

GUPTA GARG & AGRAWAL
Chartered Accountants

G-55, Royal Palace, IInd Floor,
Laxmi Nagar, Vikas Marg,
Delhi – 110 092
Phone – 22502455 / 43016663

INDEPENDENT AUDITORS' REPORT

To,

The Members of Spice Online Retail Private Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Spice Online Retail 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 and 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 1 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.

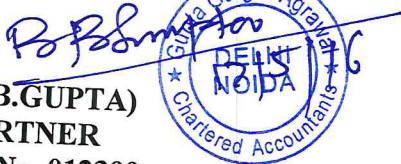
ii) the company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

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: Delhi

Date : 17.05.2016

RE: Spice Online Retail 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 management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification and reported to us.
- (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, there are no loans, investments, guarantees, and securities granted in respect of which provisions of Section 185 and 186 of the Companies Act 2013 are applicable hence there are no comments in this regard.
- (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, sales-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, sales-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 term 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 to us by the management, the transactions entered 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: Delhi
Date: 17.05.2016

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF SPICE ONLINE RETAIL 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 Online Retail 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: Delhi

Date: 17.05.2016

SPICE ONLINE RETAIL PRIVATE LIMITED
 Regd. Address: 60-D, Street No. C-5, Sainik Farms, New Delhi-110062
 CIN: U74140DL2008PTC183856
 Balance Sheet as at March 31, 2016

Particulars	Notes	Figures as at	Figures as at
		31-03-2016	31-03-2015
		Rs.	Rs.
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	2	99,100,000	99,100,000
(b) Reserves and surplus	3	(119,861,833)	(98,780,738)
		<u>(20,761,833)</u>	<u>319,262</u>
Non-current liabilities			
Long-term provisions	4	694,915	972,127
Current liabilities			
(a) Short-term borrowings	5	13,023,110	23,766,489
(b) Trade payables	6	16,858,221	34,333,639
(c) Other current liabilities	7	5,549,149	2,963,170
(d) Short-term provisions	8	172,669	180,690
		<u>35,603,149</u>	<u>61,243,988</u>
TOTAL		<u><u>15,536,231</u></u>	<u><u>62,535,377</u></u>
ASSETS			
Non-current assets			
(a) Fixed assets	9		
(i) Tangible assets		187,710	352,179
(ii) Intangible assets		429,405	2,186,017
(b) Long-term loans and advances	10	80,000	80,000
		<u>697,115</u>	<u>2,618,196</u>
Current assets			
(a) Inventories	11	1,749,596	28,027,563
(b) Trade receivables	12	2,163,604	22,030,172
(c) Cash and cash equivalents	13	1,448,549	1,345,877
(d) Short-term loans and advances	14	9,417,037	8,370,693
(e) Other current assets	15	60,330	142,876
		<u>14,839,116</u>	<u>59,917,181</u>
TOTAL		<u><u>15,536,231</u></u>	<u><u>62,535,377</u></u>
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



For and on behalf of the Board of Directors

Subhasish Mohanty
 Subhasish Mohanty
 Director
 DIN: 05329000

Rajneesh Arora
 Rajneesh Arora
 Director
 DIN: 02659510

Place : Delhi
 Date : 17.05.2016

SPICE ONLINE RETAIL PRIVATE LIMITED
Regd. Address: 60-D, Street No. C-5, Sainik Farms, New Delhi-110062
CIN: U74140DL2008PTC183856
Statement of Profit & Loss for the year ended March 31, 2016

Particulars	Notes	Figures for the year ended 31-03-2016 Rs.	Figures for the period ended 31-03-2015 Rs.
Income			
Revenue from operations	16	341,160,421	674,725,429
Other income	17	135,737	75,376
Total revenue (I)		341,296,158	674,800,805
Expenses			
Purchase of stock-in-trade	18	278,015,083	613,430,110
Changes in inventory	19	26,277,967	(9,078,765)
Employee benefits expense	20	21,292,116	18,871,255
Finance Cost	21	1,274,713	2,992,898
Depreciation and amortization expense	9	1,961,006	1,438,959
Other expenses	22	33,556,368	50,297,030
Total expense (II)		362,377,253	677,951,487
Profit/(Loss) before exceptional and extraordinary items and tax (I) - (II)		(21,081,095)	(3,150,682)
Exceptional items (Depreciation)	9	-	(276,963)
Profit/(Loss) before extraordinary items and tax		(21,081,095)	(3,427,645)
Extraordinary items		-	-
Profit / (Loss) for the year/period		(21,081,095)	(3,427,645)
Earnings per equity share [nominal value of share Rs. 10 (31 March 2015 Rs. 10)]	23		
1) Basic		(2.13)	(1.51)
2) Diluted		(2.13)	(0.59)

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



For and on behalf of the Board of Directors

Subhasish Mohanty
Director
DIN: 05329000

Rajneesh Arora
Director
DIN: 02659510

Place : Delhi

Date : 17.05.2016

SPICE ONLINE RETAIL PRIVATE LIMITED
 Regd. Address: 60-D, Street No. C-5, Sainik Farms, New Delhi-110062
 CIN: U74140DL2008PTC183856
 Cash Flow Statement for the year ended March 31, 2016

Particulars	31-Mar-16 Rs.	31-Mar-15 Rs.
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(21,081,095)	(3,427,645)
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation/ amortization	1,961,006	1,715,922
Interest paid	1,274,713	2,992,898
Interest (income)	(135,737)	(75,376)
Operating profit/ (loss) before working capital changes	(17,981,113)	1,205,799
Movements in working capital :		
Increase/ (decrease) in trade payables	(17,475,418)	(13,717,974)
Increase / (decrease) in short-term provisions	(8,021)	132,296
Increase/ (decrease) in other current liabilities	2,585,979	(605,486)
Increase/ (decrease) in other long-term Provisions	(277,212)	529,803
Decrease / (increase) in trade receivables	19,866,568	(458,677)
Decrease/(increase) in inventories	26,277,967	(9,078,765)
Decrease / (increase) in short-term loans and advances	(360,195)	(1,848,979)
Cash generated from / (used in) operations	12,628,555	(23,841,983)
Direct taxes paid (net of refunds)	(686,149)	(1,281,408)
Net cash flow from/ (used in) operating activities	A	(25,123,391)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets, including CWIP and capital advances	(39,925)	(528,422)
Interest received	218,283	13,388
Net cash flow from/ (used in) investing activities	B	(515,034)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of equity share capital	-	79,000,000
Proceeds from Share Application Money	-	(37,000,000)
Proceeds from short-term borrowings	7,000,000	18,782,086
Repayment of short-term borrowings	(17,743,379)	(41,100,000)
Interest paid	(1,274,713)	(2,992,898)
Net cash flow from/ (used in) in financing activities	C	16,689,188
Net increase/(decrease) in cash and cash equivalents	A+B+C	(8,949,237)
Cash and cash equivalents at the beginning of the year	1,345,877	10,295,114
Cash and cash equivalents at the end of the year	1,448,549	1,345,877
Closing Cash & Cash equivalent Balances		
Components of cash and cash equivalents		
Cash on hand	19,546	2,656
With banks- on current account	204,293	291,873
With banks- on deposit accounts	1,224,710	1,051,348
Total cash and cash equivalents (Note 13)	1,448,549	1,345,877

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.

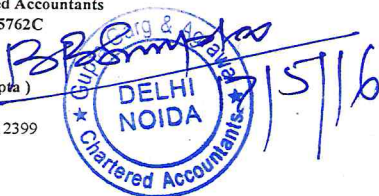
Summary of significant accounting policies

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



1

For and behalf of the Board of Directors

Subhasish Mohanty
 Director
 DIN: 05329000

Rajneesh Arora
 Director
 DIN: 02659510

Place : Delhi

Date : 17.05.2016

SPICE ONLINE RETAIL PRIVATE LIMITED
Regd. Address: 60-D, Street No. C-5, Sainik Farms, New Delhi-110062
CIN: U74140DL2008PTC183856
Note to financial statements for the year ended March 31, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

i Basis of Accounting

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

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

ii 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.

iii Fixed Assets & Depreciation

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

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

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

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

	Rates (SLM)
Computers	33.33%
Mobile Handsets (included under office equipments)	50.00%

The useful life of in-house developed 'Software' has been estimated as 5 years and accordingly 20% depreciation to be provided on Straight Line Method basis.

iv Inventories

Inventories are valued as follows:

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

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

v Recognition of Income

Income is recognised and accounted for on accrual basis unless otherwise stated.

vi Investments

Long Term investments are valued at cost being the purchase price plus direct costs. Provision is made for permanent diminution, if any, in the value of investments.

vii Taxes on Income

Current tax is determined as the amount of tax payable in respect of taxable income for the period. Deferred tax is recognised, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and is capable of reversal in one or more subsequent periods. The Deferred Tax Assets are recognised only to the extent that there is reasonable certainty of sufficient future profits against which such deferred tax assets could be realised.

viii Contingent Liabilities

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.

ix 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.

x Earnings Per Share

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



SPICE ONLINE RETAIL PRIVATE LIMITED
Regd. Address: 60-D, Street No. C-5, Sainik Farms, New Delhi-110062
CIN: U74140DL2008PTC183856
Notes to Financial Statements for the year ended March 31, 2016

2. Share Capital

Particulars	Figures as at 31-03-2016 Rs.	Figures as at 31-03-2015 Rs.
Authorised shares		
1,00,00,000 (1,00,00,000) Equity Shares of Rs. 10/- each	100,000,000	100,000,000
Issued, subscribed and fully paid-up shares		
99,10,000 (99,10,000) Equity Shares of Rs. 10/- each	99,100,000	99,100,000
Total issued, subscribed and fully paid-up share capital	99,100,000	99,100,000

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

Particulars	No. of shares	Amount Rs.	No. of shares	Amount Rs.
At the beginning of the year/period	9,910,000	99,100,000	2,010,000	20,100,000
Issued during the year/period	-	-	7,900,000	79,000,000
Outstanding at the end of the year/period	9,910,000	99,100,000	9,910,000	99,100,000

(b) Terms/rights attached to equity shares

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

(c) Shares held by holding company

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

Hindustan Retail Private Limited, the holding company	99,100,000	99,100,000
99,10,000* (99,10,000*) Equity Shares of Rs. 10/- each fully paid		

*Out of above shares, 5,000 Equity Shares are held by Mr. Gopal Singh Negi, as nominee of Hindustan Retail Private Limited.

(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				
Hindustan Retail Private Limited, the holding company*	9,910,000	100.00%	9,910,000	100.00%

*Out of above shares, 5,000 Equity Shares are held by Mr. Gopal Singh Negi, as nominee of Hindustan Retail Private Limited.

(f) The above information (from (a) to (e)) are as per records of the company, including its register of shareholders/ members.

3. Reserves and Surplus

Deficit in the statement of profit and loss

Balance as per last financial statements	(98,780,738)	(95,353,093)
Loss for the year/period	(21,081,095)	(3,427,645)
Net deficit in the statement of profit and loss	(119,861,833)	(98,780,738)



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Regd. Address: 60-D, Street No. C-5, Sainik Farms, New Delhi-110062
CIN: U74140DL2008PTC183856
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Particulars	Figures as at 31-03-2016 Rs.	Figures as at 31-03-2015 Rs.
4. Long Term Provisions		
Provision for employee benefits (refer note no. 24)		
Provision for gratuity	371,319	596,049
Provision for leave benefits	323,596	376,078
	<u>694,915</u>	<u>972,127</u>
5. Short-term borrowings		
Hindustan Retail Pvt Ltd	5,000,000	-
HDFC CC Limit A/c #	6,023,110	23,766,489
Mobisoc Technology Pvt. Ltd	2,000,000	-
	<u>13,023,110</u>	<u>23,766,489</u>
# CC Limit from HDFC Bank against 100% collateral security provided by Spice Mobility Limited		
6. Trade Payables		
Trade payables	16,858,221	34,333,639
	<u>16,858,221</u>	<u>34,333,639</u>
7. Other current liabilities		
Audit Fee Payable	111,901	266,136
TDS Payable	314,837	998,064
ESI Payable	1,503	2,406
PF payable	70,038	84,998
Expenses Payable	4,749,678	1,611,566
Interest Accrued but not due	301,192	-
	<u>5,549,149</u>	<u>2,963,170</u>
8. Short term provisions		
Provision for employee benefits (refer note no. 24)		
Provision for Gratuity	83,399	78,563
Provision for Leave Benefits	89,270	102,127
	<u>172,669</u>	<u>180,690</u>



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9. Fixed Assets

Sr. No	Particulars	Gross Block			Depreciation			Net Block		
		As at 31.03.2015	Additions during the year	Deletions during the year	As at 31.03.2016	As at 31.03.2015	For the year	Adjustments	As at 31.03.2016	As at 31.03.2015
I	Tangible Assets									
	Computers & Printers	1,050,533	28,900	-	1,079,433	193,369	-	891,723	187,710	352,179
	Mobile Phones	16,741	-	-	16,741	-	-	16,741	-	-
	Office Equipments	4,089	-	-	4,089	-	-	4,089	-	-
	Total (Current year)	1,071,363	28,900	-	1,100,263	193,369	-	912,553	187,710	352,179
	(Previous period)	805,863	265,500	-	1,071,363	385,992	-	719,184	352,179	472,671
II	Intangible Assets									
	Software	8,931,585	11,025	-	8,942,610	1,767,637	-	8,513,205	429,405	2,186,017
	Total (Current year)	8,931,585	11,025	-	8,942,610	1,767,637	-	8,513,205	429,405	2,186,017
	(Previous period)	8,668,663	262,922	-	8,931,585	1,329,930	-	6,745,568	2,186,017	3,253,025



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Particulars	Figures as at 31-03-2016 Rs.	Figures as at 31-03-2015 Rs.
10. Long term loans and advances		
Security Deposit	80,000	80,000
	<u>80,000</u>	<u>80,000</u>
11. Inventories		
Closing Inventory of Laptop, Mobiles and accessories	1,749,596	28,027,563
	<u>1,749,596</u>	<u>28,027,563</u>
12. Trade Receivables		
Sundry Debtors	2,163,604	22,030,172
	<u>2,163,604</u>	<u>22,030,172</u>
13. Cash and cash equivalents		
– Cash on hand	19,546	2,656
Balances with banks in current A/c:	204,293	291,873
Fixed Deposit with HDFC	1,224,710	1,051,348
	<u>1,448,549</u>	<u>1,345,877</u>
14. Short-term loans and advances		
Advances recoverable in cash or kind	1,305,337	836,386
Prepaid expenses	116,733	605,581
Vat Recoverable	3,609,323	4,352,024
TDS Recoverable	3,257,340	2,571,191
Service Tax Recoverable	1,128,304	5,511
	<u>9,417,037</u>	<u>8,370,693</u>
15. Other current assets		
Interset Receivable	60,330	142,876
	<u>60,330</u>	<u>142,876</u>
Contingent liabilities and commitments		
(1) Contingent Liabilities		
a) Claims against the company not acknowledged as debts	NIL	NIL
b) Guarantees	NIL	NIL
c) other money for which company is contingently liable	NIL	NIL
(2) Commitments		
a) Estimated amounts of contracts to be executed on capital account not provided for	NIL	NIL
b) Uncalled liability on partly paid shares	NIL	NIL
c) Other commitments	NIL	NIL



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Notes to Financial Statements for the year ended March 31, 2016

Particulars	Figures for the year ended 31-03-2016 Rs.	Figures for the period ended 31-03-2015 Rs.
16. Revenue from operations		
Sale of Trading Goods	308,235,581	609,774,653
Sales of Services	32,745,493	64,806,320
Commission on Sales	179,347	144,456
	<u>341,160,421</u>	<u>674,725,429</u>
17. Other income		
Interest income on FDR	100,121	75,376
Interest on income tax refund	35,616	-
	<u>135,737</u>	<u>75,376</u>
18. Purchase of stock-in-trade		
Purchase of Laptop, Mobile Phones & Accessories	278,015,083	613,430,110
	<u>278,015,083</u>	<u>613,430,110</u>
19. Change in inventory		
Closing stock :		
Mobile Phones	1,749,596	28,027,563
Less: Opening Stock	28,027,563	18,948,798
	<u>26,277,967</u>	<u>(9,078,765)</u>
20. Employee benefits expense		
Salaries, wages and bonus	20,634,357	17,483,911
Contribution to provident fund	509,855	398,482
Staff welfare expenses	257,076	265,227
Gratuity expense	(219,894)	412,644
Leave encashment expenses	110,722	310,991
	<u>21,292,116</u>	<u>18,871,255</u>
21. Finance Costs		
Interest on bank overdraft	940,055	641,753
Interest on ICD	334,658	2,351,145
	<u>1,274,713</u>	<u>2,992,898</u>



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Particulars	Figures for the year ended 31-03-2016 Rs.	Figures for the period ended 31-03-2015 Rs.
22. Other expenses		
Warehousing expenses	889,896	667,422
Rates & Taxes	22,264	13,487
Advertising and sales promotion	3,813,563	765,530
Payment to Auditors (Refer details below)	125,606	280,900
Sales Commission	13,540,369	37,643,930
Legal and professional fees	1,907,846	1,959,739
Printing & Stationery	72,876	105,172
Selling & Distribution expenses	1,607,817	1,348,472
Rent expenses	4,817,216	4,011,613
Repair & Maintenance-Others	997,457	579,537
Insurance Charges	653,274	607,503
Communication costs	2,840,445	1,057,871
Travelling & Conveyance expenses	527,751	702,284
Bank Charges	107,574	216,568
Lost in Transit	83,203	19,895
Bad debts written off	1,512,317	298,548
Miscellaneous expenses	36,894	18,559
	33,556,368	50,297,030
Payment to Auditors:		
Audit fee	60,246	112,360
Tax audit fee	31,010	44,944
Limited review	34,350	22,472
Audit of tax accounts	-	101,124
	125,606	280,900

23. Earnings per share (EPS)

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

Loss after tax	(21,081,095)	(3,427,645)
<u>Number of equity shares for calculating EPS</u>		
Basic	9,910,000	2,269,489
Diluted	9,910,000	5,847,956
<u>Earning per share (EPS)</u>		
Basic	(2.13)	(1.51)
Diluted	(2.13)	(0.59)



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

Gratuity and other post-employment benefit plans

The Company has a defined benefit gratuity plan which is not funded. 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 6 months.

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and the unfunded status and amounts recognized in the balance sheet for the gratuity plan.

Statement of profit and loss

Net employee benefit expense recognized in the employee cost

	Gratuity 31-Mar-16 Rs.	Gratuity 31-Mar-15 Rs.
Current service cost	125,314	127,400
Interest cost on benefit obligation	52,282	16,700
Net actuarial(gain) / loss recognized in the period	(397,490)	268,544
Net benefit expense	<u>(219,894)</u>	<u>412,644</u>

Balance sheet

Benefit asset/ liability

	Gratuity 31-Mar-16 Rs.	Gratuity 31-Mar-15 Rs.
Present value of defined benefit obligation	(454,718)	(674,612)
Fair value of plan assets	-	-
Plan (liability)	<u>(454,718)</u>	<u>(674,612)</u>

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

	Gratuity 31-Mar-16 Rs.	Gratuity 31-Mar-15 Rs.
Opening defined benefit obligation	674,612	261,968
Current service cost	125,314	127,400
Interest cost	52,282	16,700
Actuarial (gains) / losses on obligation	(397,490)	268,544
Closing defined benefit obligation	<u>454,718</u>	<u>674,612</u>

The principal assumptions used in determining gratuity and post-employment medical benefit obligations for the company's plans are shown below:

	Gratuity 31-Mar-16	Gratuity 31-Mar-15
Discount rate	8.00%	7.75%
Withdrawal rate	20.00%	20.00%
Increase in Compensation cost	8.00%	8.00%
Mortality table referred	IALM (2006-08) duly modified	

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

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

	31-Mar-16 Rs.	31-Mar-15 Rs.	30-Jun-14 Rs.	30-Jun-13 Rs.	30-Jun-12 Rs.
Gratuity					
Defined benefit obligation	454,718	674,612	261,968	318,120	465,707
Plan assets	-	-	-	-	-
Surplus / (deficit)	(454,718)	(674,612)	(261,968)	(318,120)	(465,707)
Experience adjustments on plan liabilities (loss) / gain	390,691	(320,621)	203,995	343,211	-
Experience adjustments on plan assets	-	-	-	-	-



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- 25 The company being a subsidiary of non Small and Medium Enterprises (SME), therefore, has complied with all the notified applicable Accounting Standards.
- 26 Previous period's figures were for nine months period ended March 31, 2015, whereas current period's figures are for twelve months period ended March 31, 2016. Hence, the current period's figures are not strictly comparable with those of the previous period's. Previous period figures have been regrouped / reclassified, where necessary, to conform to this year's classification.
- 27 As per the guidance note issued by ICAI on Accounting Standard AS - 22 " Taxes on Income" , deferred tax assets should be recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In view of losses in the current year as well as in the immediate preceding year and uncertainty of future profits, DTA has not been recognised in the books of account.

28 Information required to be given by way of note regarding foreign currency income/outgo Outgo Rs. 678,795 (Previous period Rs. 411,757)

29 **Related Party Disclosures**

a) **Names of the Parties :**

Ultimate Holding Company

Smart Global Corporate Holding Pvt. Ltd. (Formerly known as Spice Global Investments Pvt. Ltd) (Holding company of Spice Connect Pvt. Ltd.)

Holding Company

Spice Connect Private Limited (formerly known as Smart Ventures Pvt. Ltd.) (Holding company of SML)
Spice Mobility Limited (SML) (Holding company of HRPL)
Hindustan Retail Pvt. Ltd. (HRPL)

Subsidiary company :

Nil

Fellow Subsidiaries with whom transactions have taken place during the year

Spice Retail Limited
Spice Digital Ltd.
Mobisoc Technology Pvt. Ltd

Name of the other related parties with whom transactions have taken place during the period

Nil

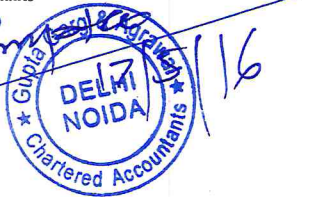
Key Management Personnel

Mr. Rajneesh Arora

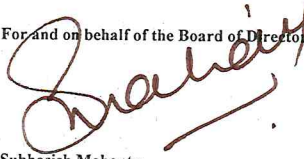
b) **Related party transactions attached as Annexure- 1**

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 on behalf of the Board of Directors


Subhasish Mohanty
Director
DIN: 05329000


Rajneesh Arora
Director
DIN: 02659510

Place : Delhi

Date : 17.05.2016

SPICE ONLINE RETAIL PRIVATE LIMITED
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Notes to Financial Statements for the year ended March 31, 2016

Annexure-1

(Amount in Rs.)

Particulars	Holding Company		Fellow Subsidiaries		Total	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
(A) Transactions						
Share Capital						
Hindustan Retail Private Limited	-	79,000,000	-	-	-	79,000,000
Share Application Money refunded						
Hindustan Retail Private Limited	-	37,000,000	-	-	-	37,000,000
Short Term Borrowing						
Hindustan Retail Private Limited	5,000,000	-	-	-	5,000,000	-
Mobisoc Technology Pvt. Ltd			2,000,000	-	2,000,000	-
Repayment of Short Term Borrowing						
Hindustan Retail Private Limited	-	41,100,000	-	-	-	41,100,000
Commission Received						
Spice Digital Ltd.	-	-	174,877	51,464	174,877	51,464
Mobisoc Technology Pvt. Ltd	-	-	-	92,992	-	92,992
Finance Cost						
Hindustan Retail Private Limited	314,521	2,351,145	-	-	314,521	2,351,145
Mobisoc Technology Pvt. Ltd	-	-	20,137	-	20,137	-
Purchases (Excluding VAT)						
Spice Retail Limited	-	-	20,453,487	98,274,358	20,453,487	98,274,358
Spice Digital Ltd.	-	-	29,950,000	9,100,000	29,950,000	9,100,000
Mobisoc Technology Pvt. Ltd	-	-	-	23,100,000	-	23,100,000
Sales (Excluding VAT)						
Spice Retail Limited	-	-	25,985,724	30,436,000	25,985,724	30,436,000
Spice Digital Ltd.	-	-	129,486	-	129,486	-
Rent Paid						
Spice Mobility Limited	3,534,961	3,444,958	-	-	3,534,961	3,444,958
Travelling Expenses						
Spice Digital Ltd.	-	-	108,602	114,726	108,602	114,726
Reimbursement of Expenses Received						
Spice Retail Limited	-	-	-	358,515	-	358,515
Reimbursement of Expenses Paid						
Spice Retail Limited	-	-	9,401,298	6,988,662	9,401,298	6,988,662
(B) Outstanding at the end of the year/period						
Creditors						
Spice Retail Limited	-	-	8,757,112	9,352,271	8,757,112	9,352,271
Spice Mobility Limited	1,421,860	-	-	-	1,421,860	-
Spice Digital Ltd.	-	-	8,191	29,382	8,191	29,382
Short Term Borrowing						
Hindustan Retail Private Limited	5,000,000	-	-	-	5,000,000	-
Mobisoc Technology Pvt. Ltd	-	-	2,000,000	-	2,000,000	-
Interest Payable						
Hindustan Retail Private Limited	283,069	-	-	-	283,069	-
Mobisoc Technology Pvt. Ltd	-	-	18,123	-	18,123	-

