

Spice Retail Limited
Financial Statements
For The Year Ended March 31, 2016
Together with Independent Auditor's Report

S.R. BATLIBOI & CO. LLP

INDEPENDENT AUDITOR'S REPORT**To the Members of Spice Retail Limited****Report on the Standalone Financial Statements**

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

Management's Responsibility for the Standalone Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these Standalone Financial Statements based on our audit.

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

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

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



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

Opinion

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

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 37 in the Standalone Financial Statements which indicates that the Company has incurred a net loss of Rs. 9,29,566 thousand during the year ended March 31, 2016 and as of that date; the Company's current liabilities exceeded its current assets by Rs. 2,203,941 thousand. These conditions, along with other matters as set forth in said Note, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in Annexure-1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, Statement of Profit and Loss, and 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 and Companies (Accounting Standards) Amendment Rules, 2016;
 - (e) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:



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- 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; and
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm registration number: 301003E/E300005

Anil Gupta
per Anil Gupta

Partner

Membership no.: 87921

Place: Noida

Date:

17/5/2016



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

Re: Spice Retail Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets..
- (b) All fixed assets were physically verified by the management during current year in accordance with a planned programme of verifying them once in two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management, there are no immovable properties, included in fixed assets of the Company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, guarantees, and securities granted in respect of which provisions of Section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon. Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management, the Company has complied with provisions of Section 186 of the Companies Act 2013 in respect of investments made during the year.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products/services of the Company.
- (vii)(a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues applicable to it, though there has been a slight delay in a few cases.
 - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance fund, income-tax, sales-tax, wealth-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues were outstanding at the year end, for a period of more than six months from the date they became payable except for an amount of Rs. 546 thousand in respect of Chattisgarh entry tax payable for the years 2006-07 to 2007-08 (excluding Rs. 2,140 thousand for the years from 2008-09 to 2010-11 against which Company has filed appeal with Deputy Commissioner of Commercial taxes (Appeals), Raipur).



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(c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, duty of customs, duty of excise, value added tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs. in '000)	Period to which the amount relates	Forum where dispute is pending
The Uttar Pradesh Value Added Tax Act, 2008	Penalty on check post case for non-carrying the required document at the time of movement of goods	75	2008-09	Joint Commissioner (Appeal) Noida
The West Bengal Value Added Tax Act, 2003	Demand for VAT	10,515	2009-10	Additional Commissioner (North) Kolkata
The West Bengal Value Added Tax Act, 2003	Demand for VAT	2,43,789	2010-11 and 2011-12	Revisional Board, CCT, Kolkata
The Delhi Value Added Tax Act, 2004	CST Assessment Order passed with demand by VATO on the basis of DVAT R-10 online	32,284	2010-11	AC (VATO) Ward-100 and 60, New Delhi
The Tamilnadu Value Added Tax Act, 2006	Imposition of tax on sale of Recharge and Airtime	360	2007-08, 2008-09, 2009-10	AC (CT) Saligramam Circle, Chennai
The Tamilnadu Value Added Tax Act, 2006	Reversal of Input Tax Credit on goods locally purchased and sold as deemed export against form H	2,584	2011-12	AC (CT) Saligramam Circle, Chennai
The Uttar Pradesh Value Added Tax Act, 2008	Demand for VAT	16,998	2011-12, 2012-13, 2015-16	Additional Commissioner, Gr-2, Noida
The Tamilnadu Value Added Tax Act, 2006	Inspection & Assessment on surprise visit at place of business	1,842	2011-12 and 2013-14	AC (CT) Saligramam Circle, Chennai
The West Bengal Value Added Tax Act, 2003	Demand for VAT	23,390	2012-13	Joint Commissioner (CT), Saltlake, Kolkata
The Haryana Value Added Tax Act, 2003	Demand for VAT	1,699	2013-14	Joint Commissioner (Appeal) Faridabad
Tamil Nadu General Sales Tax Act, 1959	Tax on transfer / replacement of material under Annual Maintenance Contract	814	1993-94 & 1996-97	High Court, Chennai
West Bengal Sales Tax Act, 1956	Demand for Local Sales Tax	6,924	2005-06 & 2007-08	Joint Commissioner of Commercial



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Central Sales Tax Act, 1956	Demand for Central Sales Tax	737	2005-06	Taxes, Kolkata Joint Commissioner of Commercial Taxes, Kolkata
Central Sales Tax Act, 1956 read with the Delhi Sales Tax Act, 1975	Demand against non-submission of Sales Tax forms	4,864	2002-03, 2003-04 & 2004-05	Additional Commissioner Appeals, Delhi
Central Sales Tax Act, 1956	Demand against Sales Tax	3,931	2006-07 & 2008-11	Joint Commissioner of Commercial Taxes, Patna
Entry Tax Act, 1976	Demand for Entry Tax	2,905	2008-09, 2009-10, 2010-11 & 2011-12	Deputy Commissioner of Commercial Taxes (Appeals), Raipur
Central Sales Tax Act, 1956	Demand against wrongly issued of Form C instead of Form F	5,100	2009-10	Tribunal of Commercial Taxes -Gujarat
West Bengal VAT Act, 2003	Demand for Local Sales Tax	30,004	2010-11 & 2011-12	Jt. Commissioner of Commercial Taxes -South Circle, Kolkata
Central Sales Tax Act, 1956	Demand for Non-furnishing of Form F	13,059	2011-12	Jt. Commissioner of Commercial Taxes -South Circle, Kolkata
Uttar Pradesh VAT	Tax on sale of charges @14%	3,599	2015-16	Addl. Comm.-Appeals -III (Noida) U.P.)
Central Sales Tax Act, 1956	Central - non-furnishing of Form 'F'	84,700	2010-11 & 2011-12	Asstt. Commissioner (Appeals)-Delhi
Central Sales Tax Act, 1956	Central - non-furnishing of Form 'F'	18,626	2011-12	Jt. Commissioner of Commercial Taxes -Patna
Punjab VAT	Tax Charged on Sales of Charger @14%.	5,560	2008-09 & 2009-10	Deputy Commissioner of Commercial Taxes -Punjab
The Uttar Pradesh Value Added Tax Act, 2008	Central - non-furnishing of Forms 'F'	65	2011-12	Addl. Comm.-Appeals -III (Noida) U.P.)
Entry Tax	Demand for Entry Tax	4,522	•2011-12 & 2012-13	High Court, Shimla
Income Tax Act, 1961	Demand for TDS	598	2009-10 & 2011-12	Assistant Commissioner of Income Tax

(viii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment



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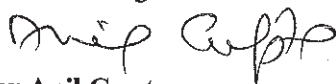
of dues to any bank. Further, the Company did not have any outstanding debentures or dues in respect of a financial institution or government during the year.

- (ix) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, the Company has not raised any money by way of initial public offer / further public offer / debt instruments and term loans. Hence reporting under Clause (ix) is not applicable to the Company and hence not commented upon.
- (x) We have been informed that three employees of the Company had misappropriated funds amounting to Rs.1,164 thousand during current year. Investigations are in progress. The Company is also adequately covered by fidelity insurance cover and has received claims of Rs. 672 thousand till March 31, 2016 from the insurance company.
- (xi) According to the information and explanations given by the management, the provisions of Section 197 read with Schedule V of the Act is not applicable to the Company and hence reporting under clause 3 (xi) are not applicable
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- (xiii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence not commented upon.
- (xv) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him.
- (xvi) According to the information and explanations given to us, the provisions of Section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm registration number: 301003E/E300005



per Anil Gupta

Partner

Membership Number: 87921

Place: Noida

Date:

17/5/2016



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

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

To the Members of Spice Retail Limited

We have audited the internal financial controls over financial reporting of Spice Retail 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



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unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

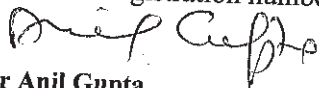
Opinion

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

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm registration number: 301003E/E300005



per Anil Gupta

Partner

Membership Number: 87921

Place: Noida

Date:



Spice Retail Limited
CIN: U32201HP1988PLC008020

Kegd. Address: Village Billanwali Labana, Post Office - Baddi, Tehsil Nalagarh, Baddi, Himachal Pradesh - 173205

Balance Sheet as at March 31, 2016

	Notes	31-Mar-16 Rs.(000's)	31-Mar-15 Rs.(000's)
Equity and liabilities			
Shareholders' funds			
Share capital	3	847,174	847,174
Reserves and surplus	4	(2,953,402)	(2,023,836)
		(2,106,228)	(1,176,662)
Non-current liabilities			
Trade payables	5	-	-
• Total outstanding dues of micro enterprises and small enterprises		196	-
• Total outstanding dues of creditors other than micro and small enterprises		31,989	52,294
Other long-term liabilities	5	11,726	12,652
Long-term provisions	6	43,911	64,946
Current liabilities			
Short-term borrowings	7	1,015,175	750,702
Trade payables	8	-	-
• Total outstanding dues of micro enterprises and small enterprises		2,202,352	3,058,970
• Total outstanding dues of creditors other than micro and small enterprises		323,798	363,481
Other current liabilities	8	155,387	219,817
Short-term provisions	6	3,696,712	4,392,970
TOTAL		1,634,395	3,281,254
Assets			
Non-current assets			
Fixed assets			
Tangible assets	9	60,412	109,993
Intangible assets	10	17,718	26,902
Capital work-in-progress		591	-
Non-current investments	11	-	-
Long-term loans and advances	12	61,557	78,961
Other non-current assets	13.2	1,346	2,864
		141,624	218,720
Current assets			
Inventories	14	528,076	1,084,183
Trade receivables	13.1	431,271	910,332
Cash and bank balances	15	328,573	783,413
Short-term loans and advances	12	181,580	264,769
Other current assets	13.2	23,271	19,837
		1,492,771	3,062,534
TOTAL		1,634,395	3,281,254
Summary of significant accounting policies	2.1		

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

As per our report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm registration number: 301003E/E300005

per Anil Gupta
Partner
Membership no.: 87921



Place: Noida
Date: 17/05/2016

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

Suman Ghose Hazra
Director
DIN:00012223

Subramanian Murali
Director
DIN:00041261

Gopal Sadani
Company Secretary
Membership no.: A27683

Srinivas Mohanty
Chief Financial Officer

Spice Retail Limited

CIN: U32201HP1988PLC008020

Regd. Address: Village Billanwali Labana, Post Office - Baddi, Tehsil Nalagarh, Baddi, Himachal Pradesh - 173205

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

	Notes	31-Mar-16 Rs.(000's)	31-Mar-15 Rs.(000's)
Income			
Revenue from operations	16	15,087,255	13,879,249
Revenue from operations (net)		15,087,255	13,879,249
Other income	17	63,044	64,452
Total revenue (I)		15,150,299	13,943,701
Expenses			
Purchase of traded goods	18.1	13,023,347	12,624,214
Decrease/(Increase) in inventories	18.2	556,107	(213,147)
Employee benefits expense	19	543,103	483,095
Other expenses	20	1,564,958	1,571,968
Total (II)		15,687,515	14,466,130
Earnings before depreciation, amortization, finance costs, tax and exceptional items (EBITDA) (I) - (II)		(537,216)	(522,429)
Depreciation and amortization expense	21	75,056	61,837
Finance costs	22	118,034	54,893
Exceptional items	23	198,888	890,112
(Loss) before tax		(929,194)	(1,529,271)
Tax adjustment related to an earlier year		372	-
(Loss) for the year/period		(929,566)	(1,529,271)
Earnings per equity share [nominal value of share Rs. 10 (31 March 2015: Rs. 10)]	24		
Basic and diluted		(10.97)	(33.33)
Summary of significant accounting policies	2.1		
The accompanying notes are an integral part of the financial statements.			
As per our report of even date			

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm registration number: 301003E/E300005

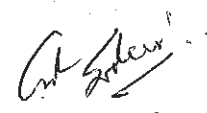


per Anil Gupta
Partner
Membership no.: 87921



Place: Noida
Date: 17/05/2016


Suman Ghose Hazra
Director
DIN:00012223


Gopal Sadani
Company Secretary
Membership no.: A27683

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


Subramanian Murali
Director
DIN:00041261


Subhasish Mohanty
Chief Financial Officer

Cash flow statement for the year ended March 31, 2016

	31-Mar-16 Rs.(000's)	31-Mar-15 Rs.(000's)
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) before tax	(929,194)	(1,529,271)
Adjustments to reconcile (loss) before tax to net cash flows		
Depreciation/ amortization	75,056	69,510
(Profit)/Loss on disposal of fixed assets (net)	6,782	(111)
Provisions and unclaimed balances written back	(10,364)	(4,940)
Bad Debts Recovered	-	(2,106)
Provision for doubtful debts and advances	216,675	25,827
Provision for diminution in value of Long Term Investment	-	482,439
Interest expense	88,733	52,004
Interest (income)	(46,359)	(49,569)
Operating (loss) before working capital changes	(598,671)	(956,217)
Movements in working capital :		
(Decrease)/Increase in trade payables	(840,379)	553,370
(Decrease) in long-term provisions	(926)	(917)
(Decrease)/Increase in short-term provisions	(64,430)	16,661
(Decrease)/Increase in other current liabilities	(65,285)	72,499
(Decrease) in other long-term liabilities	(20,305)	(10,556)
Decrease/(Increase) in trade receivables	279,932	(5,424)
Decrease/(Increase) in inventories	556,106	(213,147)
Decrease in long-term loans and advances	16,820	14,541
Decrease in short-term loans and advances	45,853	131,300
(Increase)/Decrease in other current assets	(6,866)	12,149
Cash (used in) operations	(698,151)	(385,741)
Direct taxes paid (net of refunds)	13,863	(7,919)
Net cash flow (used in) operating activities	(684,288)	(393,660)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets, including CWIP and capital advances	(31,123)	(68,546)
Proceeds from sale of fixed assets	4,047	526
Purchase of investments in subsidiaries	-	(300,000)
Loan from subsidiary company received back	-	278,000
Movement in fixed deposits (having original maturity of more than three months)	341,533	(35,655)
Interest received	49,792	48,153
Net cash flow from/(used in) investing activities	364,249	(77,522)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of equity share capital		400,000
Proceeds from short-term borrowings		94,862
Repayment of short-term borrowings	564,473	94,862
Interest paid	(300,000)	(91,550)
Net cash flow from financing activities	205,237	370,863
Net (decrease) in cash and cash equivalents (A + B + C)	(114,802)	(100,319)
Cash and cash equivalents at the beginning of the year/period	179,936	280,255
Cash and cash equivalents at the end of the year/period	65,134	179,936
Components of cash and cash equivalents		
Cash on hand		
With banks- deposits	2,292	7,491
With banks- on current account	781	746
Total cash and cash equivalents (note 15)	65,134	179,936

Notes :

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

As per our report of even date

For S.R. Batliboi & Co. LLP
 Chartered Accountants
 ICAI Firm registration number: 301003E/E300005

per Anil Gupta
 Partner
 Membership no.: 87921



Place: Noida
 Date: 17/05/2016

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

Suman Ghose Hazra
 Director
 DIN:00012223

Gopal Sadani
 Company Secretary
 Membership no.: A27683

Subramanian Murali
 Director
 DIN:00041261

Subhasish Mohanty
 Chief Financial Officer

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

1. Corporate information

Spice Retail Limited ("the Company") is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is engaged in the business of trading in mobile handsets and related accessories through a chain of retail outlets across India. ("Retail Business").

In 2014, the Company had acquired the undertaking pertaining to mobile handsets business of its holding company, Spice Mobility Limited by way of slump sale. Under this business, the Company is engaged primarily in distribution of "Spice" Brand Handsets through its network of distributors across India. ("Spice Brand Handset Business").

2. Basis of preparation

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

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

2.1 Summary of significant accounting policies

(a) Use of estimates

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

(b) Tangible fixed assets

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.

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

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

(c) Depreciation on tangible fixed assets

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

ii) a) Leasehold improvements are depreciated on straight line basis over the primary lease period ranging from 2-9 years or its useful life whichever is lower in case of "Spice" brand handset business.

ii) b) Leasehold improvements are amortised over 3 years or unexpired lease period, whichever is earlier in case of Retail Business.

iii) Depreciation on all other tangible 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)
Plant and Machinery	6.33%
Computers (other than servers etc)	31.67%
Servers	15.84%
Furniture and Fittings	10% - 12.5%*
Office Equipments	19.00%
Mobile Handsets (Included under office equipments)	50%*

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

(d) Intangible assets

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

Softwares are amortised over their useful lives on straight line basis not exceeding six years.

Intangible assets (other than Software) are amortized on a straight line basis over the estimated useful economic life of three years.

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



Spice Retail Limited

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

(e) Impairment of tangible and intangible assets

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

(f) Leases

Where the Company is the lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

(g) Borrowing costs

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

(h) Inventories

Inventories are valued as follows:

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

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

(i) Revenue recognition

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

Sale of goods

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

Services Revenue

Revenue is recognized as and when the services are rendered.

Revenue from Branding Fee

Revenues from branding is recognised over the period for which contracts are entered.

Interest

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

(j) Foreign currency translation

Foreign currency transactions and balances

(i) Initial recognition

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

(ii) Conversion

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

(iii) Exchange differences

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

(iv) Forward exchange contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contract is amortized and recognized as an expense/ income over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognized as income or as expense for the year.



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

(k) Retirement and other employee benefits

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

ii. Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. In case of "Spice Brand Handset Business", the liability as at the year end represents the difference between the actuarial valuation of the gratuity liability of continuing employees and the fair value of the plan assets with the Life Insurance Corporation of India (LIC) as at the end of the year. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

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

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

(l) Income taxes

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

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

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

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

(m) Earnings Per Share

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

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

(n) Provisions

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

(o) Contingent liabilities

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



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

(p) Cash and cash equivalents

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

(q) Segment reporting

Identification of segments

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

Segment accounting policies

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

(r) Derivative instruments

As per the ICAI Announcement, accounting for derivative contracts, other than those covered under AS-11, are marked to market on a portfolio basis, and the net loss is charged to the income statement. Net gains are ignored.

(s) Warranty

The Company gives warranty on spice brand handsets. Warranty costs on these mobile handsets are provided on an accrual basis, taking into account the past trend of warranty claims received by the "Spice Brand Handset Business" of the Company, to settle the obligation at the balance sheet date.

(t) Investments

Investment intended to be held for more than one year are classified as Long Term Investment. These investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of investments.

(u) Measurement of EBITDA

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



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

3. Share Capital

	31-Mar-16 Rs.(000's)	31-Mar-15 Rs.(000's)
Authorized shares		
100,000,000 (Previous period 100,000,000) Equity Shares of Rs. 10 each	1,000,000	1,000,000
Issued, subscribed and fully paid-up shares		
84,717,401 (Previous period 84,717,401) Equity Shares of Rs. 10/- each	847,174	847,174
Total issued, subscribed and fully paid-up share capital	847,174	847,174

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

	31-Mar-16		31-Mar-15	
	No.	Rs.(000's)	No.	Rs.(000's)
At the beginning of the year/period	84,717,401	847,174	44,717,401	447,174
Issued during the year/period			40,000,000	400,000
Outstanding at the end of the year/period	84,717,401	847,174	84,717,401	847,174

(b) Terms/rights attached to equity shares

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

(c) Shares held by holding company

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

	31-Mar-16 Rs.(000's)	31-Mar-15 Rs.(000's)
Hindustan Retail Private Limited, the holding company 84,717,401 (Previous period 83,923,139) Equity Shares of Rs. 10/- each fully paid up	847,174	839,231
Spice Mobility Limited, the holding company NIL (Previous period 794,252) Equity Shares of Rs. 10/- each fully paid		7,943

(c) Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

	31-Mar-16 No.	31-Mar-15 No.
Equity shares allotted as fully paid-up pursuant to contracts for consideration other than cash	7,958,027	7,958,027

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

Name of the shareholder	As at 31 March 2016		As at 31 March 2015	
	No.	% holding in the class	No.	% holding in the class
Equity shares of Rs 10 each fully paid				
Hindustan Retail Private Limited, the holding company	84,717,401	100.00%	83,923,139	99.06%

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

4. Reserves and Surplus

	31-Mar-16 Rs.(000's)	31-Mar-15 Rs.(000's)
Securities premium account		
Balance as per last financial statements	399,503	399,503
Closing Balance	399,503	399,503
Deficit in the statement of profit and loss		
Balance as per last financial statements	(3,715,686)	(2,186,415)
(Loss) for the year/period	(929,566)	(1,529,271)
Net surplus in the statement of profit and loss	(4,645,252)	(3,715,686)
Amalgamation Reserve		
Balance as per last financial statements	1,292,347	1,292,347
Total reserves and surplus	(2,953,402)	(2,023,836)



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

5. Trade Payables and Other long-term liabilities

	31-Mar-16 Rs.(000's)	31-Mar-15 Rs.(000's)
Trade payables (refer note 33 for details of dues to micro and small enterprises)		
• Total outstanding dues of micro enterprises and small enterprises		
• Total outstanding dues of creditors other than micro and small enterprises	196	
Other Payables		
Security Deposits	31,989	52,294
	31,989	52,294
	32,185	52,294

6. Provisions

	Long-term		Short-term	
	31-Mar-16 Rs.(000's)	31-Mar-15 Rs.(000's)	31-Mar-16 Rs.(000's)	31-Mar-15 Rs.(000's)
Provision for employee benefits				
Provision for gratuity (Note 25)	9,731	9,105	9,414	11,866
Provision for leave benefits	-	-	18,117	21,075
Provision for Warranty	1,995	3,547	127,856	186,876
	11,726	12,652	155,387	219,817
	11,726	12,652	155,387	219,817

Provision for warranties

A provision is recognized for expected warranty claims on products sold during last 14 months, based on past experience of level of customer service expenses. It is expected that significant portion of these costs will be incurred in the next financial year and subsequent thereof. Assumptions used to calculate the provision for warranties are based on past trend of sales of mobile handsets and customer service expenses incurred.

	31-Mar-16 Rs.(000's)	31-Mar-15 Rs.(000's)
At the beginning of the year/period	190,424	180,425
Arising during the year/period	255,453	302,950
Utilized during the year/period	316,026	292,951
At the end of the year/period	129,851	190,424
Current portion	127,856	186,876
Non-current portion	1,995	3,547

7. Short-term borrowings

	31-Mar-16 Rs.(000's)	31-Mar-15 Rs.(000's)
8% interest bearing (Previous period 8%) loan and advances from Spice Mobility Limited, the holding company, repayable on demand (unsecured) (refer note 28)	133,045	415,075
11% (Previous period 11%) interest bearing loan from a related party repayable on demand (unsecured) (refer note 28)	79,077	119,077
11% (Previous period 11%) interest bearing loan from Hindustan Retail Private Limited, the holding company, repayable on demand (unsecured) (refer note 28)	187,000	116,550
10.5% (Previous period NIL) interest bearing loan from Hindustan Retail Private Limited, the holding company, repayable on demand (unsecured) (refer note 28)	170,000	-
10.5% (Previous period NIL) interest bearing loan from a related party repayable on demand (unsecured) (refer note 28)	40,000	-
Bills discounted from a bank (Secured)*	99,951	100,000
Buyers Credit facility from a bank (Secured)**	306,102	-
	1,015,175	750,702

The above amount includes

Unsecured borrowings	569,122	650,702
Secured borrowings	406,053	100,000

* The bill discounting facility is obtained from HDFC Bank, the tenor for which is 60 days and the rate of interest charged by the bank is 11.5% p.a. The facility has been secured by way of:

1. Exclusive charge over present and future movable fixed assets and current assets of the Company.
2. Equitable mortgage of B1 101, 106 and 107, Boomerang, Plot No. 4A and 4B, Sakivali Village, Chandivali farm road, Kurli (W), Mumbai, owned by Holding company i.e. Spice Mobility Limited.
3. Corporate Guarantee of the holding company, Spice Mobility Limited.
4. 4 PDCs of Rs. 25,000 thousand each from the Company.

** The Buyers Credit facility is obtained from HDFC Bank, the tenor for which is 180 days and the rate of interest charged by the bank is libor plus 0.85 basic points. The facility has been secured by way of:

1. Exclusive charge over present and future movable fixed assets and current assets of the Company.
2. Equitable mortgage of B1 101, 106 and 107, Boomerang, Plot No. 4A and 4B, Sakivali Village, Chandivali farm road, Kurli
3. Corporate Guarantee of the holding company, Spice Mobility Limited.
4. Fixed Deposit under lien with the bank of 25% of the facility value.



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

8. Trade Payables and Other Current Liabilities

	31-Mar-16 Rs.(000's)	31-Mar-15 Rs.(000's)
Trade payables (refer note 33 for details of dues to micro and small enterprises)		
• Total outstanding dues of micro enterprises and small enterprises	2,202,352	3,058,970
• Total outstanding dues of creditors other than micro and small enterprises		
	2,202,352	3,058,970
Other liabilities		
Unaccrued Income	-	20
Interest accrued but not due on borrowings	14,943	38,917
Interest accrued and due on borrowings	53,472	-
Payable for capital goods	2,422	6,318
Forward contract payable	38,450	539
Advance received from customers and their credit balances	91,809	156,156
Employee related liabilities	61,121	89,016
Others		
Indirect Taxes and Duties Payable	40,691	54,835
Employee Statutory Deductions	3,569	4,956
TDS payable	17,321	12,724
	323,798	363,481
	323,798	363,481

11. Non Current Investments

	31-Mar-16 Rs.(000's)	31-Mar-15 Rs.(000's)
Trade investments (valued at cost unless stated otherwise)		
Unquoted equity instruments		
Investment in subsidiaries		
50,000,000 (Previous period 50,000,000) Unquoted fully paid up equity shares of Rs. 10 each in Cellucum Retail India Private Limited	482,439	482,439
Less :- Provision for diminution in value of investment	482,439	482,439
	-	-

12. Loans and advances

	Non-current		current	
	31-Mar-16 Rs.(000's)	31-Mar-15 Rs.(000's)	31-Mar-16 Rs.(000's)	31-Mar-15 Rs.(000's)
Capital advances				
Unsecured, considered good	-	484	-	-
	-	484	-	-
Security deposits				
Unsecured, considered good	60,324	77,169	22,194	25,243
Doubtful	100	-	770	383
	60,424	77,169	22,964	25,626
Provision for doubtful security deposit	(100)	-	(770)	(383)
	60,324	77,169	22,194	25,243
Loans and advances to related parties (note 28)				
Unsecured, considered good	-	-	2,873	734
Doubtful	-	-	6,615	6,615
	-	-	9,488	7,349
Provision for doubtful advances	-	-	(6,615)	(6,615)
	-	-	2,873	734
Advances recoverable in cash or kind				
Unsecured, considered good	-	-	32,393	73,244
Doubtful	-	-	26,259	32,942
	-	-	58,652	106,186
Provision for doubtful advances	-	-	(26,259)	(32,942)
	-	-	32,393	73,244
Other loans and advances				
Unsecured, considered good	-	-	38,274	52,508
Advance income-tax (net of provision for taxation)	-	-	14,250	17,982
Prepaid expenses	279	293	4,107	4,048
Loans to employees	939	1,000	67,489	91,010
Balances with statutory / government authorities	15	15	-	-
	1,233	1,308	124,120	165,548
	61,557	78,961	181,580	264,769



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

9. Tangible Assets

		Rs.(000's)					
		Lease Hold Improvements	Office Equipments	Furniture and Fixtures	Computers	Plant and Machinery	Total
Gross Block							
At 30.06.2014		185,834	71,110	72,586	48,431	22,387	400,349
Additions		24,735	5,263	10,346	10,349	1,675	52,367
Deletions		22,091	2,834	8,700	2,704	-	36,329
At 31.03.2015		188,478	73,539	74,231	56,076	24,062	416,386
Additions		11,546	2,760	4,041	3,043	720	22,110
Deletions/Adjustments		64,087	12,401	24,409	7,575	21,013	129,485
At 31.03.2016		135,937	63,898	53,863	51,544	3,769	309,011
Depreciation							
At 30.06.2014		144,059	50,773	36,962	33,818	15,070	280,681
For the period		29,212	8,688	11,311	10,872	1,543	61,626
Deletions		22,091	2,501	8,650	2,672	-	35,914
At 31.03.2015		151,180	56,959	39,622	42,018	16,613	306,392
For the year		29,140	8,039	18,245	7,199	2,070	64,693
Deletions/Adjustments		63,947	10,732	23,133	6,838	17,836	122,486
At 31.03.2016		116,373	54,266	34,734	42,379	847	248,599
Net Block							
At 31.03.2015		37,298	16,579	34,609	14,058	7,449	109,994
At 31.03.2016		19,564	9,632	19,129	9,165	2,922	60,412

Note : Computers include fixed assets having gross block of Rs. 3,066 thousand (Previous period Rs. 3,066 thousand) and written down value of NIL (Previous period Rs. 940 thousand), which are held in joint ownership with others.



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

10. Intangible Assets

	Software	Web site Development Cost	Trade Mark	Goodwill	Total
Gross Block					
At 30.06.2014	58,745	811	10,764	15,000	85,320
Additions	9,289	955	-	-	10,244
At 31.03.2015	68,033	1,766	10,764	15,000	95,563
Additions	5,011	-	-	-	5,011
Deletions	8,044	-	10,764	15,000	33,808
At 31.03.2016	65,000	1,766	-	-	66,766
Amortization					
At 30.06.2014	34,203	811	10,764	15,000	60,778
For the Period	7,736	148	-	-	7,884
At 31.03.2015	41,939	959	10,764	15,000	68,662
For the Year	10,044	319	-	-	10,363
Deletions / Adjustments	4,213	-	10,764	15,000	29,977
At 31.03.2016	47,770	1,278	-	-	49,048
Net Block					
At 31.03.2015	26,094	-	-	-	26,094
At 31.03.2016	17,230	488	-	-	17,718

Note: Computer Softwares include intangible assets having gross block of Rs. 7,920 thousand (Previous period Rs. 7,920 thousand) and written down value of NIL (Previous period Rs. 2,427 thousand), which are held in joint ownership with others.



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

13. Trade Receivables and Other Assets

13.1. Trade Receivables

	Non-current		Current	
	31-Mar-16 Rs.(000's)	31-Mar-15 Rs.(000's)	31-Mar-16 Rs.(000's)	31-Mar-15 Rs.(000's)
Outstanding for a period exceeding six months from the date they are due for payment				
Secured, considered good	-	-	36	18,205
Unsecured, considered good	-	-	69,096	58,570
Unsecured, considered doubtful	-	-	2,889	2,889
Provision for doubtful receivables	-	-	72,021 (2,889)	79,664 (2,889)
			69,132	76,775
Other receivables				
Secured, considered good	-	-	961	2,112
Unsecured, considered good	-	-	361,178	831,445
Unsecured, considered doubtful	-	-	198,888	-
Provision for doubtful receivables	-	-	561,027 (198,888)	833,557 -
			362,139	833,557
			431,271	910,332

13.2. Other assets

	Non-current		Current	
	31-Mar-16 Rs.(000's)	31-Mar-15 Rs.(000's)	31-Mar-16 Rs.(000's)	31-Mar-15 Rs.(000's)
Unsecured, considered good				
Non-current bank balances (note 15)	1,346	2,841	-	-
	1,346	2,841		
Others				
Interest accrued on fixed deposits	-	23	3,327	6,247
Interest accrued on income tax refund	-	-	1,828	-
Interest accrued on loan to employees	-	-	540	251
Interest accrued on VAT refund	-	-	-	2,653
Unamortised Premium on Forward Contracts	-	-	7,904	237
Income accrued but not billed	-	-	9,078	6,201
Incentive Receivable on purchases	-	-	594	4,248
		23	23,271	19,837
	1,346	2,864	23,271	19,837

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

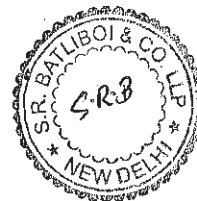
	31-Mar-16 Rs.(000's)	31-Mar-15 Rs.(000's)
Traded Goods (Including stock in transit Rs. 1,390 thousand, Previous period Rs 26,473 thousand)	483,894	985,767
Service components and spares (Including stock in transit Rs.97 thousand, Previous period Rs. 790 thousand)	44,182	98,416
	528,076	1,084,183

15. Cash and bank balances

	Non-current		Current	
	31-Mar-16 Rs.(000's)	31-Mar-15 Rs.(000's)	31-Mar-16 Rs.(000's)	31-Mar-15 Rs.(000's)
Cash and cash equivalents				
Balances with banks:				
- On current accounts	-	-	62,061	171,699
- Deposits with original maturity of less than three months	-	-	781	746
Cash on hand	-	-	2,292	7,491
			65,134	179,936
Other bank balances				
Margin money deposit:				
- Deposits with original maturity for more than 12 months	1,346	2,841	5,434	603,477
- Deposits with original maturity for more than 3 months but less than 12 months	-	-	258,005	-
	1,346	2,841	263,439	603,477
Amount disclosed under non-current assets (note 13.2)	(1,346)	(2,841)	-	-
			328,573	783,413

Margin money deposits given as security

Margin money Deposits with a carrying amount of Rs. 264,786 thousand (Previous period Rs. 605,318 thousand) are pledged with banks/ government authorities.



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

16. Revenue from operations

	31-Mar-16 Rs.	31-Mar-15 Rs.
Revenue from operations		
Sale of Trading Goods	15,010,347	13,840,624
Services revenue	67,151	37,422
Branding Fees	9,757	1,203
Revenue from operations (net)	15,087,255	13,879,249

Detail of products sold

	31-Mar-16 Rs.	31-Mar-15 Rs.
Traded goods sold		
Mobile handsets	14,815,151	13,663,018
Service components and spares	38,927	25,597
Others	156,269	152,009
	15,010,347	13,840,624

Detail of services rendered

Particulars	31-Mar-16 Rs.(000's)	31-Mar-15 Rs.(000's)
Commission on Airtime	8,069	8,063
VAS Revenue	59,083	29,359
	67,151	37,422

17. Other income

	31-Mar-16 Rs.(000's)	31-Mar-15 Rs.(000's)
Interest income on		
Bank deposits	37,896	30,936
Income tax refunds	6,279	-
Employee loan	310	139
Loan to Subsidiary	-	15,842
Vat refund	1,719	2,653
Others	155	-
Unspent liabilities written back (net of balance written off)	10,364	4,940
Bad Debts Recovered	-	2,106
Profit on disposal of Fixed Assets (net)	-	111
Miscellaneous income	6,321	7,725
	63,044	64,452

18.1. Purchase of traded goods

	31-Mar-16 Rs.(000's)	31-Mar-15 Rs.(000's)
Mobile handsets	12,925,910	12,448,121
Service components and spares*	(16,626)	47,197
Others	114,063	128,896
	13,023,347	12,624,214

*Net of service components and spares issued for warranty purposes

18.2. (Increase)/ Decrease in inventories

	31-Mar-16 Rs.(000's)	31-Mar-15 Rs.(000's)
Inventories at the end of the year/period		
Traded goods	483,894	985,767
Service components and spares	44,182	98,416
	528,076	1,084,183
Inventories at the beginning of the year/period		
Traded goods	985,767	798,265
Service components and spares	98,416	72,771
	1,084,183	871,036
	556,107	(213,147)

Details of inventory

	31-Mar-16 Rs.(000's)	31-Mar-15 Rs.(000's)
Traded goods		
Mobile handsets	465,509	954,572
Service components and spares	44,182	98,416
Others	18,385	31,195
	528,076	1,084,183



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

19. Employee benefits expense

	31-Mar-16 Rs.(000's)	31-Mar-15 Rs.(000's)
Salaries, wages and bonus	479,537	418,612
Leave Encashment Expenses	8,898	10,773
Contribution to provident and other funds	26,946	23,483
Gratuity expense (note 25)	2,219	6,781
Staff welfare expenses	25,503	23,446
	543,103	483,095

20. Other expenses

	31-Mar-16 Rs.(000's)	31-Mar-15 Rs.(000's)
Electricity and water charges	31,710	23,054
Freight and forwarding charges	111,030	77,014
Rent	328,795	255,476
Rates and taxes	31,267	45,851
Insurance	14,549	14,452
Repairs and maintenance		
Others	48,062	41,905
Advertising and sales promotion	172,910	511,405
Security Service Charges	17,294	12,180
Sales Commission	6,219	7,216
Customer service expenses	255,453	302,950
Warehouse Management Charges	23,940	14,865
Exchange difference (net)	119,435	7,869
Travelling and conveyance	82,666	75,073
Communication costs	16,490	13,957
Printing and stationery	4,880	3,882
Legal and professional fees	201,958	72,826
Directors' sitting fees	881	416
Payment to statutory auditors (Refer details below)	7,998	6,529
Credit card charges	34,734	33,740
Bank charges	14,171	15,561
Provision for doubtful debts and advances	17,787	25,827
Loss on disposal of fixed assets (net)	6,782	-
Miscellaneous expenses	15,947	9,920
	1,564,958	1,571,968

Payment to statutory auditors

	31-Mar-16 Rs.(000's)	31-Mar-15 Rs.(000's)
As auditor:		
Audit fee	3,609	3,146
Tax audit fee	929	815
Limited review	2,434	1,573
Audit of tax accounts	344	421
In other capacity:		
Other services (certification fees)	465	197
Reimbursement of expenses	217	378
	7,998	6,529

21. Depreciation and amortization expense

	31-Mar-16 Rs.(000's)	31-Mar-15 Rs.(000's)
Depreciation of tangible assets	64,693	53,953
Amortization of intangible assets	10,363	7,884
	75,056	61,837

22. Finance costs

	31-Mar-16 Rs.(000's)	31-Mar-15 Rs.(000's)
Interest Cost	76,666	43,433
Bill discounting charges	12,067	8,570
Commission on buyers credit	2,838	-
Exchange difference considered as an adjustment to borrowing cost	21,273	-
Finance Charges	5,190	2,890
	118,034	54,893

23. Exceptional Items

	31-Mar-16 Rs.(000's)	31-Mar-15 Rs.(000's)
Increase in Depreciation due to Change in Accounting estimate	-	7,673
Provision for diminution in value of Long Term Investment	-	482,439
Brand Sub-Licensing disbanding Compensation	-	400,000
Provision for doubtful debts/advances to a subsidiary company (Note No 38)	198,888	-
	198,888	890,112



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

24. Earnings per share (EPS)

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

	31-Mar-16 Rs.(000's)	31-Mar-15 Rs.(000's)
(Loss) for the year/period	(929,566)	(1,529,271)
Weighted average number of equity shares in calculating basic and diluted EPS	84,717	45,885
Basic and diluted earning per share (In Rs.)	(10.97)	(33.33)

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

A. Gratuity and other post-employment benefit plans

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service or part thereof in excess of 6 months.

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

Statement of profit and loss

Net employee benefit expense recognized in the employee cost

	Gratuity 31-Mar-16 Rs.(000's)	Gratuity 31-Mar-15 Rs.(000's)
Current service cost	5,119	4,869
Interest cost on benefit obligation	2,203	1,558
Expected return on plan assets	(682)	(501)
Net actuarial (gain) recognized in the year/period	(4,421)	855
Net benefit expense	2,219	6,781

Balance sheet

Detail of Provision for Gratuity - Funded

	Gratuity 31-Mar-16 Rs.(000's)	Gratuity 31-Mar-15 Rs.(000's)
Present value of defined benefit obligation	(13,868)	(14,769)
Fair value of plan assets	5,950	7,457
Plan (liability)	(7,918)	(7,312)

Detail of Provision for Gratuity - Non Funded

	Gratuity 31-Mar-16 Rs.(000's)	Gratuity 31-Mar-15 Rs.(000's)
Present value of defined benefit obligation	(11,227)	(13,660)
Plan (liability)	(11,227)	(13,660)

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

	Gratuity 31-Mar-16 Rs.(000's)	Gratuity 31-Mar-15 Rs.(000's)
Opening defined benefit obligation	28,428	24,435
Current service cost	5,119	4,869
Interest cost	2,203	1,558
Liability transferred (to)/from another Company	-	42
Benefits paid*	(6,008)	(3,262)
Actuarial (gains) on obligation	(4,647)	788
Closing defined benefit obligation	25,095	28,428

*includes Rs 4,064 thousand (Previous period Rs 2,983) paid directly by the Company.

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

	Gratuity 31-Mar-16 Rs.(000's)	Gratuity 31-Mar-15 Rs.(000's)
Opening fair value of plan assets	7,457	7,303
Expected return	682	501
Contributions by employer	(18)	-
Benefits paid	(1,944)	(279)
Actuarial (losses)	(227)	(68)
Closing fair value of plan assets	5,950	7,457

The Company expects to contribute Rs. 9,414 thousand to gratuity in the next year.



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

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

	Gratuity 31-Mar-16	Gratuity 31-Mar-15
Investments with insurer (Device Business)	100%	100%

The principal assumptions used in determining gratuity 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 of Retail business	35.00%	35.00%
Increase in Compensation cost	8.00%	8.00%
Expected rate of return on assets	9.15%	9.15%
Withdrawal rate of "Spice Brand Handset Business"		
- Upto 30 years	4.00%	4.00%
- 30-44 years	4.00%	4.00%
- Above 44 years	1.00%	1.00%
Mortality table referred	IALM (2006-08) duly modified	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.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

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

	31-Mar-16 Rs.(000's)	31-Mar-15 Rs.(000's)	30-Jun-14 Rs.(000's)	30-Jun-13 Rs.(000's)	30-Jun-12 Rs.(000's)
Gratuity					
Defined benefit obligation	25,096	28,429	24,434	12,518	14,211
Plan assets	5,950	7,457	7,303	-	-
Surplus / (deficit)	(19,145)	(20,972)	(17,132)	(12,518)	(14,211)
Experience adjustments on plan liabilities (loss) / gain	4,139	922	51	132	2,992
Experience adjustments on plan assets (loss)/ gain	(227)	(68)	(45)	-	-

B. Defined Contribution Plan

	31-Mar-16 Rs.(000's)	31-Mar-15 Rs.(000's)	30-Jun-14 Rs.(000's)	30-Jun-13 Rs.(000's)	30-Jun-12 Rs.(000's)
Contribution to Provident Fund	21,578	17,861	20,557	15,859	21,443

26. Leases

Operating lease: Company as lessee

Outlet premises, office premises and warehouses are obtained on operating lease. The lease term ranges from 1 to 9 years and renewable for further 2 to 5 years at the option of the Company. There are no restrictions imposed by lease arrangements and the rent is not determined based on any contingency.

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

	31-Mar-16 Rs.(000's)	31-Mar-15 Rs.(000's)
Within one year	12,279	6,476
After one year but not more than five years	22,668	472
More than five years		
	34,947	6,947

27. Segment Reporting Policies

Primary Segments: Business Segments

The Company is engaged in the business of trading of mobile handsets, IT products and other accessories through retail store facilities and a network of distributors, which in the context of Accounting Standard 17 on 'Segment Reporting' constitute a single reporting segment.

Secondary Segment Reporting (by Geographical Segments)

The analysis of geographical segment is based on geographical location of the customers.

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

Geographical Segment	31-Mar-16 Rs.(000's)	31-Mar-15 Rs.(000's)
Revenue from the Domestic market	15,054,184	13,864,752
Revenue from the Overseas markets	33,072	14,497
Total Revenue	15,087,255	13,879,249
Trade receivables of Domestic market	431,073	905,646
Trade receivables of Overseas markets	198	4,687
Total Trade Receivables	431,271	910,332

Note: All assets other than trade receivables as disclosed above are located in India



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

28. Related party disclosures

Names of related parties where control exists irrespective of whether transactions have occurred or not:

Ultimate Holding Company	Smart Global Corporate Holding Private Limited (Formerly Spice Global Investment Private Limited) (Holding Company of Smart Connect Private Limited)
Holding Company	Hindustan Retail Private Limited. Spice Mobility Limited (Holding Company of Hindustan Retail Private Limited) Spice Connect Private Limited (Formerly known as Smart Ventures Private Limited) (Holding Co. of Spice Mobility Limited)
Subsidiary Company	Cellucum Retail India Private Limited

Names of other related parties with whom transactions have taken place during the year:

Fellow Subsidiary	Spice Digital Ltd. Kimaan Exports Pvt Ltd Spice Online Retail Pvt. Ltd Mobisoc Technology Pvt. Ltd Wall Street Finance Ltd
Key Management Personnel	Mr. Palakkal Krishna Kumar (CEO) (wef 27th Aug'14)
Relatives of Key Management Personnel	Ms. Annu N Kutty (Mother of Mr. Palakkal Krishna Kumar)
Enterprises owned or significantly influenced by key management personnel or their relatives	S I2I Limited V Corp Merchantile Private Limited Bharat IT Services Limited

29. Capital & other Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs.1,984 thousand (Previous period Rs. 2,055 thousand).

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

	31-Mar-16 Rs.(000's)	31-Mar-15 Rs.(000's)
Claims against the Company not acknowledged as debts		
Consumer Disputes*	7,050	7,052
Demands raised by sales tax authorities**/****	552,931	337,816
Demands raised by Income tax authority***	598	607
Others***	4,797	3,997
	565,376	349,472

* The cases are pending with various Consumer Disputes Redressal Forums. As per the management, the Company is made only a proforma party to these claims and liability, if any, arising out of these claims would be on the manufacturer and not likely to devolve on the Company.

**The Hon'ble Supreme Court of India vide its order dated December 17, 2014 on the judgment in case of State of Punjab Vs. Nokia India Pvt. Ltd. has held that sales tax liability on battery charger sold along with mobile phone should be charged at sales tax rate applicable to chargers, which is higher than the sales tax rate applicable to mobile phones in few states. Demand of Rs 7,413 thousand, Rs 17,568 thousand, Rs 1,699 thousand and Rs 22,247 thousand has been received from Punjab, Rajasthan, Haryana, Uttar Pradesh respectively. No demand has been received/ascertained for other states.

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

31. Loans and advances in the nature of loans given to subsidiaries and associates and firms/ companies in which directors are interested

	31-Mar-16 Rs.(000's)	31-Mar-15 Rs.(000's)
Kimaan Exports Private Limited	734	734
	734	734

Maximum amount outstanding during the year Rs. 734 thousand (Previous year Rs. 278,616 thousand)

32. Derivative Instruments and Unhedged Foreign Currency Exposure as at the reporting date

Particulars of Derivatives	Purpose
Forward contract outstanding as at Balance Sheet date	
Sell	
US \$ 16,933,188 (Previous period US\$ 1,634,728)	Hedge of Trade Payables

The amounts of foreign currency exposure that are not hedged by a derivative instrument are as under:

Particulars	Currency	31-Mar-16		
		Amount in FC	Ex. Rate	Amount Rs.(000's)
(i) Payable to suppliers	USD	2,121,639	66.33	140,734
(ii) Receivables	USD	2,987	66.33	198

Particulars	Currency	31-Mar-15		
		Amount in FC	Ex. Rate	Amount (in '000)
(i) Payable to suppliers	USD	24,028,293	62.51	1,501,888
(ii) Trade Receivables	USD	74,987	62.51	4,687

(B) A sum of Rs. 7,904 thousand (Previous year Rs.237 thousand) on account of unamortized foreign exchange premium on outstanding forward exchange contracts is being carried forward to be charged to Statement of Profit and Loss of subsequent year.



Spice Retail Limited
 CIN: U32201HP1988PLC008020
 Regd. Address: Village Billanwali Labana, Post Office - Baddi, Tehsil Nalagarh, Baddi, Himachal Pradesh - 173205

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

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

	31-Mar-16 Rs.(000's)	31-Mar-15 Rs.(000's)
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
The amount of interest paid by the buyer in terms of Section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year		
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the current period) but without adding the interest specified under the MSMED Act 2006.		
The amount of interest accrued and remaining unpaid at the end of each accounting year		
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act 2006		

34. Value of Imports calculated on CIF basis

	31-Mar-16 Rs.(000's)	31-Mar-15 Rs.(000's)
Traded goods and Service components and spares	57,62,063	70,86,487
	57,62,063	70,86,487

35 (a). Expenditure in foreign currency (accrual basis)

	31-Mar-16 Rs.(000's)	31-Mar-15 Rs.(000's)
Travelling and Conveyance	4,484	4,403
Legal & Professional Expenses	27,737	23,185
Testing charges(included under purchase of traded goods)	2,686	-
	34,907	27,588

35 (b). Earnings in foreign currency (accrual basis)

	31-Mar-16 Rs.(000's)	31-Mar-15 Rs.(000's)
FOB Value of Export	672	4,555
VAS Revenue	32,400	9,899
	33,071	14,454

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

37. As at March 31, 2016, the Company has accumulated losses of Rs. 4,645,252 thousand (Previous period Rs. 3,715,686 thousand) against its equity, securities premium and amalgamation reserve of Rs. 2,539,024 thousand and also has net current liabilities of Rs. 2,203,941 thousand (Previous period Rs. 1,330,436 thousand). The Company has incurred losses of Rs. 929,566 thousand (Previous period loss Rs. 1,529,271 thousand) during the current year. Financial statements do not include any adjustment relating to recoverables / payables and classification of recorded assets / liabilities that may be necessary if the entity is unable to continue as a going concern in view of the fact that Spice Mobility Limited, the holding company has confirmed its intention to provide financial support to the subsidiary company in the future which will enable it to settle its obligations as and when they fall due and operate as a going concern.

38. The Company has over the years invested Rs.482,439 thousand in its subsidiary Cellucom Retail India Private Limited as investment in the equity share capital. In view of the continuing losses of the said business and as a prudent accounting practice, the said amount of investment was fully provided as provision for diminution in the value of investment. However, the management continues to focus on growing the retail business in the subsidiary and making it profitable on an ongoing basis. The Company also has trade receivables of Rs. 198,888 thousand (Previous period Rs 248,420 thousand) from the subsidiary. The management has made provision against the above receivable amount since the net worth of the said company is fully eroded.

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



Spice Retail Limited

CIN: U32201HP1988PLC008020

Regd. Address: Village Billanwali Labana, Post Office - Baddi, Tehsil Nalagarh, Baddi, Himachal Pradesh - 173205

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

40. Disclosure required under Section 186(4) of the Companies Act 2013

Included in loans and advances, the particulars of which are disclosed below as required by Section 186(4) of Companies Act, 2013

Details of Investments made (At cost):

Particulars	Opening Investments	Investments made during the year	Closing Investments
	Rs. '000	Rs. '000	Rs. '000
50,000,000 (Previous period 50,000,000) Unquoted fully paid up equity shares of Rs. 10 each in Cellucom Retail India Private Limited	482,439		482,439

41. Previous year figures

- a) Current year accounts are for the full year, i.e., from April 1, 2015 to March 31, 2016. Previous period's accounts were prepared for the nine months period from July 1, 2014 to March 31, 2015. Hence, current year's figures are not comparable with those of the previous period.
- b) Previous year figures have been regrouped / reclassified, wherever considered necessary.

As per our report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm registration number: 301003E/E300005

Anil Gupta

per Anil Gupta
Partner
Membership no.: 87921

Place: Noida
Date: 17/05/2016

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

Suman Ghose Hazra
Suman Ghose Hazra
Director
DIN:00012223

Gopal Sadani
Gopal Sadani
Company Secretary
Membership no.: A27683

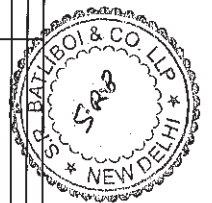
Subramanian Murali
Subramanian Murali
Director
DIN:00041261

Subhasish Mohanty
Subhasish Mohanty
Chief Financial Officer



Mobes to financial statements for the year ended March 31, 2016
 Related party transactions for the year ended March 31, 2016

Particulars	(Amount in Rs. (000's))												
	Holding Company/Ultimate Holding Company		Subsidiary		Fellow Subsidiary		Enterprises over which individuals having significant influence over the Company is able to exercise significant influence		Key management personnel		Relatives of key management personnel		Total
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	
(A) Transactions													
Sale of Traded Goods													
Cellucorn Retail India (P) Limited			348,936	625,531									348,936
Spice Online Retail Pvt. Ltd.					20,453	98,274							20,453
Spice Digital Limited					51	248							51
S. Mobility (P) Limited						4,597							4,597
Smart Entertainment Private Limited						11							11
Spice Connect Private Limited			58										58
Sales of Value Added Services													
Spice Digital Limited					12,708								12,708
Allotment of Shares													
Hindustan Retail Private Limited			400,000										400,000
Advances given													
Smart Global Corporate Holding Private Limited	410												410
Advances taken back													
Smart Global Corporate Holding Private Limited	410												410
Security Deposit Received													
Spice Mobility Limited	400												400
Security Deposit Paid back													
Spice Mobility Limited	400												400
Investment in Share Capital													
Cellucorn Retail India (P) Limited					300,000								300,000
Provision made for doubtful advances/receivables taken													
Cellucorn Retail India (P) Limited			198,888										198,888
SIZI Ltd													6,615
Sundry balance written back													
SIZI Ltd							11,500						11,500
Loans Refund													
Cellucorn Retail India (P) Limited					278,000								278,000
Loans Taken													
Spice Mobility Limited			25,000										25,000
Spice Digital Limited					55,000	19,077							55,000
Hindustan Retail Private Limited			250,000		75,500								250,000
Mobisc. Technology Private Limited					50,000								50,000
Repayment of Loans													
Spice Mobility Limited			307,030		89,300								307,030
Spice Digital Limited					95,000								95,000
Hindustan Retail Private Limited			9,550		2,250								9,550
Mobisc. Technology Private Limited					10,000								10,000
Interest expense													
Spice Digital Limited													
Hindustan Retail Private Limited			28,134		5,880								28,134
Spice Mobility Limited			27,892		28,395								27,892
Mobisc. Technology Private Limited					964								964
Interest Income													
Cellucorn Retail India (P) Limited					15,892								15,892



Related party transactions for the year ended March 31, 2016

Particulars	Holding Company/Ultimate Holding Company		Subsidiary		Fellow Subsidiary		Enterprises over which individuals having significant influence over the Company is able to exercise significant influence		key management personnel		Relatives of key management personnel		Total
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	
	(Amount in Rs. (000's))												
AMC/SAP maintenance reimbursement recovered													
Spice Digital Limited					1,730	2,092							1,730
AMC/SAP maintenance reimbursement paid													
Spice Digital Limited					2,497	1,942							2,497
Purchase of currency													
Wall Street Finance Ltd.					145	423							145
Traveling Expenses													
Spice Digital Limited					7,251	7,117							7,251
Wall Street Finance Ltd.						73							73
Operating and other expenses													
Spice Digital Limited					8,699	6,443							8,699
Spice Online Retail Pvt. Ltd.					149	71							149
V. Cora Mercantile Pvt. Ltd.								260					260
Marketing expense													
Smart Entertainment Private Limited						435,418							435,418
Purchase of Traded Goods													
Spice Mobility Limited		1,520,643											1,520,643
Spice Online Retail Pvt. Ltd.					25,986	30,436							25,986
Purchase of Fixed Assets													
Spice Digital Limited					725	1,494							725
Sale of Fixed Assets													
Mobisoc Technology Private Limited					44								44
Spice Connect Private Limited		23											23
Local & Professional Expenses													
Spice Connect Private Limited		113,257											113,257
Commission on Airtime-Taken													
Mobisoc Technology Private Limited						375							375
Spice Digital Limited					459	170							459
Commission on Airtime-Given													
Cellcom Retail Jids (P) Limited					964	880							964
Reimbursement of Expenses-Given													
S2I Ltd.								22,730					22,730
Spice Online Retail Pvt. Ltd.								138					138
Reimbursement of Expenses-Taken													
Spice Online Retail Pvt. Ltd.					9,401	6,989							9,401
Hindustan Retail Private Limited		1,250											1,250
Spice Mobility Limited		14,514											14,514
Kimban Exports Pvt. Ltd.						119							119
Computer Maintenance Expenses													
Bharat IT Services Limited								1,234					1,234
Rent paid													
Spice Mobility Limited		35,264											35,264
Remuneration Paid													
Palakal Krishna Kumar									4,521		3,110		4,521
Lease Rent Paid													
Ammu M KURY										156		93	156



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

Particulars	Holding Company/Ultimate Holding Company		Subsidiary		Fellow Subsidiary		Enterprises over which individuals having significant influence over the Company is able to exercise significant influence		Key management personnel		Relatives of key management personnel		Total	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
	(b) Outstanding at the end of the year													
Loans / Advances given														
S21 Ltd					734			8,754					8,754	8,754
Kimaan Exports Pvt Ltd						734							734	734
Accrued Interest on Loans														
Spice Digital Limited						2,170							13,104	2,170
Hindustan Retail Private Limited	36,513	11,192											36,513	11,192
Spice Mobility Limited	17,804	25,555											17,804	25,555
Mobisoc Technology Private Limited					816								816	816
Trade payables														
Spice Digital Limited						11,516	9,693						11,516	9,693
Wall Street Finance Ltd						73							73	73
Spice Mobility Limited	495,177	75,493											495,177	75,493
Biharat IT Services Limited								46					46	46
S21 Ltd						14,054	29,926						14,054	29,926
Spice Connect Private Limited	11,148												11,148	11,148
Loans Payable														
Spice Mobility Limited														
Spice Digital Limited	133,046	415,075											133,046	415,075
Hindustan Retail Private Limited	357,000	116,550			79,077	119,077							79,077	119,077
Mobisoc Technology Private Limited					40,000								40,000	40,000
Trade Receivables														
Calcuttan Retail India (P) Limited			198,888	248,420									198,888	248,420
Spice Online Retail Pvt. Ltd.													8,757	8,757
Spice Online Retail Pvt. Ltd.													8,757	8,757
Spice Online Retail Pvt. Ltd.													4,500	4,500
S21 Ltd													44	44
Mobisoc Technology Private Limited													162	162
Provision for doubtful advances/receivables														
Calcuttan Retail India (P) Limited			198,888										198,888	198,888
S21 Ltd								6,615					6,615	6,615

Notes:

- No amount has been provided as doubtful debts or advances / written off or written back in respect of debts due from / to above parties other than as disclosed above.
- The holding company, Spice Mobility Limited has given corporate guarantee and pledged fixed deposits of Rs. 195,476 thousand (Previous period Rs. 180,562 thousand) in respect of letter of credit/bill discounting facility /buyers credit facility taken by the Company to the extent of Rs. 2,50,000 thousand where the holding Company is jointly and severally liable. Further, the holding Company has an equitable mortgage of its property situated at 61, 101, 106 and 107, Boomerang, Plot No. 4A and 4B, Sakvati Village, Chandivali Farm road, Kuna (W), Mumtaz & at Unit No. ESMT Building, 5th Floor, IFFI, New Town, Rajahat, North 24 Parganas, Kolkata, West Bengal in respect of letter of credit facility (included in the above amount) taken by Company to the extent of Rs. 450,000 thousand and Rs 500,000 thousand, where the holding Company is jointly and severally liable.
- A fellow subsidiary of the company, Kimaan Exports Private Limited has given corporate guarantee in respect of letter of credit facilities by a bank to the Company to the extent of Rs. 2,050,000 thousand where the Fellow subsidiary is jointly and severally liable. Further, the Fellow Subsidiary has an equitable mortgage of its property situated at Plot No. 19A & 19B, Sector-125, Noida in respect of letter of credit facility (included in the above amount) taken by Company, where the fellow subsidiary is jointly and severally liable.



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