

Spice Digital Limited

Financial Statements

For The Year Ended March 31, 2016

Together with Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT

To the Members of Spice Digital Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **Spice Digital 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 Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone 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 standalone 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 standalone financial statements.

Basis for Qualified Opinion

The Company has not made any provision for receivables of Rs.99,313,390 from Spice Retail Limited and Rs.361,515,326 from Hindustan Retail Private Limited, whose net worth has been fully eroded. In our opinion, these have to be fully provided for and had the same been considered, the profit for the year ended March 31, 2016 would have converted into loss after tax of Rs.362,485,527 with corresponding impact on the reserves.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the aforesaid Standalone 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, 2016, and its profit and its cash flows 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) Except for the matter described in the Basis for Qualified Opinion paragraph, 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) Except for the effects of the matter described in the Basis for Qualified Opinion paragraph, 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) Except for the effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with paragraph 7 of the Companies (Accounts) Rules, 2014;
 - (e) The matter described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Company;
 - (f) On the basis of the written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164 (2) of the Act;
 - (g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above;



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- (h) 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;
- (i) 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 33 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

Anil Gupta

per Anil Gupta

Partner

Membership no.: 87921

Place: *NRoids*

Date: *11/5/2016*



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 during the current 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 fixed assets 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 three 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 loans are not prejudicial to the Company's interest.
- (b) The Company has granted loans that are re-payable on demand, to three 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 loan outstanding from these parties as at year end, 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 due 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 entities in which directors 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.
- (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



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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	Appellate Tribunal, Delhi
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, Delhi
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	13,30,457	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.
- (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.



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- (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 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, 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 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.

Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weakness has been identified in the operating effectiveness of the Company's internal financial controls over financial reporting as at March 31, 2016:

The Company's internal financial controls over non provisioning of doubtful loans and receivables (refer basis for qualified opinion in the main report) could result in potential misstatement in the preparation of the financial statement.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, the Company has, in all material respects, maintained adequate internal financial controls over financial reporting as of 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, and except for the possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the Company's internal financial controls over financial reporting were operating effectively as of March 31, 2016.

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



per Anil Gupta

Partner

Membership Number: 87921

Place: 

Date: 



Spice Digital Limited
Balance Sheet as at March 31, 2016

		As at 31 March 2016 Rs.	As at 31st March 2015 Rs.
Equity and Liabilities			
Shareholders' funds			
Share capital	3	397,709,840	397,709,840
Reserves and surplus	4	2,556,683,531	2,458,340,342
		<u>2,954,393,371</u>	<u>2,856,050,182</u>
Non-current Liabilities			
Long term liabilities	5	129,063	313,316
Deferred tax liabilities (net)	6	-	6,933,228
Long term provisions	7	17,605,111	11,620,245
		<u>17,734,174</u>	<u>18,866,789</u>
Current Liabilities			
Short term borrowings	8	95,932,769	-
Trade payables	9		
- Total outstanding dues of micro enterprises and small enterprises		-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises		178,414,742	153,285,284
Other current liabilities	9	158,981,765	90,468,353
Short term provisions	7	21,430,704	22,307,883
		<u>454,759,979</u>	<u>266,061,520</u>
TOTAL		<u><u>3,426,887,524</u></u>	<u><u>3,140,978,491</u></u>
APPLICATION OF FUNDS			
Fixed Assets			
Tangible assets	10	196,249,529	198,028,416
Intangible assets	11	49,506,965	52,013,815
Capital work-in-progress		252,969	4,202,688
Non-current investments	12	893,408,408	868,281,107
Deferred tax assets(net)	6	6,178,269	-
Long term loans and advances	13	178,972,944	263,172,545
Other non-current assets	16.2	63,522,548	25,000
		<u>1,388,091,632</u>	<u>1,385,723,571</u>
Current assets			
Current investments	14	70,000,000	165,586,516
Inventories	15	8,785,940	556,000
Trade receivables	16.1	532,529,765	485,997,298
Cash and bank balances	17	340,758,293	162,508,594
Short term loans and advances	13	807,670,728	711,503,078
Other -current assets	16.2	279,051,166	229,103,435
		<u>2,038,795,892</u>	<u>1,755,254,920</u>
TOTAL		<u><u>3,426,887,524</u></u>	<u><u>3,140,978,491</u></u>

Summary of significant accounting policies

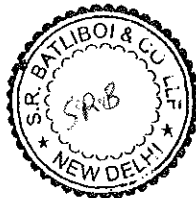
The accompanying notes are an internal part of the financial statements

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: *17/3/2016*



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

Suman Ghose Hazra

(Director)
DIN: 00012223

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

Subramanian Murali

(Director)
DIN: 00041261

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

Saket Agarwal

(Chief Executive Officer)

Spice Digital Limited
Statement of profit and loss for the year ended 31 March, 2016

	Notes	As at 31 March 2016 Rs.	As at 31 March 2015 Rs.
INCOME			
Revenue from operations (net)	18	1,718,655,546	1,042,919,685
Other Income	18.1	105,040,848	125,077,322
TOTAL		1,823,696,394	1,167,997,007
EXPENDITURE			
Purchase of traded goods	19	397,530,364	146,236,688
(Increase)/Decrease in inventories of traded goods	20	(8,229,940)	1,900,878
Operating expenses	21	544,602,677	355,227,305
Employee benefit expense	22	343,434,084	232,869,689
Other expenses	23	344,162,110	194,529,845
TOTAL		1,621,499,295	930,764,405
Earning before interest (tax, exceptional item, depreciation and amortization (EBITDA) (I)-(II)			
Depreciation and amortization expense	24	202,197,099	237,232,602
Finance costs	25	59,282,947	49,057,402
Profit before exceptional item and tax		2,589,639	64,428
		140,324,513	188,110,773
Exceptional item	25.1	-	2,036,462
Profit before tax		140,324,513	186,074,311
Tax expenses			
Current tax		54,700,000	40,800,000
Deferred tax charge/(credit)		(13,111,496)	8,268,542
Income tax adjustments for earlier years		392,820	8,656,910
Total Tax Expense		41,981,324	57,725,453
Profit for the year/period		98,343,189	128,348,858
Earnings per equity share [nominal value of share Rs.10 (31 March 2015: Rs.10)]			
	26	2.47	3.23

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

per Anil Gupta
Partner
Membership No.: 87921
Place: *New Delhi*
Date: *27/03/16*



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

Suman Ghose Hazra
(Signature)
(Director)
DIN: 00012223

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

Subramanian Murali
(Signature)
(Director)
DIN: 00041261

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

Saket Agarwal
(Signature)
(Chief Executive Officer)

	For the year ended March 31, 2016 (Rs.)	For the year ended March 31, 2015 (Rs.)
A. Cash flow from operating activities		
Net Profit before Tax	1403,24,513	1860,74,311
Adjustments for		
Depreciation / Amortization	592,82,947	510,93,865
(Profit) on disposal of Fixed Assets (net)	(2,18,052)	(11,32,828)
Provision for Doubtful debts/ Provision written back	156,73,869	(460,87,356)
Bad debts written off	-	69,12,440
Interest Income	(704,30,384)	(547,48,039)
Dividend income	(128,58,619)	(51,50,053)
Net gain on sale of current investments in mutual fund units	(78,96,638)	(63,10,323)
Income from long term Fixed Maturity Plan Investment	(2,18,800)	(84,89,100)
Provision for diminution in the value of investments written back	(51,00,000)	(48,23,412)
Interest paid	15,89,639	64,428
Sundry balances written back	-	(8,601)
Provision for diminution in the value of long term investments	-	41,00,000
Operating profit before working capital changes	1201,48,475	1214,95,333
Movement in Working Capital:		
(Increase) in Trade Receivables	(622,06,336)	(119,19,397)
(Increase) / Decrease in Inventories	(82,29,940)	19,00,878
Decrease / (Increase) in Loans and Advances	256,28,339	(485,71,632)
(Increase) / Decrease in Other Current Assets	(316,06,403)	64,25,599
Increase in Trade Payables , Other Liabilities & Provisions	984,90,340	507,03,111
Cash generated from Operations	1422,24,475	1200,33,894
Direct taxes refund / (paid)	704,16,391	(1110,06,345)
Net cash generated from operating activities (A)	2126,40,866	90,27,549
B. Cash flow from Investing Activities		
Purchase of Fixed Assets	(474,29,798)	(457,59,509)
Proceeds from disposal of Fixed Assets	10,70,722	12,02,690
Purchase of Current Investments	(700,00,000)	-
Investment in Subsidiary / Associate companies	(100,27,301)	(879,87,728)
Purchase of Long term investments	(100,00,000)	-
Proceeds from sale of investments	1861,81,555	1807,59,377
Loans to subsidiary/fellow subsidiary companies	(2175,00,000)	(364,28,188)
Loan to a body corporate received back / (given)	500,00,000	(800,00,000)
Dividend received	(0.00)	53,35,426
Fixed Deposits made / encashed (net)	(1137,46,207)	226,00,541
Interest Received	524,68,073	455,09,619
Net cash (used in) / generated from investing activities (B)	(1789,82,956)	52,32,228
C. Cash flow from financing activities		
Proceeds from short term borrowings	959,32,769	-
Interest Paid	(15,89,639)	(64,428)
Net cash generated from / (used in) financing activities (C)	943,43,130	(64,428)
Net Increase in cash & cash equivalents (A+B+C)	1280,01,040	141,95,348
Cash & Cash Equivalents at the beginning of the year / period	1219,07,031	1077,11,683
Cash & Cash Equivalents at the end of the year / period	2499,08,071	1219,07,031
Components of cash & cash equivalents as at 31 March, 2016		
Cash on Hand	1,59,306	1,30,383
Cheques in Hand	41,64,781	15,22,783
Balances with Scheduled Banks:		
On Current Accounts	2172,33,984	1090,29,185
Deposits with original maturity of less than three months	283,50,000	112,24,680
	2499,08,071	1219,07,031

Notes:

- The cash flow statement has been prepared under the indirect method as set out in Accounting Standard 3 on Cash Flow Statements as 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. Battliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 301003E/E300005

per Anil Gupta
Partner
Membership No.: 87921
Place: *Noida*
Date: *17/5/2016*



For and on behalf of the Board of Directors

[Signature]
Suman Ghose Hazra

[Signature]
Subramanian Murali

[Signature]
Saket Agarwal

(Director)
DIN: 00012223

(Director)
DIN: 00041261

(Chief Executive Officer)

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

[Signature]
Kosik Arora
(Company Secretary)
(Mem. No.: A21670)

	31 Mar 2016 Rs.	31st March 2015 Rs.
3. Share Capital		
Authorised shares(No.)		
100,000,000 (Previous period: 100,000,000) equity shares of Rs. 10 each	1,000,000,000	1,000,000,000
Issued, subscribed and paid up shares		
39,770,984 (Previous period: 39,770,984) equity shares of Rs. 10 each fully paid up	397,709,840	397,709,840
Total issued, subscribed and fully paid-up share capital	397,709,840	397,709,840

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year/period

Equity shares	31 March 2016		31 March 2015	
	No. of shares	Amount in Rs.	No. of shares	Amount in Rs.
At the beginning of the year/period	39,770,984	397,709,840	39,770,984	397,709,840
Outstanding at the end of the year/period	39,770,984	397,709,840	39,770,984	397,709,840

b. Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs10 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the equity shareholders 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.

c. Shares held by holding/ultimate holding

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

	31 March 2016 Rs.	31 March 2015 Rs.
Spice Mobility Limited 35,470,674 (Previous period: 35,470,674) equity shares of Rs.10 fully paid up	354,706,740	354,706,740

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

Equity shares of Rs 10 each fully paid	31 Mar 2016		31 March 2015	
	No. of shares	% of holding	No. of shares	% of holding
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%

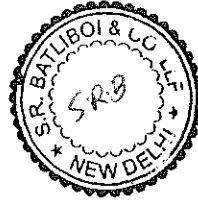
As per the records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

During the year ended March 31, 2013, the Company had bought back 3,118,701 equity shares of Rs. 10 each as fully paid up.



Spice Digital Limited
Notes to financial statements for the year ended 31 March 2016

	31 Mar 2016	31 March 2015
	Rs.	Rs.
4. Reserves and Surplus		
Capital Reserve (Capital Investment Subsidy) As per last financial statements	3,000,000	3,000,000
Securities Premium Account As per last financial statements	54,994,331	54,994,331
General Reserve As per last financial statements	95,778,760	95,778,760
Shares Buy Back Reserve Account As per last financial statements	31,187,010	31,187,010
Surplus in the statement of profit and loss As per last financial statements	2,273,380,241	2,145,031,383
Profit for the year/period	98,343,189	128,348,858
Net Surplus in the statement of profit and loss	2,371,723,430	2,273,380,241
Total reserves and surplus	2,556,683,531	2,458,340,342



Spice Digital Limited
Notes to financial statements for the year ended 31 March 2016

	31 Mar 2016	31st March 2015
	Rs.	Rs.
5. Long term liabilities		
Trade payables (refer note 35 for details of due to micro and small enterprises)	129,063	313,316
Total	129,063	313,316



Spice Digital Limited
Notes to financial statements for the year ended 31 March 2016

	31 Mar 2016	31st March 2015
	Rs.	Rs.
6. Deferred tax liabilities (net)		
Deferred Tax Liabilities		
Fixed assets: Impact of difference between tax depreciation and depreciation/amortization charged for the financial reporting	21,302,649	20,649,233
Impact of income recognised in the statement of profit and loss in the current /earlier years but chargeable to tax in subsequent years	-	4,319,190
Gross Deferred Tax Liabilities	21,302,649	24,968,423
Deferred Tax Assets		
Impact of expenditure charged to the statement of profit and loss in the current / earlier years but allowable for tax purpose in subsequent years		
- Provision for doubtful debts	11,301,103	6,300,252
- Others	16,179,815	11,734,944
Gross Deferred Tax Assets	27,480,918	18,035,195
Net Deferred Tax (Assets)/ Liabilities	(6,178,269)	6,933,228



Spice Digital Limited
Notes to financial statements for the year ended 31 March 2016

	Long-term		Short-term	
	31 March 2016 Rs.	31 March 2015 Rs.	31 March 2016 Rs.	31 March 2015 Rs.
7. Provisions				
Provision for employee benefits				
Provision for gratuity (refer note 26)	17,605,111	11,620,245	8,483,011	10,490,590
Provision for leave benefits	-	-	12,947,693	11,817,293
Total	17,605,111	11,620,245	21,430,704	22,307,883

	31 March 2016	31st March 2015
	Rs.	Rs.
8.Short term borrowings		
Bill discounting facility from a bank (Secured)	95,932,769	-
	95,932,769	-

The bill discounting facility from the bank is secured by first and exclusive charge on entire current assets of the Company, both present and future. Further, lien is marked on fixed deposit receipt to the extent of 25% of the total limit of Rs 100,000,000. The facility carries interest at base rate plus 1.65%.



Spice Digital Limited
Notes to financial statements for the year ended 31 March 2016

	31 March 2016	31 March 2015
	Rs.	Rs.
9. Trade Payables and Other current liabilities		
Trade payables (refer note 35 for details of dues to micro and small enterprises)		
-Due to Micro and Small Enterprises	-	-
-Due to Other than Micro and Small Enterprises	178,414,742	153,285,284
Other liabilities		
Payable towards capital goods	2,661,843	2,585,880
Employee related payable	69,219,217	50,162,172
Unearned revenue	83,333	275,945
Advances from customers	71,910,095	23,534,362
Service tax payable	133,980	214,274
TDS Payable	11,162,054	8,878,076
Provident Fund Payable	2,745,725	2,674,142
ESI Payable	21,959	-
Other Statutory dues payable	342,374	333,452
Other payable	701,185	1,810,050
	158,981,765	90,468,353
Total	337,396,507	243,753,637



Spice Digital Limited
Notes to financial statements for the year ended 31st March 2016
10. Tangible Assets

(Amount in Rs.)

	Leasehold Land	Leasehold Improvement	Building	Data Processing Machines	Furniture & Fixture	Office Equipment	Vehicles	Total
As at 30-June-2014	56,729,517	15,145,683	111,565,507	359,219,962	21,642,949	42,789,987	1,038,720	608,132,325
Additions	-	1,388,134	3,282,817	14,476,213	2,704,043	4,328,568	3,053,279	29,233,054
Disposals	-	3,807,096	-	175,950	394,080	809,300	-	5,186,426
As at 31-03-2015	56,729,517	12,726,721	114,848,324	373,520,225	23,952,912	46,309,255	4,091,999	632,178,953
Additions	-	4,382,530	1,695,738	22,189,963	2,465,449	3,074,494	2,854,377	36,662,551
Disposals	-	11,218,469	-	9,900,489	496,356	1,932,777	1,038,720	24,586,812
As at 31-03-2016	56,729,517	5,890,782	116,544,062	385,809,699	25,922,005	47,450,971	5,907,656	644,254,692
Depreciation								
As at 30-June-2014	15,042,318	15,138,883	31,931,426	293,121,013	17,298,150	32,154,063	846,287	405,532,140
Charge for the period	1,908,556	245,129	4,531,248	19,660,299	1,780,384	5,367,197	242,148	33,734,961
Disposals	-	3,804,659	-	167,156	375,728	769,021	-	5,116,564
As at 31-03-2015	16,950,874	11,579,353	36,462,674	312,614,156	18,702,806	36,752,239	1,088,435	434,150,537
Charge for the year	2,542,420	774,538	6,075,482	23,713,507	1,317,759	2,368,668	796,418	37,588,791
Disposals		11,218,469		9,405,445	456,904	1,666,539	986,784	23,734,141
As at 31-03-2016	19,493,293	1,135,423	42,538,157	326,922,195	19,563,659	37,454,368	898,068	448,005,163
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	198,028,416
As at 31-03-2016	37,236,224	4,755,360	74,005,905	58,887,504	6,358,345	9,996,603	5,009,588	196,249,529

Notes:

1. Fixed Assets include following assets given on operating lease:

Particulars	Gross Block		Depreciation		Accumulated Depreciation		Net Block	
	As at March 31, 2016	As at March 31, 2015	For the year ended March 31, 2016	For the period ended March 31, 2015	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 2015
Leasehold Land	8,595,934	8,595,934	477,929	358,739	3,781,259	3,303,330	4,814,675	5,292,604
Building	18,859,487	18,859,487	1,049,132	787,568	8,127,681	7,078,549	10,731,806	11,780,938
Total	27,455,421	27,455,421	1,527,061	1,146,307	11,908,940	10,381,879	15,546,481	17,073,542

2. Data processing machines includes assets having gross block of Rs 7,289,830 (Previous period : Rs 7,289,830) and written down value of Nil (Previous period : Nil) which are held in joint ownership with others.



Spice Digital Limited
Notes to financial statements for the year ended 31 March 2016

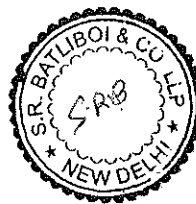
11. Intangible Assets

(Amount in Rs.)

	Computer Software	Intellectual Property Rights	Total
As at 30-June-2014	294,758,135	11,631,000	306,389,135
Additions	11,122,911	-	11,122,911
Disposals	-	-	-
As at 31-03-2015	305,881,046	11,631,000	317,512,046
Additions	19,187,307	-	19,187,307
Disposals	-	-	-
As at 31-03-2016	325,068,353	11,631,000	336,699,353
Amortisation			
As at 30-June-2014	245,300,340	2,838,988	248,139,328
Charge for the period	15,629,175	1,729,728	17,358,903
Disposals	-	-	-
As at 31-03-2015	260,929,515	4,568,716	265,498,231
Charge for the year	19,389,957	2,304,200	21,694,157
Disposals	-	-	-
As at 31-03-2016	280,319,472	6,872,916	287,192,388
NET BLOCK			
As at 31-03-2015	44,951,531	7,062,284	52,013,815
As at 31-03-2016	44,748,881	4,758,084	49,506,965

Note :

1. Computer software includes assets having gross block of Rs 18,831,600 (Previous period : 18,831,600) and written down value of Rs Nil (Previous period : Nil) which are held in joint ownership with others.



Spice Digital Limited
Notes to financial statements for the year ended 31 March 2016

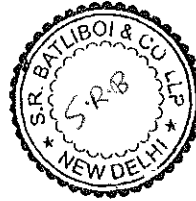
	31 March 2016 Rs.	31 March 2015 Rs.
12. Non-current investments [value at cost unless stated otherwise]		
Trade investments		
Unquoted equity instruments		
Investment in subsidiaries		
10,000,000 (Previous period: 10,000,000) equity shares of Rs. 10 each fully paid up in Mobisoc Technology Private Limited (at cost less provision for other than temporary diminution in value Rs.3,400,000 (Previous period: Rs. 8,500,000))*	966,00,000	915,00,000
10,039,997 (Previous period: 10,039,997) equity shares of Rs. 10 each fully paid up in Spice Labs Private Limited	1003,99,970	1003,99,970
15,735,600 equity shares (Previous period: 15,735,600) of 1 Sing \$ each in S GIC Pte. Limited	5853,60,875	5853,60,875
38,860 (Previous period: 38,860) equity shares of Tk 100 each in Spice Digital Bangladesh Limited	30,32,534	30,32,534
Investment in Associates		
3,514 (Previous period : 3,514) equity shares of Rs10 each in Vavia Technologies Private Limited	100,00,000	100,00,000
83,636 (Previous period: 83,636) equity share of Re 1 each in Sunstone Learning Private Limited (formerly known as Anytime Learning Private Limited)	779,87,728	779,87,728
3,514(Previous period: Nil) equity shares of Rs 10 each in Creative Functionapps Labs Private Limited	100,00,000	-
27,301(Previous period: Nil) equity share of Re 1 each in Sunstone Eduversity	27,301	-
Non-Trade Investments		
100 (previous period: Nil) debentures of Rs 100,000 each in Reliance Capital Limited**	100,00,000	-
	8934,08,408	8682,81,107
Aggregate amount of unquoted investments	8934,08,408	8682,81,107
*Aggregate provision for diminution in the value of investments	34,00,000	85,00,000

**Market Value of investment in Reliance Capital Limited as on 31st March 2016 is Rs 8,676,000. Provision of diminution in the value of debentures has not been recognised as the decline is temporary in nature.



Spice Digital Limited
Notes to financial statements for the year ended 31 March 2016

	Non-Current		Current	
	31 March 2016 Rs.	31 March 2015 Rs.	31 March 2016 Rs.	31 March 2015 Rs.
13. Loans and advances				
Capital advances				
Unsecured, considered good	1,100,000	5,494,400	-	-
(A)	1,100,000	5,494,400	-	-
Security Deposits				
Unsecured, considered good	12,151,689	17,433,414	12,527,725	3,818,513
(B)	12,151,689	17,433,414	12,527,725	3,818,513
Loan and advances to related parties(refer note 29) unsecured, considered good				
Loans to subsidiary/fellow subsidiary companies	-	-	466,428,188	248,928,188
Advances to related parties	-	-	2,028,158	4,873,846
(C)	-	-	468,456,346	253,802,034
Advances recoverable in cash or kind				
Unsecured, considered good	-	-	46,496,301	80,647,264
Share application money pending allotment	-	-	1,500,000	-
(D)	-	-	47,996,301	80,647,264
Loans and advances to employees				
Unsecured, considered good	1,526,338	1,526,341	2,223,664	1,330,053
(E)	1,526,338	1,526,341	2,223,664	1,330,053
Other loans and advances				
MAT Credit Entitlement (refer note 37)	133,211,665	157,543,508	-	-
Advance income-tax (net of provision for taxation)	-	-	257,160,162	358,337,530
Prepaid expenses	983,252	1,174,882	10,812,887	6,009,601
Balance with statutory/government authorities	-	-	8,493,643	7,558,083
Loan to a body corporate [including secured Rs.30,000,000 (Previous period: Nil)]	30,000,000	80,000,000	-	-
(F)	164,194,917	238,718,390	276,466,692	371,905,214
Total(A+B+C+D+E+F)	178,972,944	263,172,545	807,670,728	711,503,078



	31 March 2016 Rs.	31 March 2015 Rs.
14. Current investments		
Unquoted mutual fund units of Rs. 10 each fully paid up		
Current portion of long term investments (valued at cost)		
Nil (Previous period: 5,000,000) Birla Sun Life Fixed Term Plan-Series KJ- Growth Regular	-	50,000,000
Nil (Previous period: 3,000,000) TATA Fixed Maturity Plan-Series 47 Scheme D-Plan A-Growth	-	30,000,000
Nil (Previous period: 5,000,000) DWS Fixed Maturity Plan Series 53-Regular Plan Growth	-	50,000,000
Current Investments (at lower of cost and fair value, unless stated otherwise)		
Nil (Previous period 78,639) ICICI Prudential Income Regular Plan Growth	-	2,999,642
Nil (Previous period 2,922,144) IDFC Super Saver Income Fund- Quarterly dividend Regular Plan		32,586,874
2,595,717(Previous period Nil)Reliance Regular Savings Fund-Debt- Growth	50,000,000	-
564,052(Previous period Nil) IDFC Super Saver Income Fund-Investment Plan-Growth (Regular Plan)	20,000,000	-
	70,000,000	165,586,516
Aggregate amount of unquoted investments (Net Assets value Rs.73,824,325 (Previous period Rs. 179,147,268))	70,000,000	165,586,516
15. Inventories(valued at lower of cost and net realizable value)		
Traded goods	8,785,940	556,000
	8,785,940	556,000



	Non-Current		Current	
	31 March 2016 Rs.	31 March 2015 Rs.	31 March 2016 Rs.	31 March 2015 Rs.
16. Trade receivable and other assets				
16.1 Trade receivables*				
Unsecured, considered good unless stated otherwise				
Outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, considered good		-	234,811,012	144,516,564
Doubtful		-	33,504,394	22,523,742
Provision for doubtful receivables		-	268,315,406	167,040,306
		-	33,504,394	22,523,742
	(A)	-	234,811,012	144,516,564
Other receivables				
Unsecured, considered good	-	-	297,718,753	341,480,734
Doubtful	-	-	5,065,624	372,409
Provision for doubtful receivables	-	-	302,784,377	341,853,143
		-	5,065,624	372,409
	(B)	-	297,718,753	341,480,734
Total(A+B)		-	532,529,765	485,997,298

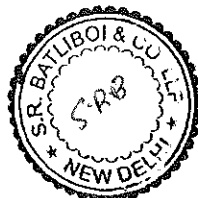
	Non-Current		Current	
	31 March 2016 Rs.	31 March 2015 Rs.	31 March 2016 Rs.	31 March 2015 Rs.
16.2 Other Assets				
Unsecured, considered good				
Non-current bank balances (note 16)	63,522,548	25,000	-	-
Others				
Interest receivable on Income Tax	-	-	10,017,310	28,980,840
Interest accrued on fixed deposits	-	-	1,103,222	509,402
Interest accrued on inter-corporate loans				
- Related Parties	-	-	43,330,665	5,002,370
- Others	-	-	-	1,996,274
Receivable against Ticketing/Hotel				
- Related Parties	-	-	7,613,085	1,199,610
- Others	-	-	13,328,236	13,364,691
Rent Receivable	-	-	993,186	1,036,705
Income accrued on investment in Fixed Maturity Plan Investments	-	-	-	12,479,601
Unbilled revenue	-	-	169,320,040	164,533,942
Dividend receivable on long term investment in a subsidiary company	-	-	12,858,618	-
Receivable against collection from agents	-	-	20,486,804	-
	63,522,548	25,000	279,051,166	229,103,435



Spice Digital Limited
Notes to financial statements for the year ended 31 March 2016

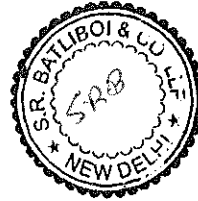
	Non-Current		Current	
	31 March 2016 Rs.	31 March 2015 Rs.	31 March 2016 Rs.	31 March 2015 Rs.
17. Cash and Bank Balances				
Balance with banks:				
On current accounts	-	-	217,233,984	109,029,185
Deposit with original maturity of less than three month	-	-	28,350,000	11,224,680
Cheques on hand	-	-	4,164,781	1,522,783
Cash on hand	-	-	159,306	130,383
	-	-	249,908,071	121,907,031
Other bank balances*				
Deposits with original maturity for more than 3 months but upto 12 months		-	83,745,441	40,601,563
for more than 12 months	63,522,548	25,000	7,104,781	
	63,522,548	25,000	90,850,222	40,601,563
Amount disclosed under non-current assets (refer note 16.2)	(63,522,548)	(25,000)	-	-
			340,758,293	162,508,594

*Includes receipts pledged with bank as margin money against issuance of bank guarantees Rs. 73,895,555 (Previous period Rs. 34,172,662)
and for PPI business Rs 31,410,357 (previous period: Nil)

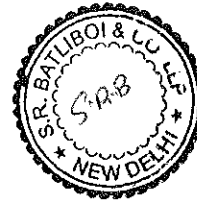


Spice Digital Limited
Notes to financial statements for the year ended 31 March 2016

	31 March 2016 Rs.	31 March 2015 Rs.
18. Revenue from operations		
Sale of traded goods	407,116,129	154,175,601
Sales of services	1,311,539,417	888,744,084
Revenue from operations	1,718,655,546	1,042,919,685
Details of sale of traded goods		
Sale of telecom related hardwares and others	61,245,242	38,805,731
Sale of Airtime	345,870,887	115,369,870
	407,116,129	154,175,601
Details of services rendered		
Value Added Services Revenue	1,311,539,417	888,744,084
18.1 Other income		
Interest income on		
Bank deposits	11,327,519	3,801,034
Inter corporate loans	47,504,263	21,909,554
Income Tax refund	11,282,745	28,980,840
Others	315,857	56,613
Dividend income on		
Current investments	-	5,150,053
Long term investments from a subsidiary company	12,858,619	-
Income from long term Fixed Maturity Plan Investment	218,800	8,489,100
Net gain on sale of current investments in mutual fund units	7,896,638	6,310,323
Provision for diminution in the value of current investments written back	-	4,823,412
Provision for diminution in value of investment in a subsidiary company written back	5,100,000	-
Exchange difference (net)	4,533,790	2,431,018
Provision for doubtful debts written back	-	39,174,916
Profit on disposal of fixed assets (net)	218,052	1,132,828
Rental Income	3,783,029	2,806,673
Sundry balances written back (net)	-	8,601
Other non-operating income	1,536	2,357
	105,040,848	125,077,322



	31 March 2016 Rs.	31 March 2015 Rs.
19. Purchase of Traded goods		
Traded Goods	51,659,477	30,866,816
Airtime Purchase	345,870,887	115,369,872
	397,530,364	146,236,688
20. (Increase)/Decrease in inventories		
Inventory at the end of the year/period		
Traded goods	8,785,940	556,000
	8,785,940	556,000
Inventory at the beginning of the year/period		
Traded goods	556,000	2,456,880
	556,000	2,456,880
	(8,229,940)	1,900,880
21. Operating Expenses		
Value added service charges	544,602,677	355,227,305
	544,602,677	355,227,305



Spice Digital Limited
Notes to financial statements for the year ended 31 March 2016

	31 March 2016 Rs.	31 March 2015 Rs.
22. Employee benefits expenses		
Salaries, wages and bonus	308,077,685	207,341,446
Contribution to provident and other funds	18,275,179	12,470,941
Gratuity expense (refer note 26)	7,525,249	5,790,263
Staff welfare expenses	9,555,971	7,267,039
	343,434,084	232,869,689
23. Other expenses		
Rent	26,083,827	21,764,928
Rates and taxes	2,866,785	1,735,572
Insurance	1,399,536	1,120,902
Repair and maintenance		
Computers and others	8,473,686	6,299,172
Buildings	289,161	404,091
Electricity and water	10,310,883	9,390,847
Advertising and sales promotion	20,901,866	15,419,394
Travelling and conveyance	23,247,009	15,848,189
Communication costs	28,457,374	14,332,614
Legal and professional fees	124,644,413	49,730,852
Director's sitting fees	700,000	302,472
Payment to auditors (refer details below)	3,678,978	3,926,794
Vehicle running and maintenance	45,639,825	33,696,033
Provision for diminution in value of investment in a subsidiary company	-	4,100,000
Provision for doubtful debts	15,673,869	-
Charity and donation - other than to political parties	178,100	128,100
Corporate Social Responsibility Expenditure	4,000,000	5,500,000
Miscellaneous expenses	27,616,798	10,829,885
	344,162,110	194,529,845
A. Payment to auditor		
As auditor:		
Audit fee	1,400,000	1,400,000
Tax audit fee	400,000	400,000
Limited review	1,500,000	1,000,000
Audit of tax account	-	400,000
In other capacity:-		
Other services (certification fees)	195,000	670,358
Reimbursement of expenses	183,978	56,436
	3,678,978	3,926,794
B. Details of Corporate Social Responsibility expenditure		
a. Gross amount required to be spent by the Company during the year/period	3,440,712	5,050,448
b. Amount spent during the year/period		
On promoting education, Skill Development and Women's Health.	4,000,000	5,500,000



Spice Digital Limited
Notes to financial statements for the year ended 31 March 2016

	31 March 2016 Rs.	31 March 2015 Rs.
24. Depreciation and amortization expense		
Depreciation on tangible assets	37,588,791	31,698,500
Amortization on intangible assets	21,694,156	17,358,903
	59,282,947	49,057,403
25. Finance costs		
Interest expense (including Rs. 214,421 (Previous period Rs. 55,728) on income tax)	617,123	64,428
Bill discounting charges	972,516	-
Other finance cost	1,000,000	-
	2,589,639	64,428
25.1 Exceptional Item		
Additional depreciation due to change in useful life	-	2,036,462
	-	2,036,462
26. Earning per share(EPS)		
Net profit as per profit and loss statement (Rs.)	98,343,189	128,348,858
Opening number of equity shares	39,770,984	39,770,984
Closing number of equity shares	39,770,984	39,770,984
Weighted average number of equity shares outstanding during the year/period.	39,770,984	39,770,984
Basic and Diluted earnings per share (Rs.)	2.47	3.23



Spice Digital Limited

Notes to financial statements for the year ended 31 March 2016

1. Corporate Information

The Company is into the Information and Communication Technology business providing Value Added Services, Mobile Content and Roaming Management Services to the Telecom Operators. Also, the Company undertakes development and sale of telecom related software. Based on license from Indian Railway Catering and Tourism Corporation, the Company has appointed agents for booking of railway tickets all over India. Besides IRCTC ticketing, agents also book air tickets, hotels and provides other travel needs through the platform provided by the Company. The Company gets one-time fee from the agents and also receives service charges on booking of tickets, hotels etc.

Company is also providing services in domestic money transfer (DMT). Under the service, any customer can send money to others at any location in India using the Company's portal. During the current financial year, Company has got PPI (Prepaid payment Instrument) license from Reserve Bank of India under Payment and Settlement Act, 2007. Agents are doing domestic money transfer through the platform provided by the Company.

2. Basis of Preparation

The financial statements of the Company have been prepared in accordance with generally accepted 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 of previous period.

2.1 Summary of significant accounting policies

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

- i) Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises the purchase price, and any attributable cost of bringing the asset to its working condition for its intended use.
- ii) Subsequent expenditure related to an item of tangible 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 tangible 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 year during which such expenses are incurred.
- iii) Gains or losses arising from de-recognition 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.



Spice Digital Limited

Notes to financial statements for the year ended 31 March 2016

C) Depreciation on tangible fixed assets

- i. Buildings are depreciated over the period of lease or their useful lives whichever is lower. Useful life prescribed under Schedule II of the Companies Act, 2013 has been considered for calculating rate of depreciation.
- ii. Cost of Leasehold improvements is amortized over the period ranging from 1-6 years and leasehold land over the period ranging from 18-90 years or their useful lives whichever is lower.
- iii. Depreciation on fixed assets is calculated on a straight-line basis. The Company has used the following rates to provide depreciation on its fixed assets.

Tangible Assets	Rates (SLM) (in %)	Schedule II Rates (SLM) (in %)
Data Processing Machines-Sites	19.00	15.83
Data Processing Machines-Office	31.67	31.67
Furniture & Fixtures	13.57	9.50
Office Equipment		
- Mobile phones	31.67	19.00
- Others	19.00	19.00
Vehicles		
- Motor Cars	11.88	11.88

d) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Costs incurred towards in-house software development are charged to the statement of profit and loss as and when incurred.

Intangible assets are amortized on a straight line basis over the estimated useful economic life. The Company uses a rebuttable presumption that the useful life of intangible assets will not exceed 10 years from the date when the asset is available for use. Such intangible assets not yet available for use are tested for impairment annually, either individually or at the cash-generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period items and Changes in Accounting Policies.

Gains or losses arising from de-recognition 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.

A summary of amortization policies applied to the Company's intangible assets is as follow:-

Intangible Assets	Estimated Useful Life (Years)
Computer Software – SAP (ERP) and Sites	5 years
Intellectual Property Rights	5 years
Computer Software – Office	3 years



Spice Digital Limited

Notes to financial statements for the year ended 31 March 2016

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.

Where the Company is the 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 fixed assets. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss. Initial direct costs such as legal costs. Brokerage costs etc. are recognized immediately in the statement of profit and loss.

F) Impairment of tangible and intangible assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) 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. Where 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.

G) Government grants and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the Company will comply with the conditions attached to them, and (ii) the grant /subsidy will be received.

Government grants of the nature of promoters' contribution are credited to capital reserve and treated as a part of the shareholders' funds.

H) Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.



Spice Digital Limited

Notes to financial statements for the year ended 31 March 2016

I) Inventories

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 FIFO basis.

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

J) 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 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. The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue.

Sale of telecom related software

Revenue is recognized at the time when the 'user acceptance test certificate' is received from the customers.

Income from services

Revenue from value added services are recognized at the end of each month in which the services are rendered. The Company collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

Interest

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 recognized when the Company's right to receive dividend is established by the reporting date.

Income on Fixed Maturity Plan Investments

Income on fixed maturity plan investments in various schemes of mutual funds is recognized based on reasonable certain yield at the balance sheet date.

K) 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.



Spice Digital Limited

Notes to financial statements for the year ended 31 March 2016

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 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 at rates different from those at which they were initially recorded during the year or recorded during the previous period, are recognized as income or as expense in the period in which they arise.

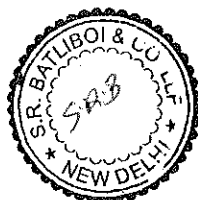
L) Retirement and other employee benefits

- i) Retirement benefit in the form of provident fund and national pension scheme are defined contribution schemes. The Company has no obligation, other than the contribution payable to the provident fund and national pension scheme. The Company recognizes contribution payable to the provident fund and national pension 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.
- ii) Gratuity is a defined benefit obligation. The Company has created an approved gratuity fund for the future payment of gratuity to the employees. The costs of providing benefits under this plan are determined on the basis of actuarial valuation at each year-end. Actuarial valuation is carried out for the plan using the projected unit credit method. Gratuity liability of an employee, who leaves the Company before the close of the year and which is remaining unpaid, is provided on actual computation basis. Actuarial gains and losses are recognized in full in the period in which they occur in the statement of profit and loss.
- 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 year-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.

M) Income taxes

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-Tax Act, 1961 enacted in India. 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 timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.



Spice Digital Limited

Notes to financial statements for the year ended 31 March 2016

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences 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 realized. In situation where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India, no deferred tax (asset or liability) is recognized in respect of timing differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing difference which reverse after the tax holiday period is recognized in the year in which the timing difference originate. However, the Company restricts recognition of 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 realized. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset 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 realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes down the carrying amount of deferred tax asset to the extent 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 realized. 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.

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.

N) 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.

O) Earnings Per Share

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

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

P) Provisions



Spice Digital Limited

Notes to financial statements for the year ended 31 March 2016

A provision is recognized when the Company has a present obligation as a result of 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 obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Q) 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.

R) 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.

S) 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. In its measurement, the Company does not include depreciation and amortization expense, finance costs, exceptional items and tax expense.



26. Gratuity benefit plans

The Company has a defined benefit gratuity plan. 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 funded with an insurance company in the form of a qualifying insurance policy.

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.

Statement of profit and loss

Net employee benefit expense recognized in employee cost:

	March 31, 2016	March 31, 2015
	Rs.	Rs.
Current service cost	4,289,593	2,947,570
Interest cost	1,733,188	1,275,993
Expected return on plan assets	(71,622)	(285,229)
Net actuarial Loss / (gain) recognized in the period / year	1,574,090	1,960,968
Expenses recognized in the statement of profit and loss*	7,525,249	5,899,302
Actual return on plan assets	18,147	284,246

*Excluding reversal of provision in respect of left employees of Rs. Nil (Previous period: Rs.109,039).

Balance Sheet

Benefit asset/ liability

	March 31, 2016	March 31, 2015
	Rs.	Rs.
Defined benefit obligation	26,202,618	22,885,127
Fair value of plan assets	114,496	774,292
Funded status/Difference	(26,088,122)	(22,110,835)

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

	March 31, 2016	March 31, 2015
	Rs.	Rs.
Opening defined benefit obligation	22,885,127	20,530,561
Interest cost	1,733,188	1,275,993
Current service cost	4,289,593	2,947,570
Benefits paid*	(4,094,991)	(3,835,405)
Acquisition adjustment	(130,914)	6,423
Actuarial (gain) on obligation	1,520,615	1,959,985
Closing defined benefit obligation	26,202,618	22,885,127

* Including Rs.34,17,048 (Previous period: Rs.214,039) paid directly by the Company.

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

	March 31, 2016	March 31, 2015
	Rs.	Rs.
Opening fair value of plan assets	774,292	4,111,412
Expected return	71,622	285,229
Contributions by employer	-	-
Benefits paid	(677,943)	(3,621,366)
Actuarial gains/(loss) on plan assets	(53,475)	(983)
Closing fair value of plan assets	114,496	774,292

The Company expects to contribute Rs.84,83,011 to gratuity fund in the next year. (Previous period Rs.7,467,193)



The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	March 31, 2016	March 31, 2015
	%	%
Investments with insurer	100	100

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled. These rates are different from the actual rate of return during the current year.

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

	March 31, 2016	March 31, 2015
	(%)	(%)
Discount rate	8.50%	7.75%
Expected rate of return on plan assets	9.25%	9.25%
Increase in compensation cost	8.00%	8.00%
Employee turnover		
Upto 30 years	15.00	15.00
31 to 34 years	15.00	15.00
Above 44 years	15.00	15.00

Notes:

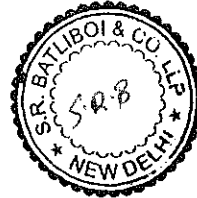
a) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

b) Disclosure as required by para 120 (n) of Accounting Standard Standard 15 (Revised) for current and previous four periods are as follows:

	March 31, 2016	March 31, 2015	June 30, 2014	June 30, 2013	June 30, 2012
Defined benefit obligation	26,202,618	22,885,127	20,530,561	17,158,137	17,521,328
Plan assets	114,496	774,292	4,111,412	5,160,166	9,790,831
Surplus/ (deficit)	(26,088,122)	(22,110,835)	(16,419,149)	(11,997,971)	(7,730,497)
Experience adjustments on plan liabilities -- (loss)/ gain	(1,901,250)	(310,518)	200,707	(1,581,736)	3,058,512
Experience adjustments on plan assets -- (loss)/ gain	(53,475)	(983)	(130,205)	(76,076)	122,779

Defined Contribution Plan:

	March 31, 2016	March 31, 2015
	Rs.	Rs.
Charged to Statement of Profit and Loss		
Contribution to Provident Fund	15,179,789	10,416,182
Contribution to National Pension Scheme	1,441,461	856,656
Contribution to LWF	12,560	-



Spice Digital Limited

Notes to financial statements for the year ended 31 March 2016

27. Leases

In case of assets taken on operating Lease:

Office premises and guest house are obtained on operating lease. In the case of office premises and guest houses, the lease term vary between 11 months to 5 years. There are no restrictions imposed by lease arrangements. There is no contingent rent. All the leases are cancelable in nature.

Particulars	For the year ended March 31, 2016 (Rs.)	For the period ended March 31, 2015 (Rs.)
Lease payment for the year/period	26,083,827	21,764,928

In case of assets given on operating Lease:

The Company has let a portion of its office premises on operating lease. The lease term is for 11 months and thereafter renewable on mutual agreement. There is no escalation clause in the lease agreement. There are no restrictions imposed by lease arrangement.

Particulars	For the year ended March 31, 2016 (Rs.)	For the period ended March 31, 2015 (Rs.)
Lease rent received during the year/period	3,783,029	2,806,673

28. Segment information

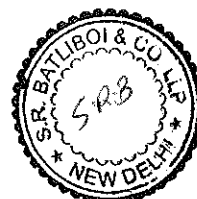
Business Segments:

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 is considered as operating as a single business segment in terms of Accounting Standard-17 'Segment Reporting' as notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014. and hence, there are no additional disclosures to be given other than those already given in the financial statements.

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 ended March 31, 2016 (Rs.)	For the period ended March 31, 2015 (Rs.)
Domestic Market	1,512,017,254	865,039,924
Overseas Markets	206,638,290	177,879,761
Total	1,718,655,544	1,042,919,685



Spice Digital Limited

Notes to financial statements for the year ended 31 March 2016

The following table shows the distribution of the Company's consolidated trade receivables by geographical market:

Particulars	As at March 31, 2016 (Rs.)	As at March 31, 2015 (Rs.)
Domestic Market	374,035,085	291,441,582
Overseas Markets	197,064,698	217,451,867
Total	571,099,783	508,893,449

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

Particulars	Carrying amount of tangible and intangible fixed assets* (Rs.)		Additions to tangible and intangible fixed assets (Rs.)	
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
Domestic Market	238,983,382	24,14,74,131	55,849,880	403,55,964
Overseas Markets	7,026,081	127,70,786	-	-
Total	246,009,463	254,244,917	55,849,880	403,55,964

* including capital work in progress.

The following table shows the carrying amount of other assets excluding debtors, fixed assets and deferred tax assets by geographical area in which the assets are located:

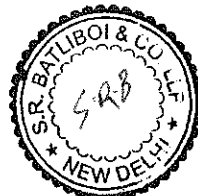
Particulars	Carrying amount of other assets (Rs.)	
	As at March 31, 2016	As at March 31, 2015
Domestic Market	2,020,202,128	1,766,709,651
Overseas Markets	621,967,899	634,026,623
Total	2,642,170,027	2,400,736,274

29. Related Party Disclosures

Names of related parties and related party relationship

Related parties where control exists

Ultimate Holding Company	Smart Global Corporate Holding Private Limited (Formerly known as, Spice Global Investments 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 GIC Pte. Limited



Spice Digital Limited

Notes to financial statements for the year ended 31 March 2016

BecoworldSdn. Bhd.
Spice VAS (Africa) Pte. Limited
Spice Digital Nigeria Limited
Spice VAS Ghana Limited
Spice VAS Uganda Limited
Spice Digital South Africa Pty. Limited
Spice Vas Kenya Limited
Spice VAS Tanzania Limited
Spice VAS Zambia Limited

Associates

Vavia Technologies Private Limited
Sunstone Learning Private Limited (formerly known as Anytime Learning Private Limited)
Creative Functionapps Lab Private Limited
Sunstone Eduversity Private Limited

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
Hindustan Retail Private Limited
Spice Retail Limited
Spice Online Retail Private Limited
Sterea Infratech Limited
Smart Entertainment Limited (Formerly known as Spice Enfortainment Limited)
Smartvalue Ventures Private Limited (Formerly known as Spice Investment and Finance Advisors Private Limited)
Omnia Education Private Limited
Singlestop Evaluation Private Limited

Key Management Personnel

Mr. Saket Agarwal (Chief Executive Officer)

30. Value of imports calculated on CIF basis

Particulars	For the year ended March31, 2016 (Rs.)	For the period ended March31, 2015 (Rs.)
Traded Goods	17,447,691	1,410,734
Capital goods	10,766,558	4,744,569



Spice Digital Limited

Notes to financial statements for the year ended 31 March 2016

31. Earning in Foreign Currency (accrual basis)

Particulars	For the year ended March 31, 2016 (Rs.)	For the period ended March 31, 2015 (Rs.)
Export of Services	206,638,290	177,879,761
Dividend Income from Investment in Subsidiary	12,858,619	-

32. Expenditure in Foreign Currency (accrual basis)

	For the year ended March 31, 2016 (Rs.)	For the period ended March 31, 2015 (Rs.)
Value added service charges	65,282,465	52,920,779
Travelling & Conveyance	2,602,018	2,684,924
Legal & Professional Fees	-	708,395
Repairs & Maintenance	-	503,600
Miscellaneous Expenses	1,047,680	64,251
Total	68,932,163	56,881,949



Spice Digital Limited

Notes to financial statements for the year ended 31 March 2016

33. Contingent Liabilities

Particulars	As at March 31, 2016 (Rs.)	As at March 31, 2015 (Rs.)
<p>a) Demand in respect of non-charging the service tax on the Short messaging peer-to-peer service including penalty thereon, (including Rs 8,600,000, Previous year Rs 8,600,000 paid under protest which is appearing as security deposits under loans and advances (refer note 12)</p> <p>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.</p>	113,115,214*	105,026,067*
<p>b) Demands in respect of non-registration of corporate office as a input service distributor and availment of input service CENVAT credit.</p> <p>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</p>	30,191,864**	28,295,674**
<p>c) Show cause notice in respect of non-payment of service tax on unbilled revenue.</p> <p>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.</p>	58,430,478	58,430,478
<p>d) Demand in respect of wrong availment of input service tax credit on various expenses.</p> <p>The Company is of the view that the service tax is in relation to the taxable output services provided, and service tax paid hence can be availed</p>	6,534,327***	5,665,841***
<p>e) Demand in respect of wrong cenvat taken from dealer mentioning non PAN based registration.</p> <p>Based on the hearing on March 4, 2016, the Company is of the view that the case would be decided in its favour.</p>	3,592,234****	---

* Including penalty of Rs.33,686,957(Previous periodRs. 33,540,957)

** Including penalty of Rs. 7,243,497 (Previous periodRs. 7,170,497)

*** Including penalty of Rs.4,466,502 (Previous periodRs. 3,598,016)

**** Including penalty of Rs. 665,229 (Previous period : Nil)



Spice Digital Limited

Notes to financial statements for the year ended 31 March 2016

34. Capital Commitment

Particulars	As at March 31, 2016 (Rs.)	As at March 31, 2015 (Rs.)
Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for.	359,668	1,441,580

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

	For the year ending March 31, 2016 (Rs.)	For the period ending March 31, 2015 (Rs.)
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of accounting years.	-	-
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.	-	-
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.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year, and	-	-
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.	-	-

*As certified by the management

36. The amount of foreign currency exposures that is not hedged by a derivative instrument or otherwise as at March, 31 2016 is as under:

Particulars	Amount (in Rs.)	Foreign Currency
Export Trade Receivable	40,589,157 (73,086,453)	USD 612,574 (USD 1,169,295)
	Nil (NIL)	Nil (AFN Nil)
	1,315,439 (Nil)	SGD 26,906 (SGD Nil)
	153,066,588 (144,347,272)	TAKA 185,032,866 (TAKA 183,575,527)



Spice Digital Limited

Notes to financial statements for the year ended 31 March 2016

	Nil (17,841)	EUR (EUR 263)
Import Trade Payable	22,106,983 (5,759,367)	SGD 452,178 (SGD 121,085)
	37,420,080 (46,733,982)	USD 562,841 (USD 747,684)
Unbilled revenue	55,12,883 (4,334,615)	USD 83,201 (USD 69,320)
	NIL (Nil)	NIL (MYR Nil)
	22,907,567 (29,266,695)	AFN 23,810,460 (AFN 27,109,083)
	866,569 (15,293)	SGD 80,178 (SGD 318)
	170,925 (447,070)	IDR 33,846,553 (IDR 93,922,368)
	3,712,221 (11,319,869)	TAKA 4,487,477 (TAKA 14,396,191)
	Nil (67,208)	ETB Nil (STB 22,183)
	4651 (6,853)	AED 258 (AED 403)
	Nil (11,561)	Nil (JOD 131)
	29 (15,101)	PHP20 (PHP 10826)
	399,645 (32,450)	VND 135,933,728 (VND 11,346,275)
Dividend Income from Investment in Subsidiary	12,858,619 (Nil)	BDT 15,544,752 (Nil)

37. The asset of Rs.133,211,665 (Previous period Rs. 157,543,508) recognized by the Company as 'MAT Credit Entitlement' under 'Loans and Advances', 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.



Spice Digital Limited

Notes to financial statements for the year ended 31 March 2016

38. Disclosure 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

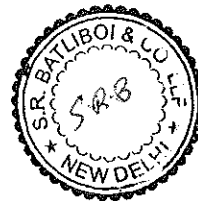
(Amount in Rs)

Name of the loanee	Rate of Interest	Due date	Secured/ unsecured	31-Mar-15	Loan given	Loan repaid	31-Mar-16	Purpose
Bharat BPO Services Limited	11%	16-Nov-19	Secured	8,00,00,000		5,00,00,000	3,00,00,000	General corporate purposes

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

(Amount in Rs)

Name of the loanee	Rate of Interest	Due date	Secured/ unsecured	31-Mar-15	Loan given	Loan Repaid	31-Mar-16	Purpose
Spice Retail Limited	11%	31-Mar-17	Unsecured	5,99,12,347	-	4,00,00,000	1,99,12,347	For meeting certain business exigency requirement
Spice Retail Limited	11%	31-Mar-17	Unsecured	5,91,64,618	-	-	5,91,64,618	General corporate purposes
Spice Retail Limited	10.50%	21-Feb-16	Unsecured	-	1,00,00,000	1,00,00,000	-	General corporate purposes
Spice Retail Limited	10.50%	24-Feb-16	Unsecured	-	4,50,00,000	4,50,00,000	-	General corporate purposes
Hindustan Retail Private Limited	10.50%	14-Oct-16	Unsecured	-	10,00,00,000	-	10,00,00,000	General corporate purposes
Hindustan Retail Private Limited	10.50%	15-Oct-16	Unsecured	-	7,00,00,000	-	7,00,00,000	General corporate purposes
Hindustan Retail Private Limited	11%	31-Mar-17	Unsecured	7,88,51,222	8,75,00,000	-	16,63,51,222	General corporate purposes
Kimaan Exports Private Limited	11%	31-Mar-17	Unsecured	5,10,00,000	-	-	5,10,00,000	General corporate purposes



Spice Digital Limited

Notes to financial statements for the year ended 31 March 2016

Details of Investments made (At cost):

Particulars	(Amount in Rs)		
	Opening Investments	Investments made during the year	Closing Investments
10,000,000 (Previous period: 10,000,000) equity shares of Rs. 10 each fully paid up in Mobisoc Technology Private Limited (at cost less provision for other than temporary diminution in value Rs. 5,700,000 (Previous period: Rs. 8,500,000))	10,00,00,000	-	100,000,000
10,039,997 (Previous period: 10,039,997) equity shares of Rs. 10 each fully paid up in Spice Labs Private Limited	100,399,970	-	100,399,970
15,735,600 equity shares (Previous period: 15,735,600) of 1 Sing \$ each in S GIC Pte. Limited	585,360,875	-	585,360,875
38,860 (Previous period: 38,860) equity shares of Tk 100 each in Spice Digital Bangladesh Limited	3,032,534	-	3,032,534
3,514 (Previous period : 3514) equity shares of Rs10 each in Vavia Technologies Private Limited	10,000,000	-	10,000,000
83,636 (Previous period: 83636) equity share of Re 1 each in Sunstone Learning Private Limited (formerly known as Anytime Learning Private Limited)	77,987,728	-	77,987,728
3,514 (Previous period : 3,514) equity shares of Rs10 each in Creative Functionapps Private Limited	-	10,000,000	10,000,000
27,301 (Previous period: Nil) Sunstone Eduversity Pvt Ltd	-	27,301	27,301

39. Previous year figures

The current year's figures are for twelve months ended March 31, 2016. However, the previous period's figures are for the nine months from July 1, 2014 to March 31, 2015. Accordingly, current year's figures are not comparable with those of previous period. Previous period's figures have been regrouped / rearranged wherever considered necessary to conform to current year's classification.

As per our report of even date

For S.R Batliboi & Co. LLP
ICAI Firm Registration No. 301003E/E30005
Chartered Accountants

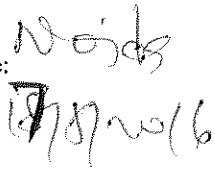
For and on behalf of the
Board of Directors of Spice Digital Limited



per Anil Gupta
Partner
Membership No.: 87921




Place:
Date:

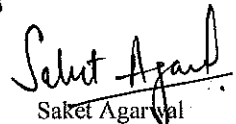

17/07/2016



Suman Ghose Hazra
(Director)
DIN: 00012223



Subramanian Murali
(Director)
DIN: 00041261



Saket Agarwal
(Chief Executive
Officer)

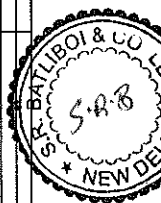
Sunil Kapoor
(Chief Financial
Officer)
Membership No:
F079430



Kokila Arora
(Company
Secretary)
Membership No:
A21670

SPICE DIGITAL LIMITED
RELATED PARTY DISCLOSURE FOR THE YEAR ENDED 31st March 2016

Particulars	Holding Company		Subsidiary		Follow Subsidiary		Associate		Key Management Personnel		Total	
	For the year ending March, 2016	For the period ending March, 2015	For the year ending March, 2016	For the period ending March, 2015	For the year ending March, 2016	For the period ending March, 2015	For the year ending March, 2016	For the period ending March, 2015	For the year ending March, 2016	For the period ending March, 2015	For the year ending March, 2016	For the period ending March, 2015
A) Transactions												
i) Revenues from Value Added Services												
S GIC Pvt Limited		1,485,769									1,485,769	
Spice Online Entertainment Limited		24,317,411									24,317,411	
Spice Retail Limited		24,466,523									24,466,523	
Spice Connect Pvt Limited (Formerly known as Smart Ventures Private Limited)		18,312,923									18,312,923	
ii) Sale of Airplane		75,000									75,000	
Spice Online Retail Private Limited			29,550,000								29,550,000	
iii) Purchase of Airplane												
Mobilex Technology Private Limited			55,763,983								55,763,983	
iv) Travel Commission												
Bhagatipal, Multiplex & Entertainment Center Private Limited		23,246									23,246	
Spice Mobility Limited (Formerly known as S Mobility Limited)		239,017									239,017	
Spice Retail Limited			351,003								351,003	
v) Smart Entertainment Limited (Formerly known as Spice Entertainment Ltd)												
Spice Online Retail Private Limited			3,689								3,689	
Spice Connect Private Limited (Formerly known as Smart Ventures Private Limited)		374,661									374,661	
Spice Online Retail Private Limited			2,641								2,641	
Spice Van Africa Pvt. Limited			153,805								153,805	
Spice City Hospitals Private Limited												
S GIC Pvt Limited			68,333								68,333	
Spice Shop, Evolution Pvt Ltd												
vi) Value Added Services Charges												
Yavin Technologies Pvt. Ltd												
S GIC Pvt Limited												
Spice Online Retail Private Limited			13,264								13,264	
Spice Retail Limited			13,185,540								13,185,540	
Wall Street Finance Limited			831,601								831,601	
vii) Other Income (Being Interest)												
Wall Street Finance Limited												
Goldman Securities Private Limited												
viii) Rent Paid												
Spice Mobility Limited (Formerly known as S Mobility Limited)		19,640,001									19,640,001	
ix) Business Promotion Expenses												
Spice Retail Limited			53,756								53,756	
Spice Online Retail Private Limited			136,588								136,588	
Mobilex Technology Private Limited			256,500								256,500	
x) Staff Welfare Expenses												
Spice Online Retail Private Limited			134,584								134,584	
Spice Retail Limited			66,727								66,727	
xi) Telephone Expenses												
Mobilex Technology Private Limited			1,907,451								1,907,451	
xii) Legal & Professional Charges												
Mobilex Technology Private Limited			24,300,000								24,300,000	
Spice Connect Private Limited (Formerly known as Smart Ventures Private Limited)		62,727,237									62,727,237	
xiii) Interest Income												
Spice Retail Limited			12,438,448								12,438,448	
Sinamon Exports Private Limited			5,654,370								5,654,370	
Hindustan Retail Pvt. Ltd			24,812,910								24,812,910	
xiv) Reimbursement paid												
Sales Agreement												
Reimbursement of Expenses paid to related companies												
Spice Mobility Limited (Formerly known as S Mobility Limited)		997,140									997,140	
Wall Street Finance Limited			5,389,729								5,389,729	
Spice Retail Limited			2,237,673								2,237,673	



Particulars	Holding Company		Subsidiary		Fellow Subsidiary		Associate		Key Management Personnel		Total
	For the year ending March, 2016	For the period ending March, 2015	For the year ending March, 2016	For the period ending March, 2015	For the year ending March, 2016	For the period ending March, 2015	For the year ending March, 2016	For the period ending March, 2015	For the year ending March, 2016	For the period ending March, 2015	
xv) Reimbursement of Expenses received from related companies											
Spice Mobility Limited (Formerly known as S. Mobility Limited)	3,327,236	4,729,456			(118,691)						3,208,545
Smart Entertainment Limited (Formerly known as Spice Entertainment Ltd)			1,656,243								1,656,243
Smartvalue Ventures Private Limited (Formerly known as Spice Investments & Finance Advisers Pvt. Ltd.)					210						210
Spice Connect Private Limited (Formerly known as Smart Venture Private Limited)	1,443,138	2,356,892									1,443,138
Spice Online Retail Private Limited					37,100		227,500				37,100
Spice City Bangalore Private Limited			2,405,859	2,657,492			2,981,938				2,405,859
Spice City Hyderabad Private Limited			71,072	203,002			73,072				71,072
Spice City Pune Private Limited			213,399	311,332			1,413,898				213,399
Mobisec Technology Private Limited					2,971,040		715,624				2,971,040
Spice Retail Limited					8,344,080		512,770				8,344,080
Scellular Grama, Jabara					138,000		44,000				138,000
Goldman Securities Pvt. Ltd.					145,321						145,321
Smart Shop Expansion Pvt. Ltd.											
xvi) Investment in Equity Share Capital											
Venit Technologies Pvt. Ltd.							10,000,000				10,000,000
Creative Franchising Lab Private Limited							27,301				27,301
Sunaraa Education Pvt. Ltd.							77,987,728				77,987,728
xvii) Purchase of Investments											
Omni Education Private Limited											
xviii) Security Deposits paid											
Spice Light Private Limited			300,000								300,000
Mobisec Technology Private Limited			200,000								200,000
xix) Loans given during the year											
Spice Retail Limited					55,000,000						55,000,000
Hindustan Retail Pvt. Ltd.					257,500,000						257,500,000
xx) Loans received back during the year											
Hindustan Retail Pvt. Ltd.							10,000,000				10,000,000
Spice Retail Limited							29,000,000				29,000,000
Kinnam Exports Private Limited											
xxii) Provision for diminution in the value of investment written back											
Mobisec Technology Private Limited					3,000,000						3,000,000
xxiii) Dividend Income during the year											
Spice Digital Bangladesh Limited							12,858,619				12,858,619
B) Balances at the year end											
i) Receivables											
Spice Retail Limited							2,741,538				2,741,538
Spice Retail Limited							10,101,927				10,101,927
Spice Digital Bangladesh Limited							48,217,106				48,217,106
ii) Payables											
Wall Street Finance Limited											
Spice Mobility Limited (Formerly known as S. Mobility Limited)	3,078,716										3,078,716
Mobisec Technology Private Limited			9,694,703	2,883,470							9,694,703
Goldman Securities Private Limited					82,280						82,280
Spice Retail Limited							2,725,879				2,725,879
S GIC Pvt. Limited					21,970,042						21,970,042
Spice Digital Bangladesh Limited							822,978				822,978
Spice Online Retail Private Limited					29,595						29,595
iii) Loans Receivable											
Spice Retail Limited							119,076,266				119,076,266
Kinnam Exports Private Limited							51,000,000				51,000,000
Hindustan Retail Pvt. Ltd.							356,531,232				356,531,232
iv) Advances receivable											
Spice Retail Limited							4,000,771				4,000,771
Wall Street Finance Limited							1,199,110				1,199,110
Spice Mobility Limited (Formerly known as S. Mobility Limited)							873,073				873,073
v) Unbilled Revenue											
Spice Retail Limited							512,583				512,583
S GIC Pvt. Limited							489,984				489,984
Spice Digital Bangladesh Limited							3,712,221				3,712,221
Mobisec Technology Private Limited							17,476,693				17,476,693
vi) Interest Receivable											
Kinnam Exports Private Limited							5,062,833				5,062,833

