

INDEPENDENT AUDITORS' REPORT

To,

The Members of Spice Labs Private Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Spice Labs Private Limited ('the Company'), which comprise the balance sheet as at 31 March 2016, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

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, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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



Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016, its losses 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 a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.

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

(a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

(c) the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;

(d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

(e) on the basis of the written representations received from the directors as on 31 March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) with respect to the adequate internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report; and

(g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i) the company does not have any pending litigations which would impact its financial position.

ii) the company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii) there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the company.

For GUPTA GARG & AGRAWAL

CHARTERED ACCOUNTANTS

FRN 505762C

(B.B.GUPTA)

PARTNER

M. No. 012399



Place: Noida

Date: 16.05.2016

RE: Spice Labs Private Limited

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

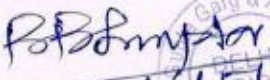
The comments are in seriatim of the order:

- (i) (a) The Company is maintaining proper records of its Fixed Assets showing full particulars including quantitative details and situation thereof.
- (b) As per the information given by the management, the physical verification of fixed assets was carried out at the end of the financial year. No discrepancy on such verification noticed by the management and reported to us.
- (c) As per books of accounts verified by us and according to the information and explanations given by the management the company does not have immovable properties and as such the sub clause is not applicable.
- (ii) The Company does not have any inventory; as such the clause is not applicable.
- (iii) As per the information and explanations given to us and certified by the management and verified from the books of account, the company has not granted any loans secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained in pursuance of Section 189 of the Companies Act, 2013, as such there are no comments on sub clauses a), b) and c).
- (iv) In our opinion and according to the information and explanations given to us, the provisions of Section 185 and 186 of the Companies Act 2013 have been complied.
- (v) The Company has not accepted any deposits from the public and as such the clause is not applicable.
- (vi) To the best of our knowledge and as per information and explanations given to us by the management, the central government has not prescribed maintenance of cost records under section 148(1) of the Companies Act, 2013.
- (vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance fund, income-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance fund, income-tax, wealth-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues were outstanding at the period end, for a period of more than six months from the date they became payable.
- (b) According to information and explanations given to us, there are no dues of income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and cess which have not been deposited with the appropriate authorities on account of any dispute.
- viii) The Company does not have any loan from Bank, Institutions or Debenture holders, and as such clause is not applicable.
- (ix) As per the information and explanations given to us by the management, the Company has not raised any money way of initial public offer / further public offer / debt instruments and term loans hence, there are no comments in this regard.



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

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


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



Place: Noida

Date: 16/5/2016

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

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

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

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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



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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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


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



Place: Noida

Date: 16.05.2016

SPICE LABS PRIVATE LIMITED
CIN: U72300UP2009PTC037430
Regd Address: S Global Knowledge Park 19A & 19B, Sector-125, Noida-201301, U.P.
Balance Sheet as at Mar 31, 2016

Particulars	Notes	Figures as at 31-Mar-2016 Rs.	Figures as at 31-Mar-2015 Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	2	100,500,000	100,500,000
(b) Reserves and surplus	3	(38,442,539)	(34,773,237)
		62,057,461	65,726,763
Non-current liabilities			
Long-term provisions	4	317,458	1,084,126
		317,458	1,084,126
Current liabilities			
(a) Other current liabilities	5	3,772,766	6,947,915
(b) Short-term provisions	6	55,592	136,225
		3,828,358	7,084,140
TOTAL		66,203,277	73,895,029
ASSETS			
Non-current assets			
(a) Fixed assets	7		
(i) Tangible assets		523,242	881,265
(ii) Intangible assets		-	-
		523,242	881,265
(b) Non-current investments	8	12,799,905	2,750,000
		13,323,147	3,631,265
Current assets			
(a) Current Investments	9	10,000,000	21,373,937
(b) Trade receivables	10	256,064	241,430
(c) Cash and cash equivalents	11	3,292,347	2,865,362
(d) Short-term loans and advances	12	33,451,519	37,474,054
(e) Other current assets	13	5,880,200	8,308,981
		52,880,130	70,263,764
TOTAL		66,203,277	73,895,029
Summary of significant accounting policies	1		

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

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

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



Place : Noida
 Date : 16-May-2016

For and on behalf of the Board of Directors

Director
 (Sunil Kapoor)
 DIN: 05322540

CFO
 (Devidas Sharma)

Director
 (Madhusudan Venkatachary)
 DIN:02650160

Company Secretary
 (Akansha Sharma)
 (Memb. No. A41576)

SPICE LABS PRIVATE LIMITED
CIN: U72300UP2009PTC037430
Regd Address: S Global Knowledge Park 19A & 19B, Sector-125, Noida-201301, U.P.
Statement of Profit & Loss for the year ended Mar 31, 2016

Particulars	Notes	Figures for the	Figures for the
		Year ended 31-Mar-2016	9 Month ended 31-Mar-2015
		Rs.	Rs.
Income			
Revenue from Operations	14	15,663,719	27,741,034
Other income	15	3,484,311	7,963,739
Total		19,148,030	35,704,772
Expenses			
Employee benefits expense	16	11,784,904	19,094,419
Other expenses	17	9,878,650	9,642,533
Total		21,663,554	28,736,952
Earning before interest ,tax depreciation and amortization(EBITDA)		(2,515,524)	6,967,821
Depreciation and amortization expense	7	358,024	3,336,101
Profit before exceptional and extraordinary items and tax		(2,873,548)	3,631,719
Exceptional items			
Reversal of Cenvat		446,561	-
Prior period Income		-	-
Prior period expenses:			
Prior Period-Reversal of Cenvat		349,193	-
Profit before extraordinary items and tax		(3,669,302)	3,631,719
Extraordinary items			
Profit / (loss) before tax		(3,669,302)	3,631,719
Tax Expenses			
(i) Current Tax		-	-
(ii) Deferred Tax		-	-
Profit / (Loss) for the year from continuing operations		(3,669,302)	3,631,719
Earnings per equity share [nominal value of share : Rs. 10 (31 Mar 2015 : Rs. 10)]			
1) Basic	18	(0.37)	0.36
2) Diluted		(0.37)	0.36

For Gupta Garg & Agrawal
Chartered Accountants
FRN 505762C

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

Place : Noida
Date : 16-May-2016



For and on behalf of the Board of Directors


Director
(Sunil Kapoor)
DIN: 05322540

CFO
(Devidas Sharma)


Director
(Madhusudan Venkatachary)
DIN:02650160

Company Secretary
(Akansha Sharma)
(Memb. No. A41576)

SPICE LABS PRIVATE LIMITED
CIN: U72300UP2009PTC037430
Regd Address: S Global Knowledge Park 19A & 19B, Sector-125, Noida-201301, U.P.
Statement of Cash Flows for the year ended March 31, 2016

	For the 12 Months ended 31-Mar-2016	For the 9 Months ended 31-Mar-2015
	Rs.	Rs.
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	(3,669,302)	3,631,229
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation/ amortization	358,024	3,336,101
Dividend Income	(195,442)	-
Loss/ (profit) on sale on Current investments	129,063	-
Interest (income)	(3,145,850)	(349,918)
Operating profit before working capital changes	(6,523,507)	6,617,412
Movements in working capital :		
Increase / (decrease) in short term provisions	(80,633)	(248,661)
Increase/ (decrease) in other current liabilities	(3,175,149)	(8,742,295)
Increase/ (decrease) in other long-term Provisions	(766,668)	(898,645)
Decrease / (increase) in trade receivables	(14,634)	(25,140)
Decrease / (increase) in short term loans and advances	1,124,580	(31,078,990)
Decrease / (increase) in other current assets	2,428,781	4,215,132
Cash generated from / (used in) operations	(7,007,230)	(30,161,187)
Direct taxes paid (net of refunds)	-	-
Net cash flow from/ (used in) operating activities	A (7,007,230)	(30,161,187)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets, including CWIP and capital advances(Net)	-	(1,357,853)
Dividend Received	195,442	-
Proceeds of non-current investments	(10,049,905)	(2,750,000)
Interest received	3,145,850	-
Purchase of Investments	11,244,874	19,123,431
Receipt of Loan given	2,897,953	-
Fixed Deposits made with Bank	-	349,918
Net cash flow from/ (used in) investing activities	B 7,434,214	15,365,496
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash flow from/ (used in) in financing activities	C -	-
Net increase/(decrease) in cash and cash equivalents (A + B + C)	426,984	(14,795,691)
Cash and cash equivalents at the beginning of the year/period	2,865,363	17,661,054
Cash and cash equivalents at the end of the year/period	3,292,347	2,865,363
Components of cash and cash equivalents		
Cash in hand	26	14,865
With banks- on current account	1,792,915	1,474,159
With banks- on deposit accounts	1,499,406	1,376,339
Total cash and cash equivalents (note 11)	3,292,347	2,865,363

Notes :

- The Cash flow statement has been prepared under the indirect method as set out in Accounting Standard 3 on Cash Flow Statements notified by Companies (Accounts) Rules, 2014.
- Negative figures have been shown in brackets.

Summary of significant accounting policies

1

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

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

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



Place : Noida
 Date : 16-May-2016

For and behalf of the Board of Directors

Director
 (Sunil Kapoor)
 DIN: 05322540

(Devidas Sharma)

Director
 (Madhusudan Venkatachar)
 DIN:02650160

Company Secretary
 (Akansha Sharma)
 (Memb. No. A41576)

Particulars	Figures as at 31-Mar-2016 Rs.	Figures as at 31-Mar-2015 Rs.
2. Share Capital		
Authorized shares		
10,050,000 (Previous year 10,050,000) Equity Shares of Rs. 10/- each	100,500,000	100,500,000
Issued, subscribed and fully paid-up shares		
10,050,000 (Previous year 10,050,000) Equity Shares of Rs.10/- each	100,500,000	100,500,000
Total issued, subscribed and fully paid-up share capital	<u>100,500,000</u>	<u>100,500,000</u>

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting Year/Period
Equity shares

	No. of shares	Amount Rs.	No. of shares	Amount Rs.
At the beginning of the period	10,050,000	100,500,000	10,050,000	100,500,000
Issued during the period against share application money				
Issued during the period - Bonus issue				
Issued during the period - ESOP				
Outstanding at the end of the year	<u>10,050,000</u>	<u>100,500,000</u>	<u>10,050,000</u>	<u>100,500,000</u>

(b) Terms/Rights attached to equity shares

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

(c) Shares held by holding/ ultimate holding company and/ or their subsidiaries/ associates

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

Spice Digital Limited, the Holding company	10,039,997	10,039,997
100,39,997 (Previous year 100,39,997) Equity Shares of Rs. 10/- each fully paid		

(d) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

Nil Nil

(e) Details of shareholders holding more than 5% shares in the company

Name of the shareholder	No. of shares	% holding in the class	No. of shares	% holding in the class
Equity shares of Rs.10/- each fully paid				
Spice Digital Limited, the Holding company	10,039,997	99.90%	10,039,997	99.90%

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

3. Reserves and Surplus

Surplus/ (deficit) in the statement of profit and loss	(34,773,237)	(38,404,956)
Balance as per last financial statements	(3,669,302)	3,631,719
Profit/(Loss) for the year/period	<u>(38,442,539)</u>	<u>(34,773,237)</u>
Net surplus in the statement of profit and loss	<u>(38,442,539)</u>	<u>(34,773,237)</u>
Total reserves and surplus		

4. Long Term Provisions

Provision for employee benefits (Note 19)	176,327	601,724
Provision for gratuity	141,131	482,402
Provision for leave benefits	<u>317,458</u>	<u>1,084,126</u>



SPICE LABS PRIVATE LIMITED
CIN: U72300UP2009PTC037430
Regd Address: S Global Knowledge Park 19A & 19B, Sector-125, Noida-201301, U.P.
Notes to financial statement as on Mar 31, 2016

Particulars	Figures as at 31-Mar-2016 Rs.	Figures as at 31-Mar-2015 Rs.
5. Other current liabilities		
Advance received from customers	1,425,802	-
Expenses Payable (including stale cheques)	1,272,015	4,652,720
TDS payable	179,601	257,879
PF payable	48,149	145,334
Audit fee payable	170,000	155,000
Bonus Payable	364,171	-
Salary Payable	313,028	1,736,982
	3,772,766	6,947,915
6. Short term provisions		
Provision for employee benefits (Note 19)		
Provision for Gratuity	27,692	44,480
Provision for Leave Benefits	27,900	91,745
	55,592	136,225
8. Non-Current Investments		
Unquoted - Fully Paid Up Equity Shares of Rs.10/- each		
200 (200) Riot Labz Pvt Ltd	125,000	125,000
1 (1) 911 India Healthcare Pvt Ltd	250	250
5 (Nil) Proximity Technology Pvt Ltd	4,500	-
17,391 (Nil) Mobile Health Solutions Pvt Ltd	1,500,000	-
20 (Nil) Super Highway Labs Pvt Ltd	40,580	-
	1,670,330	125,250
Un-quoted Fully paid up 0.1% Cumulative Compulsory Convertible Preference Shares of Rs.10/- each		
1,800 (1,800) Riot Labz Pvt Ltd	1,125,000	1,125,000
5,999 (5,999) 911 India Healthcare Pvt Ltd	1,499,750	1,499,750
4270 (Nil) Super Highway Labs Pvt Ltd	5,509,025	-
20,000 (Nil) Talentuno Software Pvt Ltd	1,500,000	-
1,662 (Nil) Proximity Technology Pvt Ltd	1,495,800	-
	11,129,575	2,624,750
Total Non-current investments	12,799,905	2,750,000
Aggregate Value of unquoted shares	12,799,905	2,750,000
9. Current Investment		
ICCI Prudential MF-Folio No 6410045/18	-	11,373,937
HDFC Short Term Plan Growth	10,000,000	10,000,000
	10,000,000	21,373,937
10. Trade Receivables		
Unsecured - considered good	256,064	241,430
	256,064	241,430
The balances appearing in the books at the close of the financial year under the head 'Trade Receivables', are subject to confirmation.		
11. Cash and cash equivalents		
On current accounts	1,792,915	1,474,159
Cash-in-hand	26	14,865
Short term Fixed Deposits	1,499,406	1,376,339
	3,292,347	2,865,362



SPICE LABS PRIVATE LIMITED
CIN: U72300UP2009PTC037430
Regd Address: S Global Knowledge Park 19A & 19B, Sector-125, Noida-201301, U.P.
Notes to financial statement as on Mar 31, 2016

Particulars	Figures as at 31-Mar-2016 Rs.	Figures as at 31-Mar-2015 Rs.
12. Short term loans and advances		
Cenvat Recoverable	2,054,849	3,058,199
Prepaid Expenses	359,181	395,969
Advance Income Tax	4,217,677	
Less: Provision for tax	2,637,998	1,267,801
Mat Credit Entitlement	2,231,464	2,231,464
Unsecured considered good*		
Advances recoverable cash or in kind	124,299	520,621
Loans		
(a) Loan to employees	102,047	
(b) Others - Unsecured, considered good		
# Hindustan Retail Pvt Ltd	27,000,000	30,000,000
	33,451,519	37,474,054

*The balances appearing in the books at the close of the financial year under the head 'Advances Recoverable in cash or in kind', are subject to confirmation
for details refer note no. 23

13. Other current assets

Interest accrued on fixed deposits	17,029	10,178
Interest receivable on ICD	3,409,764	672,657
Unbilled revenue	2,453,233	7,625,596
Dividend Receivable	174	548
	5,880,200	8,308,981

Contingent liabilities and commitments

(1) Contingent Liabilities

- a) Claims against the company not acknowledged as debts
b) Guarantees against FDR
c) other money for which company is contingently liable

NIL
NIL
NIL

(2) Commitments

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

NIL
NIL
NIL



SPICE LABS PRIVATE LIMITED
CIN: U72300UP2009PTC037430
Regd Address: S Global Knowledge Park 19A & 19B, Sector-125, Noida-201301, U.P.
Statement of Profit & Loss for the year ended March 31, 2016

Particulars	Figures for the Year ended 31-Mar-2016 Rs.	Figures for 9 months ended 31-Mar-2015 Rs.
14. Revenue from operations		
Income from Advt. etc.	16,158,145	27,741,034
Less:- Reversal of Excess Revenue Booked	(494,426)	-
	15,663,719	27,741,034
15. Other income		
Interest income on Bank deposits	95,669	349,918
Interest income on Others	3,050,182	747,397
Liabilities no longer payable Written back	36,951	2,799,883
Dividend on MF	195,268	605,504
Dividend from Preference Share	174	548
Profit on sale of investment	-	2,795,624
Foreign exchange fluctuation gain	38,161	664,865
Other income	18,240	-
Stale Cheque Liability W/B	49,666	-
	3,484,311	7,963,739
16. Employee benefits expense		
Salaries, wages and bonus	11,015,752	17,262,064
Contribution to provident fund	564,710	653,793
Staff welfare expenses	483,146	415,163
Gratuity expense (Refer Note 19)	(160,127)	751,345
Leave encashment expenses (Refer Note 19)	(118,577)	12,054
	11,784,904	19,094,419



SPICE LABS PRIVATE LIMITED
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Statement of Profit & Loss for the year ended March 31, 2016

Particulars	Figures for the Year ended 31-Mar-2016 Rs.	Figures for 9 months ended 31-Mar-2015 Rs.
17. Other expenses		
Advertisement Expenses	-	571,201
Recruitment Expenses	29,493	25,920
Repair & Maintenance	8,045	208,401
Business Promotion	124,459	17,630
Travelling & Conveyance	1,539,983	208,440
Vehicle running & maintenance	11,632	2,239,047
Printing & Stationery	-	38,486
Content Charges	1,862,261	30,000
Legal & Professional	1,970,648	1,167,842
Communication Costs	170,000	1,486,819
Payment to auditors (refer details below)	469,884	155,000
Foreign exchange fluctuation loss	3,108,000	3,024,000
Rent Office	129,063	-
Loss on sale of Investment	724	2,460
Rates & taxes	405,749	420,277
Miscellaneous expenses	14,099	23,088
Insurance Expenses Employees	4,500	797
Interest on tds	25,205	23,125
Bank charges	4,905	-
Swachh Bharat Cess	-	-
	9,878,650	9,642,533
Payment to auditors :	100,000	100,000
Audit fee	45,000	30,000
Limited review	25,000	25,000
Tax Audit Fee	-	-
	170,000	155,000

18. Earnings per share (EPS)

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

Profit/ (loss) after tax	(3,669,302)	3,631,719
Number of ordinary equity shares	10,050,000	10,050,000
Basic Earning per share	(0.37)	0.36
Weighted average number of ordinary equity shares	10,050,000	10,050,000
Nominal Value of ordinary shares	10	10
Diluted Earning per share	(0.37)	0.36



SPICE LABS PRIVATE LIMITED
 CIN: U72300UP2009PTC037430
 Regd Address: S Global Knowledge Park 19A & 19B, Sector-125, Noida-201301, U.P.
 Notes to financial statement as on Mar 31, 2016

Sr. No	Particulars	Gross Block			Depreciation			Net Block		
		As at 01-Apr-2015	Addition during for the year	Deletion during the year	As at 31-Mar-2016	As at 01-Apr-2015	For the year	Adjustments	As at 31-Mar-2016	As at 31-Mar-2015
I	Tangible Assets									
	Data processing Machine	3,101,760	-	-	3,101,760	2,623,904	200,090	-	2,823,995	477,856
	Mobile Handset	1,697,952	-	-	1,697,952	1,353,209	147,768	-	1,500,977	344,742
	Office Equipment	88,835	-	-	88,835	47,912	5,161	-	53,073	40,923
	Furniture & Fixture	92,750	-	-	92,750	75,006	5,006	-	80,012	17,744
	SUB TOTAL (A)	4,981,297	-	-	4,981,297	4,100,031	358,024	-	4,458,056	881,266
II	Intangible Assets									
	Software	4,329,966	-	-	4,329,966	4,329,964	-	-	4,329,964	-
	Software Developed	93,249,134	-	-	93,249,134	93,249,135	-	-	93,249,135	-
	SUB TOTAL (B)	97,579,100	-	-	97,579,100	97,579,099	-	-	97,579,099	-
	Total [A + B] (Current Period)	102,560,397	-	-	102,560,397	101,679,130	358,024	-	102,037,155	881,266
	(Previous Period) July 2014 to Mar 2015	101,202,544	1,357,853	57,770	102,560,397	98,343,029	3,336,101	-	101,679,130	2,859,515



1. SIGNIFICANT ACCOUNTING POLICIES

- i) **Nature of Business**
The company is engaged in developing, selling and providing software solutions to general business enterprises & mobile application to various users.
- ii) **Basis of preparation**
The financial statements are prepared under the historical cost convention on the concept of a going concern, in accordance with the Generally Accepted Accounting Principles and mandatory Accounting Standards specified under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and as per the provisions and presentational requirements of the Companies Act, 2013.
- iii) **Changes in Accounting policies**
The accounting policies adopted are consistent with those of previous financial year. The management assures that there has been no change in accounting policies as compared to that of previous year which would have any significant effect on these financials.
- iv) **Revenues recognition**
- a) **Revenue from operations**
- (i) Customised software services income is recognized when user acceptance test confirmation is received
- (ii) Gaming & other softwares application income is recognized on the basis of usage or download of softwares.
- (iii) Other Operating Income (Advt. etc) is recognized on the basis of internet online report of clicks, usage, downloads etc.
- b) **Other Income**
- (i) Interest income is recognized on accrual basis at applicable interest rates and time period.
- (ii) Income, other than above, is recognised as per accrual system of accounting.
- v) **Use of estimates**
The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities on the date of the financial statements and the results of operations during the reporting year. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.



SPICE LABS PRIVATE LIMITED
CIN: U72300UP2009PTC037430

Regd Address: S Global Knowledge Park 19A & 19B, Sector-125, Noida-201301, U.P.
Note to financial statements for the year ended March 31, 2016

vi) Fixed Assets & Depreciation

Fixed Assets are stated at cost less accumulated depreciation and impairment loss, if any. Cost comprises the purchase price and any directly attributable cost of bringing the asset to its working condition for its intended use.

Depreciation on assets was provided on Straight Line Method at the rates and in the manner prescribed in Schedule II of the Companies Act, 2013 on the basis of useful life of each assets.

Depreciation on addition to assets is calculated pro-rata from the date of such addition to the end of the year. Assets costing Rs. 5000/- or less are fully depreciated in the year of purchase, provided that the aggregate actual cost of individual item of respective fixed assets costing Rs. 5000/- or less does not constitute more than 10% of the total actual cost of respective fixed assets.

vii) Intangibles

In house Developed Softwares are recognised and capitalised in the books of account as "Intangible Asset" as per AS-26 issued by ICAI. The cost of developed softwares are determined on the basis of actual time spent by the technical persons on each softwares and capitalized on technical/ marketing evaluation basis.

Intangibles are amortised over their useful life estimated by the management @ 19%.

viii) Impairment of Assets

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed, if there has been a change in the estimate of recoverable amount.

ix) Foreign Currency Transactions

- a) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transactions or that approximates the actual rate at the date of the transactions.
- b) Monetary items (assets & liabilities) and Non-monetary items (Outstanding liabilities) denominated in foreign currencies at the year end are reinstated at year end rates.
- d) Any income or expense on account of exchange difference either on settlement or on translation is recognised in the Profit and Loss account.

x) Taxation

Income tax expenses comprise current tax (i.e. the amount of tax for the year determined in accordance with the Income Tax Act, 1961) and Deferred Tax Charge or Credit (reflecting the tax effects of the timing differences between the accounting income and taxable income for the year). The deferred tax charge or credit and the corresponding Deferred Tax Liabilities or Assets (DTL/A) are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred Tax Assets are recognized only to the extent there is reasonable certainty that the same can be realized in the future years. However, where there is unabsorbed depreciation or carry forward loss under taxation laws, Deferred Tax Assets are recognised only if there is virtual certainty of realisation of such assets. Deferred Tax Assets are reviewed at each balance sheet date and written down or written up to reflect the amount that is reasonably/ virtually certain (as the case may be) to be realised.



SPICE LABS PRIVATE LIMITED
CIN: U72300UP2009PTC037430

Regd Address: S Global Knowledge Park 19A & 19B, Sector-125, Noida-201301, U.P.
Note to financial statements for the year ended March 31, 2016

xii) **Employee benefits**

(i) **Short term employee benefits**

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

(ii) **Post employee benefits**

Defined Benefit Plan

The Company's gratuity scheme is a defined benefit plan. The company's obligation towards gratuity are actualially determined and provided for as per As-15(revised).

(iii) **Other Long Term Benefits**

Benefit under the Company's leave encashment scheme constitutes other employee benefit. The liability in respect of leave encashment is actuarially determined. Change in the liability is recognised in the profit & loss A/c as Expense or Income as the case may be.

xiii) **Investments**

Current investments are stated at lower of cost or fair value. Long term investments are valued at cost. Any decline, other than temporary, in the value of long term investments, is charged to Profit and Loss Account or provision made.

xiv) **Events occurring after the balance sheet date**

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

xv) **Contingent Liability**

The contingent liabilities, if any, are disclosed in the financial statements. Provision is made in the accounts if it becomes probable that there will be outflow of resources for settling the obligation.

xvi) **Earnings Per Share**

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



19. The provision of Gratuity and Leave encashment liability as on 31.03.2016 on the basis of actuarial valuation is as under:-

I. Actuarial Assumptions:

Particulars	Gratuity		Leave Encashment	
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
Discount Rate (Per Annum)	8.00%	7.75%	8.00%	7.75%
Rate of Increase in Compensation Levels	8.00%	8.00%	8.00%	8.00%
Expected Rate of Return on Plan Assets	N.A	N.A	N.A	N.A
Expected Average remaining working lives of employees (years)	31.03	29.35	31.03	29.35

II. Changes in Present Value of Obligations:

Particulars	Gratuity		Leave Encashment	
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
Present Value of Obligations as at the beginning of the year	646,204	1,083,184	574,147	1,056,445
Acquisition Adjustments	NIL	NIL	NIL	NIL
Interest Cost	51,696	83,947	45,932	81,874
Past Service Cost	NIL	NIL	NIL	NIL
Current Service Cost	66,220	210,304	65,700	232,668
Curtailment Cost / (Credit)	NIL	NIL	NIL	NIL
Settlement Cost / (Credit)	NIL	NIL	NIL	NIL
Benefits paid	(282,058)	(1,315,384)	(286,539)	(595,321)
Actuarial (gain)/ loss on obligations	(278,043)	584,153	(230,209)	(201,519)
Present Value of obligations as at the end of the year	204,019	646,204	169,031	574,147

III. Changes in Fair Value of Plan Assets:

Particulars	Gratuity		Leave Encashment	
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
Fair value of Plan Assets at the beginning of the year	Nil	Nil	Nil	Nil
Acquisition Adjustments	Nil	Nil	Nil	Nil
Actual Return on Plan Assets	N.A	N.A	N.A	N.A
Contributions	Nil	Nil	Nil	Nil
Benefits Paid	Nil	Nil	Nil	Nil
Fair value of Plan Assets at the end of the year	Nil	Nil	Nil	Nil

IV. Actuarial Gain/Loss - Plan Assets:

Particulars	Gratuity		Leave Encashment	
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
Actual return on Plan Assets	Nil	Nil	Nil	Nil
Expected return on Plan Assets	Nil	Nil	Nil	Nil
Excess of actual over estimated return on Plan Assets	Nil	Nil	Nil	Nil
Actuarial (gain) /Loss – Plan Assets	Nil	Nil	Nil	Nil

V. Actuarial Gain/Loss Recognized:

Particulars	Gratuity		Leave Encashment	
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
Actuarial gain/(loss) for the year - Obligation	278,043	(584,153)	230,209	201,519
Actuarial gain/(loss) for the year – Plan Assets	Nil	Nil	Nil	Nil
Total (gain) / loss for the year	(278,043)	584,153	(230,209)	(201,519)
Actuarial (gain)/ loss recognized in the year	(278,043)	584,153	(230,209)	(201,519)
Unrecognized actuarial (gains)/ losses at the end of year	Nil	Nil	Nil	Nil



VI. Amount to be recognized in Balance Sheet and Statements of Profit and Loss:

Particulars	Gratuity		Leave Encashment	
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
Present Value of Obligation as at the end of the year	204,019	646,204	169,031	574,147
Fair Value of Plan Assets as at end of the year	Nil	Nil	-	-
Funded Status	(204,019)	(646,204)	(169,031)	(574,147)
Unrecognized Actuarial (gain)/(loss)	Nil	Nil	Nil	Nil
Net Asset / (Liability) Recognized in Balance Sheet	(204,019)	(646,204)	(169,031)	(574,147)

VII. Expense recognized in the Statement of Profit and Loss:

Particulars	Gratuity		Leave Encashment	
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
Current Service Cost	66,220	210,304	65,700	232,668
Past Service Cost	NIL	NIL	NIL	NIL
Interest Cost	51,696	83,947	45,932	81,874
Expected Return on Plan Assets	NIL	NIL	NIL	NIL
Curtailment Cost /(Credit)	NIL	NIL	NIL	NIL
Settlement Cost /(Credit)	NIL	NIL	NIL	NIL
Net actuarial (gain)/loss recognized in the year	(278,043)	584,153	(230,209)	(201,519)
Expenses recognized in the Statement of Profit & Loss	(160,127)	878,404	(118,577)	113,023

VIII. Current Liability:

Particulars	Gratuity		Leave Encashment	
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
Current Liability:	27,692	44,480	27,900	91,745
Non-Current Liability:	176,327	601,724	141,131	482,402
Total	204,019	646,204	169,031	574,147



- 20 The financials for current year ended on March 31, 2016 have been prepared as per the provisions and schedules prescribed under the Companies Act, 2013.
- 21 The company has complied with all the notified applicable Accounting Standards.
- These financial accounts have been prepared on the concept of the going concern, on the basis of Generally Accepted Accounting Principles and as per Accounting Standards notified by the Government. All known liabilities and revenues have been duly taken into account on the accrual system of accounting.
- 22 As per Accounting Standard 22 'Accounting for Taxes on Income', issued by the Institute of Chartered Accounts of India, in view of the losses incurred by the Company during the year and large amount of accumulated losses carried forward at the close of the year, deferred tax assets on timing differences and on carried-forward losses and unabsorbed depreciation have not been accounted for in the books since it is not virtually certain that they will be realized against future profits.
- 23 During the year under consideration, company has made investments of Rs. 10,049,905/- in the Equity and Preference Shares having face value of Rs 10/- each in the following:

Name of Company	No. of Shares		Nominal Value	Premium	Total (Rs)
	Equity	Preference			
Mobile Health Solutions Pvt Ltd	17391	-	173,910	1,326,090	1,500,000
Super Highway Labs Pvt Ltd	20	4270	42,720	5,506,885	5,549,605
Talentano Software Pvt Ltd	-	20000	20,000	1,480,020	1,500,020
Propinquity Technology Pvt Ltd	5	1662	33,290	1,467,010	1,500,300

On the basis of agreements with the companies.

	Current year	Previous year
24 Amount due to Small and Medium Enterprises :-	Nil	Nil
25 Value of imports on CIF basis	Nil	Nil
26 Outflow in Foreign Currency	Figure's in Rs.	Figure's in Rs.
In USD		
Subscription Charges	1,374,320	1,220,911
Business Promotion	-	33,442
Advertisement Exp.	-	15,128
Miscellaneous exp.	-	127,071
In GBP		
Misc. Expenses	-	103,792
In Euro		
Sponsorship Fee	-	80,759
Total	1,374,320	1,581,103
27 Inflow in Foreign Currency	Figure's in Rs.	Figure's in Rs.
Income from Advt. etc.		
In USD	14,099,064	70,691,344
In Euro	-	11,191
Total	14,099,064	70,702,535

28 **Related party disclosures**

Ultimate Holding Company

- 1 Smart Global Corporate Holdings Pvt. Ltd. (formerly known as Spice Global Investments Pvt. Ltd.)

Holding Companies

- 1 Spice Connect Pvt Ltd (formerly known as Smart Ventures Private Ltd)
(Holding company of Spice Mobility Limited)
- 2 Spice Mobility Ltd (Formerly known as S Mobility Ltd)
(Holding company of Spice Digital Limited)
- 3 Spice Digital Limited

Other Related parties with whom transactions have taken place during the period

Fellow Subsidiaries

- 1 Hindustan Retail Pvt. Ltd.
- 2 Mobisoc Technology Private Limited

Enterprises in which any combination of the above companies hold more than 50%
NIL

Key Management Personnel

Name
Devidas Sharma
Pooja Madan
Akansha Sharma
Siddhartha Tomar
Devidas Sharma

Designation

CFO
Company Secretary (appointed on 1-Sep-2011 and resigned on 31-Dec-2015)
Company Secretary (appointed on 15-March-2016)
Manager (appointed on 15-June-2015 and resigned on 29-July-2015)
Manager (Appointed on 15-March-2016)



b) Related party transactions attached as Annexure-1
As per our attached report of even date.
For Gupta Garg & Agrawal
Chartered Accountants
FRN: 505762C

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



For and behalf of the Board of Directors

Director
(Sunil Kapoor)
DIN: 05322540

CFO
(Devidas Sharma)

Director
(Madhusudan Venkatachary)
DIN:02650160

Company Secretary
(Akansha Sharma)
(Memb. No. A41576)

Place : Noida
Date : 16-May-2016



Note No. 28: - Related Party Transactions

Particulars	Holding company		Fellow Subsidiary		Total	
	For the year ended Mar 31, 2016	For the period ended Mar 31, 2015	For the year ended Mar 31, 2016	For the period ended Mar 31, 2015	For the year ended Mar 31, 2016	For the period ended Mar 31, 2015
Purchase of Fixed Assets Spice online Retail Pvt. Limited	-	-	-	23,308	-	23,308
Rent Paid d	3108000	3,024,000	-	-	3,108,000	3,024,000
Loan/ICD (Given) Hindustan Retail Pvt Ltd.	-	-	27,000,000	30,000,000	27,000,000	30,000,000
Loan/ICD (Refunded) Hindustan Retail Pvt Ltd.	-	-	3,000,000	-	3,000,000	-
Interest Income Hindustan Retail Pvt Ltd.	-	-	3,041,230	747,397	3,041,230	747,397
Reimbursement Paid Spice Digital Limited	10,629	-	-	-	10,629	-
Transaction on behalf of Co. Spice Digital Limited	-	3,986,021	-	-	-	3,986,021
Travel Expenses Spice Digital Limited	75,000	232,502	-	-	75,000	232,502
Interest Receivable Hindustan Retail Pvt Ltd.	-	-	3,409,764	-	3,409,764	-
Closing Balance (Credit) Mobisoc Technology pvt Ltd Spice Mobility Limited Spice Digital Limited	570,570	4,049,261	20,493	50,090	20,493 570,570	50,090 4,049,261