

Place: 

Date: 17/5/2016



# **S.R. BATLIBOI & CO. LLP**

Chartered Accountants

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

Re: Cellucom Retail India Private Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets were physically verified by the management in the current year in accordance with a planned program of verifying them once in two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management, there are no immovable properties, included in fixed assets of the Company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a) and (b) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of Section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products/services of the Company.
- (vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance fund, investor education and protection fund, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance fund, income-tax, sales-tax, wealth-tax, service tax, duty of customs, duty of excise, 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, duty of customs, duty of excise, value added tax and cess on account of any dispute, are as follows:



# S.R. BATLIBOI & Co. LLP

Chartered Accountants

Name of the statute	Nature of dues	Amount	Period to which the amount relates	Forum where dispute is pending
Maharashtra VAT Act, 2002	Demand for VAT	14,87,973	2006-07	Deputy Commissioner of Sales Tax, Appeal-5, Mumbai.
Income Tax Act, 1961	Demand for TDS	28,278	2010-11	Commissioner of Income Tax ( Appeals ), Delhi
Uttar Pradesh VAT Act, 2008	Demand for VAT	3,99,764	2011-12	Commercial Tax Tribunal, Ghaziabad, UP

- (viii) Based on our audit procedures and as per the information and explanations given by the management, the Company did not have any outstanding debentures or dues in respect of a financial institution or bank 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 way of initial public offer / further public offer / debt instruments and term loans 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.
- (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

  
per Anil Gupta

Partner

Membership Number: 87921

Place: 

Date: 





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

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

To the Members of Cellucom Retail India Private Limited

We have audited the internal financial controls over financial reporting of Cellucom Retail India Private Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

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

**Auditor's Responsibility**

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

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

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

**Meaning of Internal Financial Controls Over Financial Reporting**

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of



# S.R. BATLIBOI & Co. LLP

Chartered Accountants

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, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



per Anil Gupta

Partner

Membership Number: 87921

Place: *new delhi*

Date: *17/5/2016*



Cellucom Retail India Private Limited

CIN: U32202DL2006PTC153361

Regd. Address: B-1/628, Plot No. 628, B-1 Block, Pankha Road, Janakpuri, New Delhi-110058

Balance Sheet as at March 31, 2016

	Notes	31-Mar-16 Rs.	31-Mar-15 Rs.
<b>Equity and liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	3	500,000,000	500,000,000
Reserves and surplus	4	(672,478,676)	(632,779,888)
		<b>(172,478,676)</b>	<b>(132,779,888)</b>
<b>Current liabilities</b>			
Trade payables	6		
• Total outstanding dues of micro enterprises and small enterprises		211,117,451	266,087,076
• Total outstanding dues of creditors other than micro and small enterprises		5,284,441	9,807,982
Other current liabilities	6		
Short-term provisions	5	329,500	350,488
		<b>216,731,392</b>	<b>276,245,546</b>
<b>TOTAL</b>		<b>44,252,716</b>	<b>143,465,658</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	7	5,329,034	7,752,434
Intangible assets	8		
Long-term loans and advances	9	9,042,514	5,821,514
Other non-current assets	10.2	560,311	720,694
		<b>14,931,859</b>	<b>14,294,642</b>
<b>Current assets</b>			
Inventories	11	15,110,631	30,030,172
Trade receivables	10.1	784,826	76,394,846
Cash and bank balances	12	2,606,965	5,997,020
Short-term loans and advances	9	10,818,435	16,748,978
Other current assets	10.2		
		<b>29,320,857</b>	<b>129,171,016</b>
<b>TOTAL</b>		<b>44,252,716</b>	<b>143,465,658</b>
Summary of significant accounting policies	2.1		

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

As per our report of even date

For S.R. BATLIBOI & CO. LLP

ICAI Firm's Registration No. 301003E/E300005  
Chartered Accountants


per Anil Gupta  
Partner  
Membership No.: 87921

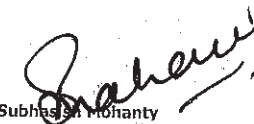


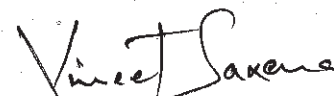
Place:  
Date:

17/5/2016

For and on behalf of the Board of Directors of Cellucom  
Retail India Private Limited

  
Madhusudan Venkatachary  
Director  
DIN: 02650160

  
Subhas Chandra Mohanty  
Director  
DIN: 05329000

  
Vineet Saxena  
Chief Financial Officer



Cellucom Retail India Private Limited

CIN: U32202DL2006PTC153361

Regd. Address: B-1/628, Plot No. 628, B-1 Block, Pankha Road, Janakpuri, New Delhi-110058

Statement of Profit & Loss for the year ended March 31, 2016

	Notes	31-Mar-16 Rs.	31-Mar-15 Rs.
<b>Income</b>			
Revenue from operations	13	394,356,803	680,841,213
Revenue from operations (net)		394,356,803	680,841,213
Other income	14	1,417,003	781,324
<b>Total revenue (I)</b>		<b>395,773,806</b>	<b>681,622,537</b>
<b>Expenses</b>			
Purchase of traded goods	15	349,130,562	640,136,609
(Increase) / Decrease in inventories of traded goods	15	14,919,541	(9,348,448)
Employee benefits expense	16	18,935,622	16,123,544
Other expenses	17	47,428,773	47,810,058
<b>Total (II)</b>		<b>430,414,498</b>	<b>694,721,763</b>
<b>(Loss) before interest, tax, depreciation and amortization (EBITDA) (I) – (II)</b>		<b>(34,640,692)</b>	<b>(13,099,226)</b>
Depreciation and amortization expense	18	5,057,576	4,372,749
Finance costs	19	520	15,842,192
Exceptional items	20		61,081
<b>Loss for the year/period</b>		<b>(39,698,788)</b>	<b>(33,375,248)</b>

Earnings per equity share [nominal value of share Rs. 10 (31 March 2015: Rs. 10)] 21

Basic and diluted (0.35) (1.62)

Summary of significant accounting policies 2.1

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

As per our report of even date

For S.R. BATLIBOI & CO. LLP

For and on behalf of the Board of Directors of Cellucom Retail India Private Limited

ICAI Firm's Registration No. 301003E/E300005  
Chartered Accountants

per Anil Gupta  
Partner  
Membership No.: 87921

Madhhusudan Venkatachary  
Director  
DIN: 02650160

Subhash Mohanty  
Director  
DIN: 05329000

Place:  
Date:



Vineet Saxena  
Chief Financial Officer

17/07/2016

Cash Flow statement for the year ended March 31, 2016

	31-Mar-16 Rs.	31-Mar-15 Rs.
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before tax		
Non-cash adjustment to reconcile loss before tax to net cash flows	(39,698,788)	(33,375,248)
Depreciation/ amortization	5,057,576	4,433,830
(Profit) on sale of fixed assets	(53,061)	(26,255)
Provision for doubtful debts and advances	-	501,353
Bad debts / advances written off	656,782	5,344
Interest expense	520	15,842,192
Interest (income)	(120,722)	(89,454)
<b>Operating (loss) before working capital changes</b>	<b>(34,157,693)</b>	<b>(12,708,238)</b>
Movements in working capital :		
(Decrease)/Increase in trade payables	(54,969,625)	83,772,241
(Decrease)/Increase in short-term provisions	(20,988)	43,915
(Decrease)/Increase in other current liabilities	(4,328,879)	5,019,380
Decrease/(Increase) in trade receivables	75,610,020	(75,403,191)
Decrease/(Increase) in inventories	14,919,541	(9,348,448)
(Increase) / Decrease in long-term loans and advances	(3,221,000)	5,504,756
Decrease/(Increase) in short-term loans and advances	4,877,535	(4,634,470)
<b>Cash (used in) operations</b>	<b>(1,291,089)</b>	<b>(7,754,055)</b>
Direct taxes paid (net of refunds)	396,226	489,019
<b>Net cash flow (used in) operating activities</b>	<b>A (894,863)</b>	<b>(7,265,036)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets, including CWIP and capital advances	(2,888,866)	(2,461,625)
Proceeds from sale of fixed assets	113,089	27,300
Investments in bank deposits (having original maturity of more than three months)	(105,397)	(25,981)
Interest received	148,830	67,987
<b>Net cash flow (used in) investing activities</b>	<b>B (2,732,344)</b>	<b>(2,392,319)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of equity share capital	-	300,000,000
Repayment of short-term borrowings	-	(278,000,000)
Interest paid	(520)	(15,842,192)
<b>Net cash flow from/ (used in) financing activities</b>	<b>C (520)</b>	<b>6,157,808</b>
<b>Net (decrease) in cash and cash equivalents (A + B + C)</b>	<b>A+B+C (3,627,727)</b>	<b>(3,499,547)</b>
Cash and cash equivalents at the beginning of the year/period	5,823,550	9,323,097
<b>Cash and cash equivalents at the end of the year/period</b>	<b>2,195,823</b>	<b>5,823,550</b>
<b>Components of cash and cash equivalents</b>		
Cash on hand	378,291	763,932
With banks- on current accounts	1,817,532	5,059,618
<b>Total cash and cash equivalents (note 12)</b>	<b>2,195,823</b>	<b>5,823,550</b>

Notes :

- The Cash flow statement has been prepared under the indirect method as set out in Accounting Standard 3 on Cash Flow Statements notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014.
- Negative figures have been shown in brackets.

As per our report of even date

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

For and on behalf of the Board of Directors of Cellucom Retail India Private Limited

per Anil Gupta  
 Partner  
 Membership No.: 87921

Madhusudan Venkatachary  
 Director  
 DIN: 02650160

Subhash Mohanty  
 Director  
 DIN: 05329000

Place:  
 Date:



Vineet Saxena  
 Chief Financial Officer

Cellucom Retail India Private Limited

CIN: U32202DL2006PTC153361

Regd. Address: B-1/628, Plot No. 628, B-1 Block, Panlha Road, Janakpuri, New Delhi-110058

Notes to financial statements for the year ended March 31, 2016

**1. Corporate information**

Cellucom Retail India Private Limited ("the Company") is into the business of trading in mobile handsets, IT products and related accessories. The Company operates through its chain of stores across India.

**2. Basis of preparation**

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

The accounting policies adopted in the preparation of financial statements are consistent with those used in the previous year.

**2.1 Summary of significant accounting policies**

**Change in accounting policy**

**(a) Use of estimates**

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

**(b) Tangible fixed assets**

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

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

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

**(c) Depreciation on tangible fixed assets**

Leasehold improvements are amortised over 3 years or unexpired lease period, whichever is earlier.

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

	<b>Rates (SLM)</b>
Computers	33.33%
Furniture and Fittings	12.5%*
Office Equipments	20.00%
Mobile Handsets (included under office equipments)	50.00%

\* The Company considers lower useful life than the life prescribed in Schedule II as per their estimate.

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

**(d) Intangible assets**

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

Intangible assets are amortized on a straight line basis over the estimated useful economic life of three years.

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

**(e) Leases**

Where the Company is the 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 recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.



**(f) Borrowing costs**

Borrowing cost directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

**(g) Impairment of tangible and intangible assets**

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflect current market assessment of the time value of money and risks specific to asset.

**(h) Inventories**

Inventories are valued as follows:

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

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

**(i) Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized.

*Sale of goods*

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not the economic benefits flowing to the Company. Hence, they are excluded from revenue.

*Sale of Services*

Revenue is recognized as and when the services are rendered.

*Interest*

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of Profit and Loss.

**(j) Foreign currency translation**

*Foreign currency transactions and balances*

**(i) Initial recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

**(ii) Conversion**

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

**(iii) Exchange differences**

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

**(k) Retirement and other employee benefits**

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

ii. Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial period. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The liability as at the period 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 SBI Life Insurance Company Limited as at the end of the period.

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



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

#### (l) Income taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. 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 tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date, the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

#### (m) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit/loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year are adjusted for bonus element in a rights issue to existing shareholders.

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

#### (n) Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and are adjusted to reflect the current best management estimates.

#### (o) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

#### (p) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

#### (q) Segment reporting

##### Identification of segments

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

##### Segment accounting policies

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.

#### (r) Measurement of EBITDA

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the Company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The Company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the Company does not include depreciation and amortization expense, finance costs, exceptional items and tax expense.





Notes to financial statements for the year ended March 31, 2016

3. Share Capital

	31-Mar-16 Rs.	31-Mar-15 Rs.
<b>Authorized shares</b>		
50,000,000 (Previous period 50,000,000) equity shares of Rs. 10 each	500,000,000	500,000,000
<b>Issued, subscribed and fully paid-up shares</b>		
50,000,000 (Previous period 50,000,000) equity shares of Rs. 10 each fully paid up	500,000,000	500,000,000
<b>Total issued, subscribed and fully paid-up share capital</b>	<b>500,000,000</b>	<b>500,000,000</b>

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

	31-Mar-16		31-Mar-15	
	No.	Rs.	No.	Rs.
At the beginning of the year/period				
Issued during the year/period	50,000,000	500,000,000	20,000,000 30,000,000	200,000,000 300,000,000
Outstanding at the end of the year/period	<b>50,000,000</b>	<b>500,000,000</b>	<b>50,000,000</b>	<b>500,000,000</b>

(b) Terms/rights attached to equity shares

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

(c) Shares held by holding company

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

	31-Mar-16 Rs.	31-Mar-15 Rs.
Spice Retail Limited, the holding company		
50,000,000 (Previous period 50,000,000) equity shares of Rs. 10 each fully paid up	500,000,000	500,000,000

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

Name of the shareholder	As at 31 Mar 2016		As at 31 Mar 2015	
	No.	% holding in the class	No.	% holding in the class
<b>Equity shares of Rs. 10 each fully paid</b>				
Spice Retail Limited, the holding company	50,000,000	100.00%	50,000,000	100.00%

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

4. Reserves and Surplus

	31-Mar-16 Rs.	31-Mar-15 Rs.
<b>Securities premium account</b>		
Balance as per the last financial statements	847,800,000	847,800,000
<b>Closing Balance</b>	<b>847,800,000</b>	<b>847,800,000</b>
<b>Deficit in the statement of profit and loss</b>		
Balance as per last financial statements	(1,480,579,888)	(1,447,204,640)
Loss for the year/period	(39,698,788)	(33,375,248)
<b>Net deficit in the statement of profit and loss</b>	<b>(1,520,278,676)</b>	<b>(1,480,579,888)</b>
<b>Total reserves and surplus</b>	<b>(672,478,676)</b>	<b>(632,779,888)</b>



5. Provisions

	Long-term		Short-term	
	31-Mar-16 Rs.	31-Mar-15 Rs.	31-Mar-16 Rs.	31-Mar-15 Rs.
Provision for employee benefits	-	-	-	-
Provision for leave benefits	-	-	329,500	350,488
	-	-	<b>329,500</b>	<b>350,488</b>

6. Other Current Liabilities

	31-Mar-16 Rs.	31-Mar-15 Rs.
Trade payables (including acceptances) (refer note 27 for details of dues to micro and small enterprises)	-	-
• Total outstanding dues of micro enterprises and small enterprises	211,117,451	266,087,076
• Total outstanding dues of creditors other than micro and small enterprises	211,117,451	266,087,076
<b>Other liabilities</b>		
Payable for capital goods	2,267,453	2,462,115
Employee Payable	2,484,272	3,148,001
Others		
Service tax payable	4,821	-
VAT payable	-	1,867,532
PF payable	131,986	156,890
ESI payable	26,905	42,282
TDS payable	369,004	2,131,162
	<b>5,284,441</b>	<b>9,807,982</b>
	<b>216,401,892</b>	<b>275,895,058</b>



9. Loans and advances

	Non-current		current	
	31-Mar-16 Rs.	31-Mar-15 Rs.	31-Mar-16 Rs.	31-Mar-15 Rs.
<b>Security deposit</b>				
Unsecured, considered good	9,042,514	5,821,514	3,589,864	9,005,479
Doubtful	-	-	179,625	179,625
	<b>9,042,514</b>	<b>5,821,514</b>	<b>3,769,489</b>	<b>9,185,104</b>
Provision for doubtful security deposit	-	-	(179,625)	(179,625)
	<b>9,042,514</b>	<b>5,821,514</b>	<b>3,589,864</b>	<b>9,005,479</b>
<b>Advances recoverable in cash or kind</b>				
Unsecured, considered good	-	-	949,134	965,573
Doubtful	-	-	1,019,300	1,019,300
	-	-	<b>1,968,434</b>	<b>1,984,873</b>
Provision for doubtful advances	-	-	(1,019,300)	(1,019,300)
	-	-	<b>949,134</b>	<b>965,573</b>
<b>Other loans and advances</b>				
Unsecured, considered good	-	-	-	-
Income tax deducted at source	-	-	47,622	443,848
Prepaid expenses	-	-	30,948	70,064
Balances with statutory / government authorities	-	-	6,200,867	6,264,014
	-	-	<b>6,279,437</b>	<b>6,777,926</b>
	<b>9,042,514</b>	<b>5,821,514</b>	<b>10,818,435</b>	<b>16,748,978</b>

10. Trade Receivables and Other Assets

10.1. Trade Receivables

	Non-current		Current	
	31-Mar-16 Rs.	31-Mar-15 Rs.	31-Mar-16 Rs.	31-Mar-15 Rs.
<b>Unsecured, considered good unless stated otherwise</b>				
<b>Outstanding for a period not exceeding six months from the date they are due for payment</b>				
Unsecured, considered good	-	-	784,826	76,394,846
	-	-	<b>784,826</b>	<b>76,394,846</b>

10.2. Other assets

	Non-current		Current	
	31-Mar-16 Rs.	31-Mar-15 Rs.	31-Mar-16 Rs.	31-Mar-15 Rs.
<b>Unsecured, considered good</b>				
Non-current bank balances	560,311	692,586	-	-
	<b>560,311</b>	<b>692,586</b>	-	-
<b>Others</b>				
Interest accrued on fixed deposits	-	28,108	-	-
	-	28,108	-	-
	<b>560,311</b>	<b>720,694</b>	-	-



11. Inventories (valued at lower of cost and net realizable value)

	31-Mar-16 Rs.	31-Mar-15 Rs.
Traded Goods	15,110,631	30,030,172
	<b>15,110,631</b>	<b>30,030,172</b>

12. Cash and bank balances

	Non-current		Current	
	31-Mar-16 Rs.	31-Mar-15 Rs.	31-Mar-16 Rs.	31-Mar-15 Rs.
<b>Cash and cash equivalents</b>				
Balances with banks:				
- On current accounts	-	-	1,817,532	5,059,618
Cash on hand	-	-	378,291	763,932
	-	-	<b>2,195,823</b>	<b>5,823,550</b>
<b>Other bank balances</b>				
- Deposits with original maturity for more than 12 months	-	210,090	227,566	-
- Deposits with original maturity for more than 3 months but less than 12 months	560,311	482,496	183,576	173,470
	<b>560,311</b>	<b>692,586</b>	<b>411,142</b>	<b>173,470</b>
Amount disclosed under non-current assets (note 10.2)	(560,311)	(692,586)		
	-	-	<b>2,606,965</b>	<b>5,997,020</b>

Margin money deposits given as security

Margin money deposits with a carrying amount of Rs. 743,888 ( 31 March 2015: Rs. 655,966 ) are pledged with bank for issue of bank guarantees. Further fixed deposit of Rs 227,566 (31 March 2015: Rs. 210,090) are pledged with government authorities.



Notes to financial statements for the period ended March 31, 2016

13. Revenue from operations

	31-Mar-16 Rs.	31-Mar-15 Rs.
<b>Revenue from operations</b>		
Sale of Trading Goods	393,783,843	680,430,458
Sale of services	572,960	410,755
<b>Revenue from operations (net)</b>	<b>394,356,803</b>	<b>680,841,213</b>

Detail of products sold

	31-Mar-16 Rs.	31-Mar-15 Rs.
<b>Traded goods sold</b>		
Mobile handsets	378,400,677	664,222,388
Others	15,383,166	16,208,070
	<b>393,783,843</b>	<b>680,430,458</b>

Detail of services rendered

Particulars	31-Mar-16 Rs.	31-Mar-15 Rs.
Commission on Airtime ( net of discount on airtime recharge )	572,960	410,755
	<b>572,960</b>	<b>410,755</b>

14. Other income

	31-Mar-16 Rs.	31-Mar-15 Rs.
<b>Interest income on</b>		
Bank deposits	83,465	52,414
Vat refund	-	37,040
Income tax refund	22,543	-
Others	14,714	-
Credit balances written back	-	99,469
Profit on disposal of Fixed assets (net)	53,061	26,255
Miscellaneous Income	1,243,220	566,146
	<b>1,417,003</b>	<b>781,324</b>

15. (Increase)/Decrease In Inventories

	31-Mar-16 Rs.	31-Mar-15 Rs.
<b>Inventories at the end of the year/period</b>		
Traded goods	15,110,631	30,030,172
<b>Inventories at the beginning of the year/period</b>		
Traded goods	30,030,172	20,681,724
	<b>14,919,541</b>	<b>(9,348,448)</b>

Details of purchase of traded goods

	31-Mar-16 Rs.	31-Mar-15 Rs.
Mobile handsets	335,989,584	622,622,712
Others	13,140,978	17,513,897
	<b>349,130,562</b>	<b>640,136,609</b>

Details of inventory

	31-Mar-16 Rs.	31-Mar-15 Rs.
<b>Traded goods</b>		
Mobile handsets	10,897,555	25,460,689
Others	4,213,076	4,569,483
	<b>15,110,631</b>	<b>30,030,172</b>

16. Employee benefits expense

	31-Mar-16 Rs.	31-Mar-15 Rs.
Salaries, wages and bonus	17,096,276	14,487,624
Contribution to provident and other funds	1,180,402	920,120
Gratuity expense (note 22)	77,544	164,561
Staff welfare expenses	581,400	551,239
	<b>18,935,622</b>	<b>16,123,544</b>





17. Other expenses

	31-Mar-16 Rs.	31-Mar-15 Rs.
Electricity & water charges	3,150,895	2,767,688
Rent	27,013,949	26,219,206
Rates and taxes	195,087	2,857,289
Insurance	134,728	134,495
Repairs and maintenance		
Others	3,005,992	3,609,834
Advertising and sales promotion	980,794	1,460,607
Security Service Charges	1,122,237	759,763
Travelling and conveyance	409,678	193,290
Communication costs	719,536	672,894
Printing and stationery	218,184	150,529
Legal and professional fees	1,974,044	1,378,336
Directors' sitting fees	446,250	-
Payment to statutory auditors (Refer details below)	1,798,649	1,511,629
Bank charges	875,340	638,827
Credit card charges	4,577,714	4,843,868
Bad debts / advances written off (Net)	656,782	943,671
Less adjusted with doubtful debts and advances	656,782	(938,327)
Provision for doubtful debts and advances		5,344
Miscellaneous expenses	148,914	105,106
	<u>47,428,773</u>	<u>47,810,058</u>

Payment to statutory auditors

	31-Mar-16 Rs.	31-Mar-15 Rs.
<b>As auditor:</b>		
Statutory audit fee	715,625	561,800
Tax audit fee	229,000	238,765
Limited review	685,000	449,440
Audit of tax accounts		105,337
<b>In other capacity:</b>		
Other services (certification fees)	119,830	112,360
Reimbursement of expenses	49,194	43,927
	<u>1,798,649</u>	<u>1,511,629</u>

18. Depreciation and amortization expense

	31-Mar-16 Rs.	31-Mar-15 Rs.
Depreciation of tangible assets	5,057,576	4,372,749
Amortization of intangible assets		
	<u>5,057,576</u>	<u>4,372,749</u>

19. Finance costs

	31-Mar-16 Rs.	31-Mar-15 Rs.
Interest	520	15,842,192
	<u>520</u>	<u>15,842,192</u>

20. Exceptional Items

	31-Mar-16 Rs.	31-Mar-15 Rs.
Increase in Depreciation due to Change in Accounting estimate		61,081
		<u>61,081</u>

21. Earnings per share (EPS)

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

	31-Mar-16 Rs.	31-Mar-15 Rs.
Loss for the period/year	(39,698,788)	(33,375,248)
Weighted average number of equity shares in calculating basic and diluted EPS	50,000,000	20,656,934
Basic and diluted earning per share	<u>(0.79)</u>	<u>(1.62)</u>

22. Disclosures under Accounting Standard- 15 ( Revised ) on 'Employee Benefits' :

A. Gratuity and other post-employment benefit plans

11. The Company has defined benefit gratuity plan which has been funded under separate arrangement with SBI Life Insurance Company Limited. 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 following tables summarize the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the gratuity plan.



Statement of profit and loss

Net employee benefit expense recognized in the employee cost

	Gratuity 31-Mar-16 Rs.	Gratuity 31-Mar-15 Rs.
Current service cost	137,660	110,431
Interest cost on benefit obligation	70,863	57,990
Past service cost	-	-
Expected return on plan assets	(129,318)	(90,977)
Net actuarial loss/(gain) recognized during the year/period	(1,661)	87,117
<b>Net benefit expense</b>	<b>77,544</b>	<b>164,561</b>

Balance sheet

Benefit asset/ liability

	Gratuity 31-Mar-16 Rs.	Gratuity 31-Mar-15 Rs.
Present value of defined benefit obligation	(917,679)	(914,357)
Fair value of plan assets	1,562,587	1,436,862
<b>Plan asset / (liability)</b>	<b>644,908</b>	<b>522,505</b>

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

	Gratuity 31-Mar-16 Rs.	Gratuity 31-Mar-15 Rs.
Opening defined benefit obligation	914,357	909,645
Current service cost	137,660	110,431
Interest cost	70,863	57,990
Past service cost	-	-
Benefits paid	(199,947)	(248,910)
Actuarial loss/(gains) on obligation	(5,254)	85,201
<b>Closing defined benefit obligation</b>	<b>917,679</b>	<b>914,357</b>

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

	Gratuity 31-Mar-16 Rs.	Gratuity 31-Mar-15 Rs.
Fair value of plan assets at beginning of the year/period	1,436,862	1,347,801
Expected Return on plan assets	129,318	90,977
Actuarial gain/ (loss)	(3,593)	(1,916)
Employer Contribution	-	-
Benefits Paid	-	-
<b>Closing fair value of plan assets</b>	<b>1,562,587</b>	<b>1,436,862</b>
<b>Actual return on plan assets</b>	<b>125,725</b>	<b>89,061</b>

The Company expects to contribute Rs. Nil to the gratuity fund in the year 2016-17. The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	31-Mar-16	31-Mar-15
Investment with insurer	100%	100%

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

	31-Mar-16	31-Mar-15
Discount rate	8.00%	7.75%
Expected rate of return on assets	9.0%	9.0%
Withdrawal rate	35%	35%
Increase in Compensation cost	8%	8%
Mortality table referred	IALM ( 2006-08 )	IALM ( 2006-08 )

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

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

	31-Mar-16 Rs.	31-Mar-15 Rs.	30-Jun-14 Rs.	30-Jun-13 Rs.	30-Jun-12 Rs.
<b>Gratuity</b>					
Defined benefit obligation	917,679	914,357	909,645	1,059,066	1,094,933
Plan assets	1,562,587	1,436,862	1,347,801	1,235,077	1,133,098
Surplus / (deficit)	644,908	522,505	438,156	176,011	38,165
Experience adjustments on plan liabilities (loss) / gain	(2,909)	(61,940)	103,574	42,264	195,486
Experience adjustments on plan assets	(3,593)	3,139	7,742	5,666	(4,545)



**B. Defined Contribution Plan**

	31-Mar-16 Rs.	31-Mar-15 Rs.	30-Jun-14 Rs.	30-Jun-13 Rs.	30-Jun-12 Rs.
Contribution to Provident Fund	813,827	609,120	612,003	937,293	1,302,794

**23. Leases**

**Operating lease: Company as lessee**

Outlet premises, office premises and warehouses are obtained on operating lease. The lease term ranges from 1 to 9 years and renewable for further 2 to 6 years at the option of the Company. There are no restrictions imposed by lease arrangements and the rent is not determined based on any contingency.

The total of future minimum lease payments under the non-cancellable operating leases are as under:

	31-Mar-16 Rs.	31-Mar-15 Rs.
Within one year	999,471	2,942,371
After one year but not more than five years		948,097
More than five years		
	<u>999,471</u>	<u>3,890,468</u>

**24. Segment Reporting Policies**

**Primary Segments: Business Segments**

The Company is primarily engaged in the business of retail trade through retail store facilities, which in the context of Accounting Standard 17 on 'Segment Reporting' constitute a single reporting segment.

**Secondary Segment Reporting (by Geographical Segments)**

As the Company's business activity falls within a single geographical segment, there is no additional disclosure required to be provided for geographical segments in terms of Accounting Standard-17 Segment Reporting.

**25. Related party disclosures**

**Names of related parties and related party relationship**

**Related parties where control exists**

Ultimate holding company	Smart Global Corporate Holding Pvt. Ltd. (Formerly known as Spice Global Investments Pvt. Ltd) (Holding company of Spice Connect Private Limited)
Holding company	Spice Retail Limited ( SRL ) Hindustan Retail Private Limited ( HRPL ) (Holding company of SRL) Spice Mobility Limited ( SML ) (Holding company of HRPL) Spice Connect Private Limited (formerly known as Smart Ventures Pvt. Ltd.) (Holding company of SML)

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

Enterprises owned or significantly influenced by key management personnel or their relatives

Bharat IT Services Limited



26. Contingent liabilities ( Not provided for) in respect of :

	31-Mar-16	31-Mar-15
	Rs.	Rs.
Claims against the Company not acknowledged as debts **	2,861,643	2,861,643
Demands raised by Income tax authority **	28,278	28,278
Demands raised by sale tax authority **	1,487,973	1,487,973
Demands raised by sale tax authority *	499,706	
	<u>4,877,600</u>	<u>4,377,894</u>

\*The Hon'ble Supreme Court of India vide its order dated December 17, 2014 on the judgment in case of State of Punjab Vs. Nokia India Pvt. Ltd. has held that sales tax on battery charger sold along with mobile phone should be charged at sales tax rate applicable to chargers, which is higher than the sales tax rate applicable to mobile phones in few states. Demand of Rs 499,706 has been received from Uttar Pradesh. No demand has been received/ascertained for other states.

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

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

	31-Mar-16	31-Mar-15
	Rs.	Rs.
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
The amount of interest paid by the buyer in terms of Section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year		
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 current period) but without adding the interest specified under the MSMED Act 2006.		
The amount of interest accrued and remaining unpaid at the end of each accounting year		
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act 2006		

28. As at March 31, 2016, the Company has accumulated losses of Rs.1,520,278,676 (Previous period Rs.1,480,579,888) against equity and security premium of Rs. 1,347,800,000 (Previous period Rs.1,347,800,000) and also has net current liabilities of Rs. 187,410,535 (Previous period Rs 147,074,530). The Company has incurred losses of Rs. 39,698,788 (Previous period Rs. 33,375,248) during the year. Financial statements do not include any adjustment relating to recoverables / payables and classification of recorded assets / liabilities that may be necessary if the entity is unable to continue as a going concern in view of the fact that Spice Mobility Limited, the holding company has confirmed its intention to settle its obligations as and when they fall due and operate as a going concern.

29. The Board of Directors of the Company in its meeting held on May 17, 2016, subject to the approval of the shareholders and other necessary approvals, has given their consent to sell / transfer the Company's whole undertaking pertaining to Retail business and operations to another subsidiary of its holding company Spice Mobility Limited as a going concern by way of slump sale or otherwise for a consideration, with effect from such date and on such terms and conditions as may be mutually decided and agreed to between the parties. The management expects that the consideration value would not be less than the value of undertaking stated in the books.

30. In accordance with Accounting Standard 22 'Accounting for Taxes on Income', issued by the Institute of Chartered Accountants of India, in view of the losses incurred by the Company during the period and earlier years, deferred tax assets on and on unabsorbed depreciation, carried forward business losses and other timing differences have not been accounted for in the books since it is not virtually certain that they will be realized against future profits.

31. Previous period's figures were for nine months period ended March 31, 2015, whereas current period's figures are for twelve months period ended March 31, 2016. Hence, the current period's figures are not strictly comparable with those of the previous period's. Previous period figures have been regrouped / reclassified, where necessary, to conform to this year's classification.

As per our report of even date

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

*Anil Gupta*

per Anil Gupta  
Partner  
Membership No.: 87921



Place: *Meerut*  
Date: *17/5/2016*

For and on behalf of the Board of Directors of Cellucom Retail India Private Limited

*Madhusudan Venkatachary*

Madhusudan Venkatachary  
Director  
DIN: 02650160

*Subhash Mohanty*

Subhash Mohanty  
Director  
DIN: 05329000

Vineet Saxena  
Chief Financial Officer

Cellucom Retail India Private Limited

CIN: U32202DL2006PTC153361

Regd. Address: B-1/628, Plot No. 628, B-1 Block, Pankha Road, Janakpuri, New Delhi-110058

Notes to financial statements for the year ended March 31, 2016

7. Tangible Assets

Amount in Rupees

	Lease Hold Improvements	Office Equipments	Furniture and Fixtures	Computers	Total
<b>Gross Block</b>					
At 01.07.2014	24,895,172	5,353,624	13,479,506	1,373,910	45,102,212
Additions	1,311,745	476,777	396,101	428,950	2,613,573
Deletions/ Adjustments	1,744,937	126,484	16,210	-	1,887,631
<b>At 31.03.2015</b>	<b>24,461,980</b>	<b>5,703,917</b>	<b>13,859,397</b>	<b>1,802,860</b>	<b>45,828,154</b>
Additions	1,860,264	255,528	494,212	84,200	2,694,204
Deletions/ Adjustments	7,828,846	1,657,567	4,625,291	26,900	14,138,604
<b>At 31.03.2016</b>	<b>18,493,398</b>	<b>4,301,878</b>	<b>9,728,318</b>	<b>1,860,160</b>	<b>34,383,754</b>
<b>Depreciation</b>					
At 01.07.2014	20,965,690	4,456,920	8,900,347	1,205,519	35,528,476
For the period	2,325,493	329,551	1,632,599	146,187	4,433,830
Deletions / Adjustments	1,744,937	125,439	16,210	-	1,886,586
<b>At 31.03.2015</b>	<b>21,546,246</b>	<b>4,661,032</b>	<b>10,516,736</b>	<b>1,351,706</b>	<b>38,075,720</b>
For the year	2,751,333	451,088	1,651,824	203,331	5,057,576
Deletions / Adjustments	7,828,846	1,597,539	4,625,291	26,900	14,078,576
<b>At 31.03.2016</b>	<b>16,468,733</b>	<b>3,514,581</b>	<b>7,543,269</b>	<b>1,528,137</b>	<b>29,054,720</b>
<b>Net Block</b>					
<b>At 31.03.2015</b>	<b>2,915,734</b>	<b>1,042,885</b>	<b>3,342,661</b>	<b>451,154</b>	<b>7,752,434</b>
<b>At 31.03.2016</b>	<b>2,024,665</b>	<b>787,297</b>	<b>2,185,049</b>	<b>332,023</b>	<b>5,329,034</b>

Cellucom Retail India Private Limited

CIN: U32202DL2006PTC153361

Regd. Address: B-1/628, Plot No. 628, B-1 Block, Pankha Road, Janakpuri, New Delhi-110058

Notes to financial statements for the year ended March 31, 2016

8. Intangible Assets

Amount in Rupees

	Software
<b>Gross Block</b>	
At 01.07.2014	312,480
Additions	-
Deletions	-
<b>At 31.03.2015</b>	<b>312,480</b>
Additions	-
Deletions	-
<b>At 31.03.2016</b>	<b>312,480</b>
<b>Amortization</b>	
At 01.07.2014	312,480
For the period	-
Deletions	-
<b>At 31.03.2015</b>	<b>312,480</b>
For the year	-
Deletions	-
<b>At 31.03.2016</b>	<b>312,480</b>
<b>Net Block</b>	
<b>At 31.03.2015</b>	<b>-</b>
<b>At 31.03.2016</b>	<b>-</b>





Cellucom Retail India Private Limited  
 CIN: U32202DL2006PTC153361  
 Regd. Address: B-1/628, Plot No. 628, B-1 Block, Pankha Road, Janakpuri, New Delhi-110058

Notes to financial statements for the year ended March 31, 2016  
 Transactions with Related Parties:

Particulars	Amount in Rs.					
	Enterprises owned or significantly influenced by key management personnel or their relatives		Holding Company		Total	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
<b>A. Transactions during the year/period</b>						
Share Capital Received						
Spice Retail Limited			-	300,000,000	-	300,000,000
Repayment of Loans						
Spice Retail Limited			-	278,000,000	-	278,000,000
Purchases and services received*						
Spice Retail Limited			348,936,332	625,531,384	348,936,332	625,531,384
Commission received on Airtime connection						
Spice Retail Limited			963,712	880,161	963,712	880,161
Interest Paid						
Spice Retail Limited			-	15,842,192	-	15,842,192
Computer Maintenance Expenses						
Bharat IT Services Limited	101,938	101,732			101,938	101,732
<b>B. Balances at the year end</b>						
Creditors						
Spice Retail Limited			198,888,530	248,419,545	198,888,530	248,419,545
Bharat IT Services Limited	24,563	2,231			24,563	2,231

\* Excluding VAT

Note: No amount has been provided as doubtful debts or advances/written off or written back in respect of debts due from/to above parties.



# Our offices

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