

The word "spice" is written in a bold, lowercase, sans-serif font. The letters are a light gray color with a subtle drop shadow effect, giving them a three-dimensional appearance. The logo is positioned in the top right corner of the page.

spice

Annual Report 2013-14

The background of the page features several large, overlapping, tilted square frames. Each frame is composed of multiple concentric borders in shades of gray, creating a sense of depth and movement. The frames are arranged in a way that they appear to be floating or layered on top of each other, with some frames partially obscuring others. The overall aesthetic is clean, modern, and geometric.

Spice Mobility Ltd.

spice



Keep your dreams alive

When you own your dreams and draw no limits, you deserve a Smart Phone that gives you an edge. Spice Smart Phone for someone who dares to dream up possibilities.



Contents

04	Chairman's Statement
07	Company Information
08	Board of Directors
12	Directors' Report
16	Management Discussion & Analysis Report
21	Corporate Governance Report
33	Secretarial Audit Report
	Financial Statements:
35	Independent Auditors' Report
40	Balance Sheet
41	Statement of Profit & Loss
42	Cash Flow Statement
44	Notes to Financial Statements
	Consolidated Financial Statements:
74	Independent Auditors' Report
75	Balance Sheet
76	Statement of Profit & Loss
77	Cash Flow Statement
79	Notes to Financial Statements
118	Information relating to subsidiary companies

Spice Mobility Limited

spice

Global Launch of Android One

Spice & Google collaborate to launch the perfect smartphone on Android One platform. Among first brands to launch Android One platform based device globally. Redefines consumer experience with promised 30 day Device Replacement guarantee & 10 GB Cloud Space



androidone



India's First Firefox Phone

Spice Launches India's first Firefox OS Smartphones. Spice Fire One, becomes the country's most Economical Smartphone. A step towards enabling the dreams of the small town masses of connecting with their aspirations through affordable smartphones.

Firefox OS



Entry into wearables

Spice once again pushed the boundaries of affordable innovation and created a new benchmark by introducing the country's first sim enabled smart watch, Spice Smart Pulse in the wearable devices category.

Smart Pulse



Chairman's Statement

Dear Shareholders,

It gives me great pleasure to address all of you as we conclude another eventful year for your company.

Mobile Internet on a strong growth ascendant

With a young aspirational demographic, India is already the second largest telecommunication market in the world in terms of subscriber base. Increased availability of low cost mobile handsets has enabled the mobile penetration to reach up to 75% of the Indian population, with an increasing adoption of smartphones.

Recent developments such as the introduction of entry level 3G smartphones and reduced data costs for mobile subscribers of 3G networks are propelling the growth of mobile internet usage. Overall internet users in India stand at over 257 million and a significant majority of users currently access internet using their mobile devices. With the Indian government also pushing for a massive digital transformation of the economy to expand the reach of services such as healthcare and education to a greater part of the Indian population, smartphone sales are poised for healthy growth in the years ahead.

Market Dynamics: Domestic brands taking the lead from global players and growth of e-retailing

The overall Indian mobile phone market stood at more than 275 Million units in 2014. With an increasing migration from feature to smartphones, the Indian smartphone market registered a year on year growth of 84% in 2014.

Smartphone sales are expected to increase substantially owing to the following factors:

1. Feature phones currently comprise over 71% of the overall mobile market in India, thus offering a huge upgrade potential for feature phone users towards smartphones
2. Rapid erosion of the Average Selling Price (ASP) of smartphones, with availability of under Rs. 3,000 smartphones, is accelerating user migration from feature phones to smartphones
3. The nationwide expansion of 3G services and preparation for rollout of 4G-LTE spectrum will drive the need for more enhanced connected devices
4. The availability of data-centric services and tariffs from mobile operators is fuelling the adoption of smartphones in the country, including data tariffs tailor-made for cost-conscious prepaid consumers
5. Availability of smartphones in regional languages is expected to increase user adoption especially in Tier II and Tier III markets

In the last few quarters, there has been a noticeable aggression from domestic players in the market, especially in the entry and mid-level smartphone and tablet segments. Targeting a price sensitive audience, the domestic brands have introduced a wide range of smartphones offering technical features comparable to international brands, albeit at a much lower price range. Armed with good products, aggressive marketing spends and increased distribution reach, domestic players have captured a large share of the Indian market.

Chairman's Statement

In the mobile retail segment, we have observed a sharp increase in e-retailing of mobile devices in India. With improved internet penetration, especially mobile internet, a large number of urban and semi urban buyers are purchasing mobile phones and tablet devices on internet portals. Internet shopping portals offer convenience, wide range of selection and last mile connectivity to buyers. At the same time, organised brick-and-mortar retail stores continue to play a pivotal role in mobile device sales by offering a first-hand touch-and-feel experience to customers.

The overall Mobile VAS market in India stands at Rs. 5,267 Crores as of 2014 and witnessed a growth of 25% over last year. The growth in the sector was attributed to increased data usage on smartphones, whereas traditional VAS segment revenues declined in the past year. Mobile operators have taken several measures to grow data usage on phones by focusing on both costs and relevant content.

A look at last year

The company has focused strongly on increasing revenues in the past one year. The management team has taken several new initiatives such as introducing new products, especially in the smartphone segment, new experiential retail stores, increasing distribution reach and enhancing overall customer experience.

Spice Mobiles has focused on significantly enhancing the smartphone portfolio in the entry level segment, while maintaining its lead in the feature phone segment. Our efforts have been duly recognized by the industry, as we were ranked the second most

trusted Indian mobile brand by the Brand Equity annual survey 2014, conducted by the Economic Times publication. We have also won the prestigious Golden Peacock award for the second time for innovative mobile products in 2014.

The company has entered into strategic partnerships with two leading global technology companies - Google and Mozilla. Together with Google, Spice Mobility launched the world's first Android one smartphones in India. The Spice Dream Uno Android One is a unique initiative, offering Indian consumers an affordable smartphone with superior technical features and a great user experience, thus making quality smartphones accessible to a large section of the population. The company also collaborated with Mozilla to launch the Fire One phones, the first-of-its-kind entry level smartphones with a Mozilla operating system available at a price range under Rs. 3000.

Spice Retail continued to focus on driving profitable revenue growth by successfully positioning itself as a key destination for smartphones, through brand partnerships with leading mobile companies. The company also expanded its retail product portfolio to include mobile accessories and new connected device categories such as tablets and wearables. Spice Retail has also strengthened its presence in the growing online mobile marketplace through Saholic.com, its online initiative.

Spice Digital continues to focus on growing its partnerships with leading telco players in high growth emerging markets across India, Middle East, Africa and Latin America.

Chairman's Statement

Future Outlook

The mobility sector in India is expanding at very rapid pace and will witness new business models and new competition, which will offer new opportunities and challenges for us at Spice Mobility. We are well placed with our presence across the ecosystem of devices, distribution, physical retail, online marketplace and managed services model for telcos to focus and capitalize on the new opportunities and accordingly adjust our business model to address the challenges.

I feel the future is going to be very exciting for our company as India emerges as the

fastest growing mobile internet market in the world.

I invite you all to participate and enjoy this journey with us. Let me conclude by thanking all our customers, employees, partners, and most importantly you, our shareholders for your continued support, contribution and faith in our company and in all our endeavours. I look forward to an even better year ahead and thank you for your continued patronage.

With Best Wishes,

Dilip Modi
Chairman

COMPANY INFORMATION

Spice Mobility Limited (Formerly S Mobility Limited)

BOARD OF DIRECTORS

Mr. Dilip Modi - Chairman
Mr. Hanif Mohamed Dahya
Mr. Kashi Nath Memani
Ms. Preeti Malhotra
Mr. Rajul Garg
Mr. Saurabh Srivastava
Mr. Subroto Chattopadhyay

Company Secretary

Mr. M R Bothra

BOARD COMMITTEES

I) Audit Committee

Mr. Kashi Nath Memani – Chairman
Mr. Hanif Mohamed Dahya
Ms. Preeti Malhotra
Mr. Subroto Chattopadhyay

II) Nomination and Remuneration Committee

Mr. Subroto Chattopadhyay – Chairman
Mr. Kashi Nath Memani
Ms. Preeti Malhotra
Mr. Saurabh Srivastava

III) Stakeholders Relationship Committee

Mr. Dilip Modi – Chairman
Ms. Preeti Malhotra

IV) Corporate Social Responsibility Committee

Mr. Dilip Modi – Chairman
Ms. Preeti Malhotra
Mr. Saurabh Srivastava

Chief Executive Officer

Mr. Prashant Bindal

Chief Financial Officer

Mr. Madhusudan V.

CIN: L72900UP1986PLC008448

Registered Office

S Global Knowledge Park, 19A & 19B, Sector 125,
Noida, District Gautam Budh Nagar, U.P.-201301
Phone :0120-3355131
E-mail : complianceofficer@smobility.in
Website : www.spice-mobile.com

Statutory Auditors

M/s S.R. Batliboi & Co. LLP
Chartered Accountants
Golf View Corporate Towers – B
Sector-42, Sector Road
Gurgaon – 122 002 (Haryana)

Internal Auditors

M/s Bansal Dalmia & Co.
Chartered Accountants
210, Gupta Tower, Commercial Complex
Azadpur, Delhi - 110033

Registrar & Share Transfer Agent MAS Services Ltd.

T-34, 2nd Floor, Okhla Industrial Area
Phase-II, New Delhi-110 020
Phone : 011-26387281/82/83
Fax : 011-26387384
E-mail : info@masserv.com

Bankers:

HDFC Bank Limited
IndusInd Bank Limited

Symbol/Scrip ID at NSE /BSE

NSE Symbol : SPICEMOBI
BSE Scrip ID : 517214

Green Initiative

In order to enable the Company to send various documents through electronic mode, the members of the Company are requested to register/update their e-mail addresses with the Company in case the shares are held in Physical mode and with the concerned Depository Participant in case the shares are held in Demat mode.

BOARD OF DIRECTORS



Mr. Dilip Modi
Chairman

Mr. Dilip Modi was appointed to the Board on 21st August, 2006 as Director and has taken over as Chairman of the Company w.e.f. 18th February, 2014.

Mr. Modi is a new generation entrepreneur who has been spearheading business innovations in the mobility segment with technology as the driving force. Mr. Modi soon after starting his career in the early 90s, led the entry of the Spice Group into the sunrise telecom sector through Modi Telstra, India's first mobile service provider. He also founded the country's earliest VAS companies and mobile retail chains that led the wave of innovations in the telecom industry. He has been instrumental in building a dynamic Spice brand in the mobility segment being the Spice Group's flagship business.

Mr. Modi has been instrumental in expanding the Mobility footprint of the Spice Group across major Asian and African markets and has successfully created a Global and Inclusive Work

Culture in the Group, currently headquartered at Singapore.

Apart from managing his businesses successfully, he is equally aware of the responsibility of the industry for affecting a positive social impact. His leadership attributes are widely recognized by corporate India resulting in his being the youngest ever President of Associated Chambers of Commerce (ASSOCHAM), the oldest chamber of India in 2011-12 as also the youngest Chairman of the Cellular Operators Association of India (COAI), in 2004 - 05.

Mr. Modi was also awarded the "Youth Icon Award" by the Gujarat Chamber of Commerce and Industry for his exemplary leadership. He is the founder of Ek Soch, a social impact initiative to support innovation and entrepreneurship in the areas of Mobility, Education and Environment.

Mr. Modi holds a First Class Bachelor of Science Degree in Management Technology from the Brunel University, London, UK. He has also done his Masters in Business Administration from the Management School at the Imperial College, London, with a specialization in Finance.



Mr. Hanif Mohamed Dahya
Independent Director

Mr. Hanif Mohamed Dahya was appointed to the Board on 26th August, 2013.

Mr. Hanif Mohamed Dahya, Wally, serves as the Chief Executive Officer of The Y Company, LLC. Mr. Dahya is an Investment Banker with 14 years of experience on Wall Street. He began his career with E.F. Hutton and Company, Inc. He served as Principal and Partner of Sandler O'Neil and Partners. He served as a Manager and Managing Director of mortgage-backed securities for Union Bank of Switzerland; Head of Mortgage Finance and Managing Director of LF Rothschild and Company, Inc. He was an Independent Non-

Executive Director of Cellebrum Technologies Limited.

He has been Independent Non Executive Director of S i2i Limited, Singapore since August 29, 2013. Mr. Dahya served as a Director of New York Community Ban Corp. Inc. and has been a Director of New York Commercial Bank. He is a Director of New York Community Bank since March 2, 2007. He served as a Director of CFS Investments New Jersey, Inc., a subsidiary of CFS Bank.

Mr. Dahya holds Masters in Business Administration Degree of Harvard Business School, Cambridge, Massachusetts, USA and obtained his bachelor's degree in technology from Loughborough University of Technology in the UK.

BOARD OF DIRECTORS



Mr. Kashi Nath Memani
Independent Director

Mr. Kashi Nath Memani was appointed to the Board on 24th April, 2010 as Independent Director. Mr. Memani is former Chairman and Country Managing Partner of Ernst & Young, India from where he retired on

31st March 2004.

Mr. Memani specializes in Business and Corporate Advisory, Financial Consultancy etc. and is consulted on the corporate matters by several domestic and foreign companies. He has helped several multi-national companies in setting up businesses in India.

Mr. Memani is member of the boards of various listed Companies besides being a member of governing bodies of some business schools, social, educational and charitable organizations and Foundations.

He is actively associated with various Chambers of Commerce. Currently, he is member of the Executive/Managing Committees of Federation of Indian Chambers of Commerce and Industry, Indo American Chamber of Commerce, PHD Chamber of Commerce and Industry and the Associated Chambers of Commerce and Industry in India. Mr. Memani has been the Past President of American Chamber of Commerce, Indo American Chamber of Commerce, PHD Chamber of Commerce & Industry etc. He was member of External Audit Committee of International Monetary Fund (IMF), Washington in the year 1999 and its Chairman in the year 2000, the only Indian so far to sit on this committee.

Mr. Memani holds Bachelor's Degree in Commerce from Calcutta University and is fellow member of the Institute of Chartered Accountants of India ("ICAI").



Ms. Preeti Malhotra
Non-Executive Director

Ms. Preeti Malhotra was appointed to the Board on 24th April, 2010 and she was an Executive Director of the Company till 13th February, 2013.

Ms. Malhotra is Executive Director of Smart Ventures Private Limited, the holding Company for the global mobility business of the Spice Group. She is also on the Board of other Smart Global Group companies in the Mobility, Healthcare, Financial and Entertainment business segments.

She is an accomplished professional in the field of corporate governance and her opinion and advisory has industry wide recognition. She has been the past President of the Institute of Company Secretaries of India (ICSI). She was the first and is the only woman to be elected as President amongst the premier National Professional Bodies in India. She was a member of the Dr. J. J. Irani Expert Committee constituted by the Ministry of Corporate Affairs (MCA), Government of

India, to advise the Government on the New Company Law.

She is a member on various expert panels on Corporate laws, Governance and Regulation and is Member of various Committees of Chambers of Industries in India and is presently also the Chairperson of the National Council of Corporate Governance, CSR & Corporate Affairs of ASSOCHAM.

Ms. Malhotra received on behalf of ICSI as its Past President "Recognition of Excellence Award" from Her Excellency Smt. Pratibha Devisingh Patil (Former President of India) during the Celebration of India Corporate Week 2009 by MCA. She has also received several awards & citations and was awarded the Bharat Nirman Talented Ladies Award in the field of profession and the Vocational Service Excellence Award by Rotary Club of New Delhi.

Ms. Malhotra is a Fellow Member of the Institute of Company Secretaries of India. She is a Commerce (Hons) Graduate and a Law Graduate from Delhi University.

BOARD OF DIRECTORS



Mr. Rajul Garg
Independent Director

Mr. Rajul Garg was appointed to the Board on 26th August, 2013.

Mr. Garg is a successful digital business entrepreneur both in India and internationally.

Previously, Mr. Garg has co-founded GlobalLogic, a global leader in R&D outsourcing, now having over 8,000 people across 6 countries. He has also co-founded Pine Labs, a leader in point of sales transactions in India. Mr. Garg has also worked on the venture side with leading firms such as Sequoia Capital and Battery Capital as well as in rural investments in

India with Aavishkaar Capital. Currently, he heads Sunstone Business School, a leading technology-led business school for working professionals. He is also a Board observer at Cygnus Medicare, a leading healthcare chain in Delhi and Haryana and an Independent Director with Knowlarity Communications, a Sequoia funded leader in cloud telephony.

Mr. Garg has gained a wide range of experience in technology driven businesses including team building, brand building, M&A, financing and structuring and business strategy.

Mr. Garg is a computer science graduate from IIT Delhi.



Mr. Saurabh Srivastava
Independent Director

Mr. Saurabh Srivastava was appointed to the Board on 30th May, 2011 as Independent Director.

Mr. Srivastava is one of India's leading entrepreneurs and institution builders.

He is a cofounder and past Chairman of NASSCOM and the Indian Venture Capital Association and Chairman Emeritus of TIE (Delhi), the world's largest organisation devoted to entrepreneurship.

He worked in the US and India for IBM and headed the Tata Unisys JV before becoming an entrepreneur, founding several successful IT companies. One was ranked amongst the top 20 Indian software companies and, post merger, listed as Xansa on the London stock exchange till it was acquired by Steria. Saurabh now Chairs Steria in India. He founded and chaired India's first and extremely successful Venture Capital fund in the private sector, Infinity, which created companies such as India Bulls. He also founded the Indian Angel Network (IAN), with operations in 7 cities, including London.

He serves / has served on several Government Committees / Task forces / Boards set up for different purposes. He is on the board of America India Foundation, earlier co chaired by President Bill Clinton, which funds social causes in India like education and health.

He is a co founder of Ashoka University and serves/has served on the Advisory Board of Imperial College Business School, London, on the Entrepreneurship / Incubation boards of IIT Delhi and IIT Kanpur and on the Advisory boards of Uttarakhand and Himachal Universities. Awards include "Distinguished Alumnus" from IITK, Honorary Doctorate in Technology from the University of Wolverhampton, UK and the Cybermedia DQ Lifetime Achievement award from the IT Industry in India.

He has a Masters from Harvard University and a B Tech from the Indian Institute of Technology (IIT) Kanpur.

BOARD OF DIRECTORS



Mr. Subroto Chattopadhyay
Independent Director

Mr. Subroto Chattopadhyay was appointed to the Board w.e.f. 24th April, 2010 as Independent Director.

He is currently the Chairman of The Peninsula Foundation, where he incubates new businesses in FMCG, Insights and Diagnostics and Entertainment. Mr. Chattopadhyay's executive career of over 33 years includes management positions with Brooke Bond (now Unilever), ITC Ltd. (associate of British American Tobacco) and PepsiCo South Asia where he was an Executive Director. He was President CEO and Management Board member heading the

entertainment sector at RPG Enterprises. He is ex-chairman of Wall Street Finance Limited.

He is the former Chairman of Audit Bureau of Circulation and Indian Music Industry. He is chairman of the National Group of Archives Management appointed by Prasar Bharati for Doordarshan and All India Radio.

He taught in ASCI and ISB in Hyderabad and Indian Institute of Management, Bangalore.

Mr. Chattopadhyay holds a Hons Degree in Economics, with Mathematics and Statistics from the University of Calcutta and has done a course in finance for senior management in BAT.

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Twenty Sixth Annual Report together with the Audited Financial Statements and Accounts for the financial year ended on 30th June 2014.

FINANCIAL RESULTS

The consolidated and standalone financial performance of the Company for the financial year ended 30th June 2014, is summarized below:—

(Rs.'000)

PARTICULARS	For the Financial year ended 30.06.2014		For the Financial year ended 30.06.2013	
	Consolidated	Standalone	Consolidated	Standalone
Total revenue	21,273,407	1,017,357	18,844,928	7,439,140
Earnings before interest, tax, depreciation & amortization	128,561	76,053	560,612	786,861
Depreciation and amortization expense	349,723	51,007	362,548	81,681
Finance costs	11,788	1,254	10,331	1,430
Profit/(Loss) before tax	(232,950)	23,792	187,733	703,750
Tax expenses				
Current tax (Minimum Alternative Tax)	46,439	(23,500)	142,016	69,022
MAT Credit Entitlement for the current year	(1,051)	-	(7,640)	-
MAT credit entitlement written off	-	-	8,978	8,978
Deferred tax charge/ (credit)	(2,673)	-	2,449	-
Tax adjustment for earlier years	423	1,800	(4,779)	-
Profit/(Loss) for the Period	(276,088)	45,492	46,709	625,750
Share of Minority in profits / (losses)	5,410	-	(7,821)	-
Profit / (Loss) for the year attributable to equity shareholders	(281,498)	45,492	54,530	625,750
Balance brought forward from previous year	1,896,411	1,150,057	2,257,130	909,415
Reversal of proposed dividend on equity shares	9,625	9,625	-	-
Reversal of corporate dividend tax	31,777	31,777	28,771	28,771
Profit available for appropriation	1,656,315	1,236,951	2,340,431	1,563,936
Appropriations:				
Proposed Equity Dividend	-	-	300,273	300,273
Interim dividend	29,833	29,833	-	-
Tax on Proposed Equity Dividend	-	-	81,172	51,031
Tax on Interim Dividend	5,070	5,070	-	-
Transfer to General Reserve	-	-	62,575	62,575
Net Surplus in the Statement of Profit & Loss	1,621,412	1,202,048	1,896,411	1,150,057

During the year, the Company achieved a revenue of Rs. 1,017 million for the Financial year ended 30th June, 2014 as against Rs. 7,439 million for the year ended 30th June, 2013. The Company has earned a profit of approx. Rs.45 million during the financial year ended on 30th June, 2014 as against a profit of Rs. 626 million in previous year.

The Mobile Handset business of the Company has been transferred to Spice Retail Limited (SRL), a Wholly Owned Subsidiary of the Company, as a going concern w.e.f. 1st July, 2013 by way of slump sale and accordingly the financials of the financial year ended on 30th June, 2014 are excluding the figures of that business and are not comparable with the corresponding financial year.

The Consolidated Financial Statements of the Company have been prepared as per Accounting Standard (AS) 21 notified under the Companies (Accounting Standards) Rules, 2006 (as amended). The Consolidated Financial Statements include the financial statements of the Company and its subsidiary Companies.

At the consolidated level the Company achieved a revenue of Rs.21,273 million for the financial year ended 30th June 2014 as against Rs. 18,845 million for the year ended 30th June 2013. The loss after tax for the financial year ended on 30th June, 2014 is Rs.282 Million as against profit of Rs.55 million for year ended on 30th June, 2013.

The Company, on the devices business, focused on the introduction of smart phones as part of its portfolio and further consolidated

DIRECTORS' REPORT

its feature phone business and also invested in the second half in brand building through enhanced media spends and distribution infrastructure to grow the business. The company also launched Android Stores in a strategic partnership with Google and upgraded its Spice Hotspot Stores; continued focus on working capital management ensured that Cash Balance is maintained and operations remain healthy.

The VAS business has stabilized from the effect of TRAI Regulations and at the same time has diversified into the Enterprise Mobility Space.

BUY BACK OF EQUITY SHARES

With a view to enhance returns to investors and overall shareholders' value by returning cash to shareholders in an efficient and investor friendly matter, the Board of Directors of your Company in its meeting held on 19th June, 2013 approved the Buy-back of Company's fully paid-up equity shares of Rs.3/- each, at a price not exceeding Rs. 75/- per equity share, subject to a maximum of 1,10,00,000 (one crore ten lac) equity shares, up to an aggregate maximum amount of Rs.60 Crores which was within the limit of 10% of paid up equity capital and free reserves as prescribed under the Companies Act, 1956. The said buy back of equity shares was done from open market through stock exchange mechanism in accordance with the provisions contained in Section 77A and other applicable provisions of the Companies Act, 1956 and provisions contained in the SEBI (Buy Back of Securities) Regulations, 1998 as amended from time to time.

In pursuance to that, the Company commenced Buy back of its Equity Shares with effect from 10th July, 2013 and the same was closed on 13th May, 2014. The Company has bought back and extinguished 1,02,22,303 equity shares of Rs. 3/- each of the company pursuant to this buy-back offer. Accordingly, the issued and paid up share capital of the Company has reduced to Rs.68,35,91,946/- divided into 22,78,63,982 Equity Shares of Rs.3/- each as on 30.06.2014.

DIVIDEND

The Company has paid an interim dividend of 5% (i.e. Rs.0.15 per Equity share of face value of Rs.3/- each), declared by the Board of Directors of the Company at its meeting held on 1st November, 2013 on the paid-up Capital of the Company. Independent Non Promoter Trust which holds 35,301,215 equity shares of the Company had waived off its right to receive dividend on these equity shares held by them. Accordingly, interim dividend was not declared on these shares. With a view to drive business growth, your directors do not recommend any further dividend for the financial 2013-14 and place before you to confirm the interim dividend paid earlier.

CHANGE OF NAME OF THE COMPANY

With a view to further strengthen the "Spice" brand visibility in the minds of the consumers, the name of the Company has been changed from 'S Mobility Limited' to 'Spice Mobility Limited' with effect from 21st July, 2014. The Company is engaged in the business of trading and distribution of mobile handsets of "Spice" Brand through its subsidiaries. Spice is the registered trademark of the Company.

LISTING OF SECURITIES

The Equity Shares of the Company are presently listed on BSE Limited (BSE) and National Stock Exchange of India Ltd (NSE). The Annual Listing Fee for the Year 2014-15 has been paid to both the stock exchanges.

HOLDING COMPANY

During the year, the name of the Holding Company of your Company has been changed from S i2i Mobility Private Limited to Smart Ventures Private Limited w.e.f. 22nd July, 2013 which got converted into a Public limited Company w.e.f. 29th November, 2013.

As at 30.06.2014, Smart Ventures Limited (formerly S i2i Mobility Private Limited) held 74.36% of the issued share capital of the Company. The Holding Company has again got converted into a Private Limited Company w.e.f. 21st August, 2014.

SUBSIDIARY COMPANIES

During the year, Spice VAS (Africa) Pte Ltd, a step down subsidiary of the Company has issued 2,18,610 and purchased its own 9,040 Ordinary Shares. Consequently the effective stake of the Company in this subsidiary Company has reduced from 65.25% to 62.09%.

During the year, Spice Digital Bangladesh Limited, a step down subsidiary of the Company has also issued 30,860 shares to Spice Digital Limited, a subsidiary of the Company. However, there is no change in the stake of the Company in this subsidiary Company as a result of the said issue of shares.

The Ministry of Corporate Affairs (MCA) vide its General Circular No. 2 dated 8th February, 2011 granted a general exemption under Section 212(8) of Companies Act, 1956 to companies from attaching the Accounts etc. of their subsidiary companies in the Annual Report subject to fulfillment of certain conditions prescribed therein. The necessary information relating to subsidiary companies have been disclosed in the consolidated balance sheet. The annual accounts of the subsidiary companies and the related detailed information shall be made available to the members of the Company seeking such information at any point of time. The annual accounts of the subsidiary companies shall also be kept open for inspection by any member of the Company at the Registered Office of the Company on any working day during business hours.

The Statement relating to Subsidiary Companies pursuant to Section 212 of the Companies Act, 1956 is attached as a part of the Annual Accounts of the Company.

DIRECTORS' REPORT

FIXED DEPOSITS

During the year under review, the Company has not accepted any Deposits from the public within the meaning of Section 58A of the Companies Act, 1956 or Section 73 of the Companies Act, 2013 as applicable.

AUDITORS AND AUDITORS' REPORT

M/s. S.R. Batliboi & Co. LLP Chartered Accountants (Firm Registration No.: 301003E), who are the Statutory Auditors of the Company, holds office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Rules made thereunder, it is proposed to appoint M/s. S.R. Batliboi & Co. LLP as Statutory Auditors of the Company from the conclusion of the ensuing Annual General Meeting (AGM) until the conclusion of Twenty-seventh Annual General Meeting of the Company.

The Company has received a consent and confirmation from them to the effect that their reappointment, if made, would be within the prescribed limits under Section 141(3)(g) of the Companies Act, 2013 and that they are not disqualified for reappointment within the meaning of Section 141 of the said Act.

The Statutory Auditors in the Annexure to the Auditors' Report has mentioned about a slight delay in deposit of statutory dues in a few cases. Steps have been taken to ensure that all such delays are eliminated in future.

The Notes on Accounts referred to in the Auditors' Report are self explanatory and do not call for any further comments.

CASH FLOW STATEMENT

In conformity with the provisions of Clause 32 of the Listing Agreement, the Cash Flow Statement for the year ended on 30th June, 2014 is attached as a part of the Annual Accounts of the Company.

COST COMPLIANCE REPORT

Pursuant to the Companies (Cost Accounting Records) Rules, 2011 as notified by Ministry of Corporate Affairs on 3rd June, 2011 read with the relevant Circulars/ Notifications issued by the concerned statutory authorities, a Compliance Report for the financial year 2012-13, duly certified by a cost accountant, along with the Annexure as prescribed under the said Rules, was to be submitted to the Central Government. Accordingly, the Cost Compliance Report for the financial year 2012-13, certified by M/s Sanjay Gupta & Associates, Practicing Cost Accountants, was filed with the Central Government.

DIRECTORS

Dr. Bhupendra Kumar Modi resigned as Director and Chairman of the Company w.e.f. 18th February, 2014. The Board of Directors places on record its sincere and whole hearted appreciation for his excellent leadership during his tenure as Chairman of the Company which enabled the Company to achieve tremendous growth in its business and expand globally. As a part of succession planning within the group, Mr. Dilip Modi was appointed as the Chairman of the Company w.e.f. 18th February, 2014.

Mr. Dilip Modi retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

Pursuant to the provisions of the Companies Act, 2013, Independent Directors are required to be appointed in accordance with Section 149 of the said Act and that the requirement of retirement by rotation shall not be applicable to the Independent Directors. Accordingly, the resolutions for appointment of Mr. Subroto Chattopadhyay, Mr. Kashi Nath Memani, Mr. Saurabh Srivastava, Mr. Rajul Garg and Mr. Hanif Mohamed Dahya as Independent Directors for a term of 5 (five) years are being placed for approval of the members in the ensuing Annual General Meeting.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 as well as Clause 49 of the Listing Agreement with the Stock Exchanges.

As required under Clause 49 of Listing Agreement, brief resume, details of experience and other Directorships / Committee memberships/ Chairmanships held by the Directors in other Companies, whose appointment/re-appointment is due in the forthcoming Annual General Meeting (AGM) of the Company, forms part of the Notice convening AGM.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to the Directors' Responsibility Statement, the Directors hereby confirm that:

- (i) in the preparation of annual accounts for the financial year ended 30th June 2014, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 30th June 2014 and of the profit of the Company for the period ended on that date;

DIRECTORS' REPORT

- (iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) the Directors had prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE

A separate report on Corporate Governance is enclosed as a part of this Annual Report. The Company has appointed M/s. Sanjay Grover & Associates, Practicing Company Secretaries, to conduct the Corporate Governance Audit of the Company. A Certificate from them regarding compliance with Corporate Governance norms stipulated in Clause 49 of the Listing Agreement is annexed to the Report on Corporate Governance.

SECRETARIAL AUDIT

As a measure towards good Corporate Governance Practice, the Company has appointed M/s Sanjay Grover & Associates, Practicing Company Secretaries, to conduct the Secretarial Audit for the financial year 2013-14. The Secretarial Audit Report received from them forms part of this Annual Report.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

In compliance with the provisions of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Board of Directors of the Company at its Meeting held on 8th May, 2014 has constituted a Corporate Social Responsibility Committee ('CSR Committee'). The CSR Committee comprises of the following members:

1. Mr. Dilip Modi – Chairman
2. Ms. Preeti Malhotra - Member
3. Mr. Saurabh Srivastava - Member

The CSR Committee has been entrusted with the responsibility of formulating and recommending to the Board, a Corporate Social Responsibility Policy indicating the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013, monitoring the implementation of the framework of the CSR Policy, recommending to Board the amount of expenditure to be incurred on CSR activities and ensuring that the implementation of the projects and programmes is in compliance with the Corporate Social Responsibility Policy of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report as required under Clause 49 of the Listing Agreement is given in Annexure-A and forms an integral part of this Report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo as required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, are annexed hereto in Annexure-B and forms an integral part of this Report.

PARTICULARS OF EMPLOYEES

In terms of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, the names and particulars of employees as prescribed thereunder are required to be given in the Directors' Report. However, pursuant to the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Annual Report is being sent to all the members of the Company excluding the aforesaid information. The same would be made available for inspection at the Registered Office during working hours for a period of twenty one days before the date of Annual General Meeting. Any member interested in obtaining a copy of the same may write to the Company Secretary.

ACKNOWLEDGEMENT

Your Directors would like to express their grateful appreciation for assistance and cooperation received from the Banks, Government Authorities, Customers, Vendors and Members during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services of the Executives, Staff and Workers of the Company at all levels.

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

Dilip Modi
Chairman

Date: 27th August, 2014
Place: Noida

I. INDUSTRY SCENARIO & OPPORTUNITIES

In the telecom space, India after having gone through a tumultuous in 2012 has witnessed good turn around in 2013, despite adverse movement of US \$ against India Rupee. On one hand, the operator revenue has been strong as ever. But their own balance sheets have been stretched to the full due to heavy outgo on 3G Licence fees etc. On the positive side, the evolution of “Smartphones” especially in 3G area has beaten all expectations and breaking all price barriers. More and more powerful handsets are made available to consumers with features which were available just a year ago only to users of very high end phones. The lowering price barriers present an enormous opportunity for us, amidst some pin pricks in the space.

Your company has 2 distinct business segments, Handset and Value added service. The Handset business has two units, Devices & Hotspot Retail. Devices business unit has marketing and distribution of Spice branded handsets at various price points. Spice Hotspot is a chain of retail stores specializing in retailing mobile handsets & tablets, of not only Spice Brand but also other leading brands like Samsung, Nokia etc. Spice Digital Limited (including subsidiaries) provides Value Added Services on mobile platform through telecom operators and also directly.

A) Handset Business Division

Device Business Unit

The Mobile Handset Market is continuing to grow at a very fast pace aided by expansion into tier-2 and tier-3 towns. Handset market continues to be divided in two categories (a) Feature phones and (b) Smart phones though the last one year has seen a major shift in so far as Smart Phone contribution in terms of numbers has gone up significantly due to the entry level smart phones. The market which used to be dominated by MNC brands like Samsung, Nokia etc has seen local brands make major gains in the market share. The market share of different players in different segments, geographically within India and on overall basis varies significantly. The dominance of Feature phones which was about 80% by value till 2012, has now become 30% and expected to go down to 15% to 20% over the next 2 years but will still be of significant size at 25000 to 30000Cr. Smartphones will be driving the overall growth of the mobile market.

As per IDC India will be the Third Largest market for Smart phones by 2017, and your company is positioned to grow in smartphone category in a big way and at the same consolidating its position in the feature phones market. Your Company is also working with Google to come out with the “Android One” smart phone along with two other domestic brands; the product, which is targeted to be an affordable US\$100 phone with advanced features with the new Android OS, will be launched in Sep'2015.

The dominance of the Domestic brands witnessed over the last couple of years, we believe, is going to increase given that quality of the products are comparable to the MNC brands. The shift of the market towards domestic brands will favour only players offering high quality/ reliability products with rich features at affordable prices. Your Company is ideally placed to capitalise on this opportunity in a big way.

Exchange Rate Impact – during first quarter US \$ has significantly appreciated against Indian rupee. All our handsets are imported in US \$, adding significant costs, however Indian rupee has made recovery in subsequent quarter. The whole industry is trying to readjust the pricing to recover part of cost increase due to volatility in rupee value. As this is likely to be a regular feature, some level of price increase is inevitable, but a small level of margin erosion is expected. The company is aware of this risk and trying to improve operational efficiencies to compensate a part of the margin erosion.

Retail Business Unit

Handsets retailing in India has seen a big change over the last one year with the addition of Online Channel as a source of buying handsets by consumers in addition to the existing traditional channels of General Trade and Organised retail trade. The advent of this channel has helped drive handset sales by extending reach to tier-2 locations also apart from Metros. While the Online channel has made a serious impact on traditional retailing, Organised Trade continues to retain its charm for customers who want to visit a store and have a first-hand experience of the product, given the fact that smartphones are the fastest growing segment and there are lots of options available for customers to look at.

Brands have acknowledged the role of Organised Trade and have started engaging more with them in terms of regular and visible business promotion and consumer centric activities. We have continued the steps taken last year of creating Version 2 stores for better Customer Experience and drive footfalls for increasing sales. Your company, to leverage on the online channel growth, is also integrating its corporate website with the Retail business to make it a fully functional retail web portal to further enhance business and profitability. As a process we continue to focus on profitability and non-profitable stores are shut down if they are not viable and new stores opened in better locations.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

B) Value Added Services – VAS

The “revenue de-growth” effect of the regulatory changes undertaken by TRAI in the earlier two years has been arrested now and the revenues have stabilised. The initiatives taken in the previous year to diversify into non-operator based services in Domestic market have shown promising results with a significant portion of revenues coming from such new bets in the current year; our expansion into International markets of Africa, Latin America, Middle East and South-East Asia have borne results and international revenues now contribute more than 30% of total revenues from VAS business. Your Company has partnered with companies like IBM, SAP, TCS etc for providing Customised Solution Products to large enterprises. We are also constantly evaluating new areas of services in data, network and cloud based services besides voice based services to further consolidate and grow the business.

2. PRODUCT / SERVICE PERFORMANCE

Devices Business - The Company continued to focus on improving revenue with spending in brand and media. The company introduced smartphones in the second half of the last year, which started showing growth enabling devices business to show 50% growth in revenue.

The second half of the last year saw the introduction of multiple smartphone launches under Pinnacle series, which were very well received in the market. All our distributors and dealers are very excited about our new product offering. In addition to mobile phones, the company also introduced Smart Watch Phone, which has also been well received.

Many more products have been lined up for launch over the next few months.

Retail Business - The Company focused on improving profitability by focusing on brand mix and driving operational efficiency. To capitalise on the growth of Android Operating System based smart phones, the Company opened Android stores in Noida and Bangalore, through a strategic partnership with Google and in the process became the first company to do so and also opened Version 2 stores to drive Smart Phone sales. We also closed 129 loss making stores during the year, which were identified as stores which cannot be turned around even with new products / up-gradation.

Value Added Services (VAS) – Your Company has extended existing service portfolio into international markets and leveraged on the learnings in Domestic market; presence of your Company has now reached 25 countries in the VAS business. Your company has also launched new services like, Music Scorer, Voice Tube, Unified Social Networking Products, SMS Search, etc... which helped the company to enlarge its Services portfolio. We also have launched an application named “Spice Safar” to extend its services directly to the end consumer.

Your company has also initiated Money Remittance Services by becoming the Business correspondent of Yes bank which has shown promising growth in first three months of its launch.

Business review

At Spice Mobility group level, the company achieved a Consolidated Revenue of Rs.21,273 Million against the revenue of Rs.18,845 Million in the previous year. EBITDA at group was Rs.180 Million against the previous year Rs.543 Million. Branding spend was higher by Rs.370 Million to bring brand visibility and promote the Smart Phones launched by the Company. Correspondingly, profit after tax came down to a loss of 276 Million from profit of Rs.47 Million for the previous year.

Cash generation in the business has continued to be the focus during the year. The working capital was carefully managed and along with overall business strategy the Cash & Cash equivalents were maintained at same level after paying out a dividend/buy back of share of Rs.709 Million.

Business Outlook

The company continues to focus on bringing new products which will satisfy the needs of customers in various segments, consolidating its feature phone segment and growing smart phones portfolio.

With the lifecycle of products shrinking to less than a year, our product teams are working with our partners to bring the latest models well in time so that product obsolescence in the market place is minimized. Given the competition and the speed with which new products are being launched the need to have the right balance between introduction of a product at the right time and at the same time, launch a replacement product in time to take over from the previous version at the right time is of paramount importance. Our team has shown great skill and capability in this regard which is demonstrated by our low inventory levels.

The supply chain management part of the business is well adapted to the requirements of timely supply and maintaining quality and reliability of the products sold by us.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Our smartphones portfolio has been positively viewed by the market and this segment will be driving our revenue growth. Market has started perceiving Spice Brand as an innovative company with the launch of affordable Smart Watch phones and the exclusive phones that we bring out through the TV channel. We are focussing on low cost, value for money products which are comparable with the global brands with respect to both specifications and quality.

In VAS, we are continuing to focus on growing the International business and also get into new services which are non-operator based to further diversify the revenue mix. The money remittance business which was initiated last year has seen good traction and we are further building on the same. The business streams of Enterprise and Travel that were added last year are getting consolidated and it is our endeavour to take them to significant levels.

Sales and Distribution -

The company has established a separate Sales Management Team for feature Phones and Smartphones. Currently our distribution channels cover 101 distributors, 503 mini distributors and approximately 30,472 retail counters.

While the company has a good distribution network, in certain pockets it is dense and in certain pockets, it is light. Efforts are currently on to strengthen the light areas so that they also become at par with our dense distribution areas.

In retail segment, after closure of unviable stores, the company ended the year with 323 retail outlets.

With popularity of Android operating system in mobile phones growing, the company has opened two Android Stores named as –“Android Land” through a strategic partnership with Google, on a trial basis, offering a world class experience to our customers.

After Sales Service

After sale service is a special focus area for us to further strengthen our support to customers’ needs and we have enhanced our network to cover 571 service centres apart from the 10 regional workshops.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Corporate governance is high priority area for your Company to and the independent directors have full access and visibility to all details in the company. In continuation of the previous year, senior most member of the Board heads the audit committee. Audit committee’s recommendations are taken very seriously by the board and implemented in letter and spirit.

To assist the audit committee to evaluate the internal systems and adherence, the company has appointed Internal Auditors directly reporting to the Audit Committee. Regular reviews are conducted by the internal auditors and the management responses are discussed and also shared with statutory auditors.

Commensurate with the size and scale of operations of the company, the company has well set processes and procedures for planning, review, revenue recognition, expenses authorization, capital expenditure approval , risk management, investments etc.

DEVELOPMENTS DURING THE YEAR

During last year, the company took an authorization from shareholders to sell/transfer the Mobile handset business to a wholly owned subsidiary. This was an enabling resolution authorizing the board to take actions as appropriate.

Accordingly, effective 1st July 2013, devices business unit has been transferred to Spice Retail Limited, which is a wholly owned subsidiary of the company.

3. FINANCIAL PERFORMANCE

Financial performance has been provided separately in the Director’s Report.

The Company has a Financial Management Information System in place based on an advanced implementation of the SAP, which involves preparation of a detailed Annual Business Plan for current year for each of the business segments. This plan is formulated after detailed discussions at various levels and includes borrowing plans as well as capital expenditure plan. The Board and Management of your Company and its subsidiaries regularly review the performance of the Company against the budgeted figures in the Plan.

Technology

In order to create value for our customers, the Company continuously invest in Research and Development of new and existing products, which is reflected by the close to 88 employees fully dedicated to R&D centres across our various locations and business units. Our efforts in R&D have helped us develop our own intellectual property which is well protected in defined

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

geographies of our business interest. Our development technologies typically incorporate specialized proprietary know-how that we have developed and improved over a period of time.

4. TALENT DEVELOPMENT

Recruitment and Retention of the right talent pool is by far one of the most critical elements of our operations. All our Human Resource initiatives are focused on enhancing the skills of our team and ensuring that the motivation remains high and focus remains very sharp which greatly improves the overall productivity of the organization.

There were over 2200 employees in the Company including its subsidiaries as of 30th June, 2014.

Health and Safety Measures

The Company continues to focus on the health and safety of its workers and staff at its factories and establishments. At all our plants, adequate safety measures for prevention of any untoward incidents have already been tended to. We are very conscious in terms of health management at all levels as a part of the Human Resource Development Program. We have also invested in Group Medclaim and Accidental Insurance for our employees.

5. CAUTIONARY STATEMENT

Statements in this report on Management Discussion and Analysis describing the Company's objectives, outlook, estimates, expectations, predictions, belief and management perceptions may be forward looking statements within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to Company's operations include, among others, economic conditions in the market in which the Company operates, changes in the Government Regulations, Tax Laws and other statutes and incidental factors.

The Company assumes no responsibility in respect of the forward looking statements herein which may undergo changes in future on the basis of subsequent developments, information or events.

STATEMENT OF PARTICULARS UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

(A) Conservation of Energy

- (a) Energy conservation measures taken:
The operation of the Company involves low energy consumption. Adequate measures have, however, been taken to conserve energy.
- (b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:
N.A.
- (c) Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:
N.A.

(B) Technology Absorption

Efforts made in technology absorption as per Form B
The information that is required to be disclosed under rule 2 of the aforesaid rules is given hereunder in Form B.

(C) Foreign exchange earnings and outgo

- (a) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services; and export plans:
During the year export earning has decreased from Rs 172.76 Lacs to Rs Nil Lacs.
- (b) Total foreign exchange used and earned
The Company used foreign exchange amounting to Rs 6,671.53 Lacs and earned foreign exchange of Rs Nil Lacs during the year under review.

FORM B

Form of Disclosure of particulars with respect to Technology Absorption and Research and Development (R & D)

Research and Development (R & D)

1. Specific area in which R&D carried out by the Company

No R & D was carried out during the period.

2. Benefits derived as a result of the above R&D

Not applicable

3. Future plan of action

To add some more technical skills to provide better solutions to customers

4. Expenditure on R&D

a) Capital	:	Nil
b) Recurring	:	Nil
c) Total	:	Nil
d) Total R&D expenditure as a percentage of total turnover.	:	N.A.

Technology absorption, adaptation and innovation

1. Efforts, in brief, made towards technology absorption, adaptation and innovation

We at spice, are well aware of latest technology being available in our field of operation. Necessary training is imparted to the relevant people from time to time to make them well acquainted with the latest technology.

2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution, etc.

We are able to provide latest products available in the market and maintain higher standard of quality.

3. In case of imported technology (imported during the last five years reckoned from the beginning of the financial year), the following information may be furnished.

a) Technology imported	:	Nil
b) Year of Import	:	N.A.
c) Has technology been fully absorbed	:	N.A.
d) If not fully absorbed, areas where this has not taken place, reasons : therefore and future plan of action.	:	N.A.

CORPORATE GOVERNANCE REPORT

I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance is an integral element of Company's value system, management ethos, and business practices. Good Corporate Governance is a continuing exercise and the Company is committed to ensure the same by focusing on strategic and operational excellence in the overall interest of its stakeholders.

The corporate governance framework of your Company is based on an effective Board with independent directors, separation of the Board's supervisory role from the executive management team and constitution of the Board Committees for various functions including those as required under law. We believe that an active and well informed Board is necessary to ensure the highest standards of corporate governance.

The Company is in complete compliance with the Corporate Governance norms and disclosures as prescribed under Clause 49 of the Listing Agreement with the Stock Exchanges. The Board of Directors of the Company is active and well informed and follows highest standards of Corporate Governance Practices which are driven by timely disclosures, transparent corporate policies and high levels of integrity in decision making.

2. BOARD OF DIRECTORS

a) Board's Composition

The Composition of Board of Directors of the Company is in conformity with the requirements of Clause 49 of the Listing Agreement. The Chairman of the Board is a Non-Executive Director. As on 30th June 2014, the Board consisted of Seven(7) Directors, all of whom are Non-Executive Directors {including Five(5) Independent directors}. The Independence of a Director is determined by the criteria stipulated under the Clause 49 of the Listing Agreement. The Non-Executive Independent Directors are eminent professionals, drawn from amongst persons with expertise in business, finance, law, marketing and other key functional areas and play a critical role in enhancing balance to the Board processes besides providing the Board with valuable inputs. The Board represents an optimal mix of professionalism, knowledge and experience.

b) Board Meetings, Other Directorship and Attendance of Directors

During the year, the Board of Directors of the Company met 5 (five) times on 26th August 2013, 1st November 2013, 11th February 2014, 18th February 2014 and 8th May 2014. The intervening period between the Board Meetings were within the maximum time gap prescribed under Companies Act, 1956 and Clause 49 of Listing Agreement.

Necessary disclosures regarding Directorship and Committee positions in other Companies as at 30th June 2014 have been made by the Directors. As per the disclosure received from them, none of the directors of the Company is a member of more than ten Committees or Chairman of more than five Committees across all Public Limited Companies in which he / she is a Director.

The composition of the Board during the year under review and position held by Directors on the Board / Committees of Public Limited Companies as on 30th June 2014 along with their attendance at Board meetings and Annual General Meeting of the Company during the year under review is given below:

Name of Directors	Category	No. of Positions held as on 30 th June 2014 [@]			Attendance at Board Meetings held during the year	Attendance at last AGM
		No. of other Directorship	Committee @@ (including the Company)			
			Membership	Chairmanship		
Dr. Bhupendra Kumar Modi [^]	Promoter Non-Executive	N.A.	N.A.	N.A.	3	N.A.
Mr. Dilip Modi ^{^^}	Promoter Non-Executive	4	3	2	5	Yes
Ms. Preeti Malhotra	Non-Executive	8	7	3	5	Yes
Mr. Kashi Nath Memani	Independent	10	9	5	5	Yes
Mr. Subroto Chattopadhyay	Independent	3	1	-	5	Yes
Mr. Saurabh Srivastava	Independent	5	2	-	3	Yes
Mr. Rajul Garg #	Independent	-	-	-	4	Yes
Mr. Hanif Mohamed Dahya #	Independent	-	-	-	1	No

[^] ceased to be Director and Chairman of the Company w.e.f. 18.02.2014

CORPORATE GOVERNANCE REPORT

^^ Appointed as Chairman of the Company w.e.f. 18.02.2014

Appointed as Director w.e.f. 26.08.2013.

@ Excluding Private Limited Companies which are not subsidiaries of a public limited company, Foreign Companies and Companies under Section 25 of the Companies Act, 1956 / Section 8 of the Companies Act, 2013.

@@ The committees considered for the purpose are those prescribed in the Listing Agreement i.e. Audit Committee and Shareholders/Investors' Grievance Committee.

None of the Directors of the Company has any relationship with other Directors of the Company.

c) Information supplied to the Board

During the year, all the relevant information required to be placed before the Board of Directors as per Clause 49 of the Listing Agreement are considered and taken on record / approved by the Board. Further, the Board periodically reviews Compliance Reports in respect of all Laws and Regulations applicable to the Company.

3 DIRECTORS' REMUNERATION

Remuneration / Sitting fee paid to Director(s) for the financial year ended 30th June, 2014 is given below:

a) Executive Directors:

During the year, the Board of Directors of the Company comprised only of Non- Executive Directors. The Company has not granted any stock option to any of the Directors.

b) Non-Executive Directors :

The Independent Directors are paid a sitting fees of Rs.20,000/- per meeting for attending the meetings of the Board of Directors and Committees thereof.

The details of remuneration paid by way of sitting fees to the Non Executive Directors for attending Board Meetings and Audit Committee Meetings during the financial year ended 30th June, 2014 and the number of shares held by them as on 30.06.2014 is as under:

Name of Director	Sitting Fees (Amount/Rupees)	No. of shares held
Dr. Bhupendra Kumar Modi	Nil	Nil
Mr. Dilip Modi	Nil	10,00,000
Ms. Preeti Malhotra	Nil	1,00,152
Mr. Kashi Nath Memani	1,80,000	Nil
Mr. Subroto Chattopadhyay	1,80,000	Nil
Mr. Saurabh Srivastava	60,000	Nil
Mr. Rajul Garg	80,000	Nil
Mr. Hanif Mohamed Dahya	20,000	Nil

There were no pecuniary relationships or transactions of the Non-Executive Directors vis-à-vis the Company.

4. INFORMATION ABOUT THE DIRECTORS SEEKING APPOINTMENT /RE-APPOINTMENT

The required information regarding the details of Directors seeking appointment / re-appointment is set out in the Explanatory Statement annexed to the Notice.

5. COMMITTEES TO THE BOARD

I. Audit Committee

a) Terms of Reference

As a measure to good Corporate Governance and to provide assistance to the Board of Directors in its responsibility for overseeing the quality and integrity of the accounting, auditing and reporting practices of the Company, an Audit

CORPORATE GOVERNANCE REPORT

Committee has been constituted as required under Section 177 of the Companies Act, 2013 (corresponding to the erstwhile Section 292A of the Companies Act, 1956) and the provisions of Clause 49 of the Listing Agreement. The Committee acts as a link between the management, the statutory and internal auditors and the Board of Directors of the Company. The Audit Committee is responsible for effective supervision of the financial reporting process, the appointment, independence, performance and remuneration of the Statutory Auditors including the performance and remuneration of Internal Auditors ensuring financial and accounting controls and ensuring compliance with the financial policies of the Company. The Committee reviews the financial statements and Quarterly and Annual Results with special emphasis on accounting policies and practices, ensuring compliance with Accounting Standards and other legal requirements concerning financial statements before they are submitted to the Board. The Internal Audit Reports on various matters covered by the internal auditors are regularly discussed in detail in the Audit Committee meetings. It scrutinizes the inter-corporate loans and investments made by the Company. It also oversees the compliance under Vigil Mechanism (Whistle Blower) Policy of the Company.

With the notification of Section 177 of the Companies Act, 2013 ('Act') w.e.f. April 1, 2014 and amendment in Clause 49 of the Listing Agreement which will become effective from October 1, 2014, the role of Audit Committee has been widened and accordingly, the terms of reference of the Audit committee were amended by the Board of Directors of the Company to include the matters specified under the Act as well as under revised Clause 49 of the Listing agreement. Further, the Audit Committee also reviews such matters as considered appropriate by it or referred to it by the Board from time to time.

b) Composition and Meetings of the Committee:

As on 30th June 2014, the Audit Committee comprised of three Directors out of which two are Independent Directors. The Chairman of the committee is an Independent Director. All members of the committee are financially literate.

Members of the Audit Committee met Four (4) times during the year on 26th August 2013, 1st November 2013, 11th February 2014 and 8th May 2014. The intervening period between Audit Committee Meetings was within the maximum time gap prescribed under Clause 49 of Listing Agreement. The attendance of each member at the meetings held during the year under review is as follows:

Name of Directors	Designation	Category	Attendance at the meetings held during the financial year ended June 30, 2014
Mr. Kashi Nath Memani	Chairman	Independent	4
Mr. Subroto Chattopadhyay	Member	Independent	4
Ms. Preeti Malhotra #	Member	Non-Executive	1
Mr. Dilip Modi ##	Member	Non-Executive	2

appointed as member of the committee w.e.f. 18.02.2014

ceased to be member of the committee w.e.f. 18.02.2014

The Company Secretary acts as the Secretary to the Committee.

The Chairman of the Audit Committee was present at the last Annual General Meeting of the Company.

The Chief Financial Officer, Chief Executive Officer and Representatives of the Statutory and Internal Auditors normally attend the meetings by invitation. As and when deemed necessary, other Executives of the Company and those of subsidiary companies are also invited and attend the meetings of Audit Committee.

The Minutes of the Audit Committee meetings were noted by the Board of Directors of the Company at the subsequent Board Meetings.

II. Stakeholders Relationship Committee

The Committee has been formed by the Board of Directors to look into the matters relating to transfer/transmission of shares and the redressal of shareholders/investors complaints and also matters relating to shareholders value enhancement. The meetings are held on fortnightly basis to consider and approve the transfer/transmission /other matters relating to shares of the Company held in physical form and to look into the Investors Grievances / Shareholder complaints related to

CORPORATE GOVERNANCE REPORT

transfer of shares, non- receipt of annual reports, non receipt of declared dividend etc. and their redressal. The Minutes of the Committee meetings are placed before the Board.

As on 30th June 2014, the Stakeholders Relationship Committee comprised of the following members:

Name of Directors	Designation	Category
Mr. Dilip Modi *	Chairman	Non-Executive
Ms. Preeti Malhotra	Member	Non –Executive

*appointed as member and Chairman w.e.f. 18.02.2014

Mr. M. R. Bothra, Vice President – Corporate Affairs and Company Secretary is also designated as Compliance officer of the Company.

The Committee approves transfer / transmission of shares issued by the Company, issue of duplicate certificates and certificates after split /consolidation/ rematerialisation. During the year ended on 30th June, 2014 the Company has received 21 (twenty one) complaints which were properly attended and resolved to the satisfaction of the shareholders. There is no pending complaint and transfer relating to the year ended 30th June, 2014.

III. Nomination and Remuneration Committee and Remuneration Policy

The Nomination and Remuneration Committee reviews and recommends the remuneration and performance linked bonuses of the Executive Directors and Manager (i.e. managerial personnel) of the Company and also evaluates their performance based on the overall performance and financial results of the Company and on the assessment of the personal contribution and achievements of the individual. The Remuneration Policy of the Company for managerial personnel is directed towards rewarding performance, based on review of achievements on a periodic basis. The remuneration policy is in consonance with the existing industry practice. During the period under review, the Company has paid remuneration to Mr. R.S. Desikan, CEO & Manager as approved by the Remuneration Committee and also by the Shareholders in its meeting held on 10th December, 2012.

No meeting of the Remuneration Committee was held during the year. During the year, the Committee was reconstituted on 8th May, 2014 in accordance with the requirement of Section 178 of the Companies Act, 2013. As on 30th June, 2014, the Nomination and Remuneration Committee comprised of the following as its members:

Name of Directors	Designation	Category
Mr. Subroto Chattopadhyay	Chairman	Independent
Mr. Kashi Nath Memani	Member	Independent
Ms. Preeti Malhotra	Member	Non-Executive
Mr. Saurabh Srivastava	Member	Independent

The Company Secretary acts as Secretary to this committee.

6. GENERAL BODY MEETINGS

I. Meeting details

Location and time where last three Annual General Meetings were held:

Year	Location	Date	Time
2013	Expo Centre, A-11, Sector -62, NH-24, Noida – 201301, Uttar Pradesh	Thursday 20/02/2014	10.15 A.M.
2012	'Spice World', I-2 Sector-25A, Noida-201,301, Uttar Pradesh	Monday 10/12/2012	10.30 A.M.
2011	'Spice World', I-2 Sector-25A, Noida-201,301, Uttar Pradesh	Wednesday 28/09/2011	10.30 A.M.

CORPORATE GOVERNANCE REPORT

The following Special Resolution(s) were passed by the members in the past three Annual General Meetings:

Annual General Meeting held on 20th February, 2014

None

Annual General Meeting held on 10th December, 2012

- Appointment of Mr. R.S. Desikan as Manager of the Company for a period of 3 years w.e.f. 9th February, 2012.
- Approval of the Share Reward Rules framed by the Independent Non Promoter (Spice Employee Benefit) Trust.

Annual General Meeting held on 28th September, 2011

- Revision of terms of the remuneration of Mr. Dilip Modi as Managing Director of the Company.
- Revision of terms of the remuneration of Ms. Preeti Malhotra as Executive Director of the Company.
- Substitution of Clause 149 of the Articles of Association for Declaration of Dividend.

II. Postal Ballot

- A) The Company had issued Postal Ballot Notice dated 26th May, 2014 for obtaining the approval of the members by Special Resolutions for the following matters:

- Change in name of the Company to 'Spice Mobility Limited' under Section 13 of the Companies Act, 2013
- Authorization to the Board for borrowing(s) under Section 180 (1) (c) of the Companies Act, 2013
- Authorization to the Board for creation of Charge etc. under Section 180 (1) (a) of the Companies Act, 2013

The results were announced on 10th July, 2014. Summary of the Voting Pattern is as under:

Resolution No. 1: Change in name of the Company to 'Spice Mobility Limited' under Section 13 of the Companies Act, 2013

Voting	No. of Equity Shares	% of total valid votes
Votes cast in Favour	21,68,75,138	99.99995
Votes cast Against	101	0.00005
Total	21,68,75,239	100.00

Result: Resolution passed with the requisite majority.

Resolution No. 2: Authorization to the Board for borrowings under Section 180 (1) (c) of the Companies Act, 2013

Voting	No. of Equity Shares	% of total valid votes
Votes cast in Favour	21,68,74,258	99.99955
Votes cast Against	980	0.00045
Total	21,68,75,238	100.00

Result: Resolution passed with the requisite majority.

Resolution No. 3: Authorization to the Board for creation of charge etc. under Section 180 (1) (a) of the Companies Act, 2013

Voting	No. of Equity Shares	% of total valid votes
Votes cast in Favour	21,68,73,916	99.99941
Votes cast Against	1277	0.00059
Total	21,68,75,193	100.00

Result: Resolution passed with the requisite majority.

CORPORATE GOVERNANCE REPORT

Procedure for Postal Ballot

The procedure for Postal Ballot was carried out in accordance with the provisions of Section 110 of the Companies Act, 2013 read with the provisions of the Companies (Management and Administration) Rules, 2014. The Company had appointed Mr. Sanjay Grover, FCS, Company Secretary in whole time practice as Scrutinizer for conducting the Postal Ballot process in a fair and transparent manner. Postal Ballot Notice along with the Postal Ballot Form, self addressed prepaid envelopes were dispatched through Registered Post/Speed Post to the members who are holding shares as on cut-off date fixed for the purpose. The members were required to send the duly completed and signed postal ballot form to the scrutinizer on or before the closure of the last date fixed for receipt of the same. As required under Clause 35B of the Listing agreement, the Company had offered e-voting facility as an alternate to its Members to enable them to cast their votes electronically instead of voting through physical ballot. The Scrutinizer submitted his report to the Chairman of the Company on the basis of which the results were announced.

- B)** None of the businesses proposed to be transacted at the ensuing Annual General Meeting requires passing of resolution through Postal Ballot.

7. CEO and CFO CERTIFICATION

As required under Clause 49 of the Listing Agreement, the CEO/CFO certification for the financial year ended 30th June, 2014 is enclosed at the end of this Report.

8. CODE OF CONDUCT

The Company has laid down a Code of Conduct for all Board members and senior management personnel of the Company. A copy of the said Code of Conduct is available on the Company's website ('www.spice-mobile.com').

All Board Members and Senior Managerial Personnel have affirmed compliance with the Code of Conduct as applicable to them for the year under review. A declaration to that effect duly signed by the CEO of the Company is attached at the end of this report.

9. CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING:

Pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time, the Company has framed a 'Code of Conduct for Prevention of Insider Trading'. The Code is applicable to all Directors and Designated Employees as defined thereunder who may have access to unpublished price sensitive information. The Directors and Designated Employees are communicated well in advance for closure of trading windows when they are not permitted to trade in the securities of the Company. The Company Secretary has been appointed as the Compliance Officer for monitoring adherence to the said Regulations.

10. DISCLOSURES

- **Disclosures on materially significant related party transactions that may have potential conflict with the interest of the Company at large**

The Company has not entered into any transaction of material nature with the Directors or the management, subsidiaries or relatives of Directors during the year under review that have potential conflict with the interest of the Company at large. A statement in summary form of the transactions with related parties in the ordinary course of business is placed periodically before the Audit Committee. Further, the details of the related party transactions (as per AS-18) of the Company in the ordinary course of business during the year ended 30th June 2014 are given in Notes on Accounts forming part of Annual Report.

All related party transactions entered are on arms' length basis and in the ordinary course of business and are intended to further the interest of the Company.

- **Details of non-compliance by the Company**

The Company has duly complied with all the requirements of the Listing Agreement of the Stock Exchanges as well as Regulations and Guidelines issued by Securities and Exchange Board of India (SEBI) from time to time. There have neither been any instance of non-compliance nor any penalty or stricture have been imposed on the Company by Stock Exchange or by SEBI or by any other statutory authorities on any matter related to the capital markets during the last three years.

CORPORATE GOVERNANCE REPORT

- **Risk Management**

In compliance with Clause 49 of the Listing Agreement, the Company has a properly defined framework for risk management. The Company in its Audit Committee and Board Meeting and at various levels reviews the risk assessment and minimization policy and procedures to assess the same and periodically discusses various risks associated with different businesses of the Company and the steps taken to mitigate the same.

- **Details of Compliance with mandatory requirements**

The Company has fully complied with the mandatory requirements of Clause 49 of the Listing Agreement of the Stock Exchanges relating to Corporate Governance.

- **Details of Adoption of Non-Mandatory requirements**

The Company has complied with the following non-mandatory requirements under Clause 49 of the Listing Agreement:

(1) The Board

A separate office is maintained for the Chairman at the Company's expenses. There is no fixed tenure for Independent Directors. While appointing Independent Directors, the Company takes into account the qualifications, knowledge and experience of the individuals and the contribution they can make in the business of the Company.

(2) Remuneration Committee

The Company has a Nomination and Remuneration Committee constituted by the Board and comprises of four Non-Executive Directors out of which three, including the Chairman, are Independent Directors. The Chairman of the Nomination and Remuneration Committee was present at the last Annual General Meeting to answer the Shareholders' queries.

(3) Shareholders' Rights

The quarterly financial results are published in the newspapers as mentioned under the heading "Means of Communication" at Sl. No. 11 herein below and also displayed on the website of the Company. The results are not separately circulated to each of the shareholders.

(4) Audit qualifications

The Company believes in maintaining its accounts in a transparent manner and aims at receiving unqualified report of auditors on the financial statements of the Company.

(5) Training of Board Members

The Company provides complete information and details to the Board Members about the business model of the Company. All the matters relating to the businesses conducted by the Company including its subsidiaries and risks associated with these business are discussed in detail in the meetings of the Board and Audit Committee.

(6) Whistle Blower Policy

In accordance with the requirement of Section 177 of the Companies Act, 2013 and the Rules made thereunder and Clause 49 of the Listing agreement, the Company has formulated a 'Vigil Mechanism/ Whistle Blower Policy' which provides a tool to the Directors and Employees of the Company to report Genuine Concerns including unethical behavior, actual or suspected fraud or violation of the Code of Conduct or Policy. A dedicated e-mail id i.e. whistleblower@spicemobility.in has been established for the purpose. The Policy also provides for adequate safeguards against victimisation of Directors and employees who avail of the mechanism and direct access to the Chairperson of the Audit Committee in exceptional cases. The Policy has been circulated to all concerned and is also available on the website of the Company. The Audit Committee periodically reviews the functioning of this Policy.

11. MEANS OF COMMUNICATION

The quarterly and annual financial results are normally published in "Financial Express" (National daily - English) and "Jansatta" (Regional daily - Hindi).

All material information about the Company and its business is promptly sent to the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) where the Equity Shares of the Company are listed so as to enable them to put the same on their website. The Company regularly updates the media and investor community about its financial as well as other organizational

CORPORATE GOVERNANCE REPORT

developments. In addition to the above, quarterly and annual results and results of postal ballots are displayed on our website at www.spice-mobile.com for the information of all the stakeholders.

The Management of the Company is in regular touch with the investors community and keeps sharing with them the performance of the Company. The transcripts of the conference call and presentations made to the investors are also posted on the website of the company.

The Management Discussion and Analysis Report forms part of the Annual Report.

12. GENERAL SHAREHOLDER INFORMATION

a) **Registered Office** : S Global Knowledge Park, 19A & 19B, Sector-125, Noida, Distt Gautam Budh Nagar, Uttar Pradesh -201301

b) **Annual General Meeting**

Date : 22nd December, 2014

Time : 10:00 A.M.

Venue : Expo Centre, A-11, Sector-62, NH-24, Noida – 201301 (U.P.)

c) **Financial calendar (tentative and subject to change)**

The Company has decided to close the Financial Year on 31.03.2015. Accordingly, the current Financial Year will be of 9 months i.e. from July 1, 2014 to March 31, 2015.

Financial Year : July 2014 – March 2015

Financial reporting for the quarter ending 30th September 2014 : Mid November 2014

Financial reporting for the quarter ending 31st December 2014 : Mid February 2015

Financial reporting for the quarter ending 31st March 2015 : End of May 2015

d) **Date of book-closure** : 12th December, 2014 to 19th December, 2014 (Both days inclusive)

e) **Dividend payment date** : N.A.

f) **Listing at Stock Exchanges :**

The Equity shares of the Company are listed at the following Stock Exchanges:

BSE Limited

Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai-400 001

National Stock Exchange of India Limited

Exchange Plaza, Plot No. C/1, G Block, Bandra-Kurla Complex,
Bandra(E), Mumbai-400 051

g) **Scrip Code/Scrip Symbol of the Company as on 30.06.2014:**

BSE Limited:

Scrip ID : SMOBILITY

Scrip code : 517214

National Stock Exchange of India Limited:

Scrip Symbol : SMOBILITY

Note: After the change of name of Company in July 2014, Scrip Symbol has been changed to "SPICEMOBI" at both National Stock Exchange of India Limited and BSE Limited.

CORPORATE GOVERNANCE REPORT

h) Market price data and performance of share price of the Company :

The details of monthly highest and lowest quotations of the equity shares of the Company and the number of shares traded during each calendar month at the Stock Exchange(s) where the shares of the Company are listed and the relevant Index of the respective Stock Exchanges during the Financial Year ended 30th June, 2014 are as under:

BSE Limited (BSE)

(Face Value Rs. 3/- per share)

Month	BSE Prices		Volume	BSE SENSEX	
	High Price (Rs.)	Low Price (Rs.)		High	Low
Jul-13	44.50	29.15	630368	20351.06	19126.82
Aug-13	41.90	26.65	2084765	19569.20	17448.71
Sep-13	45.00	34.00	451166	20739.69	18166.17
Oct-13	39.10	35.40	86149	21205.44	19264.72
Nov-13	40.00	32.90	3219354	21321.53	20137.67
Dec-13	36.00	31.15	16869	21483.74	20568.70
Jan-14	32.90	27.10	8531	21409.66	20343.78
Feb-14	34.75	26.10	20088	21140.51	19963.12
Mar-14	28.00	24.10	35138	22467.21	20920.98
Apr-14	30.60	24.05	23435	22939.31	22197.51
May-14	35.80	23.55	54102	25375.63	22277.04
Jun-14	43.00	29.90	54949	25725.12	24270.20

(source:www.bseindia.com)

National Stock Exchange of India Limited (NSE)

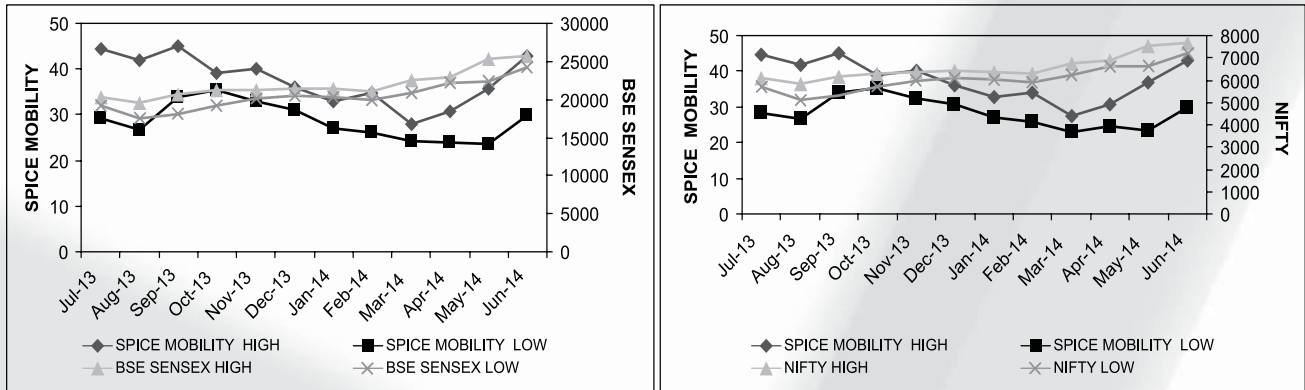
(Face Value Rs.3/- per share)

Month	NSE PRICES		Volume	NIFTY	
	High Price (Rs.)	Low Price (Rs.)		High	Low
Jul-13	44.55	28.10	669839	6093.35	5675.75
Aug-13	42.00	26.60	2153910	5808.50	5118.85
Sep-13	44.90	33.85	421843	6142.50	5318.90
Oct-13	38.90	35.15	106626	6309.05	5700.95
Nov-13	40.00	32.50	3237481	6342.95	5972.45
Dec-13	36.00	30.75	40624	6415.25	6129.95
Jan-14	32.70	27.00	21944	6358.30	6027.25
Feb-14	34.15	26.00	54712	6282.70	5933.30
Mar-14	27.30	23.00	59985	6730.05	6212.25
Apr-14	30.55	24.50	48558	6869.85	6650.40
May-14	36.85	23.35	155505	7563.50	6638.55
Jun-14	43.00	30.00	288058	7700.05	7239.50

(source:www.nseindia.com)

CORPORATE GOVERNANCE REPORT

Performance of the share price of the Company in Comparison to BSE Sensex and Nifty



i) Registrar and Transfer Agents:

MAS Services Limited

T-34, 2nd Floor, Okhla Industrial Area, Phase-II, New Delhi-110 020

Tel: (011) 26387281/82/83; Fax: (011) 26387384

E-mail: info@masserv.com,

Contact person - Mr. Partap Sharma.

All transfer/transmission and dematerialization requests and other communications regarding change of address, dividend and other queries related to investor services may be sent at the above address.

j) Share Transfer System

Transfers of shares in physical form are registered and sent back within the stipulated time limit from the date of their lodgment, subject to the documents being valid and complete in all respects. The Stakeholders Relationship Committee looks into the issues relating to Share Transfers and Investor Grievances and the Committee meets fortnightly.

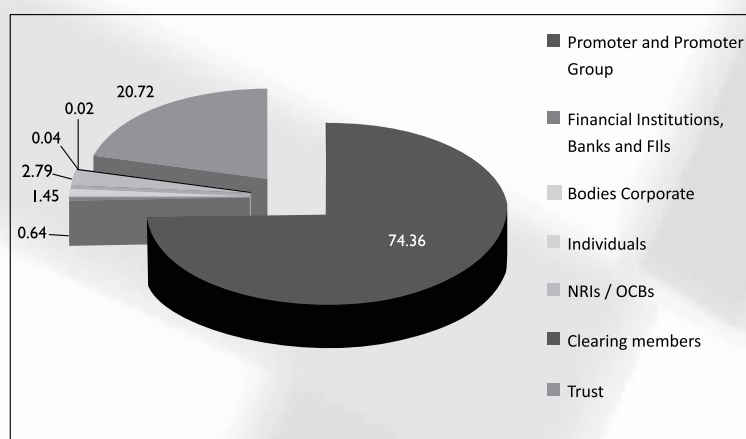
k) Distribution of Shareholding as on 30th June 2014:

Share Holding of Rs.3/- each	Number of Shareholders	% to Total No. of Shareholders	No. of Shares Held	Amount in Rupees	% to Total Paid-up Capital
UPTO 5,000	22840	98.453	3439819	10319457	1.510
5,001 TO 10,000	193	0.832	442780	1328340	0.194
10,001 TO 20,000	82	0.353	392540	1177620	0.172
20,001 TO 30,000	27	0.116	237117	711351	0.104
30,001 TO 40,000	4	0.017	42746	128238	0.019
40,001 TO 50,000	9	0.039	132125	396375	0.058
50,001 TO 1,00,000	13	0.056	294648	883944	0.129
1,00,001 AND ABOVE	31	0.134	222882207	668646621	97.814
Total	23199	100.000	227863982	683591946	100.000

CORPORATE GOVERNANCE REPORT

Shareholding pattern as on 30th June 2014:

Category	No. of shares held	% of total Capital
Promoter and Promoter Group	169447570	74.36
Financial Institutions, Banks and FIs	1448816	0.64
Bodies Corporate	3293650	1.45
Individuals	6349724	2.79
NRIs / OCBs	81451	0.04
Clearing members	39804	0.02
Trust	47202967	20.72
Total	227863982	100.00



l) Dematerialization of shares and Liquidity:

The trading in equity shares of the Company is permitted compulsorily in dematerialized mode w.e.f. 29th January 2001 as per notification issued by SEBI. The International Securities Identification Number (ISIN) of the Company, as allotted by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) is INE927C01020. As on 30th June 2014, 98.70% of the Share Capital of the Company is held in dematerialized form with NSDL and CDSL. The Equity shares of the Company are regularly traded on the Stock Exchanges and any person interested in the shares of the Company can deal in the same as per the applicable Rules and Regulations.

Reconciliation of Share Capital Audit

As stipulated by SEBI, a Qualified Practicing Company Secretary carries out Reconciliation of Share Capital Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges. The Company has bought back 1,02,22,303 Equity Shares of Rs. 3/- each during the year pursuant to the buy-back offer of equity shares of the Company. After extinguishment of the said equity shares bought back, the reduced Paid-up Share Capital is Rs. 68,35,91,946/- divided in 22,78,63,982 Equity Shares of Rs. 3/- each. The Audit confirms that the total Listed and Paid-up capital is in agreement with the aggregate of the total number of shares in dematerialized form and in physical form.

m) Convertible Instruments:

There are no outstanding GDRs/ ADRs/ Warrants or any Convertible Instruments, which are likely to have an impact on the equity of the Company.

n) Address for correspondence:

The Company Secretary
 Spice Mobility Limited,
 S Global Knowledge Park, 19A & 19B, Sector-125, Noida (U.P.) – 201 301.
 Tel : (0120) 3355131

The designated E-mail id exclusively for the purpose of registering complaints by investors is investors@smobility.in.
 The above Report has been placed before the Board at its meeting held on 27th August, 2014 and the same was approved.

CORPORATE GOVERNANCE REPORT

CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members,
Spice Mobility Limited

(Formerly known as “S Mobility Limited”)

We have examined the compliance of conditions of Corporate Governance by Spice Mobility Limited (hereinafter referred to as “the Company”), for the year ended June 30, 2014 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company, nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **SANJAY GROVER & ASSOCIATES**
COMPANY SECRETARIES

Sanjay Grover
C.P. No. 3850

Date: 27th August, 2014
Place : New Delhi

To,
Board of Directors
Spice Mobility Limited
S Global Knowledge Park,
19A & 19B, Sector – 125,
Noida – 201 301

SUB: CERTIFICATION BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER OF SPICE MOBILITY LIMITED

Sir,

We, Prashant Bindal, CEO and Madhusudan V., CFO of Spice Mobility Limited [‘ the Company’], to the best of our knowledge and belief certify that:

1. We have reviewed the Balance Sheet and Profit & Loss Account and all its Schedules and Notes on Accounts as well as the cash flow statement for the Financial Year ended on June 30, 2014.
2. Based on our knowledge and information, these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
3. Based on our knowledge and information, the financial statements and other information included in this report, present a true and fair view of the company’s affairs and are in compliance with existing accounting standards and/or applicable laws and regulations;
4. To the best of their knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company’s code of conduct;
5. We are responsible for establishing and maintaining internal controls over financial reporting for the Company and we have evaluated the effectiveness of internal control systems of the company;
6. We have disclosed based on our most recent evaluation, wherever applicable, to the Company’s auditors and the Audit Committee of the Company:
 - i. all deficiencies in the design or operation of internal controls, and any material weaknesses in internal controls over financial reporting including any corrective actions with regard to deficiencies;
 - ii. significant changes in internal control over financial reporting during the period covered by this report;
 - iii. significant changes in accounting policies during the period under review and that the same have been disclosed in the notes to the financial statements; and
 - iv. instances of significant fraud of which we are aware that involves, the management or other employees who have a significant role in the company’s internal control system over financial reporting.

Place : Noida
Date : 27.08.2014

Madhusudan V.
Chief Financial Officer

Prashant Bindal
Chief Executive Officer

DECLARATION REGARDING COMPLIANCE WITH THE CODE OF CONDUCT

It is hereby declared that the Company has received affirmation from the Board Members and the Senior Management Personnel with regard to compliance of the Code of Conduct for Directors and Senior Management Personnel, in respect of the financial Year ended on 30th June, 2014.

Place: Noida
Date: 27.08.2014

For **Spice Mobility Limited**

Prashant Bindal
Chief Executive Officer

SECRETARIAL AUDIT REPORT

**The Board of Directors
Spice Mobility Limited
(Formerly known as “S Mobility Limited”)
Noida**

We have examined the Registers, Records and Documents of Spice Mobility Limited (hereinafter referred to as “the Company”) for the financial year ended on June 30, 2014 according to the provisions of-

- The Companies Act, 1956 and The Companies Act, 2013 (collectively referred as “the Act”) and the Rules made thereunder;
 - The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’)
 - The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations 2011;
 - The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - The Equity Listing Agreements with BSE Limited and National Stock Exchange of India Limited.
 - The regulations as contained in Foreign Exchange Management (Transfer or issue of Security by a person resident outside India) Regulations, 2000 (FEMA Regulations).
- I. Based on our examination and verification of the registers, records and documents produced before us and according to the information and explanation provided by the Company, its officers, agents and authorized representatives during the course of secretarial audit, we hereby report that in our opinion, the Company during the audit period covering the financial year ended on June 30, 2014 has complied with the provisions of the Act and the Rules made thereunder and the Memorandum and Articles of Association of the Company, with regard to:
- I. maintenance of various statutory registers and documents and making necessary entries therein;
 - II. closure of the Register of Members;
 - III. Forms, returns, documents and resolutions required to be filed with the Registrar of Companies, Uttar Pradesh and Uttarakhand and the Central Government;
 - IV. service of documents by the Company on its Members;
 - V. notice of the Board Meetings and Committee meetings of Directors;
 - VI. the meetings of Directors and Committees of Directors including passing of resolutions by circulation;
 - VII. the 25th Annual General Meeting held on February 20, 2014;
 - VIII. minutes of proceedings of General Meetings (including Postal Ballot under Section 192A/110 of the Act thereof) and of Board and its Committees thereof;
 - IX. approvals of the Members, the Board of Directors, the Committees of Directors and Government Authorities, wherever required;
 - X. constitution of the Board of Directors / Committee(s) of Directors and appointment retirement and reappointment of Directors;
 - XI. payment of remuneration to the Directors including the Whole-time Director and Manager;
 - XII. appointment and remuneration of Auditors;
 - XIII. transfer and transmission of the Company’s shares;
 - XIV. declaration and payment of dividend;
 - XV. form of Balance Sheet as prescribed under Part I of Revised Schedule VI to the Act and requirements as to Statement of Profit & Loss as per Part II of the said Schedule;
 - XVI. contracts, common seal, registered office and publication of name of the Company; and
 - XVII. generally, all other applicable provisions of the Act and the rules made thereunder.
2. **We further report that:**
- I. The Directors have complied with the requirements as to disclosure of interests and concerns in contracts and arrangements, shareholdings and directorships in other companies and interests in other entities.
 - II. The Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the code of Conduct for Directors and Senior Management.
 - III. As informed by management of the Company, all necessary approvals under the various provisions of the Act, wherever applicable, have been obtained by the Company.

SECRETARIAL AUDIT REPORT

IV. As informed by management of the Company, during the period of Audit, there was no prosecution initiated against or show cause notice received by the Company, its Directors and Offices under the provisions of the Act, SEBI Act, FEMA Regulations and Listing Agreement(s).

3. We further report that :

- I. The Company has complied with the requirements under the Equity Listing Agreements entered into with the BSE Limited and the National Stock Exchange of India Limited.
- II. The Company has complied with the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
- III. The Company has complied with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 including the provisions with regard to disclosures and maintenance of records required under the Regulations.
- IV. The Company has complied with the provisions of Foreign Exchange Management (Transfer or issue of Security by a person resident outside India) Regulations, 2000. Further the Company has also complied with the Master Circular No. 11/2013-14 regarding Direct Investment by Residents in Joint Venture (JV)/ Wholly Owned Subsidiary (WOS) abroad in connection with establishment of Wholly Owned Subsidiaries in Singapore and Hong Kong respectively.

For SANJAY GROVER & ASSOCIATES
COMPANY SECRETARIES

SANJAY GROVER
FCS No.4223
C.P No.3850

Date : August 27, 2014
Place : New Delhi

INDEPENDENT AUDITORS' REPORT

To the members of Spice Mobility Limited (formerly known as S Mobility Limited)

Report on the financial statements

We have audited the accompanying financial statements of Spice Mobility Limited (formerly known as S Mobility Limited) ("the Company"), which comprise the balance sheet as at June 30, 2014, and the statement of profit and loss and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with General Circular 8/2014 dated 04 April 2014, issued by the Ministry of Corporate Affairs. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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:

- (a) In the case of the balance sheet, of the state of affairs of the Company as at 30 June 2014;
- (b) In the case of the statement of profit and loss, of the profit for the year ended on that date, and
- (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - (a) We have 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 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 balance sheet, statement of profit and loss, and cash flow statement comply with the accounting standards notified under the Companies Act, 1956 read with General Circular 8/2014 dated 04 April 2014, issued by the Ministry of Corporate Affairs.

INDEPENDENT AUDITORS' REPORT

- (e) On the basis of written representations received from the directors as on 30 June 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 30 June 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For S.R. BATLIBOI & CO. LLP

Chartered Accountants

ICAI Firm registration number: 301003E

per Anil Gupta

Partner

Membership No.: 87921

Place : Noida

Date : August 27, 2014

INDEPENDENT AUDITORS' REPORT

Annexure referred to in paragraph I under the heading "Report on other legal and regulatory requirements" of our report of even date

Re: Spice Mobility Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the previous 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 assets. No material discrepancies were identified on such verification.
- (c) During the year, the fixed assets pertaining to the Mobile Handset division of the Company has been transferred to Spice Retail Limited as part of business transfer under a slump sale agreement. Based on the information and explanations given by the management and on the basis of audit procedures performed by us, we are of the opinion that the transfer of the said fixed assets has not affected the going concern status of the Company.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) The Company has granted loan to two wholly owned subsidiary companies covered under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 2,437,160 thousand and the closing balance of loans granted to such companies was Rs. 2,424,090 thousand.
- (b) The Company has made interest free loans to the two wholly owned subsidiaries. According to the information and explanations given to us, and having regard to management's representation that the interest free loans are given to wholly owned subsidiaries of the Company in the interest of the Company's business, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.
- (c) The loans granted and interest thereon, are re-payable on demand. We are informed that the principal amount to the extent demanded by the Company has been received and Company has not demanded repayment of balance loan during the year, and thus, there has been no default on the part of the parties to whom the money has been lent. The loans given to these companies are interest free.
- (d) There is no overdue amount of loans granted to the companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
- (e) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(e) to (g) of the Order are not applicable to the Company and hence not commented upon.
- (iv) Purchase of the traded goods including mobile handsets is stated to be of proprietary nature, and hence, in such cases, the comparison of prices with the market rates or with purchases with other parties cannot be made. Read with above, in our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and inventory and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct major weakness in the internal control system of the Company in respect of these areas.
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 that need to be entered into the register maintained under Section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

INDEPENDENT AUDITORS' REPORT

- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956, for the products of the Company.
- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales tax, wealth tax, custom duty, service tax, excise duty, cess and other material statutory dues have generally been regularly deposited by the Company with the appropriate authorities *though there has been a slight delay in a few cases.*
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount Rs. (' 000)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Demand for excise duty including penalty	64,263	1990-91 to 1993-94	CESTAT, Delhi
Foreign Trade (Development and Regulation) Act, 1992	Penalty on account of non-fulfillment of export obligation	40,860	1991-92	High Court, Delhi
Income Tax Act, 1961	Demand for income Tax on certain disallowances including interest	6,739	2010-11	Commissioner of Income Tax (Appeals), Meerut
Income Tax Act, 1961	Demand for income Tax on certain disallowances and MAT Credit not considered including interest	14,615	2011-12	Commissioner of Income Tax (Appeals), Meerut
Income Tax Act, 1961	Demand for TDS and Interest on TDS	15,546	2008-09 to 2011-12	Commissioner of Income Tax (Appeals), Noida

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a bank. The Company did not have outstanding dues to any financial institutions and did not have any outstanding debentures during the year.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has given guarantee for loans taken by a subsidiary company from a bank, the terms and conditions whereof, in our opinion, are not prima-facie prejudicial to the interest of the Company. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from financial institutions.

INDEPENDENT AUDITORS' REPORT

- (xvi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money by way of a public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For S. R. Batliboi & Co. LLP

Chartered Accountants

Firm registration number: 301003E

per Anil Gupta

Partner

Membership No: 87921

Place : Noida

Date : August 27, 2014

BALANCE SHEET

as at June 30, 2014

	Notes	30-Jun-14 Rs. '000	30-Jun-13 Rs. '000
Equity and liabilities			
Shareholders' funds			
Share capital	3	683,592	714,258
Reserves and surplus	4	5,341,069	5,625,561
		6,024,661	6,339,819
Non-current liabilities			
Long-term borrowings	5	2,699	-
Long-term liabilities	6	11,574	23,779
Long-term provisions	7	-	3,259
		14,273	27,038
Current liabilities			
Trade payables	8	64,919	1,371,540
Other current liabilities	8	23,969	245,513
Short-term provisions	7	12,963	518,994
		101,851	2,136,047
TOTAL		6,140,785	8,502,904
Assets			
Non-current assets			
Fixed assets			
Tangible assets	9	721,755	902,044
Intangible assets	10	3,202	23,540
Capital work-in-progress		70,520	70,447
Intangible assets under development		-	1,588
Non-current investments	11	1,826,107	1,839,997
Long-term loans and advances	13	28,071	15,546
Amount recoverable from Employee Benefit Trust	46	73,200	126,052
Other non-current assets	14.2	-	942
		2,722,855	2,980,156
Current assets			
Current investments	15	-	100,000
Inventories	16	-	496,698
Trade receivables	14.1	154,505	638,884
Cash and bank balances	17	626,738	1,436,677
Short-term loans and advances	13	2,573,235	2,764,305
Other current assets	14.2	63,452	86,184
		3,417,930	5,522,748
TOTAL		6,140,785	8,502,904
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

per Anil Gupta
Partner
Membership No.: 87921
Place : Noida
Date : August 27, 2014

For and on behalf of the board of directors of **Spice Mobility Limited**
(formerly S Mobility Limited)

Dilip Modi
Chairman

Subroto Chattopadhyay
Director

Madhusudan V.
Chief Financial Officer

Preeti Malhotra
Director

Prashant Bindal
Chief Executive Officer

M R Bothra
Vice President- Corporate Affairs and Company Secretary

STATEMENT OF PROFIT AND LOSS

for the year ended June 30, 2014

	Notes	30-Jun-14 Rs.'000	30-Jun-13 Rs.'000
Income			
Revenue from operations (gross)	18	681,645	7,098,086
Less: excise duty		-	168
Revenue from operations (net)		681,645	7,097,918
Other income	19	335,712	341,222
Total revenue (I)		1,017,357	7,439,140
Expenses			
Cost of raw materials and components consumed	20	-	184
Purchase of traded goods		664,333	5,433,971
(Increase) in inventories of finished goods, work-in-progress and traded goods	21	-	(60,832)
Employee benefit expense	22	97,152	249,074
Other expenses	23.1	165,929	1,029,882
Exceptional items	23.2	13,890	-
Total (II)		941,304	6,652,279
Earnings before depreciation , amortization , finance cost and tax (EBITDA) (I) – (II)		76,053	786,861
Depreciation and amortization expense	24	51,007	81,681
Finance costs	25	1,254	1,430
Profit before tax (including Nil (30 June 2013: Rs. 677,817 thousand) for discontinued operations - Refer Note No. 42)		23,792	703,750
Tax expenses			
Current tax charge/reversal (Minimum Alternative Tax)		(23,500)	69,022
MAT credit entitlement written off		-	8,978
Tax adjustment for earlier years		1,800	-
Total tax expense (including Nil (30 June 2013: Rs. 78,000 thousand) for discontinued operations - Refer Note No. 42)		(21,700)	78,000
Profit for the year (including Nil (30 June 2013: Rs. 599,817 thousand) for discontinued operations - Refer Note No. 42)		45,492	625,750
Earnings per equity share [nominal value of share Rs. 3 (30 June 2013: Rs. 3)]	26		
Basic and diluted (Rs.)			
Computed on the basis of profit from continuing operations		0.20	0.11
Computed on the basis of total profit for the year		0.20	2.63
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

per Anil Gupta
Partner
Membership No.: 87921

Place : Noida
Date : August 27, 2014

For and on behalf of the board of directors of **Spice Mobility Limited**
(formerly **S Mobility Limited**)

Dilip Modi
Chairman

Subroto Chattopadhyay
Director

Madhusudan V.
Chief Financial Officer

Preeti Malhotra
Director

Prashant Bindal
Chief Executive Officer

M R Bothra
Vice President- Corporate Affairs and Company Secretary

CASH FLOW STATEMENT

for the year ended June 30, 2014

	Notes	For the year ended 30-Jun-14 Rs.'000	For the year ended 30-Jun-13 Rs.'000
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES			
Profit before taxation		23,792	703,750
Adjustments for :			
- Depreciation / amortisation		51,007	81,681
- (Profit) on disposal of fixed assets (net)		(23,450)	467
- Diminution in the value of current investments		-	(2,344)
- Diminution in the value of non-current investments		13,890	-
- Unclaimed balances written back		(930)	-
- Unrealised exchange loss/(gain) (net)		-	22,077
- Interest expense		1,254	1,430
- Interest income		(70,878)	(73,763)
- Dividend Income		(178,045)	(187,882)
- Brokerage on buy back of equity shares		1,355	-
- (Profit) on sale of current investments		(1,252)	-
- Provision for doubtful debts and advances (net)		(285)	(67,896)
- Bad debts and advances written off		-	45,919
Operating (loss) / profit before working capital changes		(183,542)	523,439
Movements in working capital:			
(Increase) / Decrease in inventories		-	(60,674)
(Increase) / Decrease in trade receivables		(154,504)	333,288
(Increase) / Decrease in non-current loans and advances		(16,070)	1,104
(Increase) in current loans and advances		(7,704)	(77,856)
(Increase) in current assets		(18,384)	(25,244)
(Increase) in other non-current assets		-	(142)
Increase in other non-current liabilities		3,670	5,094
Increase in other current liabilities		(16,450)	88,058
Increase / (Decrease) in trade payables		64,086	(41,636)
Increase in non-current provisions		-	382
Increase/ (Decrease) in current provisions		(3,106)	5,225
Cash generated/(used in) from operations		(332,004)	751,038
Direct taxes paid (net of refunds)		(25,307)	(36,640)
Net cash from/ (used in) operating activities	(A)	(357,311)	714,398
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES			
Purchase of fixed assets (including capital work in progress and capital advances)		(12,199)	(30,893)
Proceeds from sale of fixed assets		96,506	2,724
Purchase of investments in subsidiaries		-	(78,734)
Purchase of current- investments		-	(100,000)
Sale of current investments		101,252	444,051
Sale of non-current investments		-	47,642
Advance against sale of fixed assets		-	17,500
Loans to bodies corporate		-	(66,500)
Loans repaid by bodies corporate		25,400	152,038

CASH FLOW STATEMENT

for the year ended June 30, 2014

	Notes	For the year ended 30-Jun-14 Rs.'000	For the year ended 30-Jun-13 Rs.'000
Receipt of slump sales consideration		354,000	-
Amount received from Employee benefit trust		52,852	-
Interest received		76,558	61,100
Dividend Received		178,045	187,882
Fixed deposits refunded by banks		-	4,550,376
Fixed deposits made with banks		209,020	(5,330,534)
Net cash from/(used in) investing activities	(B)	1,081,434	(143,349)
CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES			
Proceeds from long term borrowings		3,475	-
Repayment of long term borrowings		(62)	-
Interest paid		(1,254)	(1,430)
Dividend paid		(319,001)	(302,940)
Taxes on dividend paid		(24,324)	(20,574)
Buy back of shares		(368,503)	-
Net cash (used in) financing activities	(C)	(709,669)	(324,944)
Net Increase in cash and cash equivalents (A + B + C)		14,454	246,105
Cash and cash equivalents at the beginning of the year		371,172	125,067
Cash and cash equivalents transferred on Slump Sale		(355,619)	-
Cash and cash equivalents at the end of the year		30,007	371,172
Components of cash and cash equivalents:			
Cash on hand		10	155
With banks			
- on current account		7,911	365,413
- Deposits with original maturity of less than three months		15,001	-
- unpaid dividend accounts*		7,085	5,604
Total cash and cash equivalents (note 17)		30,007	371,172
Summary of significant accounting policies	2.1		

*The Company can utilize these balances only toward settlement of the unpaid dividend.

As per our report of even date

FOR S.R. BATLIBOI & CO. LLP
Chartered Accountants
ICAI Firm registration number: 301003E

per Anil Gupta
Partner
Membership No.: 87921

Place : Noida
Date : August 27, 2014

For and on behalf of the board of directors of **Spice Mobility Limited**
(formerly **S Mobility Limited**)

Dilip Modi
Chairman

Subroto Chattopadhyay
Director

Madhusudan V.
Chief Financial Officer

Preeti Malhotra
Director

Prashant Bindal
Chief Executive Officer

M R Bothra
Vice President- Corporate Affairs and Company Secretary

NOTES TO FINANCIAL STATEMENTS

for the year ended June 30, 2014

1. Nature of Operations

S Mobility Ltd (“the Company”) is a public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on two stock exchanges in India. The Company is primarily engaged in the trading of Mobile handset and accessories through its subsidiary companies. The name of Company has been changed from S Mobility Limited to Spice Mobility Limited with effect from July 21, 2014.

2. Basis of preparation

The financial statements of the Company have been prepared in accordance with 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 the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956 read with General Circular 8/2014 dated April 4, 2014 issued by the Ministry of Corporate Affairs. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies have been consistently applied by the Company and are consistent with those of previous year.

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, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

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 fixed assets

i) Depreciation is provided using the straight line method as per the estimated useful lives of the assets estimated by the management, which results in depreciation rates being equal to the corresponding rates prescribed under Schedule XIV of the Companies Act, 1956.

ii) 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.

iii) All individual assets costing Rs. 5,000 or less are depreciated in full in the year of addition.

(d) Intangible Fixed assets

Intangible Fixed Assets (Softwares) acquired separately are measured on initial recognition at cost. Such assets are amortised over their useful lives on straight line basis not exceeding six years.

(e) Impairment

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 asset’s 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 reflects current market assessment of the time value of money and risks specific to the asset.

(f) Leases

Where the Company is lessee

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

Where the Company is the lessor

Assets subject to operating leases are included in fixed assets. Lease income is recognized in the Statement of Profit and Loss on a straight-line basis over the lease term. Costs, including depreciation are recognized as an expense in the Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the Statement of Profit and Loss.

NOTES TO FINANCIAL STATEMENTS

for the year ended June 30, 2014

(g) Investments

Investments that are readily realisable and intended to be held for not more than one year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

(h) 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 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be 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.

In the situations where the Company is entitled to a tax holiday under the Income Tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of timing differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognised in the year in which timing differences originate. However, the Company restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred assets can be realized. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

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

The carrying amount of deferred tax assets are reviewed at each reporting 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.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the period in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

(i) Inventories

Traded Goods, service spares and components are valued at lower of cost and net realizable value. Cost is determined on transaction moving weighted average method.

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

(j) Revenue recognition

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

Sale of goods

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

NOTES TO FINANCIAL STATEMENTS

for the year ended June 30, 2014

revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

Interest

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

Dividends

Revenue is recognised when the Company's right to receive dividend is established by the balance sheet date.

Income on Fixed Maturity Plan Investments

Income on investments made in the units of fixed maturity plans of various schemes of mutual funds is recognised based on reasonable certain yield as at the balance sheet date.

(k) Foreign currency translation

Foreign currency transactions and balances

(i) Initial recognition

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

(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 recognised 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 year 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.

(l) Retirement and other employee benefits

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.

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. 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.

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 entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where the 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.

NOTES TO FINANCIAL STATEMENTS

for the year ended June 30, 2014

(m) 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.

(n) Earnings Per Share

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

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

(o) Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event; 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 estimates.

(p) 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.

(q) Cash and cash equivalents

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

(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) Measurement of EBITDA

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

NOTES TO FINANCIAL STATEMENTS

for the year ended June 30, 2014

3. Share Capital

	30-Jun-14 Rs. '000	30-Jun-13 Rs. '000
Authorized		
330,000,000 (Previous year: 330,000,000) equity shares of Rs. 3 each	990,000	990,000
Issued, subscribed and fully paid-up		
227,863,982 (Previous year 238,086,285) equity shares of Rs. 3 each	683,592	714,258
227,863,982 (Previous year 238,086,285) equity shares of Rs. 3 each	683,592	714,258

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

Equity shares

	30-Jun-14		30-Jun-13	
	Nos.	Rs. '000	Nos.	Rs. '000
At the beginning of the year	238,086,285	714,258	238,086,285	714,258
Buy back during the year (Refer Note 41(a))	(10,222,303)	(30,666)	-	-
Outstanding at the end of the year	227,863,982	683,592	238,086,285	714,258

(b) **Terms/ rights attached to equity shares**

During the year ended 30 June 2014, Rs. 0.15 per share has been recognized as distribution of interim dividend to equity shareholders (30 June 2013: Rs.1.5 per share was recognised as distribution of final dividend to equity shareholders).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) **Shares held by holding company**

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

	30-Jun-14 Rs. '000	30-Jun-13 Rs. '000
Holding Company		
Smart Ventures Limited (Converted into limited company w.e.f. 29.11.2013) (Formerly S i2i Mobility Private Limited)		
169,447,570 (30 June 2013: 169,447,570) equity shares of Rs. 3 each fully paid	508,343	508,343

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

	30-Jun-14 Nos.	30-Jun-13 Nos.
Equity shares allotted as fully paid-up pursuant to the Scheme of amalgamation for consideration other than cash	163,448,285	163,448,285

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

Name of the shareholder	As at 30 Jun 2014		As at 30 Jun 2013	
	Nos.	% holding in the class	Nos.	% holding in the class
Equity shares of Rs. 3 each fully paid				
Smart Ventures Limited (Converted into limited company w.e.f. 29.11.2013) (Formerly S i2i Mobility Private Limited), the holding company	169,447,570	74.36%	169,447,570	71.17%
Independent Non Promoter Trust	35,301,215	15.49%	35,301,215	14.83%
Independent Non Promoter (Spice Employee Benefit) Trust	11,901,752	5.22%	11,901,752	4.99%

NOTES TO FINANCIAL STATEMENTS

for the year ended June 30, 2014

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

	30-Jun-14 Rs. '000	30-Jun-13 Rs. '000
Securities premium account		
Balance as per the last financial statements	288,070	288,070
Less: Amount utilized for payment of consideration over nominal value of equity shares bought back	(288,070)	-
Closing Balance	-	288,070
Capital redemption reserve		
Transferred from General Reserve Account on cancellation of 10,222,303 (Previous year: Nil) equity shares of Rs. 3 each bought back pursuant to buy back scheme	30,666	-
Closing Balance	30,666	-
General reserve		
Balance as per the last financial statements	4,187,434	4,124,859
Add: Amount transferred from surplus balance in the statement of profit and loss	-	62,575
Less: Amount utilized for payment of consideration over nominal value of equity shares bought back	(48,413)	-
Less: Amount utilized towards buy back of shares	(30,666)	-
Closing Balance	4,108,355	4,187,434
Surplus in the statement of profit and loss		
Balance as per last financial statements	1,150,057	909,415
Profit for the year	45,492	625,750
Reversal of proposed dividend on equity shares (Refer Note 41(a))	9,625	-
Reversal of corporate dividend tax**	31,777	28,771
Profit available for appropriation:	1,236,951	1,563,936
Less: Appropriations		
Final equity dividend (amount per share Nil (30 June 2013: Rs. 1.50))	-	300,273
Interim dividend (amount per share Rs. 0.15 (30 June 2013: Nil))*	29,833	-
Tax on interim equity dividend	5,070	-
Tax on final equity dividend	-	51,031
Transfer to general reserve	-	62,575
Total appropriations	34,903	413,879
Net surplus in the statement of profit and loss	1,202,048	1,150,057
Total reserves and surplus	5,341,069	5,625,561

* Independent non-promoter trust which holds 35,301,215 equity shares of the Company has waived off its right to receive interim dividend on these shares. Accordingly, no dividend was paid on these shares.

** Corporate Dividend Tax on final equity dividend has been paid after adjusting corporate dividend tax of Rs. 30,141 thousand paid by a subsidiary company on dividend paid to the Company during the year.

NOTES TO FINANCIAL STATEMENTS

for the year ended June 30, 2014

5. Long-term borrowings

	30-Jun-14 Rs. '000	30-Jun-13 Rs. '000
Vehicle loan from banks (secured)	3,413	-
Amount disclosed under the head other current liabilities (Refer note 8)	(714)	-
	2,699	-

"Indian rupee loan from IndusInd Bank Limited amounting to Rs. 3,413 thousand (Previous year: Nil) carries rate of interest of 11% (Previous year Nil). This loan is repayable in 47 monthly installments of Rs. 91 thousand each beginning from 21 June 2014. The loan together with interest and other charges are secured by first charge over the vehicle purchased out of proceeds of the loan amount."

6. Long Term Liabilities & Payables

	30-Jun-14 Rs. '000	30-Jun-13 Rs. '000
Trade Payables	11,574	7,904
	11,574	7,904
Other Long Term Liabilities		
Security Deposits(refer note 34 for details of dues to micro and small enterprises)	-	15,875
	-	15,875
	11,574	23,779

7. Provisions

	Long-term		Short-term	
	30-Jun-14 Rs. '000	30-Jun-13 Rs. '000	30-Jun-14 Rs. '000	30-Jun-13 Rs. '000
Provision for employee benefits				
Provision for gratuity (Note 27)	-	-	300	2,923
Provision for leave benefits	-	-	3,574	15,542
	-	-	3,874	18,465
Other provisions				
Provision for warranties	-	3,259	-	114,736
Provision for income tax	-	-	9,089	34,489
Proposed equity dividend	-	-	-	300,273
Provision for tax on proposed equity dividend	-	-	-	51,031
	-	3,259	9,089	500,529
	-	3,259	12,963	518,994

Provision for warranties

A provision was being recognized for expected warranty claims on products sold during last one year. Assumptions used to calculate the provision for warranties were based on past trend of sales of mobile handsets and customer service expenses incurred.

	30-Jun-14 Rs. '000	30-Jun-13 Rs. '000
At the beginning of the year	117,995	109,796
Arising during the year	-	236,050
Utilized during the year	-	227,851
Transferred pursuant to slump sale (Refer Note 42)	117,995	-
At the end of the year	-	117,995
Current portion	-	114,736
Non-current portion	-	3,259

NOTES TO FINANCIAL STATEMENTS

for the year ended June 30, 2014

8. Trade Payable and other Current Liabilities

	30-Jun-14 Rs. '000	30-Jun-13 Rs. '000
Trade payables (including acceptances) (refer note 34 for details of dues to micro and small enterprises)	64,919	1,371,540
	64,919	1,371,540
Other liabilities		
Current maturities of long-term borrowings (refer note 5)	714	-
Unpaid dividend	7,085	5,604
Employee related liabilities	13,255	32,283
Creditors for capital goods	-	2,424
Advance against sale of fixed assets	-	17,500
Advance from customers and their credit balances	-	112,724
Indirect Taxes and Duties Payable	423	69,544
Employee Statutory Deductions	81	1,364
TDS payable	2,411	4,070
	23,969	245,513
	88,888	1,617,053

9. Tangible assets

(Rs. ' 000)

	Freehold Land	Buildings	Plant and Machinery	Furniture and Fittings	Office Equipments	Computers	Vehicles	Leasehold Improvements	Total
Cost									
At 1 July 2012	101,001	436,315	106,263	39,126	51,759	44,705	14,748	308,512	1,102,429
Additions	-	888	1,112	801	4,119	1,759	-	593	9,272
Disposals	-	-	-	-	-	1,293	-	2,470	3,763
Transferred to assets held for sale	(9,456)	(19,644)	-	-	-	-	-	-	(29,100)
At 30 June 2013	91,545	417,559	107,375	39,927	55,878	45,171	14,748	306,635	1,078,838
Additions	-	-	-	3,422	83	569	4,120	-	8,194
Disposals	91,545	-	-	-	-	37	-	-	91,582
Transferred to assets held for sale	-	-	(7,400)	-	-	-	-	-	(7,400)
Transfer of assets on slump sale	-	-	(53,549)	(1,682)	(6,004)	(25,980)	-	(17,564)	(104,779)
At 30 June 2014	-	417,559	46,426	41,667	49,957	19,723	18,868	289,071	883,271
Depreciation									
At 1 July 2012	-	15,694	23,487	9,474	3,864	14,825	3,029	44,141	114,514
Charge for the year	-	9,316	16,825	2,460	2,707	7,195	1,399	35,565	75,467
Disposals	-	-	-	-	-	351	-	221	572
Transferred to assets held for sale	-	(12,615)	-	-	-	-	-	-	(12,615)
At 30 June 2013	-	12,395	40,312	11,934	6,571	21,669	4,428	79,485	176,794
Charge for the year	-	7,081	1,942	2,344	2,341	3,049	1,438	32,147	50,342
Disposals	-	-	-	-	-	11	-	-	11
Transferred to assets held for sale	-	-	(4,298)	-	-	-	-	-	(4,298)
Transfer of assets on slump sale	-	-	(31,646)	(1,171)	(864)	(14,685)	-	(12,945)	(61,311)
At 30 June 2014	-	19,476	6,310	13,107	8,048	10,022	5,866	98,687	161,516
Net Block									
At 30 June 2013	91,545	405,164	67,063	27,993	49,307	23,502	10,320	227,150	902,044
At 30 June 2014	-	398,083	40,116	28,560	41,909	9,701	13,002	190,384	721,755

NOTES TO FINANCIAL STATEMENTS

for the year ended June 30, 2014

Notes:

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

(Rs. ' 000)

Particulars	Gross Block		Depreciation		Accumulated Depreciation	
	As at June 30, 2014	As at June 30, 2013	For the year ended June 30, 2014	For the year ended June 30, 2013	As at June 30, 2014	As at June 30, 2013
Factory Building	-	-	-	495	-	-
GRAND TOTAL	-	-	-	495	-	-

2. Computers include fixed assets having gross block of Rs. Nil (Previous year Rs. 7,290 thousand) and written down value of Rs. Nil (Previous year Rs. 3,066 thousand), which were held in joint ownership with others.

10. Intangible assets

(Rs. ' 000)

	Computer Softwares
Gross block	
At 1 July 2012	41,627
Addition	8,957
At 30 June 2013	50,584
Addition	1,887
Transfer of assets on slump sale	(46,558)
At 30 June 2014	5,913
Amortization	
At 1 July 2012	20,830
Charge for the year	6,214
At 30 June 2013	27,044
Charge for the year	665
Transfer of assets on slump sale	(24,998)
At 30 June 2014	2,711
Net block	
At 30 June 2013	23,540
At 30 June 2014	3,202

Note:

Computer Softwares include fixed assets having gross block of Rs. Nil (Previous year Rs. 18,833 thousand) and written down value of Rs. Nil (Previous year: Rs. 7,920 thousand), which were held in joint ownership with others.

NOTES TO FINANCIAL STATEMENTS

for the year ended June 30, 2014

II. Non Current Investments

	30-Jun-14 Rs. '000	30-Jun-13 Rs. '000
Trade investments (valued at cost unless stated otherwise)		
Investment in subsidiaries (unquoted)		
Spice Digital Limited 35,470,674 (Previous year 35,470,674) equity shares of Rs.10 each fully paid up	88,974	88,974
Hindustan Retail Private Limited 70,530,000 (Previous year 70,530,000) equity shares of Rs.10 each fully paid up	705,282	705,282
Spice Retail Limited 794,262 (Previous year 794,262) equity shares of Rs.10 each fully paid up	173,093	173,093
Kimaan Exports Private Limited 20,000 (Previous year 20,000) equity shares of Rs.10 each fully paid up	456,212	456,212
S Mobility (HK) Limited 10,000 (Previous year 10,000) equity shares of HKD 1 each fully paid up	64	64
S Mobility Pte. Limited 285,000 (Previous year 285,000) equity shares of SGD 1 each fully paid up* (at cost less provision for other than temporary diminution in value Rs. 11,877 thousand (Previous year Nil))	529	12,406
S Mobile Devices Limited 50,000 (Previous year 50,000) equity shares of Rs.10 each fully paid up	500	500
In a Trust (unquoted)		
Interest as sole beneficiary in an Independent Non Promoter Trust **	373,798	373,798
Investment in equity instruments (quoted)		
Godfrey Phillips India Limited 17,300 (Previous year 17,300) equity shares of Rs.10 each fully paid up	24,925	24,925
Spicejet Limited 140,288 (Previous year 140,288) equity shares of Rs.10 each fully paid up* (at cost less provision for other than temporary diminution in value Rs. 5,109 thousand (Previous year Rs 3,096 thousand))	2,680	4,693
	1,826,057	1,839,947
Non-Trade investments (valued at cost unless stated otherwise)		
Government and trust securities (unquoted)		
5 (Previous year 5) National Saving Certificates of Rs.10,000 each (Purchased in the name of an employee of the Company and pledged with sales tax department)	50	50
	50	50
	1,826,107	1,839,997
Aggregate amount of quoted investments (Market value: Rs. 51,708 thousand (30 June 2013: Rs. 53,977 thousand))	27,605	29,618
Aggregate amount of unquoted investments	1,798,502	1,810,379
* Aggregate provision for diminution in value of investments	16,986	3,096

**The trust is holding 35,301,215 equity shares of the Company, the sole beneficiary of which is the Company.

NOTES TO FINANCIAL STATEMENTS

for the year ended June 30, 2014

12. Deferred tax assets (net)

	30-Jun-14 Rs. '000	30-Jun-13 Rs. '000
Deferred tax liability		
- Differences in depreciation / amortisation and other differences in block of fixed assets as per tax books and financial books	34,878	34,239
Gross deferred tax liability	34,878	34,239
Deferred tax assets		
- Effect of expenditure debited to Statement of Profit and Loss in the current / earlier periods but allowable for tax purposes in following years	4,532	16,174
- Unabsorbed losses and Depreciation	71,538	21,748
- Provision for doubtful debts and advances	216	320
Gross deferred tax assets	76,286	38,242
Net deferred tax assets	41,408	4,002
Less: Deferred tax assets not recognized (Refer Note 44)	(41,408)	(4,002)
	-	-

13. Loans and advances

	Non-current		Current	
	30-Jun-14 Rs. '000	30-Jun-13 Rs. '000	30-Jun-14 Rs. '000	30-Jun-13 Rs. '000
Capital advances				
Unsecured, considered good	-	550	-	-
	-	550	-	-
Security deposits				
Unsecured, considered good				
To related party (Refer Note No. 32)	10,000	10,000	-	-
To others	-	2,981	591	2,187
Unsecured, considered doubtful				
To others	-	-	210	345
	10,000	12,981	801	2,532
Provision for doubtful security deposit	-	-	210	345
	10,000	12,981	591	2,187
Loans and advances to related parties (Refer Note No. 32)				
Unsecured, considered good	13,333	-	2,430,757	2,449,490
Advances recoverable in cash or kind				
Unsecured, considered good	-	-	409	184,789
Unsecured, considered doubtful	-	-	490	640
	13,333	-	899	185,429
Provision for doubtful advances	-	-	490	640
	13,333	-	409	184,789

NOTES TO FINANCIAL STATEMENTS

for the year ended June 30, 2014

	Non-current		Current	
	30-Jun-14 Rs. '000	30-Jun-13 Rs. '000	30-Jun-14 Rs. '000	30-Jun-13 Rs. '000
Other loans and advances				
Unsecured, considered good				
Advance income-tax (net of provision for taxation)	-	-	138,177	116,570
Prepaid expenses	-	-	3,031	10,551
Loans to employees	2,738	-	270	718
Balances with statutory / government authorities	2,000	2,015	-	-
	4,738	2,015	141,478	127,839
Total	28,071	15,546	2,573,235	2,764,305

14. Trade Receivables and Other Assets

14.1. Trade Receivables

	Non-current		Current	
	30-Jun-14 Rs. '000	30-Jun-13 Rs. '000	30-Jun-14 Rs. '000	30-Jun-13 Rs. '000
Unsecured, considered good unless stated otherwise				
Outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, considered good	-	-	96,147	322,677
	-	-	96,147	322,677
Other receivables				
Unsecured, considered good	-	-	58,358	316,207
Unsecured, considered doubtful	-	-	-	-
	-	-	58,358	316,207
Provision for doubtful receivables	-	-	-	-
	-	-	58,358	316,207
	-	-	154,505	638,884

14.2. Other assets

	Non-current		Current	
	30-Jun-14 Rs. '000	30-Jun-13 Rs. '000	30-Jun-14 Rs. '000	30-Jun-13 Rs. '000
Unsecured, considered good unless stated otherwise				
Non-current bank balances (Refer Note No. 17)	-	800	-	-
Unamortized expenditure				
Unamortized premium on forward contract	-	-	-	5,281
	-	-	-	5,281

NOTES TO FINANCIAL STATEMENTS

for the year ended June 30, 2014

	Non-current		Current	
	30-Jun-14 Rs. '000	30-Jun-13 Rs. '000	30-Jun-14 Rs. '000	30-Jun-13 Rs. '000
Others				
Interest accrued on fixed deposits	-	142	7,803	17,486
Receivable against forward contract	-	-	-	26,548
Interest accrued on loan to related parties (Refer Note 32)	-	-	2,353	6,072
Rent and Other Receivables				
From related party	-	-	21,966	4,032
From others	-	-	448	-
Receivable against fixed assets sold to related party	-	-	17,500	-
Fixed assets held for sale (at lower of net book value and estimated net realizable value)*	-	-	13,382	26,765
	-	142	63,452	80,903
	-	942	63,452	86,184
* Balance as per the last financial statement			26,765	10,280
Add : Transferred during the year (Refer Note 9 above)			3,102	16,485
Less : Sold during the year			(16,485)	-
Total**			13,382	26,765

** comprising of Freehold Land, Buildings and other fixed assets of Rs. 800 thousand, Rs. 9,272 thousand and Rs. 3,310 thousand respectively (Previous year Rs. 10,256 thousand, Rs. 16,301 thousand and Rs. 208 thousand respectively)

15. Current investments

	30-Jun-14 Rs. '000	30-Jun-13 Rs. '000
Current investments (unquoted) (valued at lower of cost and fair value, unless stated otherwise)		
Nil (Previous year 1,757,160.42l) units of Rs. 10 each of Reliance Income Fund-Growth Plan-Bonus Option	-	20,000
Nil (Previous year 1,856,860.79) units of Rs. 10 each of HSBC Flexi Debt Fund - Growth-Retail Plan	-	30,000
Nil (Previous year 696,839.83) units of Rs. 10 each of SBI Magnum Income Fund- Regular Plan- Growth-Retail Plan	-	20,000
Nil (Previous year 1,121,931.5) units of Rs. 10 each of HDFC Income Fund - Growth- Retail Plan	-	30,000
	-	100,000
Aggregate amount of investments in units of Mutual Funds [Net Asset Value Nil (30 June 2013: Rs. 104,340 thousand)]	-	100,000

NOTES TO FINANCIAL STATEMENTS

for the year ended June 30, 2014

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

	30-Jun-14 Rs. '000	30-Jun-13 Rs. '000
Traded goods	-	446,148
Service components and spares	-	50,550
	-	496,698

17. Cash and bank balances

	Non-current		Current	
	30-Jun-14 Rs. '000	30-Jun-13 Rs. '000	30-Jun-14 Rs. '000	30-Jun-13 Rs. '000
Cash and cash equivalents				
Balances with banks:				
– On current accounts	-	-	7,911	365,413
– Deposits with original maturity of less than three months	-	-	15,001	-
– On unpaid dividend account	-	-	7,085	5,604
Cash on hand	-	-	10	155
	-	-	30,007	371,172
Other bank balances				
– Deposits with original maturity of more than 3 months but less than 12 months	-	-	-	91,086
– Margin money deposit	-	800	596,731	974,419
	-	800	596,731	1,065,505
Amount disclosed under non-current assets (Refer Note No.14.2)	-	(800)	-	-
	-	-	626,738	1,436,677

Margin money deposits given as security

Margin money deposits with a carrying amount of Rs.596,731 thousand (30 June 2013: Rs.975,219) are subject to first charge to secure the letter of credits/ bill discounting/ overdraft facility for two subsidiaries of the Company (including one subsidiary of a subsidiary company).

18. Revenue from operations

	30-Jun-14 Rs. '000	30-Jun-13 Rs. '000
Revenue from operations		
Sale of products		
Finished goods	-	13,498
Traded goods	681,645	7,082,377
Other operating revenue		
Commission Income	-	2,211
Revenue from operations (gross)	681,645	7,098,086
Less: Excise duty #	-	168
Revenue from operations (net)	681,645	7,097,918

Excise duty on sales amounting to Rs.Nil (30 June 2013: Rs. 168 thousand) has been reduced from sales in Statement of profit and loss.

NOTES TO FINANCIAL STATEMENTS

for the year ended June 30, 2014

Detail of products sold	30-Jun-14 Rs. '000	30-Jun-13 Rs. '000
Finished goods sold		
Mobile Phones	-	13,498
	-	13,498
Traded goods sold		
Mobile Phones	671,677	7,072,477
Service components and spares	9,968	9,901
	681,645	7,082,378
	681,645	7,095,876

19. Other income

	30-Jun-14 Rs. '000	30-Jun-13 Rs. '000
Interest income on		
Bank deposits	61,221	68,495
On income tax refund	7,077	-
On loan to an Employee and Bodies corporate	2,580	5,268
Dividend income on		
Current investments	-	9,837
Long-term investments from others	692	606
Long-term investments from subsidiary company	177,353	177,440
Provision for doubtful debts and advances written back	285	31,233
Provisions and unclaimed balances written back (net)	930	1,267
Rent Received	60,242	44,546
Income on foreign exchange fluctuation(net)	630	-
Profit on sale of current Investments in units of mutual funds	1,252	176
Profit on sale of fixed assets	23,450	-
Reversal of provision for dimuntion in the value of current investments	-	2,344
Miscellaneous income	-	10
	335,712	341,222

20. Cost of raw materials and components consumed

	30-Jun-14 Rs. '000	30-Jun-13 Rs. '000
Inventory at the beginning of the year	-	158
Add: Purchases	-	26
	-	184
Less: inventory at the end of the year	-	-
Cost of raw materials and components consumed	-	184

NOTES TO FINANCIAL STATEMENTS

for the year ended June 30, 2014

Details of raw materials and components consumed

	30-Jun-14 Rs. '000	30-Jun-13 Rs. '000
PCBA	-	100
LCD	-	21
Battery	-	9
Cover	-	19
Others	-	35
	-	184

21. (Increase) in inventories of finished goods, Work in progress and traded goods

	30-Jun-14 Rs. '000	30-Jun-13 Rs. '000	(Increase) / decrease Rs. '000 30-Jun-14
Inventories at the end of the year			
Traded goods	-	446,148	446,148
Service components and spares	-	50,550	50,550
	-	496,698	496,698
Inventories transferred pursuant to slump sale (Refer Note 42)			
Finished goods*	-	-	-
Traded goods*	446,148	-	(446,148)
Service components and spares	50,550	-	(50,550)
	496,698	-	(496,698)
Inventories at the beginning of the year			30-Jun-13
Finished goods	-	10,949	10,949
Traded goods*	446,148	368,756	(77,392)
Work-in-progress	-	259	259
Service components and spares	50,550	55,902	5,352
	496,698	435,866	(60,832)
	-	(60,832)	

*Inventory of finished goods, traded goods and work-in progress inventory is in relation to Mobile Phones.

Details of purchase of traded goods

	30-Jun-14 000	30-Jun-13 000
Mobile Phone	653,836	5,426,328
Spare parts	10,497	7,643
	664,333	5,433,971

NOTES TO FINANCIAL STATEMENTS

for the year ended June 30, 2014

22. Employee benefit expense

	30-Jun-14 Rs. '000	30-Jun-13 Rs. '000
Salaries, wages and bonus	80,886	211,019
Contribution to provident and other funds	1,086	8,038
Leave encashment expenses	2,439	4,155
Gratuity expense (Refer Note No. 27)	645	1,924
Staff welfare expenses	12,096	23,938
	97,152	249,074

23.1 Other expenses

	30-Jun-14 Rs. '000	30-Jun-13 Rs. '000
Customer service expenses	-	236,050
Power and fuel	-	1,053
Electricity and water	17,600	18,811
Freight and forwarding charges	141	71,168
Rent	33,933	78,869
Rates and taxes	6,824	46,670
Insurance	409	4,928
Repairs and maintenance		
-Plant and machinery	-	74
-Buildings	7,474	5,396
-Others	7,827	16,162
Advertising and sales promotion	5,503	336,030
Travelling and conveyance	22,164	66,856
Communication costs	3,198	10,748
Printing and stationery	2,349	2,599
Legal and professional fees	29,258	40,434
Directors' sitting fees	572	677
Directors Commission	-	2,629
Payment to statutory auditors (Refer details below)	4,892	9,639
Bad debts / advances written off	-	9,256
Loss on disposal of fixed assets (net)	-	467
Security & Housekeeping Expenses	13,628	20,731
Bank charges	344	6,994
Loss on foreign exchange fluctuation(net)	-	27,477
Brokerage & Commission	1,355	4,104
Miscellaneous expenses	8,458	12,060
	165,929	1,029,882

NOTES TO FINANCIAL STATEMENTS

for the year ended June 30, 2014

Payment to Statutory Auditors

	30-Jun-14 Rs. '000	30-Jun-13 Rs. '000
As auditor:		
Statutory Audit fees	1,796	3,258
Tax account and audit fees	365	1,938
Limited reviews	2,191	3,303
Other services (certification fees)	140	506
Reimbursement of expenses	400	634
	4,892	9,639

23.2 Exceptional items

Exceptional item of Rs. 13,890 (Previous year: Rs. Nil) represents provision made for diminution in the value of long term investment in a subsidiary company and other company.

24. Depreciation and amortization expense

	30-Jun-14 Rs. '000	30-Jun-13 Rs. '000
Depreciation of tangible assets	50,342	75,467
Amortization of intangible assets	665	6,214
	51,007	81,681

25. Finance costs

	30-Jun-14 Rs. '000	30-Jun-13 Rs. '000
Interest Cost (including Rs 5 thousand (Previous year: Rs. 1,390 thousand) on Income Tax)	1,254	1,430
	1,254	1,430

26. Earnings per share (EPS)

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

	30-Jun-14 Rs. '000	30-Jun-13 Rs. '000
Total operations for the year		
Profit after tax	45,492	625,750
Net profit for calculation of basic and diluted EPS	45,492	625,750
Continuing Operation		
Profit after tax	45,492	25,933
Net profit for calculation of basic and diluted EPS	45,492	25,933
	Nos.	Nos.
Weighted average number of equity shares in calculating basic EPS	230,801,673	238,086,285
Weighted average number of equity shares in calculating diluted EPS	230,801,673	238,086,285

NOTES TO FINANCIAL STATEMENTS

for the year ended June 30, 2014

27. Disclosure under accounting Standard-15(revised) on 'Employee Benefits'

a) Defined Contribution Plan

Particulars	30-Jun-14 Rs. '000	30-Jun-13 Rs. '000
Contribution to provident fund	983	7,161
	983	7,161

b) Details of employee benefits

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service or part thereof in excess of six months. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

The following tables summaries the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the gratuity plans:

Statement of profit and loss

Net employee benefit expense (recognised in personnel expenses) for Gratuity

	Gratuity	
	30-Jun-14 Rs. '000	30-Jun-13 Rs. '000
Current service cost	497	3,288
Interest cost on benefit obligation	990	859
Expected return on plan assets	(798)	(694)
Net actuarial(gain) / loss recognized in the year	(43)	(1,529)
Net benefit expense	646	1,924
Actual return on plan assets	109	699

Balance sheet

Benefit asset/ liability

	Gratuity	
	30-Jun-14 Rs. '000	30-Jun-13 Rs. '000
Present value of defined benefit obligation	1,557	11,648
Fair value of plan assets	1,257	8,725
Plan asset / (liability)	300	2,923

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

	Gratuity	
	30-Jun-14 Rs. '000	30-Jun-13 Rs. '000
Opening defined benefit obligation	11,649	10,392
Current service cost	497	3,288
Interest cost	990	859
Liability transferred pursuant to slump sale (Refer Note 42)	(8,096)	-
Acquisition adjustment (Out)	(1,554)	-
Benefits paid*	(1,197)	(1,366)
Actuarial losses/(gains) on obligation	(732)	(1,525)
Closing defined benefit obligation	1,557	11,648

*includes Rs 1,067 thousand (Previous year Rs 524 thousand) paid directly by the Company.

NOTES TO FINANCIAL STATEMENTS

for the year ended June 30, 2014

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

Gratuity	30-Jun-14 Rs. '000	30-Jun-13 Rs. '000
Opening fair value of plan assets	8,725	7,589
Expected return	798	694
Contributions by employer	-	1,278
Assets transferred pursuant to slump sale (Refer Note 42)	(7,448)	-
Benefits paid	(129)	(842)
Actuarial gains / (losses)	(689)	5
Closing fair value of plan assets	1,257	8,725

The Company expects to contribute Rs. 593 thousand to gratuity in the next year (30th June 2013: Rs. 5,714 thousand).

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

	Gratuity	
	30-Jun-14	30-Jun-13
Investments with insurer	100%	100%

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

	Gratuity	
	30-Jun-14	30-Jun-13
Discount rate	8.50%	8.50%
Expected rate of return on assets	9.15%	9.15%
Employee turnover		
- Upto 30 years	4.00%	4.00%
- 30-44 years	4.00%	4.00%
- Above 44 years	1.00%	1.00%
Mortality rate	As notified by LIC	

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 year over which the obligation is to be settled.

Gratuity obligation and plan assets at the end of current year and previous four years are as follows:

	30-Jun-14 Rs. '000	30-Jun-13 Rs. '000	30-Jun-12 Rs. 000	30-Jun-11 Rs. 000	30-Jun-10 Rs. 000
Gratuity					
Defined benefit obligation	1,557	11,648	10,392	9,843	6,064
Plan assets	1,257	8,725	7,589	4,837	4,126
(Surplus) / deficit	300	2,923	2,803	5,006	1,938
Experience adjustments on plan liabilities	732	1,239	2,837	764	205
Experience adjustments on plan assets	(689)	5	(72)	(1)	6

28. Leases

Operating lease: Company as lessee

An office building has been obtained on operating lease. There is no contingent rent in the lease agreement. The lease term is for 9 years and can be extended on mutual consent of both the parties. There are no restrictions imposed by lease arrangements. There are subleases and all the leases are cancellable in nature except for lease of one warehouse in previous year where there was a lock in period of three years. The Company has recognised lease expenses of Rs. 33,696 thousand (Previous year Rs 70,843 lacs)

NOTES TO FINANCIAL STATEMENTS

for the year ended June 30, 2014

Future minimum rentals payable under non-cancellable operating leases are as follows:

	30-Jun-14 Rs. '000	30-Jun-13 Rs. '000
Within one year	Nil	5,120
After one year but not more than five years	Nil	Nil
More than five years	Nil	Nil
	-	5,120

Operating lease commitments – Company as lessor

The Company has entered into lease of its leasehold improvement carried out at building located in Noida. The lease is cancellable. There are no restrictions imposed by lease agreement and there are no contingent rents.

29. Segment information

Primary segments: Business Segments

During the year, the Company is engaged mainly in telecommunications- Mobile business which represents the business of trading of mobile handsets. The entire business has been considered as a single segment in terms of Accounting Standard-17 on Segment Reporting issued by the Institute of Chartered Accountants of India.

Secondary Segments: Geographical Segment

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	30-Jun-14 Rs. '000	30-Jun-13 Rs. '000
Revenue from the Domestic market	681,645	7,079,267
Revenue from the Overseas markets	-	18,819
Total Revenue	681,645	7,098,086
Trade receivables of Domestic market	154,505	634,386
Trade receivables of Overseas markets	-	4,498
Total Trade Receivables	154,505	638,884

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

30. Capital & other Commitments

- Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Nil (Previous year Rs. 1975 thousand).
- For commitments relating to lease arrangements, (refer note 28 above).
- The Company has given comfort letter to its two subsidiary companies, whose net worth has been fully eroded, to provide financial support in the future to enable them to settle their obligation as and when they fall due and operate as a going concern (Refer note 43 below).

31. Contingent Liabilities

Contingent Liabilities (excluding interest, wherever applicable) not provided for in respect of:

- Various Sales Tax Demands being disputed by the Company Nil thousand (Previous year Rs. 26,265 thousand).*
- Income Tax Demand being disputed by the Company Rs. 150,167 thousand (Previous year Rs. 210,501 thousand).*
- Penalty under Foreign Trade (Development and Regulation) Act, 1992, on account of non fulfilment of export obligation being disputed by the Company - Rs. 40,860 thousand (Previous year Rs. 40,860 thousand).*
- Demand raised by the Excise Authorities being disputed by the Company. The Company has deposited Rs. 2,000 thousand (Previous year Rs. 2,000 thousand) under protest and the same has been included in the note of Loans and Advances under balances with statutory / government authorities - Rs. 66,263 thousand (Previous year Rs. 66,263 thousand).*
- Various other claims against the Company not acknowledged as debts (based on management estimate) - Nil (Previous year Rs. 4,575 thousand)*.
- The Company has given corporate guarantee in respect of letter of credit/ bill discounting facility taken by a subsidiary company

NOTES TO FINANCIAL STATEMENTS

for the year ended June 30, 2014

to the extent of Rs. 2,050,000 thousand where the company is jointly and severally liable.

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

32. Related Parties

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

Ultimate Holding Company	Spice Global Investments Private Limited
Holding Company	Smart Ventures Limited (Converted into limited company w.e.f. 29.11.2013) (Formerly S i2i Mobility Private Limited)
Subsidiary including step down subsidiaries companies	Spice Digital Limited Spice Retail Limited Hindustan Retail Private Limited Kimaan Exports Private Limited Spice Labs Private Limited Cellucom Retail India Private Limited S Retail Middle East FZE Spice Online Retail Private Limited (w.e.f. July 24, 2012) Mobisoc Technology Private Limited S GIC Pte Ltd. Spice VAS (Africa) Pte. Ltd. Spice Digital Nigeria Limited Beoworld Sdn. Bhd Spice VAS Uganda Ltd. Spice VAS Kenya Limited S Mobility (HK) Ltd. S Mobile Devices Ltd. S Mobility Pte Ltd. Spice VAS Ghana Ltd. Spice VAS Zambia Ltd. Spice Digital South Africa (Pty) Ltd. Spice VAS Tanzania Limited Spice Digital (Bangladesh) Limited (w.e.f. November 8, 2012)

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

Individual having significantly influence on the Company and relatives or such individuals	Mr. Dilip Modi - Director
Enterprises directly or indirectly through one or more intermediaries are under common control with the Company	Spice Entertainment Limited Wall Street Finance Limited Smartvalue Ventures Private Limited (Formerly Spice Investments & Finance Advisors Pvt. Ltd.) Spice Innovative Technologies Private Ltd. IO Systems Limited Saket City Hospitals Pvt. Ltd. (Formerly G M Modi Hospitals Corporation Pvt. Ltd.) Smart Global Ventures Private Limited
Key Management Personnel	Mr. Subramanian Murali – President Finance Mr. R S Desikan -CEO (w.e.f. February 9, 2012)
Relatives of key management personnel	Mrs. Jananki Desikan
Enterprises over which individuals having significant influence over the Company is able to exercise significant influence	Plus Paper Foodpac Ltd. Bharat IT Services Limited V Corp Mercantile Private Limited PT Selular Media Infotama

NOTES TO FINANCIAL STATEMENTS

for the year ended June 30, 2014

Details of related party transactions

(Rs. '000)

Particulars		Ultimate Holding Company	Holding Company	Subsidiary										
				Spice Global Investments Private Limited	Smart Ventures Ltd	Spice Digital Limited	S Retail Middle East FZE	Mobisoc Technology Private Limited	Spice Retail Limited	Hindustan Retail Private Limited	Kirmaan Exports Private Limited	Spice Labs Private Limited	S Mobility Pte. Limited	S Mobile Devices Limited
Transactions during the period														
Sales of Goods	June 30, 2014	-	-	-	-	-	-	681,645	-	-	-	-	-	-
	June 30, 2013	-	171	606	3,844	-	-	594,124	-	-	-	-	-	14,466
Purchases of traded goods and spares	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	1,644	-	-	-	-	-	-
Slump Sale of Business	June 30, 2014	-	-	-	-	-	-	354,000	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Expense	June 30, 2014	1,216	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Income	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-	-	-
Remuneration	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal and Professional charges	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-	-	-
AMC/SAP maintenance reimbursement recovered	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	8,105	-	-	-	-	-	-	-	-	-	-
AMC/SAP maintenance reimbursement paid	June 30, 2014	-	-	3,380	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-	-	-
Advertisement and sales promotion	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	139	-	-	-	-	-	-	-	-	-	-
Miscellaneous Expenses	June 30, 2014	-	-	4,387	-	-	-	257	-	-	-	-	-	-
	June 30, 2013	-	-	831	-	-	-	42	-	-	-	-	-	-
Provision in the value of Investments made	June 30, 2014	-	-	-	-	-	-	-	-	-	-	11,877	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-	-	-
Rent Expense	June 30, 2014	-	-	-	-	-	-	-	-	30,026	-	-	-	-
	June 30, 2013	-	-	253	-	-	-	-	-	29,901	-	-	-	-
Rent Income	June 30, 2014	1,596	812	15,918	-	6,608	26,040	-	-	4,158	-	-	-	3,850
	June 30, 2013	728	1,946	15,506	-	6,242	10,910	-	-	3,866	-	-	-	2,918
Dividend paid	June 30, 2014	-	279,588	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	254,142	-	-	-	-	-	-	-	-	-	-	-
Dividend received	June 30, 2014	-	-	177,353	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	177,353	-	-	-	-	-	-	-	-	-	-
Advance for Fixed Assets	June 30, 2014	100,000	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-	-	-
Advance for Fixed Assets returned	June 30, 2014	100,000	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-	-	-
Loans/advance given during the period	June 30, 2014	-	-	-	-	-	15,000	40,125	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	66,500	-	-	-	-	-	-
Loans/advance repaid during the period	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Fixed Assets	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-	-	-
Advance against land & Building	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment made	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-	-	-
Loan received back during the period/adjusted	June 30, 2014	-	-	-	-	-	12,625	24,000	70,000	-	-	-	500	-
	June 30, 2013	-	-	-	-	-	43,000	24,000	-	-	-	-	-	-
Reimbursement of Expenses (recovered)	June 30, 2014	-	-	62	-	31	1,025	-	-	31	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-	-	-
Reimbursement of Expenses (provided)	June 30, 2014	-	-	-	-	-	737	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-	-	-
Outstanding balances at the end of period														
Receivables Considered Good	June 30, 2014	-	-	-	-	-	154,505	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	3,832	645	369,469	-	-	2,548	-	-	-	7,229
Payables	June 30, 2014	3,008	-	2,066	-	-	-	-	32,895	-	-	-	-	-
	June 30, 2013	-	-	628	-	-	-	-	7,518	-	-	-	-	-
Share Application money	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-	-	-
Security Deposits	June 30, 2014	-	-	-	-	-	-	-	10,000	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	10,000	-	-	-	-	-
Loan/advances receivable	June 30, 2014	-	-	-	-	-	504,375	1,919,715	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	502,000	1,903,590	-	-	-	-	-	-
Provision in the value of Investments	June 30, 2014	-	-	-	-	-	-	-	-	-	11,877	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Receivable	June 30, 2014	-	-	528	-	-	16,428	-	-	344	-	-	-	659
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Receivable	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-	-	-

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 except as disclosed above.
- The Company has given corporate guarantee and pledged fixed deposits of Rs. 566,731 thousand in respect of letter of credit/ bill discounting facility taken by a subsidiary company to the extent of Rs. 2,050,000 thousand where the company is jointly and severally liable. Further, the Company has an equitable mortgage of its property situated at B1 101, 106 and 107, Boomerang, Plot No. 4A and 4B, Sakivali Village, Chandivali farm road, Kurla (W), Mumbai in respect of letter of credit facility (included in the above amount) taken by subsidiary company to the extent of Rs. 450,000 thousand, where the company is jointly and severally liable.
- The Company has given comfort letter to its two subsidiary companies, whose net worth has been fully eroded, to provide financial support in the future to enable them to settle their obligation as and when they fall due and operate as a going concern.
- The Company has pledged its fixed deposit of Rs. 30,000 thousand in respect of the overdraft facility taken by subsidiary of a subsidiary company.

NOTES TO FINANCIAL STATEMENTS

for the year ended June 30, 2014

Details of related party transactions

(Rs. '000)

Particulars		Enterprises directly or indirectly through one or more intermediaries are under common control with the Company								KMP			
		Smartvalue Ventures Pvt Ltd	Spice Innovative Technologies Private Limited	Spice Entofainment Limited	Modikem Limited	IO systems Limited	Smart Global Ventures Pvt. Ltd.	Wall Street Finance Limited	Saket City Hospitals Pvt. Ltd.	Mr. Kunal Ahooja	Mr. R S Desikan	Ms. Preeti Malhotra	Mr. Subramanian Murali
Transactions during the period													
Sales of Goods	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	38	-	-	-	-	-	-	-	-	-
Purchases of traded goods and spares	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-	-
Slump Sale of Business	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-	-
Interest Expense	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-	-
Interest Income	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	466
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-	-
Remuneration	June 30, 2014	-	-	-	-	-	-	-	-	5,480	-	-	25,626
	June 30, 2013	-	-	-	-	-	-	-	-	2,341	5,192	909	14,920
Legal and Professional charges	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-	-
AMC/SAP maintenance reimbursement recovered	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-	-
AMC/SAP maintenance reimbursement paid	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-	-
Advertisement and sales promotion	June 30, 2014	-	-	4,949	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Expenses	June 30, 2014	-	-	-	-	-	-	2,075	17	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	1,047	-	-	-	-	-
Provision in the value of Investments made	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-	-
Rent Expense	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-	-
Rent Income	June 30, 2014	126	336	168	-	168	84	-	-	-	-	-	-
	June 30, 2013	98	420	238	140	140	-	-	56	-	-	-	-
Dividend paid	June 30, 2014	-	-	-	-	-	-	-	-	-	1	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	123	-
Dividend received	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-	-
Advance for Fixed Assets	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-	-
Advance for Fixed Assets returned	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-	-
Loans/advance given during the period	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	20,000
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-	-
Loans/advance repaid during the period	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Fixed Assets	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-	-
Advance against land & Building	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-	-
Investment made	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-	-
Loan received back during the period/adjusted	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-	-
Reimbursement of Expenses (recovered)	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-	-
Reimbursement of Expenses (provided)	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-	-
Outstanding balances at the end of period													
Receivables Considered Good	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-	-
Payables	June 30, 2014	-	-	4,949	-	-	-	58	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-	-
Share Application money	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-	-
Security Deposits	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-	-
Loan/advances receivable	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	20,000
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-	-
Provision in the value of Investments	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-	-
Other Receivable	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-	-
Interest Receivable	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	466
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-	-

NOTES TO FINANCIAL STATEMENTS

for the year ended June 30, 2014

Details of related party transactions

(Rs. '000)

Particulars		Individuals having significant influence over the company and their relatives	Relatives of key management personnel		Enterprises over which individual having significant influence over the Company is able to exercise significant influence						Total	
			Mr. Dilip Modi	Mrs. Jananki Desikan	Mrs. Kamla Malhotra	Plus Paper Foodpac Limited	Bharat IT Services Limited	PT Metrotech Jaya Komunika Indonesia	PT Selular Media Infotama	S i2i Limited		V Corp Mercantile Private Limited
Transactions during the period												
Sales of Goods	June 30, 2014	-	-	-	-	-	-	-	-	-	-	681,645
	June 30, 2013	-	-	-	-	-	-	-	162	-	-	613,411
Purchases of traded goods and spares	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	1,644
Slump Sale of Business	June 30, 2014	-	-	-	-	-	-	-	-	-	-	354,000
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-
Interest Expense	June 30, 2014	-	-	-	-	-	-	-	-	-	-	1,216
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-
Interest Income	June 30, 2014	-	-	-	-	2,096	-	-	-	-	-	2,562
	June 30, 2013	-	-	-	-	5,268	-	-	-	-	-	5,268
Remuneration	June 30, 2014	-	-	-	-	-	-	-	-	-	-	31,106
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	23,362
Legal and Professional charges	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	17,942	-	-	17,942
AMC/SAP maintenance reimbursement recovered	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	8,105
AMC/SAP maintenance reimbursement paid	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	3,380
Advertisement and sales promotion	June 30, 2014	-	-	-	-	-	-	-	-	-	-	4,949
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	139
Miscellaneous Expenses	June 30, 2014	-	301	-	-	18	-	-	-	-	2,392	9,447
	June 30, 2013	-	300	-	-	-	-	-	-	-	177	2,396
Provision in the value of Investments made	June 30, 2014	-	-	-	-	-	-	-	-	-	-	11,877
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-
Rent Expense	June 30, 2014	-	-	-	-	-	-	-	-	-	-	30,026
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	30,154
Rent Income	June 30, 2014	-	-	-	-	-	-	-	-	-	-	59,864
	June 30, 2013	-	-	-	554	-	-	-	-	-	-	43,762
Dividend paid	June 30, 2014	1,650	-	-	-	-	-	-	-	-	-	281,239
	June 30, 2013	1,500	-	62	-	-	-	-	-	-	-	255,828
Dividend received	June 30, 2014	-	-	-	-	-	-	-	-	-	-	177,353
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	177,353
Advance for Fixed Assets	June 30, 2014	-	-	-	-	-	-	-	-	-	-	100,000
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-
Advance for Fixed Assets returned	June 30, 2014	-	-	-	-	-	-	-	-	-	-	100,000
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-
Loans/advance given during the period	June 30, 2014	-	-	-	-	-	-	-	-	-	-	75,125
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	66,500
Loans/advance repaid during the period	June 30, 2014	-	-	-	-	43,900	-	-	-	-	-	43,900
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-
Sale of Fixed Assets	June 30, 2014	-	-	-	35,000	-	-	-	-	-	-	35,000
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-
Advance against land & Building	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	17,500	-	-	-	-	-	-	17,500
Investment made	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	70,500
Loan received back during the period/adjusted	June 30, 2014	-	-	-	-	-	-	-	-	-	-	36,625
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	131,550
Reimbursement of Expenses (recovered)	June 30, 2014	-	-	-	-	-	-	3,168	-	-	-	4,317
	June 30, 2013	-	-	-	-	-	1,286	837	-	-	-	2,123
Reimbursement of Expenses (provided)	June 30, 2014	-	-	-	-	-	-	-	-	-	-	737
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-
Outstanding balances at the end of period												
Receivables Considered Good	June 30, 2014	-	-	-	-	-	-	-	-	-	-	154,505
	June 30, 2013	-	-	-	-	-	1,286	837	162	-	-	386,007
Payables	June 30, 2014	-	50	-	-	-	-	-	-	-	-	43,026
	June 30, 2013	-	-	-	-	-	-	-	7,631	-	-	15,777
Share Application money	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-
Security Deposits	June 30, 2014	-	-	-	-	-	-	-	-	-	-	10,000
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	10,000
Loan/advances receivable	June 30, 2014	-	-	-	-	-	-	-	-	-	-	2,444,090
	June 30, 2013	-	-	-	-	43,900	-	-	-	-	-	2,449,490
Provision in the value of Investments	June 30, 2014	-	-	-	-	-	-	-	-	-	-	11,877
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-
Other Receivable	June 30, 2014	-	-	-	18,338	-	-	3,168	-	-	-	39,465
	June 30, 2013	-	-	-	838	-	-	-	-	-	-	838
Interest Receivable	June 30, 2014	-	-	-	-	1,887	-	-	-	-	-	2,353
	June 30, 2013	-	-	-	-	6,072	-	-	-	-	-	6,072

NOTES TO FINANCIAL STATEMENTS

for the year ended June 30, 2014

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

(A)

Particulars of Derivatives	Purpose
Forward contract outstanding as at Balance Sheet date	
Sell	
US \$ Nil (Previous year US\$ 18,445,464)	Hedge of Import Creditors / pending purchase commitments

The amounts of foreign currency exposure that are not hedged by a derivative instrument are Nil (Previous year Nil).

(B) A sum of Nil (Previous year Rs.5,281 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.

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

Particulars	30-Jun-14	30-Jun-13
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
-Principal amount due to micro and small enterprises	NIL	NIL
-Interest due on above	NIL	NIL
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	NIL	NIL
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	NIL	NIL
The amount of interest accrued and remaining unpaid at the end of each accounting year	NIL	NIL
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	NIL	NIL

35. Value of imports calculated on CIF basis

	30-Jun-14 Rs. '000	30-Jun-13 Rs. '000
Traded goods and Service components and spares	664,333	5,310,110
Raw Materials and components	-	21
Total	664,333	5,310,131

36. Expenditure in foreign currency (accrual basis)

	30-Jun-14 Rs. '000	30-Jun-13 Rs. '000
Travelling and Conveyance	2,820	4,141
Legal & Professional Expenses	-	17,942
Advertisement and sales promotion	-	876
Miscellaneous expenses	-	416
Total	2,820	23,375

NOTES TO FINANCIAL STATEMENTS

for the year ended June 30, 2014

37. Remuneration/Commission to Directors/Manager

Particulars	30-Jun-14	30-Jun-13
Whole Time Director *		
Salaries	-	844
Contribution to Provident Fund	-	60
Perquisites Value (Actual paid / or evaluated as per Income Tax Rules, 1962)	-	5
Total	-	909
Manager **		
Salaries	5,439	5,151
Contribution to Provident Fund	9	9
Perquisites Value (Actual paid / or evaluated as per Income Tax Rules, 1962)	32	33
Total	5,480	5,193
Commission Paid to Non Wholetime Directors	-	2,629

* Relates to Ms Preeti Malhotra in previous year.

** Relates to Mr R S Desikan.

38. Earnings in foreign currency (accrual basis)

	30-Jun-14 Rs. '000	30-Jun-13 Rs. '000
FOB Value of Export	-	15,064
Commission Income	-	2,212
Total	-	17,276

39. Imported and Indigenous raw materials and components consumed

	30-Jun-14		30-Jun-13	
	Amount Rs. '000	%age	Amount Rs. '000	%age
Imported	-	-	184	100.00%
Indigenous	-	-	-	0.00%
	-	-	184	100.00%

40. Net dividend remitted in foreign exchange

	30-Jun-14		30-Jun-13
	Final Dividend#	Interim Dividend##	
Period to which it relates	July 1, 2012 to June 30, 2013	July 1, 2013 to June 30, 2014	April 1, 2011 to June 30, 2012
- Number of non-resident shareholders	80	80	88
- Number of equity shares held on which dividend was due	1,528,110	7,782,226	11,720,795
- Amount remitted in foreign exchange (Rs. in thousand)*	Nil	Nil	Nil
-Currency in which dividend was remitted	Not Applicable		Not Applicable

*An amount of Rs 1,167 thousand and Rs. 2,292 thousand, respectively as interim dividend and final dividend (Previous year Rs 17,581 thousand) has been paid as dividend to the Non Resident shareholders (including Foreign Institutional Investors).

NOTES TO FINANCIAL STATEMENTS

for the year ended June 30, 2014

The final dividend has been paid to the shareholders in Feb'14 and pertains to FY 2012-13.

The interim dividend has been paid to the shareholders in Nov'13 and pertains to FY 2013-14.

- 41 (a) The board of directors in the meeting held on June 19, 2013 had approved the buy back of the Company's fully paid up equity shares of face value of Rs 3/- each from the open market through Stock Exchange mechanism at a price not exceeding Rs 75/- per share for an aggregate amount not exceeding Rs 600,000 thousand, subject to a maximum of 11,000 thousand equity shares. In pursuance to above approval, buy back commenced on July 10, 2013 and closed on May 13, 2014, the Company has bought back and extinguished 10,222,303 equity shares of face value of Rs 3 each. Out of the total extinguished shares, interim dividend has not been paid on 3,896,634 equity shares and final dividend has not been paid to 10,221,003 shares (including 6,416,587 equity shares bought back after finalisation of last year's accounts) being the shares extinguished prior to the respective record dates. Accordingly proposed final dividend has been reversed on 6,416,587 equity shares.
- (b) The Company has, pursuant to share buy back offer, approved by the Board of Directors in the meeting held on June 19, 2013, bought back 10,222,303 equity shares of Rs 3/- each and accordingly:-
- The paid up Equity Share Capital has been reduced to that extent.
 - As required under the provisions of the Companies Act, 1956, Rs 30,666 thousand have been transferred to Capital Redemption Reserve.
 - Out of the price over and above face value of these shares, Rs 288,070 thousand has been adjusted from Securities Premium account and Rs 48,413 thousand has been adjusted from General Reserve.
42. In pursuance to the approval obtained from the members of Company by way of postal ballot, the Mobile Handset Business of the Company was transferred to Spice Retail Limited (SRL), a wholly owned Subsidiary of the Company, as a going concern w.e.f. 1st July, 2013 by way of slump sale at book value of Rs. 354,000 thousand.

The following statement shows the revenue and expenses of discontinued operations, i.e., Mobile Handset Division (Undertaking) of the Company which was discontinued W.e.f. July 1, 2013 as per Business transfer agreement dated July 1, 2013

	For the year ended June 30, 2014 (Rs.'000)	For the year ended June 30, 2013 (Rs.'000)
Income		
Revenue from operations (gross)	-	7,098,086
Less: excise duty	-	168
Revenue from operations (net)	-	7,097,918
Other income	-	93,870
Total revenue (I)	-	7,191,788
Expenses		
Cost of raw materials and components consumed	-	184
Purchase of traded goods	-	5,433,971
(Increase)/ decrease in inventories of finished goods, work-in-progress and traded goods	-	(60,832)
Employee benefit expense	-	185,252
Other expenses	-	925,465
Total (II)	-	6,484,041
Earnings/(loss) before interest, tax, depreciation and amortization (EBITDA) (I) - (II)	-	707,747
Depreciation and amortization expense	-	28,523
Finance costs	-	1,406
Profit/(loss) before tax	-	677,817
Tax expenses (including deferred tax)	-	78,000
Profit/(loss) after tax	-	599,817

NOTES TO FINANCIAL STATEMENTS

for the year ended June 30, 2014

	For the year ended June 30, 2014 (Rs. '000)	For the year ended June 30, 2013 (Rs. '000)
The carrying amounts of the total assets and liabilities of the undertaking are as follows:		
Total assets	-	2,056,492
Total liabilities	-	1,702,492
Net assets	-	354,000
The net cash flows attributable to the Undertaking are as below:		
Operating activities	-	871,307
Investing activities	-	(631,857)
Financing activities	-	(1,406)
Net cash inflows / (outflows)	-	238,044

43. The Company has invested a sum of Rs. 878,375 thousand (Previous year Rs 878,375 thousand) in the equity shares of two of the subsidiaries. Further, the Company has receivable by way of interest free loans of Rs. 2,424,090 thousand (Previous year Rs 2,405,590), trade receivables and advances of Rs. 170,933 thousand (Previous year Rs 369,469 thousand) from these companies. The company has given corporate guarantee in respect of the letter of credit/bill discounting facility taken by one subsidiary to the extent of Rs. 2,050,000 thousand. As per the latest audited financial statements of these subsidiaries, accumulated losses of these subsidiaries have resulted in erosion of their net worth.

These being long term investments and also in view of the projected profitable operations of the above companies and / or fair value of the companies as at June 30, 2014, management is of the view that the diminution in the value of these investments is temporary in nature and hence no provision is required to be made against the investments made, loans given and outstanding receivables.

44. The Company follows Accounting Standard (AS-22) - "Accounting for taxes on Income, notified by Companies (Accounting Standards) Rules, 2006, (as amended). Due to unabsorbed depreciation, brought forward losses and other timing differences, the Company has net deferred tax assets. Since there is no convincing evidence which demonstrates virtual certainty of realization of such deferred tax assets in the near future, the Company has not recognized the same.
45. Loans and advances in the nature of loans given to subsidiaries and companies in which directors are interested

Name of the Company	Balance as on June 30, 2014 (Rs. '000)	Balance as on June 30, 2013 (Rs. '000)	Maximum amount outstanding during the year ended June 30, 2014 (Rs. '000)	Maximum amount outstanding during the year ended June 30, 2013 (Rs. '000)
Hindustan Retail Private Limited	1,919,715	1,903,590	1,931,265	1,903,590
Spice Retail Limited	504,375	502,000	505,895	545,000
Kimaan Exports Private Limited	-	-	-	88,550

Note: Loans are repayable on demand and are interest free.

46. Independent Non-Promoter (Spice Employee Benefit) Trust ('Trust') holds 11,901,752 Equity Shares of the Company as on 30th June, 2014, for the benefit of the employees of the Company, its associates and subsidiaries. These equity shares were transferred to the Trust pursuant to the Scheme of amalgamation of Spice Televentures Private Limited ('STPL'), at a value at which these equity shares were held in the books of STPL and the same was recorded as receivable from the Trust in the books of the Company. Amount recoverable from Employee Benefit Trust is in respect of these shares (net of amount received till date). Trust has framed Share Reward Rules whereby certain shares held by the Trust may be transferred to eligible employees. The

NOTES TO FINANCIAL STATEMENTS

for the year ended June 30, 2014

Company has been legally opined that the Share Reward Rules framed by the Trust are not covered under the ambit of employee welfare schemes of the Company as the said Rules have been framed by the Trust and not by the Company. Hence, the disclosure requirement under the Guidance Note on Accounting for Employee Share based payments issued by the Institute of the Chartered Accountants of India is not applicable to the Company.”

47. Current year’s accounts are prepared for the period from July 1, 2013 to June 30, 2014. However, Mobile Handset division of the Company has been transferred to Spice Retail Limited (SRL), a wholly owned Subsidiary of the Company, as a going concern w.e.f. 1st July, 2013 by way of slump sale. Hence, current year’s figures are not comparable with those of the previous year.

As per our report of even date

FOR S.R. BATLIBOI & CO. LLP
Chartered Accountants
ICAI Firm registration number: 301003E
per Anil Gupta
 Partner
 Membership No.: 87921
 Place : Noida
 Date : August 27, 2014

For and on behalf of the board of directors of **Spice Mobility Limited**
(formerly S Mobility Limited)

Dilip Modi
 Chairman

Preeti Malhotra
 Director

Subroto Chattopadhyay
 Director

Prashant Bindal
 Chief Executive Officer

Madhusudan V.
 Chief Financial Officer

M R Bothra
 Vice President- Corporate Affairs and Company Secretary

INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors of Spice Mobility Limited (formerly known as S Mobility Limited)

Report on the financial statements

We have audited the accompanying consolidated financial statements of Spice Mobility Limited ("the Company") and its subsidiaries (collectively "the Spice Group" or "Group"), which comprise the consolidated Balance Sheet as at June 30, 2014, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at June 30, 2014;
- (b) in the case of the consolidated Statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Other Matter

We did not audit the financial statements of 21 subsidiaries, whose financial statements reflect total assets of Rs. 114,769 thousand as at 30 June 2014, total revenue of Rs. 1,294,722 thousand and net cash inflows amounting to Rs. 61,954 thousand for the year then ended, included in the accompanying consolidated financial statements. In respect of 14 subsidiaries, financial statements and other financial information have been audited / reviewed by other auditors and reports have been furnished to us and for 7 subsidiaries, financial statements and other financial information are based on management accounts. Our opinion, in so far as it relates to the affairs of such subsidiaries is based solely on the report of other auditors / management accounts. Our opinion is not qualified in respect of this matter.

For **S.R. Batliboi & CO. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E

per Anil Gupta
Partner
Membership Number: 87921

Place: Noida
Date: August 27, 2014

CONSOLIDATED BALANCE SHEET

as at June 30, 2014

	Notes	30-Jun-14 (Rs. '000)	30-Jun-13 (Rs. '000)
Equity and liabilities			
Shareholders' funds			
Share capital	4	683,592	714,258
Reserves and surplus	5	6,156,561	6,755,581
		6,840,153	7,469,839
Minority Interest	6	325,982	310,312
Non-current liabilities			
Long-term borrowings	7	2,699	-
Trade payables	8	401	1,144
Long-term liabilities	8	62,850	71,599
Long-term provisions	9	26,347	23,560
Deferred tax liabilities (net)	15.1	8,148	9,345
		100,445	105,648
Current liabilities			
Short-term borrowings	10	136,349	31,103
Trade payables	11	2,633,543	2,145,816
Other current liabilities	11	427,444	419,079
Short-term provisions	9	268,209	627,233
		3,465,545	3,223,231
TOTAL		10,732,125	11,109,030
Assets			
Non-current assets			
Fixed assets			
Tangible assets	12	1,406,507	1,667,215
Intangible assets	13	99,737	132,680
Capital work-in-progress		79,989	132,613
Intangible assets under development		-	1,588
Goodwill on Consolidation		2,478,497	2,618,596
Non-current investments	14	401,453	403,466
Deferred tax assets (net)	15.2	1,336	-
Long-term loans and advances	16	332,987	356,059
Amount recoverable from Employee Benefit Trust	44	73,200	126,052
Other non-current assets	17.2	1,678	2,301
		4,875,384	5,440,570
Current assets			
Current investments	18	425,344	459,652
Inventories	19	913,665	851,562
Trade receivables	17.1	1,302,449	924,458
Cash and bank balances	20	1,840,026	1,931,329
Short-term loans and advances	16	999,333	1,039,041
Other current assets	17.2	375,924	462,418
		5,856,741	5,668,460
TOTAL		10,732,125	11,109,030
Summary of significant accounting policies	3.1		

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

per Anil Gupta
Partner
Membership No.: 87921

Place : Noida
Date : August 27, 2014

For and on behalf of the board of directors of **Spice Mobility Limited**
(formerly **S Mobility Limited**)

Dilip Modi
Chairman

Subroto Chattopadhyay
Director

Madhusudan V.
Chief Financial Officer

Preeti Malhotra
Director

Prashant Bindal
Chief Executive Officer

M R Bothra
Vice President- Corporate Affairs and Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended June 30, 2014

	Notes	For the year ended June 30, 2014 (Rs. '000)	For the year ended June 30, 2013 (Rs. '000)
Income			
Revenue from operations (gross)	21	21,106,368	18,689,724
Less: excise duty		-	168
Revenue from operations (net)		21,106,368	18,689,556
Other income	22	167,039	155,372
Total revenue (I)		21,273,407	18,844,928
Expenses			
Cost of raw material and components consumed	23	-	184
Purchase of traded goods		16,528,650	13,692,407
(Increase)/ decrease in inventories	24	(62,103)	266,992
Employee benefits expense	25	1,124,179	1,197,016
Connectivity and content cost	26	674,029	894,546
Other expenses	27.1	2,676,690	2,105,845
Exceptional items	27.2	203,401	127,326
Total (II)		21,144,846	18,284,316
Earnings before interest, tax, depreciation and amortization (EBITDA) (I) – (II)		128,561	560,612
Depreciation and amortization expense	28	349,723	362,548
Finance costs	29	11,788	10,331
Profit / (Loss) before tax		(232,950)	187,733
Tax expenses			
- Current Income Tax		46,439	142,016
- MAT Credit Entitlement for the current year		(1,051)	(7,640)
- MAT Credit Entitlement written off		-	8,978
- Income tax credit for earlier years (net)		423	(4,779)
- Deferred tax charge		(2,673)	2,449
Total tax expense		43,138	141,024
Profit / (Loss) for the year		(276,088)	46,709
Share of Minority in profits / (losses)		5,410	(7,821)
Profit / (Loss) for the year attributable to equity shareholders		(281,498)	54,530
Earnings per equity share [nominal value of share Rs. 3 (30 June 2013: Rs. 3)]	30		
Basic and diluted (Rs.)		(1.22)	0.23
Summary of significant accounting policies	3.1		

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

per Anil Gupta
Partner
Membership No.: 87921

Place : Noida
Date : August 27, 2014

For and on behalf of the board of directors of **Spice Mobility Limited**
(formerly **S Mobility Limited**)

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Chief Financial Officer

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Director

Prashant Bindal
Chief Executive Officer

M R Bothra
Vice President- Corporate Affairs and Company Secretary

CONSOLIDATED CASH FLOW STATEMENT

for the year ended June 30, 2014

	Notes	For the year ended June 30, 2014 (Rs. '000)	For the year ended June 30, 2013 (Rs. '000)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Profit/(Loss) before taxation		(232,950)	187,733
Adjustment for :			
- Depreciation / amortization		379,390	362,548
- (Profit)/Loss on disposal of fixed assets (net)		(15,882)	2,207
- Interest expense		11,788	10,331
- Interest income		(113,968)	(101,882)
- Dividend Income		(9,607)	(20,145)
- Equity shares issued to employees as bonus		-	10,327
- Income from Investment in fixed maturity plan investments		(5,631)	-
- Brokerage on buy back of equity shares		1,355	-
- Impairment of Goodwill		141,118	104,537
- Diminution in the value of non-current investments		2,013	-
- Diminution in the value of current investments		4,360	(2,550)
- Profit/(Loss) from sale of Units in Mutual Funds		1,383	(12,572)
- Provision for doubtful debts and advances (net)		1,031	(116,046)
- Loss on Liquidation of Investment		3,016	-
- Impairment loss on fixed assets		-	1,717
- Bad debts and advances written off		515	203,188
Operating profit before working capital changes		167,931	629,393
Movements in working capital:			
Decrease / (Increase) in inventories		(62,104)	267,027
Decrease / (Increase) in trade receivables		(366,420)	498,043
Decrease in loans and advances		194,890	129,404
Decrease in other current assets		90,007	58,765
(Decrease) / Increase in long term / current liabilities		484,997	(485,050)
(Decrease) / Increase in provisions		66,667	(13,725)
Cash generated from Operations		575,968	1,083,857
Direct taxes paid (net of refunds)		(207,581)	(18,542)
Net cash from operating activities	(A)	368,387	1,065,315
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets (including capital work in progress and capital advances)		(138,389)	(342,156)
Purchase of Investment in Subsidiaries		-	(28,333)
Buy Back of Shares by a Subsidiary Company		-	(333,701)
Proceeds from sale of fixed assets		118,310	9,755
Capital advance received back		-	319,436
Purchase of investments		(335,860)	(429,963)
Redemption of Investment		364,430	735,448
Amount received from Employee Benefit Trust		52,852	-

CONSOLIDATED CASH FLOW STATEMENT

for the year ended June 30, 2014

	Notes	For the year ended June 30, 2014 (Rs. '000)	For the year ended June 30, 2013 (Rs. '000)
Interest received		120,539	111,400
Dividend Received		9,421	20,760
Cash and cash equivalents of subsidiaries acquired during the year on the date of acquisition		-	3,435
Fixed Deposit refunded with banks		1,739,065	5,213,464
Fixed deposits made with banks (including those pledged with banks and others)		(1,733,648)	(5,739,692)
Net cash from / (used in) investing activities	(B)	196,720	(460,147)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from Long Term Borrowings		3,474	-
Repayment of Long Term Borrowings		(62)	-
Proceeds from Short Term Borrowings		104,699	10,831
Buy Back of Shares by Parent Company		(368,503)	-
Additional Equity Contribution by minority shareholder		7,879	-
Interest paid		(11,789)	(10,331)
Dividend paid		(340,503)	(341,133)
Taxes on dividend paid		(58,119)	(55,363)
Net cash (used in) financing activities	(C)	(662,924)	(395,996)
Net (decrease) / increase in cash and cash equivalents (A + B + C)		(97,817)	209,172
Foreign Currency Translation reserve		11,463	12,654
Cash and cash equivalents at the beginning of the year		695,649	473,823
Cash and cash equivalents at the end of the year		609,295	695,649
Components of cash and cash equivalents:			
Cash on hand		15,734	30,246
Cheques on hand		2,220	108
Balances with scheduled banks:			
On current accounts		554,180	627,157
On Deposits with original maturity of less than three months		30,076	32,534
On unpaid dividend accounts*		7,085	5,604
		609,295	695,649

*The Group can utilize these balances only toward settlement of the unpaid dividend.

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

per Anil Gupta
Partner
Membership No.: 87921

Place : Noida
Date : August 27, 2014

For and on behalf of the board of directors of **Spice Mobility Limited**
(formerly **S Mobility Limited**)

Dilip Modi
Chairman

Subroto Chattopadhyay
Director

Madhusudan V.
Chief Financial Officer

Preeti Malhotra
Director

Prashant Bindal
Chief Executive Officer

M R Bothra
Vice President- Corporate Affairs and Company Secretary

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2014

I. Nature of Operations

The Group is primarily engaged in the trading of Mobile handsets, IT products and their accessories and the Information and Communication Technology business providing Value Added Services to the Telecom Operators. It also undertakes development and sale of telecom related software. During the year, based on license from Indian Railway Catering and Tourism Corporation, the Group has appointed agents for booking of railway tickets all over India. Besides IRCTC ticketing, agents also book air tickets, hotels and provides other travel needs through the platform provided by the Group. The Group gets one-time fee from the agents and also receives service charges on booking of tickets, hotels etc. The name of the Company has been changed from S Mobility Limited to Spice Mobility Limited w.e.f July 21, 2014.

2. Principles of Consolidation

The Consolidated Financial Statements relate to S Mobility Limited (hereinafter referred as “Parent Company” or “the Company”) and its subsidiary companies (hereinafter together referred as the “Spice Group” or “the Group”).

The Consolidated Financial Statements have been prepared on the following basis:

- (i) The financial statements of the Parent Company and its subsidiary companies have been consolidated on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating intra group balances, intra group transactions and unrealized profits or losses, if any, as per Accounting Standard – 21, Consolidated Financial Statements, notified under the Companies (Accounting Standards) Rules, 2006 (as amended).
- (ii) The subsidiary companies which are included in the consolidation and the Parent Company’s holding therein is as under:

S.No.	Name	Country Name	Holding %	
			As at June 30, 2014	As at June 30, 2013
1	Spice Digital Limited	India	89.19%	89.19%
2	Spice Retail Limited (Refer (a))	India	100.00%	100.00%
3	Mobisoc Technology Private Limited (Refer (b))	India	99.90%	99.90%
4	Spice Labs Private Limited (Refer (b))	India	99.90%	99.90%
5	Spice Digital Bangladesh Limited (Refer (b))	Bangladesh	99.99%	99.99%
6	Kimaan Exports Private Limited	India	100.00%	100.00%
7	Hindustan Retail Private Limited	India	100.00%	100.00%
8	Cellucom Retail India Private Limited (Refer (a))	India	100.00%	100.00%
9	Spice Online Retail Private Limited (Refer (a))	India	100.00%	100.00%
10	S Mobile Devices Ltd (Refer (e))	India	100.00%	100.00%
11	S GIC Pte Limited (Refer (b))	Singapore	100.00%	100.00%
12	Spice VAS (Africa) Pte Limited (Refer (c))	Africa	69.62%	73.16%
13	Beoworld Sdn.Bhd (Refer (c),(e) and (f))	Republic of Malaysia	100.00%	100.00%
14	Spice VAS Kenya Limited (Refer (d), (e),(g) and (f))	Republic of Kenya	100.00%	100.00%
15	Spice Digital Nigeria Limited (Refer (d), (e) and (f))	Nigeria	100.00%	100.00%
16	Spice VAS Uganda Limited (Refer (d) and (f))	Uganda	75.00%	75.00%
17	Spice VAS Ghana Limited (Refer (d) and (f))	Ghana	100.00%	100.00%
18	S Mobility Pte. Limited (Refer (e))	Singapore	100.00%	100.00%
19	S Mobility (HK) Limited (Refer (e))	Hong Kong	100.00%	100.00%
20	S Retail Middle East FZE (Refer (a) and (j))	U.A.E.	100.00%	100.00%
21	S Retail General Trading LLC (Refer (a), (i) and (j))	U.A.E.	49.00%	49.00%
22	Spice VAS Zambia Limited (Refer (d) and (f))	Zambia	100.00%	100.00%
23	Spice VAS Tanzania Limited (Refer (d), (e), (f) and (h))	Tanzania	100.00%	100.00%
24	Spice Digital South Africa Pty Ltd (Refer (d) and (f))	South Africa	100.00%	100.00%

(a) Subsidiary through Hindustan Retail Private Limited

(b) Subsidiary through Spice Digital Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2014

- (c) Subsidiary through S GIC Pte Ltd.
- (d) Subsidiary through Spice VAS (Africa) Pte Limited
- (e) Management financial statements (unaudited) have been considered for consolidation
- (f) Financial statements for the year ended June 30, 2014 considered for consolidation have been derived by deducting three months period figures of reviewed financial statements for the quarter ended June 30, 2013 and adding three months figures of reviewed financial statements for the quarter ended June 30, 2014 to the figures of twelve months audited financial statement of the entities for the year ended March 31, 2014.
- (g) An equity interest of 20% in the Company is held by a third party on behalf of Spice VAS (Africa) Pte Limited
- (h) An equity interest of 35% in the Company is held by a third party on behalf of Spice VAS (Africa) Pte Limited
- (i) Majority composition of the Board of Directors is with the Group, hence, the company has been consolidated as subsidiary company.
- (j) These companies are under liquidation.
- (iii) The difference of the cost to the Parent Company of its investment in Subsidiaries and Joint Venture over its proportionate share in the equity of the investee company as at the date of acquisition of stake is recognized in the financial statements as Goodwill or Capital Reserve, as the case may be.
- (iv) Minority Interest's share of net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Group's shareholders.
- (v) Minorities' interest in net profit / loss of consolidated subsidiaries for the year has been identified and adjusted against the profits in order to arrive at the net profits attributable to the shareholders of the Parent Company. Their share of net assets has been identified and presented in the Consolidated Balance Sheet separately. Where accumulated losses attributable to the minorities are in excess of their equity, in the absence of the contractual obligation on the minorities, the same have been accounted for by the Parent Company.
- (vi) As far as possible, the Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Parent Company's separate financial statements. Differences in the accounting policies, if any, are disclosed separately.
- (vii) The financial statements of the group entities used for the purpose of consolidation are drawn up to same reporting date as that of the Parent Company i.e. year ended June 30, 2014.

3. Basis of preparation

The financial statements of the Group have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Group has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956 read with General Circular 8/2014 dated April 4, 2014 issued by the Ministry of Corporate Affairs. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies have been consistently applied by the Group and are consistent with those of previous year.

3.1 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, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2014

(c) Intangible Fixed 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. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the period in which the expenditure is incurred.

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

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

Gains or losses arising from 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.

In case of a subsidiary, which is engaged in developing computer / mobile softwares for use by mobile / Internet Users, the cost of softwares, developed during the current financial year of Rs 123 thousand (Previous year Rs. 21,190 thousand) has been capitalised as Intangible Asset as per Accounting Standard-26 on Intangible Assets notified by Companies Accounting Standard Rules, 2006 (as amended) when the Company can demonstrate all the following :-

1. The technical feasibility of completing the intangible asset so that it will be available for use or sale
2. Its intention to complete the asset
3. Its ability to use or sell the asset
4. How the asset will generate future economic benefits
5. The availability of adequate resources to complete the development and to use or sell the asset
6. The ability to measure reliably the expenditure attributable to the intangible asset during development"

The expenditure have been determined on the basis of actual time spent by the technical persons on each software and technical / marketing evaluation basis. The expenditure have been appropriated from software development account where such cost are being debited when incurred by way of Salaries and other administrative expenses.

Intangibles assets acquired from outside are amortized using the Straight Line Method over their estimated useful lives as follows:

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

(d) Goodwill

Goodwill represents the difference between the Parent Company's share in the net worth of the subsidiary company and the cost of acquisition at the time of making the investment in the subsidiary company. For this purpose, the Parent Company's share of net worth of the subsidiary company is determined on the basis of the latest financial statements of the subsidiary company prior to acquisition, after making necessary adjustments for material events between the date of such financial statements and the date of respective acquisition. Goodwill has been tested for impairment using the cash flow projections, which are based on most recent financial budgets/ forecasts approved by the management.

(e) Depreciation on fixed assets and amortisation on intangible fixed assets

- i) Cost of leasehold land is amortised on straight line basis over the period of lease ranging from 18 - 90 years or their useful lives whichever is lower.
- ii) Leasehold improvements are depreciated on straight line basis over the period of lease ranging from 1 - 7 years or their useful lives whichever is lower.
- iii) Intangibles including computer software (excluding installed at site as mentioned in (vii) below), trademarks, goodwill and website development costs are amortised over their estimated useful lives of three years on straight line basis.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2014

- iv) In respect of three subsidiaries, accelerated depreciation on leasehold improvements/ furniture and fixtures related to stores/ warehouses under closure is calculated till the notice period of respective lease of the leased premises.
- v) In case of the Parent Company and its Indian subsidiaries, assets costing Rs 5 thousand or less are depreciated fully in the year of purchase
- vi) Intellectual Property Rights and computer software and hardware installed at site by some of the subsidiaries (including step subsidiaries) are amortised over a period of five years.
- vii) Costs incurred towards in-house Software Development are charged to Statement of Profit and Loss as and when incurred except in case of one subsidiary where it is recognized and capitalized in the books of account as "Intangible Assets". The cost of developed software is determined on the basis of actual time spent by the technical persons on each software and capitalized on technical/marketing evaluation basis. Such in-house developed software are amortised on straight line basis over a period of three years. (Nil% (previous year 21.83%) of net block of intangible assets at Spice Group as at June 30, 2014 and 39.21% (previous year 35.30%) of total amortization expense for the Spice Group for the year ended June 30, 2014)
- viii) Depreciation on all fixed assets other than leasehold land, by one subsidiary is provided on written down value basis as per the useful lives of the assets estimated by the management which are equal to the rates prescribed under Schedule XIV of the Companies Act, 1956. (4.87% (previous year 4.29%) of total Net Block of tangible fixed assets at Spice Group as at June 30, 2014 and 1.14% (previous year 1.29%) of total depreciation expenses for the Spice Group for the year ended June 30, 2014).
- ix) Except in case of one subsidiary as mentioned in (viii) above, depreciation on all other assets is provided using the straight line method as per the useful lives of the assets estimated by the management, or at the rates prescribed under Schedule XIV of the Companies Act, 1956, whichever is higher.
- x) In respect of Hindustan Retail Private Limited and its subsidiaries, depreciation is provided on straight line method as per the useful lives of the assets estimated by the management, which are as follows.

Asset Class	Rates (SLM)	Sch XIV Rates (SLM)
Plant and Machinery	10.00%	4.75%
Computers	20.00%	16.21%
Furniture and Fittings	12.50%	6.33%
Office Equipment	20.00%	4.75%
Mobile Handsets (included under office equipments)	50.00%	4.75%
Motor Vehicle	9.50%	9.50%

- xi) In respect of Spice Digital Limited and its subsidiaries including overseas subsidiaries, depreciation is provided on straight line basis as per the useful lives estimated by the management, which are as follows:

Asset Class	Useful Life	Rates (SLM)	Sch XIV Rates (SLM)
Computers	3-5 years	20% - 33%	16.21%
Furniture and Fittings	3-7 years	13.57%-33%	6.33%
Office Equipment	3-7 years	13.57% - 31.67%	4.75%
Vehicle - Motor Bus	7 years	13.57%	11.31%
Motor Vehicle (others)	10 years	9.5%-10%	9.50%

(f) Impairment

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future, cash flows are discounted to their present value using a pre-tax discount rate that reflects current market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2014

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories are recognized in the statement of profit and loss, except for previously revalued tangible fixed assets, where the revaluation was taken to revaluation reserve. In this case, the impairment is also recognized in the revaluation reserve up to the amount of any previous revaluation.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life. An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

(g) Leases

Where the Spice Group is lessee

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

Where the Spice Group is the lessor

Assets subject to operating leases are included in fixed assets. Lease income is recognized in the Statement of Profit and Loss on a straight-line basis over the lease term. Costs, including depreciation are recognized as an expense in the Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the Statement of Profit and Loss.

(h) Investments

Investments that are readily realisable and intended to be held for not more than one year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

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

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

(i) Borrowing Costs

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

(j) Inventories

Raw materials, components, stores and spares are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on transaction moving weighted average method.

Work-in-progress and finished goods (manufactured) are valued at lower of cost and net realizable value. Cost includes direct materials (determined on transaction moving weighted average basis) and labour and an appropriate proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty.

Traded Goods are valued at lower of cost and net realizable value. Cost is determined on transaction moving weighted average method. In case of a subsidiary company, cost is determined on first in first out basis. (0.48% (previous year 0.04%) of total inventories of traded and finished goods at Spice Group as at June 30, 2014)

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2014

(k) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group 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, which coincides with their delivery to the customers. The Group collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Group. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

Sale of Telecom Related Software

Revenue is recognised at the time when the “User Acceptance Test Certificate” is received from the customer.

Income from Services

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

Interest

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

Dividend

Revenue is recognised when the Group’s right to receive dividend is established by the balance sheet date.

Income on Fixed Maturity Plan Investments

Income on investments made in the units of fixed maturity plans of various schemes of mutual funds is recognised based on reasonable certain yield as at the balance sheet date.

(l) 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 Group’s monetary items at rates different from those at which they were initially recorded during the period or reported in previous financial statements, are recognised as income or as expenses in the period 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 year 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.

(v) Translation of integral and non-integral foreign operation

The Group classifies all its foreign operations as either “integral foreign operations” or “non-integral foreign operations.”

The financial statements of an integral foreign operation are translated as if the transactions of the foreign operations have been those of the Group itself.

The assets and liabilities of a non-integral foreign operation are translated into the reporting currency at the exchange rate prevailing at the reporting date. Their statement of profit and loss are translated at exchange rates prevailing at the dates of transactions or weighted average weekly rates, where such rates approximate the exchange rate at the

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2014

date of transaction. The exchange differences arising on translation are accumulated in the foreign currency translation reserve. On disposal of a non-integral foreign operation, the accumulated foreign currency translation reserve relating to that foreign operation is recognized in the statement of profit and loss.

When there is a change in the classification of a foreign operation, the translation procedures applicable to the revised classification are applied from the date of the change in the classification.

(m) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group 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.

- (i) In respect of the Group, retirement benefit in the form of gratuity 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. Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred.

The Parent Company and two of the subsidiaries have taken insurance policy under the Gratuity scheme with the Insurers to cover the gratuity liability of the employees. The liability as at the year end in respect of these companies represents the difference between the actuarial valuation of the gratuity liability of continuing employees and fair value of plan assets with the insurers as at the end of the year.

- (ii) Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Group 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 Group 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 Group presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

(n) 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 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Group operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

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

In the situations where the Group is entitled to a tax holiday under the Income Tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of timing differences which reverse during the tax holiday period, to the extent the Group's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognised in the year in which timing differences originate. However, the Group restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred assets can be realized. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

At each reporting date, the Group re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Group writes-down the carrying

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2014

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.

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 taxes relate to the same taxable entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Group recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Group will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the period in which the Group recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Group does not have convincing evidence that it will pay normal tax during the specified period.

(o) Earnings Per Share

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

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

(p) Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event; 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 estimates.

(q) Warranty

Warranty costs on mobile handsets are provided on an accrual basis, taking into account the past trend of warranty claims received by the Group, to settle the obligation at the balance sheet date.

(r) Segment reporting

Identification of segments

The Spice Group'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 geographical location of the customers.

Intersegment Transfers

The Spice Group generally accounts for inter-segment sales and transfers as if the sales or transfers were to third parties at current market prices.

Allocation of common costs

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items

The unallocated items include general corporate income and expense items which are not allocated to any business segment.

(s) 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 Group 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 Group does not recognize a contingent liability but discloses its existence in the financial statements.

(t) Cash and cash equivalents

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2014

(u) 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 statement of profit and loss. Net gains are ignored.

(v) Government Grants and Subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/subsidy will be received and all attached conditions will be complied with.

Government grants of the nature of promoter's contribution are credited to capital reserve and treated as a part of the shareholder's funds.

(w) Measurement of EBITDA

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the Group 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 Group measures EBITDA on the basis of profit/ (loss) from operations. In its measurement, the Group does not include depreciation and amortization expense, finance costs and tax expense.

4. Share Capital

	30-Jun-14 (Rs. '000)	30-Jun-13 (Rs. '000)
Authorized		
330,000,000 (Previous year: 330,000,000) equity shares of Rs. 3 each	990,000	990,000
Issued, subscribed and fully paid-up		
227,863,982 (Previous year 238,086,285) equity shares of Rs. 3 each	683,592	714,258
Total issued, subscribed and fully paid-up	683,592	714,258

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

Equity shares

	30-Jun-14		30-Jun-13	
	Nos.	(Rs. '000)	Nos.	(Rs. '000)
At the beginning of the year	238,086,285	714,258	238,086,285	714,258
Buy back during the year (Refer Note 40)	(10,222,303)	(30,666)	-	-
Outstanding at the end of the year	227,863,982	683,592	238,086,285	714,258

(b) Terms/ rights attached to equity shares

The Group has only one class of equity shares having par value of Rs. 3 per share. Each holder of equity shares is entitled to one vote per share. The Group declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended 30 June 2014, Rs. 0.15 per share has been recognized as distribution of interim dividend to equity shareholders (30 June 2013: Rs.1.5 per share was recognised as distribution of final dividend to equity shareholders).

In the event of liquidation of the Group, the holders of equity shares will be entitled to receive remaining assets of the Group, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Shares held by holding company

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

	30-Jun-14 (Rs. '000)	30-Jun-13 (Rs. '000)
Holding Company		
Smart Ventures Limited (Converted into limited company w.e.f. 29.11.2013) (Formerly S i2i Mobility Private Limited)		
169,447,570 (30 June 2013: 169,447,570) equity shares of Rs. 3 each fully paid	508,343	508,343

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2014

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

	30-Jun-14	30-Jun-13
	Nos.	Nos.
Equity shares allotted as fully paid-up pursuant to the Scheme of amalgamation for consideration other than cash	163,448,285	163,448,285

- (e) **Details of shareholders holding more than 5% shares in the Parent Company**

Name of the shareholders	As at 30 June 2014		As at 30 June 2013	
	Nos.	% holding in the class	Nos.	% holding in the class
Equity shares of Rs. 3 each fully paid up Smart Ventures Limited (Converted into limited company w.e.f. 29.11.2013) (Formerly S i2i Mobility Private Limited), the holding company	169,447,570	74.36%	169,447,570	71.17%
Independent Non Promoter Trust	35,301,215	15.49%	35,301,215	14.83%
Independent Non Promoter (Spice Employee Benefit) Trust	11,901,752	5.22%	11,901,752	4.99%

As per records of the Parent 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.

5. Reserves and Surplus

	30-Jun-14	30-Jun-13
	(Rs. '000)	(Rs. '000)
Securities premium account		
Balance as per the last financial statements	465,150	576,150
Less: Amount utilized for payment of consideration over nominal value of equity shares bought back	(288,070)	-
Less: Adjustment during the year*	-	(111,000)
Closing Balance	177,080	465,150
Capital Redemption Reserve		
Transferred from General Reserve Account on cancellation of 10,222,303 (Previous year: Nil) equity shares of Rs. 3 each bought back pursuant to buy back scheme	30,666	-
Closing Balance	30,666	-
General reserve		
Balance as per the last financial statements	4,244,377	4,181,802
Add: Amount transferred from surplus balance in the statement of profit and loss	-	62,575
Less: Amount utilized for payment of consideration over nominal value of equity shares bought back	(48,413)	-
Less: Amount utilized towards buy back of shares	(30,666)	-
Closing Balance	4,165,298	4,244,377

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2014

	30-Jun-14 (Rs. '000)	30-Jun-13 (Rs. '000)
Foreign Currency Translation Reserve		
Balance as per last financial statements	99,750	89,859
Add: Created during the year	12,461	9,891
	112,211	99,750
Capital Reserve		
On consolidation		
Balance as per last financial statements	47,219	40,097
Less: Adjustment during the year***	-	(7,122)
	47,219	47,219
<i>Capital Investment Subsidy</i>		
Balance as per last financial statements	2,675	2,465
Add: Transferred from Minority Interest	-	210
	2,675	2,675
Surplus in the statement of profit and loss		
Balance as per last financial statements	1,896,411	2,257,130
Profit/(Loss) for the year	(281,498)	54,530
Reversal of proposed dividend on equity shares (Refer Note no 40 (a))	9,625	-
Reversal of corporate dividend tax***	31,777	28,771
Profit available for appropriation:	1,656,315	2,340,431
Less: Appropriations		-
Proposed final equity dividend (amount per share Rs. Nil (30 June 2013: Rs. 1.50))	-	300,273
Tax on proposed equity dividend	-	81,172
Interim dividend (amount per share Rs. 0.15 (30 June 2013: Nil))****	29,833	-
Tax on interim dividend	5,070	-
Transfer to general reserve	-	62,575
Total appropriations	34,903	444,020
Net surplus in the statement of profit and loss	1,621,412	1,896,411
Total reserves and surplus	6,156,561	6,755,581

* During the previous year, Spice Digital Limited, a subsidiary of the Company bought back equity shares from its shareholders resulting in increase in Company's shareholding in the subsidiary. The amount paid over and above minority interest has been adjusted from securities premium account in the financial statements.

**During the previous year, the Parent Company acquired further equity shares in a subsidiary company, Spice Digital Limited. Proportionate additional share acquired in the equity of the company over and above the consideration paid for acquisition has been added to capital reserve. Last year, excess of consideration paid for acquisition of further shares in above company over the proportionate additional shares acquired in the equity of the company was adjusted from capital reserve recognised earlier on acquisition of shares of the subsidiary company.

*** Corporate Dividend Tax on final equity dividend has been paid after adjusting corporate dividend tax of Rs. 30,141 thousand paid by a subsidiary company on dividend paid to the Parent Company during the year.

**** Independent non-promoter trust which holds 35,301,215 equity shares of the Company has waived off its right to receive interim dividend on these shares. Accordingly, no dividend was paid on these shares.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2014

6. Minority Interest

	30-Jun-14 (Rs. '000)	30-Jun-13 (Rs. '000)
Share in :		
Equity Share Capital	97,496	89,617
Securities Premium Account	5,947	5,947
General Reserve	13,729	13,729
Foreign Currency Translation Reserve	18,926	16,546
Capital Investment Subsidy	324	324
Statement of Profit and Loss *	189,560	184,149
	325,982	310,312

* Net of proposed dividend (including tax) of Rs Nil, previous year Rs. 25,156 thousand)

7. Long-term borrowings

	30-Jun-14 (Rs. '000)	30-Jun-13 (Rs. '000)
Vehicle loan from banks (secured)	3,413	-
Amount disclosed under the head other current liabilities (Refer note 11)	(714)	-
	2,699	-

Indian rupee loan from IndusInd Bank Limited amounting to Rs. 3,413 thousand (Previous year Nil) carries rate of interest of 11% (Previous year Nil). This loan is repayable in 47 monthly installments of Rs. 91 thousand each beginning from 21 June 2014. The loan together with interest and other charges are secured by first charge over the vehicle purchased out of proceeds of the loan amount .

8. Trade Payables and Other Long Term Liabilities

	30-Jun-14 (Rs. '000)	30-Jun-13 (Rs. '000)
Trade payables (including acceptances)	401	1,144
	401	1,144
Other liabilities		
Security deposits	62,850	71,599
	62,850	71,599
	63,251	72,743

9. Provisions

	Long-term		Short-term	
	30-Jun-14 (Rs. '000)	30-Jun-13 (Rs. '000)	30-Jun-14 (Rs. '000)	30-Jun-13 (Rs. '000)
Provision for employee benefits				
Provision for gratuity (Note 31)	21,478	20,301	16,072	12,828
Provision for leave benefits	-	-	37,551	37,735
	21,478	20,301	53,623	50,563
Other provisions				
Provision for warranties	4,869	3,259	175,556	114,736
Provision for Income Tax	-	-	39,030	55,333
Proposed equity dividend	-	-	-	321,775
Provision for tax on proposed equity dividend	-	-	-	84,826
	4,869	3,259	214,586	576,670
	26,347	23,560	268,209	627,233

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2014

Provision for warranties

A provision is recognized for expected warranty claims on mobile handsets sold during last one year by the Parent Company, 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.

	30-Jun-14 (Rs. '000)	30-Jun-13 (Rs. '000)
At the beginning of the year	117,995	109,796
Arising during the year	376,278	236,050
Utilized during the year	313,848	227,851
At the end of the year	180,425	117,995
Current portion	175,556	114,736
Non-current portion	4,869	3,259

Provision for contingencies

Provision for contingencies represented provision made in respect of a legal claim filed by a vendor against usage of content.

	30-Jun-14 (Rs. '000)	30-Jun-13 (Rs. '000)
At the beginning of the year	-	20,000
Arising during the year	-	-
Utilized during the year	-	11,934
Reversed during the year	-	8,066
At the end of the year	-	-
Current portion	-	-
Non-current portion	-	-

10. Short-term borrowings

	30-Jun-14 (Rs. '000)	30-Jun-13 (Rs. '000)
Interest free loan and advances from others repayable on demand (unsecured)	31,650	31,103
Loan From Bank (Secured)*	104,699	-
	136,349	31,103
The above amount includes		
Unsecured borrowings	31,650	31,103
Secured borrowings	104,699	-

* Includes :-

- a) Rs 99,715 thousand pertaining to bill discounting facility obtained by a subsidiary company 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 subsidiary company.
 2. Equitable mortgage of B1 101, 106 and 107, Boomerang, Plot No. 4A and 4B, Sakivali Village, Chandivali farm road, Kurla (W), Mumbai, owned by the Parent Company.
 3. Corporate Guarantee of the Parent Company.
 4. 4 PDCs of Rs. 25,000 thousand each from the Company.
- b) Rs 4,984 thousand pertaining to overdraft facility availed by a subsidiary company by pledging fixed deposits receipt of Rs 30,000 thousand of Parent Company, the tenor for which is 365 days and the rate of interest charged by the bank is 10.5%.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2014

11. Trade Payables and Other Current Liabilities

	30-Jun-14 (Rs. '000)	30-Jun-13 (Rs. '000)
Trade payables (including acceptances)	2,633,543	2,145,816
	2,633,543	2,145,816
Other liabilities		
Current maturities of long-term borrowings (refer note 7)	714	-
Unpaid dividend	7,085	5,604
Unaccrued Income	772	2,237
Advances from customers and their credit balances	139,515	124,813
Creditors for Capital Goods	15,837	16,429
Employee Related Liabilities	138,059	149,495
Advance against sale of fixed assets	-	17,500
Others		
Indirect Taxes and Duties Payable	80,832	78,064
Employee Statutory Deductions	7,238	7,290
TDS payable	37,311	17,007
Others	81	641
	427,444	419,079
	3,060,987	2,564,895

12. Tangible Assets

(Amount in Rs. '000)

Particulars	Free- hold Land	Lease- hold Land	Building	Plant and Ma- chinery	Furni- ture and Fittings	Office Equip- ments	Com- puters	Vehicles	Lease- hold Im- prove- ments	Total
Gross Block:										
At July 1, 2012	101,001	87,929	613,526	115,184	192,146	198,863	644,180	28,170	608,895	2,589,894
Adjustments*	-	-	-	-	-	17	621	-	-	638
Foreign Currency Translation Reserve	-	-	-	-	(371)	83	4,455	(232)	-	3,935
Additions	-	2,724	70,035	1,112	10,644	12,943	120,994	248	35,732	254,432
Disposals	-	300	-	3,850	27,716	1,391	10,015	3,449	61,191	107,912
Transferred to assets held for sale	(9,456)	-	(19,644)	-	-	-	-	-	-	(29,100)
At June 30, 2013	91,545	90,353	663,917	112,446	174,703	210,515	760,235	24,737	583,436	2,711,887
Foreign Currency Translation Reserve	-	-	1,216	-	(271)	(6)	(6,163)	(491)	-	(5,716)
Additions	-	-	14,544	480	15,245	10,763	81,062	4,730	24,491	151,316
Disposals	91,545	-	-	-	32,691	49,516	66,019	3,215	77,651	320,637
Transferred to assets held for sale	-	-	-	(7,400)	-	-	-	-	-	(7,400)
At June 30, 2014	-	90,353	679,677	105,526	156,986	171,756	769,115	25,761	530,276	2,529,450

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2014

(Amount in Rs. '000)

Particulars	Free-hold Land	Lease-hold Land	Building	Plant and Machinery	Furniture and Fittings	Office Equipments	Computers	Vehicles	Lease-hold Improvements	Total
Depreciation:										
At July 1, 2012	-	12,008	47,686	27,456	73,203	73,100	365,398	4,810	262,741	866,402
Adjustments*	-	-	-	-	-	1	84	-	-	85
Foreign Currency Translation Reserve	-	-	83	-	(3)	10	3,313	7	50	3,460
Impairment Loss	-	-	-	-	30	104	166	-	1,220	1,520
Charge for the year	-	2,885	19,456	17,071	35,060	21,686	98,426	2,492	84,694	281,770
Disposals	-	-	-	2,229	26,695	557	6,981	546	58,942	95,950
Transferred to assets held for sale	-	-	(12,615)	-	-	-	-	-	-	(12,615)
At June 30, 2013	-	14,893	54,610	42,298	81,595	94,344	460,406	6,763	289,763	1,044,672
Foreign Currency Translation Reserve	-	-	(1)	-	(96)	4	(4,899)	(84)	-	(5,076)
Charge for the year	-	2,886	17,660	17,012	31,438	49,163	102,319	2,321	82,040	304,839
Disposals	-	-	-	-	32,154	44,257	62,033	1,099	77,651	217,194
Transferred to assets held for sale	-	-	-	(4,298)	-	-	-	-	-	(4,298)
At June 30, 2014	-	17,779	72,269	55,012	80,783	99,254	495,793	7,901	294,152	1,122,943
Net Block:										
At June 30, 2013	91,545	75,460	609,307	70,148	93,108	116,171	299,829	17,974	293,673	1,667,215
At June 30, 2014	-	72,574	607,408	50,514	76,203	72,502	273,322	17,860	236,124	1,406,507

Notes:

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

(Amount in Rs. '000)

Particulars	Gross Block		Depreciation		Accumulated Depreciation	
	As at June 30, 2014	As at June 30, 2013	For the year ended June 30, 2014	For the year ended June 30, 2013	As at June 30, 2014	As at June 30, 2013
Factory Building		-	-	495	-	-
Total	-	-	-	495	-	-

2.* Adjustments in the previous year represent fixed assets / accumulated depreciation of subsidiary company, Spice Online Retail Private Limited acquired during the previous year.

3. Deletions from Computers include tangible fixed assets of the cost of Rs 290 thousand, WDV of Rs. 243 thousand (Previous period Rs.2,649 thousand and Rs. 1,370 thousand respectively) transferred to Cost of goods sold.

4. Addition includes tangible assets of the cost of Nil (Previous period Rs.6,793 thousand), bills of which are in the name of agency.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2014

13. Intangible Assets

(Amount in Rs. '000)

Particulars	Computer Softwares	Intellectual Property Right	Web site Development Cost	Trade mark	Goodwill	Total
Gross Block:						
At July 1, 2012	455,519	2,201	811	10,764	15,000	484,295
Adjustments*	-	-	8,311	-	-	8,311
Additions	68,276	700	(36)	-	-	68,940
At June 30, 2013	523,795	2,901	9,086	10,764	15,000	561,546
Additions	32,484	8,731	393	-	-	41,608
At June 30, 2014	556,279	11,632	9,479	10,764	15,000	603,154
Amortisation:						
At July 1, 2012	323,825	104	750	8,778	12,233	345,690
Foreign Currency Translation Reserve	8	-	-	-	-	8
Impairment Loss	197	-	-	-	-	197
Adjustments*	-	-	2,193	-	-	2,193
Charge for the year	73,908	506	1,611	1,986	2,767	80,778
At June 30, 2013	397,938	610	4,554	10,764	15,000	428,866
Charge for the year	70,647	2,232	1,672	-	-	74,551
At June 30, 2014	468,585	2,842	6,226	10,764	15,000	503,417
Net Block:						
At June 30, 2013	125,857	2,291	4,532	-	-	132,680
At June 30, 2014	87,694	8,790	3,253	-	-	99,737

Notes :

- * Adjustments in the previous year represent intangible assets / accumulated depreciation of subsidiary company, Spice Online Retail Private Limited acquired during the previous year.
- Addition includes intangible assets of the cost of Nil (Previous year Rs.9,268 thousand), bills of which are in the name of agency.

14. Non Current Investments

	30-Jun-14 (Rs. '000)	30-Jun-13 (Rs. '000)
Trade investments (valued at cost unless stated otherwise)		
Investment in equity instruments (quoted)		
Godfrey Philips India Limited 17,300 (Previous year 17,300) equity shares of Rs.10 each fully paid up	24,925	24,925
Spicejet Limited 140,288 (Previous year 140,288) equity shares of Rs.10 each fully paid up*	2,680	4,693
(at cost less provision for other than temporary diminution in value Rs. 5,109 thousand (Previous year Rs 3,096 thousand))		
	27,605	29,618

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2014

	30-Jun-14 (Rs. '000)	30-Jun-13 (Rs. '000)
Non Trade investments (unquoted) (valued at cost unless stated otherwise)		
In Government Security		
5 (Previous year 5) National Saving Certificates of Rs.10,000 each (Purchased in the name of an employee of the Company and pledged with sales tax department)	50	50
In a Trust		
Interest as sole beneficiary in an Independent Non Promoter Trust **	373,798	373,798
	373,848	373,848
	401,453	403,466
Aggregate amount of quoted investments (Market value: Rs. 51,708 thousand (30 June 2013: Rs. 53,977 thousand))	27,605	29,618
Aggregate amount of unquoted investments	373,848	373,848
* Aggregate provision for diminution in value of investments	5,109	3,096

**The trust is holding 35,301,215 equity shares of the Parent Company, the sole beneficiary of which is the Parent Company.

15.1 Deferred tax liabilities (net)

	30-Jun-14 (Rs. '000)	30-Jun-13 (Rs. '000)
Deferred tax liabilities		
- Differences in depreciation / amortisation and other differences in block of fixed assets as per tax books and financial books	8,148	29,786
Gross deferred tax liabilities	8,148	29,786
Deferred tax assets		
- Effect of expenditure debited to Statement of Profit and Loss in the current / earlier periods but allowable for tax purposes in following years	-	5,480
- Provision for doubtful debts and advances	-	14,961
Gross deferred tax assets	-	20,441
Deferred tax liabilities (net)	8,148	9,345

15.2 Deferred tax assets (net)

	30-Jun-14 (Rs. '000)	30-Jun-13 (Rs. '000)
Deferred tax assets		
- Effect of expenditure debited to Statement of Profit and Loss in the current / earlier periods but allowable for tax purposes in following years	-	-
- Provision for doubtful debts and advances	16,542	-
- Others	6,954	-
Gross deferred tax assets	23,496	-
Deferred tax liabilities		
- Differences in depreciation / amortisation and other differences in block of fixed assets as per tax books and financial books	22,160	-
Others	-	-
Gross deferred tax liabilities	22,160	-
Deferred tax assets (net)	1,336	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2014

16. Loans and advances

	Non-current		Current	
	30-Jun-14 (Rs. '000)	30-Jun-13 (Rs. '000)	30-Jun-14 (Rs. '000)	30-Jun-13 (Rs. '000)
Capital advances				
Unsecured, considered good	5,322	6,238		
	5,322	6,238	-	-
Security deposits				
Unsecured, considered good	126,700	156,356	16,101	10,502
Unsecured, considered doubtful	-	131	390	
	126,700	156,487	16,491	10,502
Provision for doubtful security deposits	-	131	390	-
	126,700	156,356	16,101	10,502
Loan and advances to related parties (note 36)				
Unsecured, considered good	13,333	-	6,667	44,291
Unsecured, considered doubtful	-	-	6,615	-
	13,333	-	13,282	44,291
Provision for doubtful advances			6,615	
	13,333	-	6,667	44,291
Advances recoverable in cash or kind				
Unsecured considered good	-	-	199,755	258,766
Unsecured, considered doubtful	-	-	9,729	4,162
	-	-	209,484	262,928
Provision for doubtful advances	-	-	9,729	4,162
	-	-	199,755	258,766
Other loans and advances				
Unsecured, considered good				
Advance income-tax (net of provision for taxation)	-	-	532,347	389,087
Prepaid expenses	1,215	12,259	31,235	63,398
MAT Credit Entitlement (note 41)	180,822	178,615	-	-
Loans to employees	3,580	576	4,244	6,281
Balances with statutory / government authorities	2,015	2,015	208,984	266,716
	187,632	193,465	776,810	725,482
	332,987	356,059	999,333	1,039,041

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2014

17. Trade Receivables and Other Assets

17.1. Trade Receivables*

	Non-current		Current	
	30-Jun-14 (Rs. '000)	30-Jun-13 (Rs. '000)	30-Jun-14 (Rs. '000)	30-Jun-13 (Rs. '000)
Unsecured, considered good unless stated otherwise				
Outstanding for a period exceeding six months from the date they are due for payment				
Secured, considered good	-	-	23,800	8,647
Unsecured, considered good	-	-	145,983	154,196
Unsecured, considered doubtful	-	-	80,916	79,752
	-	-	250,699	242,595
Provision for doubtful receivables	-	-	80,916	79,752
	-	-	169,783	162,843
Other receivables				
Secured, considered good	-	-	6,704	25,172
Unsecured, considered good	-	-	1,125,962	736,443
Unsecured, considered doubtful	-	-	7,112	20,182
	-	-	1,139,778	781,797
Provision for doubtful receivables	-	-	7,112	20,182
	-	-	1,132,666	761,615
	-	-	1,302,449	924,458

* Net of debts of Nil thousand (Previous year Rs 72,424) discounted from bank.

17.2. Other assets

	Non-current		Current	
	30-Jun-14 (Rs. '000)	30-Jun-13 (Rs. '000)	30-Jun-14 (Rs. '000)	30-Jun-13 (Rs. '000)
Unsecured, considered good				
Non-current bank balances (note 20)	1,678	2,146	-	-
Unamortized expenditure				
Unamortized premium on forward contract	-	-	5,795	5,281
	-	-	5,795	5,281
Others				
Interest accrued on fixed deposits with banks	-	155	12,270	19,784
Interest accrued on loan to others	-	-	7,297	6,200
Receivable against forward contract	-	-	1,520	26,548
Income accrued on Fixed Maturity Plan Investments	-	-	5,644	17
Dividend receivable on current investments	-	-	185	-
Unbilled Revenue	-	-	285,899	359,257
Incentive Receivable on purchases	-	-	12,066	15,000
Rent Receivable	-	-	4,611	1,406
Receivable against Ticketing	-	-	8,520	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2014

	Non-current		Current	
	30-Jun-14 (Rs.'000)	30-Jun-13 (Rs.'000)	30-Jun-14 (Rs.'000)	30-Jun-13 (Rs.'000)
Inventory of Promotional items	-	-	1,235	2,160
Receivable against fixed assets sold	-	-	17,500	-
Fixed assets held for sale (at lower of net book value and estimated net realizable value)*	-	-	13,382	26,765
	-	155	370,129	457,137
	1,678	2,301	375,924	462,418
* Balance as per the last financial statement			26,765	10,280
Add : Transferred during the year (Refer Note 12 above)			3,102	16,485
Less : Sold during the year			(16,485)	-
Total**			13,382	26,765

** comprising of Freehold Land, Buildings and other fixed assets of Rs. 800 thousand, Rs. 9,272 thousand and Rs. 3,310 thousand respectively (Previous year Rs. 10,256 thousand, Rs. 16,301 thousand and Rs. 208 thousand respectively)

18. Current investments

	30-Jun-14 (Rs.'000)	30-Jun-13 (Rs.'000)
Current investments (unquoted) (valued at lower of cost and fair value, unless stated otherwise)		
Units in Mutual Funds of Rs 10 each		
Nil (Previous year 1,757,160) units of Reliance Income Fund-Growth Plan-Bonus Option	-	20,000
Nil (Previous year 1,856,861) units of of HSBC Flexi Debt Fund - Growth-Retail Plan	-	30,000
Nil (Previous year 696,840) units of SBI Magnum Income Fund- Regular Plan- Growth-Retail Plan	-	20,000
Nil (Previous year 1,121,932) units of Rs. 10 each of HDFC Income Fund - Growth-Retail Plan	-	30,000
Nil (Previous year 490,192) Reliance Income Fund-Growth Plan	-	19,599
Nil (Previous year 2,352,074) Birla Sun Life Income Plus- Quarterly Dividend Regular Plan	-	30,000
3,045,814 (Previous year 3,193,440) ICICI Prudential Regular Saving Fund Quarterly Dividend	36,432	40,000
1,314,328 (Previous year 1,317,609) ICICI Prudential Income Regular Plan Growth	49,634	49,612
Nil (Previous year 1,963,766) HDFC Liquid Fund Direct Plan Dividend daliy Reinvestment	-	20,027
1,671,039 (Previous year 1671,039) SBI Magnum Income-Fund Dividend	19,216	20,000
653,829 (Previous year 1,344,311) SBI Magnum Income-Fund Regular Plan Growth	20,000	40,000
3,583,934 (Previous year 2,669,300) IDFC Super Saver Income Fund- Quarterly dividend Regular Plan	39,911	30,000
Nil (Previous year 880,716) SBI Dynamic Bond Fund - Dividend	-	10,000
801,231 (Previous year Nil) SBI Magnum Fund-Regular Plan Quarterly dividend	9,529	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2014

	30-Jun-14 (Rs. '000)	30-Jun-13 (Rs. '000)
877,618 (Previous year: Nil) ICICI Prudential Income Regular Plan Growth Quarterly Dividend Reinvestment	10,497	-
731,133 (Previous year: Nil) ICICI Prudential Income Regular Plan Growth Interval Direct Growth	10,000	-
Units in Mutual Funds of Rs 1000 each		
Nil (Previous year 46,053) Reliance Liquid Fund Treasury Plan - Direct Daily Dividend Reinvestment	-	70,404
Nil (Previous year 12,601) L&T Cash Fund Direct Plan- Growth	-	20,000
Nil (Previous year 10,004) Baroda Pioneer Liquid Fund Plan B Daily Dividend Reinvestment	-	10,010
16,420 (Previous year: Nil) Reliance Liquid Fund Treasury Plan -Direct Growth Plan	50,125	-
Current portion of long-term investments (unquoted) (valued at cost)		
Units in Mutual Funds of Rs 10 each		
5,000,000 (Previous year: Nil) Birla Sun Life Fixed Term Plan-Series KJ- Growth Regular	50,000	-
3,000,000 (Previous year: Nil) TATA Fixed Maturity Plan-Series 47 Scheme D-Plan A-Growth	30,000	-
5,000,000 (Previous year: Nil) DWS Fixed Maturity Plan Series 53-Regular Plan Growth	50,000	-
20,00,000 (Previous year: Nil) ICICI FMP Series 73-369 Dividend Plan	20,000	-
10,00,000 (Previous year: Nil) ICICI FMP Series 73-376 Dividend Plan	10,000	-
10,00,000 (Previous year: Nil) Sundram Fixed Term Plan 366 days Regular Growth	10,000	-
10,00,000 (Previous year: Nil) IDFC Fixed Term Plan Series 35 Regular Plan - Quarterly Dividend	10,000	-
	425,344	459,652
Aggregate amount of unquoted investments in units of Mutual Funds [Net Asset Value Rs. 384,048 thousand, (Previous year Rs.465,238 thousand)]	425,344	459,652
* Aggregate provision for diminution in the value of investments	5,148	788

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

	30-Jun-14 (Rs. '000)	30-Jun-13 (Rs. '000)
Traded goods (Including stock in transit Nil, Previous year Rs. 43,616 thousand)	840,894	801,012
Service components and spares (Including stock in transit Rs. 350 thousand, Previous year Rs. 260 thousand)	72,771	50,550
	913,665	851,562

20. Cash and bank balances

	Non-current		Current	
	30-Jun-14 (Rs. '000)	30-Jun-13 (Rs. '000)	30-Jun-14 (Rs. '000)	30-Jun-13 (Rs. '000)
Cash and cash equivalents				
<i>Balances with banks:</i>				
– On current accounts	-	-	554,180	627,157
– Deposits with original maturity of less than three months	-	-	30,076	32,534

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2014

	Non-current		Current	
	30-Jun-14 (Rs. '000)	30-Jun-13 (Rs. '000)	30-Jun-14 (Rs. '000)	30-Jun-13 (Rs. '000)
– On unpaid dividend account	-	-	7,085	5,604
Cheques/ drafts on hand	-	-	2,220	108
Cash on hand	-	-	15,734	30,246
	-	-	609,295	695,649
Other bank balances				
– Deposits with original maturity for more than 12 months	-	-	66,776	-
– Deposits with original maturity for more than 3 months but less than 12 months	-	-	62,140	256,131
– Margin money deposit	1,678	2,146	1,101,815	979,549
	1,678	2,146	1,230,731	1,235,680
Amount disclosed under non-current assets (note 17.2)	(1,678)	(2,146)		
	-	-	1,840,026	1,931,329

Margin money deposits given as security

Margin money deposits with a carrying amount of Rs. 1,101,173 thousand (30 June 2013: Rs. 975,219 thousand) are subject to first charge to secure the letter of credits/ bill discounting/ overdraft facility for two subsidiaries of the Company (including one subsidiary of a subsidiary company).

21. Revenue from operations

	30-Jun-14 (Rs. '000)	30-Jun-13 (Rs. '000)
Revenue from operations		
Sales of finished goods	-	13,498
Sales of traded goods	19,161,021	16,582,615
Sale of telecom related software	16,023	10,860
Value Added Service Revenue	1,738,619	1,973,193
Income from other services	190,705	109,558
Revenue from operations (gross)	21,106,368	18,689,724
Less: Excise duty #	-	168
Revenue from operations (net)	21,106,368	18,689,556

Excise duty on sales amounting to Nil (Previous year Rs. 168 thousand) has been reduced from sales in Statement of profit and loss.

22. Other income

	30-Jun-14 (Rs. '000)	30-Jun-13 (Rs. '000)
Interest income on		
Bank deposits	99,354	93,835
Loan to employees and bodies corporates	2,959	5,321
Income tax and VAT refunds	11,654	2,726
Income on Long-term investments in Fixed maturity plan (other than trade)	5,631	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2014

	30-Jun-14 (Rs.'000)	30-Jun-13 (Rs.'000)
Dividend income on		
Current investments (non- trade)	8,915	19,115
Long-term investments (trade)	692	1,030
Exchange difference (net)	-	7,242
Bad Debts Recovered	5,033	-
Rent Received	7,220	8,336
Profit on sale of Current Investments in units of mutual funds (other than trade)(net)	-	12,572
Profit on disposal of Fixed Assets (net)	15,882	-
Reversal of provision for diminution in the value of current investments	-	2,550
Miscellaneous income	9,699	2,645
	167,039	155,372

23. Cost of raw materials and components consumed

	30-Jun-14 (Rs.'000)	30-Jun-13 (Rs.'000)
Inventory at the beginning of the year	-	158
Add: Purchases	-	26
	-	184
Less: inventory at the end of the year	-	-
Cost of raw material and components consumed	-	184

24. (Increase)/ decrease in inventories

	30-Jun-14 (Rs.'000)	30-Jun-13 (Rs.'000)	(Increase) / decrease
Inventories at the end of the year			30-Jun-14
Traded goods	840,894	801,012	(39,882)
Service components and spares	72,771	50,550	(22,221)
	913,665	851,562	(62,103)
Inventories at the beginning of the year			30-Jun-13
Traded goods	801,012	1,050,162	249,150
Finished goods	-	10,949	10,949
Work-in-progress	-	259	259
Service components and spares	50,550	55,902	5,352
Foreign Currency Translation Reserve	-	(33)	(33)
	851,562	1,117,239	265,677
Add: Acquired during the year- traded goods	-	1,315	
	(62,103)	266,992	

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2014

25. Employee benefit expense

	30-Jun-14 (Rs.'000)	30-Jun-13 (Rs.'000)
Salaries, wages and bonus	994,206	1,063,469
Contribution to provident and other funds	49,312	56,701
Leave encashment	15,798	6,741
Gratuity expense (note 31)	11,362	13,370
Staff welfare expenses	53,501	56,735
	1,124,179	1,197,016

26. Connectivity and content cost

	30-Jun-14 (Rs.'000)	30-Jun-13 (Rs.'000)
Value added service charges	674,029	893,902
Sub contract charges	-	644
	674,029	894,546

27.1 Other expenses

	30-Jun-14 (Rs.'000)	30-Jun-13 (Rs.'000)
Power and fuel	-	1,053
Rent	398,317	448,385
Warehouse Management Charges	18,407	8,026
Rates and taxes	63,537	57,403
Insurance	15,559	13,718
Repairs and maintenance		
-Buildings	7,645	5,878
-Plant & Machinery	-	74
-Others	90,999	85,440
Freight and forwarding charges	101,437	80,140
Advertisement and sales promotion	783,497	412,637
Commission on sales - other than sole selling agent	48,003	44,365
Travelling and conveyance	195,601	190,531
Director's Commission	-	2,629
Directors' sitting fees	734	890
Payment To Auditors (Refer details below)	23,257	21,316
Legal and professional expenses	176,368	107,883
Customer service expenses	376,278	236,050
Donation and contributions to charitable institutions	149	289
Impairment Loss on fixed assets	-	1,717
Provision for doubtful debts and advances	1,031	-
Irrecoverable balances written off (net)	515	87,142
Exchange difference (net)	81,681	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2014

	30-Jun-14 (Rs. '000)	30-Jun-13 (Rs. '000)
Diminution in the value of current investments	4,360	-
Loss on disposal of fixed assets (net)	-	2,207
Loss on sale of Current Investments	1,383	
Credit Card Charges	51,865	38,760
Bank charges	16,906	13,073
Miscellaneous expenses	219,161	246,239
	2,676,690	2,105,845

Payment to statutory auditors

	30-Jun-14 (Rs. '000)	30-Jun-13 (Rs. '000)
As auditor:		
Statutory Audit fee	12,462	9,682
Tax audit fee	1,875	1,577
Audit of tax accounts	808	1,896
Limited review	6,262	5,987
Other services (certification fees)	998	1,004
Reimbursement of expenses	852	1,170
	23,257	21,316

27.2 Exceptional items

	30-Jun-14 (Rs. '000)	30-Jun-13 (Rs. '000)
Increase in Depreciation due to Change in Accounting estimate (Refer Note 39)	29,667	-
Provision for diminution in value of Long term investments	2,013	-
Reversal of revenue pertaining to earlier periods	27,587	
Loss on Liquidation of Investment	3,016	
Impairment of Goodwill	141,118	104,537
Customer's claims for earlier years	-	22,789
	203,401	127,326

28. Depreciation and amortization expense

	30-Jun-14 (Rs. '000)	30-Jun-13 (Rs. '000)
Depreciation of tangible assets	275,173	281,770
Amortization of intangible assets	74,551	80,778
	349,724	362,548

29. Finance costs

	30-Jun-14 (Rs. '000)	30-Jun-13 (Rs. '000)
Interest Cost (including Rs. 135 thousand (Previous year Rs. 1,854 thousand) on Income Tax)	11,788	10,331
	11,788	10,331

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2014

30. Earnings per share (EPS)

The following reflects the profit/(loss) and share data used in the basic and diluted EPS computations:

	30-Jun-14 (Rs.'000)	30-Jun-13 (Rs.'000)
Total operations for the year		
Profit/(loss) after tax	(281,498)	54,530
Net profit/(loss) for calculation of basic and diluted EPS	(281,498)	54,530
	Nos.	Nos.
Weighted average number of equity shares in calculating basic EPS	230,801,673	238,086,285
Weighted average number of equity shares in calculating diluted EPS	230,801,673	238,086,285

31. Disclosure under accounting Standard-15(revised) on 'Employee Benefits'

a) Defined Contribution Plan

Particulars	30-Jun-14 (Rs.'000)	30-Jun-13 (Rs.'000)
Contribution to provident fund	36,270	39,179
	36,270	39,179

b) Details of employee benefits

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

The following tables summaries the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the gratuity plans.

Statement of profit and loss

Net employee benefit expense (recognized in the employee cost) for gratuity

	Gratuity	
	30-Jun-14 (Rs.'000)	30-Jun-13 (Rs.'000)
Current service cost	10,681	11,368
Interest cost on benefit obligation	4,645	3,909
Expected return on plan assets	(2,062)	(1,696)
Net actuarial(gain) / loss recognized in the year*	(1,565)	(211)
Net benefit expense	11,699	13,370
Actual return on plan assets	1,206	1,622

*Excluding reversal of provision in respect of left employees of Rs. 337 thousand (Previous year: Nil).

Balance sheet

Detail of Provision for Gratuity - Funded

	Gratuity	
	30-Jun-14 (Rs.'000)	30-Jun-13 (Rs.'000)
Present value of defined benefit obligation	34,552	29,866
Fair value of plan assets	14,019	15,120
Plan asset / (liability)*	(20,533)	(14,746)

* Net of Gratuity Recoverable of Rs 438 thousand (Previous year Rs 176 thousand)in a subsidiary company, included under loans and advances in Note 16.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2014

Detail of Provision for Gratuity - Non Funded

	Gratuity	
	30-Jun-14 (Rs. '000)	30-Jun-13 (Rs. '000)
Present value of defined benefit obligation	16,579	18,207
Fair value of plan assets	-	-
Plan asset / (liability)	(16,579)	(18,207)

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

	Gratuity	
	30-Jun-14 (Rs. '000)	30-Jun-13 (Rs. '000)
Opening defined benefit obligation	48,074	46,264
Acquired during the year	-	466
Current service cost	10,681	11,368
Interest cost	4,645	3,909
Benefits paid	(9,846)	(13,674)
Actuarial (gains) on obligation	(2,423)	(258)
Closing defined benefit obligation	51,131	48,075

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

	Gratuity	
	30-Jun-14 (Rs. '000)	30-Jun-13 (Rs. '000)
Opening fair value of plan assets	15,121	18,513
Expected return	2,062	1,697
Contributions by employer	-	2,037
Benefits paid	(2,307)	(7,051)
Actuarial (losses)/ gains	(857)	(75)
Closing fair value of plan assets	14,019	15,121

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

	Gratuity	
	30-Jun-14	30-Jun-13
Investments with insurer	100%	100%

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

	Gratuity	
	30-Jun-14	30-Jun-13
Discount rate	8.50%	8.50%
Expected rate of return on assets	8% - 9.25%	8% - 9.25%
Rate of Escalation in salary	8%	8%
Employee turnover		
- Upto 30 years	4% - 35%	4% - 35%
- 30-44 years	4% - 35%	4% - 35%
- Above 44 years	1% - 35%	1% - 35%
Mortality rate	IALM (2006-08) duly modified	IALM (2006-08) duly modified

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2014

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:

	30-Jun-14 Rs` 000	30-Jun-13 Rs` 000	30-Jun-12 Rs` 000	31-Mar-11 Rs` 000	31-Mar-10 Rs` 000
Gratuity					
Defined benefit obligation	51,131	48,075	46,264	52,033	39,099
Plan assets	14,019	15,121	18,514	10,812	8,446
Surplus / (deficit)	37,112	32,954	27,751	41,221	30,653
Experience adjustments on plan liabilities	2,015	(662)	10,536	3,975	Not Available
Experience adjustments on plan assets	(379)	831	(76)	77	Not Available

32. Leases

Assets taken under Operating Leases

Office premises and office equipments are obtained on operating lease. There are no contingent rents in the lease agreements. The lease terms are for 1-9 years and renewable by mutual agreement of both the parties. There is no escalation clause in the lease agreements. There are no restrictions imposed by lease arrangements. The Group has recognised lease expenses of Rs.398,317 thousand (Previous year Rs.448,385 thousand).

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

	30-Jun-14 (Rs.`000)	30-Jun-13 (Rs.`000)
Within one year	12,909	13,003
After one year but not more than five years	8,230	5,717
More than five years	-	-
	21,139	18,720

Assets given on Operating Leases

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

	30-Jun-14 (Rs.`000)	30-Jun-13 (Rs.`000)
Sub-lease payments received during the year	7,220	8,336
	7,220	8,336

33. Segment information

Primary segments: Business Segments

The Spice Group has organized its operations into two primary business segments, -

- Devices – The segment is engaged in trading of mobile handsets, IT products and their accessories.
- Value Added Services - The segment is engaged in Information and Communication Technology business providing Value Added Services to the Telecom Operators and development and sale of telecom related software.

These are the reportable segments as per Accounting Standard-17 on Segment Reporting issued by the Institute of Chartered Accountants of India. These have been identified taking into account the nature of activities carried out.

Secondary Segments: Geographical Segment

The analysis of geographical segment is based on geographical location of the customers. Costs directly attributable to either segment are accounted for in the respective segment.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2014

Segment Information

The following table presents segment revenues, results, assets and liabilities in accordance with AS- 17.

Amount in Rs. 000

Business Segments	Devices		Value Added Services		Consolidated Total	
	Jun'14	Jun'13	Jun'14	Jun'13	Jun'14	Jun'13
Revenue						
External Revenue / Sales*	19,198,554	16,311,875	1,984,523	2,401,988	21,183,077	18,713,863
Less : Inter Segment Revenue / Sales					61,979	14,422
Net Revenue	19,198,554	16,311,875	1,984,523	2,401,988	21,121,098	18,699,441
Unallocated Corporate Revenue					152,308	145,487
Total Revenue					21,273,407	18,844,928
Results						
Segment result	(159,058)	(4,389)	156,530	(1,076)	(2,528)	(5,464)
Unallocated Corporate Revenue/ (Expenses) (net)					(363,722)	66,380
Operating Profit					(366,250)	60,915
Interest Income					113,968	101,882
Dividend					9,607	20,145
Reversal of provision for diminution in the value of current investments					-	2,550
Income from Investments in Mutual Fund units (net)					5,631	12,572
Profit on disposal of Fixed Assets (net)					15,882	-
Interest Expenses					(11,788)	(10,331)
Net Profit Before Tax					(232,950)	187,733
Income Tax (Expense)					(45,811)	(138,575)
Deferred Tax Credit/(Charge)					2,673	(2,449)
Net Profit / (loss) after Tax					(276,088)	46,709
Other Information						
Segment Assets	4,531,502	5,719,936	1,822,697	1,992,758	6,354,199	7,712,694
Unallocated Corporate Assets					4,377,926	3,396,336
Total Assets					10,732,125	11,109,030
Segment Liabilities	2,916,482	2,440,941	399,554	379,951	3,316,036	2,820,892
Unallocated Corporate Liabilities					575,937	818,298
Total Liabilities					3,891,973	3,639,190
Capital Expenditure	56,271	104,013	82,118	238,143	138,389	342,156
Depreciation/ amortisation	150,847	189,250	173,756	169,320	324,603	358,570

*External revenue/sales of a segment also include other operating revenue which are directly attributable to the segments.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2014

Amount in Rs. 000

Business Segments	Devices		Value Added Services		Consolidated Total	
	Jun'14	Jun'13	Jun'14	Jun'13	Jun'14	Jun'13
Unallocated Depreciation/ amortization					54,787	3,978
Other Non Cash Expenses						
Impairment loss of fixed assets	-	1,717	-	-	-	1,717
Impairment of Goodwill	-	-	-	104,537	-	104,537
Provision for Doubtful debts and advances	14,714	-	(13,683)	-	1,031	-
Bad Debts and Advances Written off (net)	(3,105)	64,151	3,620	22,991	515	87,142

Secondary Segment Reporting (by Geographical Segments)

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

Geographical Segment	30-Jun-14 (Rs. '000)	30-Jun-13 (Rs. '000)
Revenue from the Domestic market	20,122,524	17,876,706
Revenue from the Overseas markets	983,844	812,850
Total Revenue	21,106,368	18,689,556
Trade Receivables of Domestic market	1,052,670	776,082
Trade Receivables of Overseas markets	337,807	248,310
Total Trade Receivables	1,390,477	1,024,392

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

Geographical Segment	30-Jun-14 (Rs. '000)	30-Jun-13 (Rs. '000)
Carrying amount of tangible and intangible fixed assets*		
Domestic market	1,308,115	1,610,547
Overseas markets	278,118	323,549
Additions to tangible and intangible fixed assets	1,586,233	1,934,096
Domestic market	121,744	137,466
Overseas markets	71,180	185,906
Total	192,924	323,372

* including capital work in progress and intangible assets under development.

34. Capital and other Commitments

	30-Jun-14 (Rs. '000)	30-Jun-13 (Rs. '000)
Estimated amount of contracts (Net of advances) remaining to be executed on capital account and not provided for.	16,771	15,366

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2014

35. Contingent Liabilities

Particulars	30-Jun-14 (Rs.'000)	30-Jun-13 (Rs.'000)
Demand and claims from Government Authorities*		
Demand from Excise/ Service Tax Authorities		
a) Demand raised by the Excise Authorities. The Parent Company has deposited Rs 2,000 thousand (Previous year Rs 2000 thousand) under protest and the same has been included in note no. 16 under balances with statutory/ government authorities.)	66,263	66,263
b) Demand in respect of non charging the service tax on the Short messaging peer-to-peer service including penalty thereon, (including Rs 8,600 thousand previous year Rs 6,000 thousand paid under protest which is appearing in note no. 16 under balances with statutory/ government authorities.) The management is of the view that it is an 'information technology service' and thus is exempt from the service tax. Based on discussions with the solicitors/legal opinion taken by the subsidiary company, the management believes that the company has a good chance of success in the above mentioned case and hence, no provision there against is considered necessary.	102,639	96,617
c) Demand in respect of non-registration of corporate office as a input service distributor and availment of input service CENVAT credit. The management is of the view that since it is having central registration so there is no requirement for separately registering the corporate office as input service distributor.	26,873	24,959
d) Show cause notice in respect of non-payment of service tax on unbilled revenue The subsidiary company is of the view that the service tax liability becomes payable only on the actual billing	58,430	58,430
e) Show cause notice in respect of wrong availment of input service tax credit on various expenses The subsidiary company is of the view that the service tax are in relation to the output services provided and service tax paid hence can be availed.	5,666	5,170
Demand from Sales Tax Authorities *		
Various Sales Tax Demands	103,554	47,827
Demand from Income Tax Department *		
Income Tax Demand being disputed by the Parent Company. The Income Tax Department has adjusted refund of subsequent year with the demanded amount.	150,167	210,501
Income Tax Demand in subsidiaries companies	1,815	-
Penalty under Foreign Trade (Development and Regulation) Act, 1992, on account of non fulfillment of export obligation *	40,860	40,860
Various other claims against the Parent Company and a subsidiary not acknowledged as debts *	11,443	11,384
Letter of credit discounted with bank, pending realisation	-	72,424

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2014

36. Related Parties

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

Ultimate Holding Company	Spice Global Investments Private Limited
Holding Company	Smart Ventures Limited (Converted into limited company w.e.f. 29.11.2013) (Formerly S i2i Mobility Private Limited)

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

Individual having significantly influence on the Company and relatives of such individuals	Mr. Dilip Modi - Director
Enterprises directly or indirectly through one or more intermediaries are under common control with the Company	Spice Enfotainment Limited Wall Street Finance Limited Smartvalue Ventures Private Limited.(Earlier known as Spice Investment & Finance Advisors Pvt.Ltd) Spice Innovative Technologies Private Limited Saket City Hospitals Private Limited (Earlier Known as G M Modi Hospitals Corporation Pvt Ltd) Sterea Infratech Limited Bougainvillea Multiplex & Entertainment Center Private Limited Smart Global Ventures Private Limited IO Systems Limited Goldman Securities Private Limited
Key Management Personnel	Mr. Subramanian Murali – President Finance Mr. R S Desikan -CEO (w.e.f. February 9, 2012) Mr. Saket Agarwal (Director w.e.f. July 4, 2012 & CEO) (till August 2013) (Spice Digital Limited) Mr. Vikram Dheer (Director) (w.e.f. July 6, 2012) (till August 2013) (Spice Digital Limited) Mr. Shezad Azad (Director) (w.e.f. July 4, 2012) (till August 2013) (Spice Digital Limited) Mr. Sunil Kapoor (Director w.e.f. July 6, 2012, till August 2013 and Manager for the period from October 31, 2013 till June 30, 2014) (Spice Digital Limited) Mr. Palakkal Krishna Kumar (Director) (w.e.f 2nd July 2012) (till August 2013) (Spice Retail Limited) Mr. Subhasish Mohanty (Director) (w.e.f 2nd July 2012) (till August 2013) (Spice Retail Limited) Mr. Rajneesh Arora (Director) (w.e.f 2nd July 2012) (till August 2013) (Spice Retail Limited)
Relatives of Key Management Personnel	Mrs. Jananki Desikan Mrs. Rupali Dheer (till August 2013) Mrs. Farhat Azad (till August 2013) Mr. Kuldeep Chand Kapoor Ms. Priya (till August 2013) Ms. Anjali Patnaik (till August 2013) Ms. Anu Arora (till August 2013)
Enterprises over which individuals having significant influence over the Company is able to exercise significant influence	Plus Paper Foodpac Ltd. S i2i Limited PT Selular Media Infotama Bharat IT Services Limited V Corp Merchantile Private Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2014

Details of related party transactions

(Rs. '000)

Particulars		Enterprises directly or indirectly through one or more intermediaries are under common control with the Company													
		Ultimate Holding Company	Holding Company	Spice Global Investments Private Limited	Smart Ventures Limited	Goldman Securities Private Limited	Smartvalue Ventures Private Limited	Spice Innovative Technologies Private Limited	Spice Entertainment Limited	Sterea Infratech Limited	Modikem Ltd	IO Systems Limited	Wall Street Finance Limited	Saket City Hospitals Private Limited	Smart Global Ventures Private Limited
Transactions during the period															
Sales of Goods	June 30, 2014	268	46	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	171	-	-	-	-	38	-	-	-	-	-	-	-
Sales of Fixed Assets	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Fixed Assets	June 30, 2014	-	-	-	-	-	-	14,824	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Expense	June 30, 2014	1,216	-	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Income	June 30, 2014	-	-	-	172	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Direct Income (Travel Commission)	June 30, 2014	19	641	-	14	-	2	2	-	-	-	-	20	-	68
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Remuneration paid	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal and Professional charges	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Advertisement and sales promotion	June 30, 2014	-	-	-	-	-	42,370	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Expenses	June 30, 2014	-	-	-	-	-	-	-	-	-	-	2,239	-	-	3
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	1,047	-	-	-
Rent Income	June 30, 2014	1,596	812	433	126	336	168	-	-	168	3,119	-	-	84	-
	June 30, 2013	728	1,946	397	98	420	238	-	140	140	2,835	56	-	-	-
Dividend paid	June 30, 2014	-	279,588	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	254,142	-	-	-	-	-	-	-	-	-	-	-	-
Employee Advance Transferred from	June 30, 2014	3,008	-	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loans/advance given during the year	June 30, 2014	-	30,000	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loans/advance repaid during the year	June 30, 2014	-	30,000	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Provision on doubtful advances taken	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Advance for Fixed Assets	June 30, 2014	100,000	-	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Advance for Fixed Assets returned	June 30, 2014	100,000	-	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of investments	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reimbursement of Expenses (recovered)	June 30, 2014	303	6,685	-	231	-	27	50	-	-	-	-	158	-	1,120
	June 30, 2013	-	-	-	-	-	-	-	-	-	66	-	-	-	-
Reimbursement of Expenses (provided)	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	120	-	-	-	-	-	-	-	-	-	-	-
Outstanding balances at the end of period															
Receivables Considered Good	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payables	June 30, 2014	3,008	-	-	-	-	21,502	-	-	-	438	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	184	-	-	-	-
Loan/advances receivable	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	391	-	-	-	-
Provision for doubtful advances	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	June 30, 2014	-	3,362	5	-	-	-	52	-	-	135	-	-	-	24
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Receivable	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Receivable	June 30, 2014	-	155	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-	-	-	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2014

Details of related party transactions

(Rs. '000)

Particulars		KMP										
		Mr. Kunal Ahojja	Mr. R S Desikan	Ms. Preeti Malhotra	Mr. Subramanian Murali	Mr. Saket Agarwal	Mr. Vikram Dheer	Mr. Shehad Azad	Mr. Sunil Kapoor	Mr. Palakkal Krishna Kumar	Mr. Subhasish Mohanty	Mr. Rajneesh Arora
Transactions during the period												
Sales of Goods	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-
Sales of Fixed Assets	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-
Purchase of Fixed Assets	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-
Interest Expense	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-
Interest Income	June 30, 2014	-	-	-	466	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-
Direct Income (Travel Commission)	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-
Remuneration paid	June 30, 2014	-	5,480	-	25,626	16,182	406	1,133	1,967	875	312	1,657
	June 30, 2013	2,341	5,192	909	14,920	12,321	2,300	5,227	2,081	3,830	2,383	4,656
Legal and Professional charges	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-
Advertisement and sales promotion	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Expenses	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-
Rent Income	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-
Dividend paid	June 30, 2014	-	1	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	1	123	-	-	-	-	-	-	-	-
Employee Advance Transferred from	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-
Loans/advance given during the year	June 30, 2014	-	-	-	20,000	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-
Loans/advance repaid during the year	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-
Provision on doubtful advances taken	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-
Advance for Fixed Assets	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-
Advance for Fixed Assets returned	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-
Sale of investments	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-
Reimbursement of Expenses (recovered)	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-
Reimbursement of Expenses (provided)	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-
Outstanding balances at the end of period												
Receivables Considered Good	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-
Payables	June 30, 2014	-	-	-	-	1,731	-	-	541	-	-	-
	June 30, 2013	-	-	-	-	6,216	1,204	2,719	1,173	-	-	-
Loan/advances receivable	June 30, 2014	-	-	-	20,000	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-
Provision for doubtful advances	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-
Other Assets	June 30, 2014	-	-	-	-	225	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-
Other Receivable	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-
Interest Receivable	June 30, 2014	-	-	-	466	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-	-	-	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2014

Details of related party transactions

(Rs. '000)

Particulars		Relatives of key management personnel							
		Mrs Kamla Malhotra	Mrs. Janaki Desikan	Mr. Kuldeep Chand Kapoor	Mrs. Rupali Dheer	Mrs. Farhat Azad	Ammu M Kutty	Mrs. Anjali Patnaik	Mrs. Anu Arora
Transactions during the period									
Sales of Goods	June 30, 2014	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-
Sales of Fixed Assets	June 30, 2014	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-
Purchase of Fixed Assets	June 30, 2014	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-
Interest Expense	June 30, 2014	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-
Interest Income	June 30, 2014	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-
Direct Income (Travel Commission)	June 30, 2014	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-
Remuneration paid	June 30, 2014	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-
Legal and Professional charges	June 30, 2014	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-
Advertisement and sales promotion	June 30, 2014	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-
Miscellaneous Expenses	June 30, 2014	-	301	161	54	17	23	26	70
	June 30, 2013	-	300	40	372	120	156	179	440
Rent Income	June 30, 2014	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-
Dividend paid	June 30, 2014	-	-	-	-	-	-	-	-
	June 30, 2013	62	-	-	-	-	-	-	-
Employee Advance Transferred from	June 30, 2014	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-
Loans/advance given during the year	June 30, 2014	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-
Loans/advance repaid during the year	June 30, 2014	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-
Provision on doubtful advances taken	June 30, 2014	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-
Advance for Fixed Assets	June 30, 2014	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-
Advance for Fixed Assets returned	June 30, 2014	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-
Sale of investments	June 30, 2014	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-
Reimbursement of Expenses (recovered)	June 30, 2014	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-
Reimbursement of Expenses (provided)	June 30, 2014	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-
Outstanding balances at the end of period									
Receivables Considered Good	June 30, 2014	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-
Payables	June 30, 2014	-	50	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-
Loan/advances receivable	June 30, 2014	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-
Provision for doubtful advances	June 30, 2014	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-
Other Assets	June 30, 2014	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-
Other Receivable	June 30, 2014	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-
Interest Receivable	June 30, 2014	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2014

Details of related party transactions

(Rs. '000)

Particulars		Individuals having significant influence over the company and their relatives	Enterprises over which individual having significant influence over the Company is able to exercise significant influence						Total
			Mr. Dilip Modi	V Corp Mercantile Private Limited	Plus Paper Foodpac Limited	Bharat IT Services Ltd.	PT Metrotech Jaya Komunika Indonesia	PT Selular Media Infotama	
Transactions during the period									
Sales of Goods	June 30, 2014	-	-	-	-	-	-	45	358
	June 30, 2013	-	-	-	-	-	-	162	371
Sales of Fixed Assets	June 30, 2014	-	-	35,000	-	-	-	-	35,000
	June 30, 2013	-	-	-	-	-	-	-	-
Purchase of Fixed Assets	June 30, 2014	-	-	-	-	-	-	-	14,824
	June 30, 2013	-	-	-	-	-	-	-	-
Interest Expense	June 30, 2014	-	-	-	-	-	-	-	1,216
	June 30, 2013	-	-	-	-	-	-	-	-
Interest Income	June 30, 2014	-	-	-	2,096	-	-	-	2,734
	June 30, 2013	-	-	-	5,268	-	-	-	5,268
Direct Income (Travel Commission)	June 30, 2014	-	-	-	-	-	-	-	766
	June 30, 2013	-	-	-	-	-	-	-	-
Remuneration paid	June 30, 2014	-	-	-	-	-	-	-	53,637
	June 30, 2013	-	-	-	-	-	-	-	56,160
Legal and Professional charges	June 30, 2014	-	-	-	-	-	-	20,490	20,490
	June 30, 2013	-	-	-	-	-	-	17,942	17,942
Advertisement and sales promotion	June 30, 2014	-	-	-	-	-	-	-	42,370
	June 30, 2013	-	-	-	-	-	-	-	-
Miscellaneous Expenses	June 30, 2014	-	2,392	-	18	-	-	-	5,303
	June 30, 2013	-	177	-	-	-	-	-	2,831
Rent Income	June 30, 2014	-	-	-	-	-	-	-	6,842
	June 30, 2013	-	-	554	-	-	-	-	7,552
Dividend paid	June 30, 2014	1,650	-	-	-	-	-	-	281,239
	June 30, 2013	1,500	-	-	-	-	-	-	255,828
Employee Advance Transferred from	June 30, 2014	-	-	-	-	-	-	-	3,008
	June 30, 2013	-	-	-	-	-	-	-	-
Loans/advance given during the year	June 30, 2014	-	-	-	-	-	-	6,615	56,615
	June 30, 2013	-	-	-	-	-	-	-	-
Loans/advance repaid during the year	June 30, 2014	-	-	-	43,900	-	-	-	73,900
	June 30, 2013	-	-	-	-	-	-	-	-
Provision on doubtful advances taken	June 30, 2014	-	-	-	-	-	-	6,615	6,615
	June 30, 2013	-	-	-	-	-	-	-	-
Advance for Fixed Assets	June 30, 2014	-	-	-	-	-	-	-	100,000
	June 30, 2013	-	-	17,500	-	-	-	-	17,500
Advance for Fixed Assets returned	June 30, 2014	-	-	-	-	-	-	-	100,000
	June 30, 2013	-	-	-	-	-	-	-	-
Sale of investments	June 30, 2014	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	47,642	-	-	-	-	47,642
Reimbursement of Expenses (recovered)	June 30, 2014	-	-	-	-	-	3,168	-	11,742
	June 30, 2013	-	-	-	-	1,286	837	-	2,189
Reimbursement of Expenses (provided)	June 30, 2014	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	-	-	-	-	-	120
Outstanding balances at the end of period									
Receivables Considered Good	June 30, 2014	-	-	-	-	-	-	-	-
	June 30, 2013	-	-	838	-	1,286	837	162	3,123
Payables	June 30, 2014	-	-	-	-	-	-	17,393	44,663
	June 30, 2013	-	-	-	-	-	-	7,631	19,126
Loan/advances receivable	June 30, 2014	-	-	-	-	-	-	6,615	26,615
	June 30, 2013	-	-	-	43,900	-	-	-	44,291
Provision for doubtful advances	June 30, 2014	-	-	-	-	-	-	6,615	6,615
	June 30, 2013	-	-	-	-	-	-	-	-
Other Assets	June 30, 2014	-	-	-	-	-	-	-	3,803
	June 30, 2013	-	-	-	-	-	-	-	-
Other Receivable	June 30, 2014	-	-	18,338	-	-	3,168	162	21,669
	June 30, 2013	-	-	-	-	-	-	-	-
Interest Receivable	June 30, 2014	-	-	-	1,887	-	-	-	2,508
	June 30, 2013	-	-	-	6,072	-	-	-	6,072

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2014

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

(A)

Particulars of Derivatives	Purpose
Forward contract outstanding as at Balance Sheet date	
Sell	
US \$ 15,979,470 (Previous year US\$ 18,445,464)	Hedge of Import Creditors / pending purchase commitments

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

Particulars	Currency	30-Jun-14	
		Amount in FC	Amount (in Rs. 000)
Payable to suppliers	USD	6,606,075	397,554
Payable to suppliers	USD	455,723	27,425
Payable to suppliers	SGD	202,572	9,709
Receivables	USD	30,372	1,828
Receivables	USD	2,126,648	127,964
Receivables	SGD	95,348	4,591
Receivables	MYR	4,969	93
Receivables	AFN	240,915	250
Receivables	Taka	132,691,889	100,664
Receivables	IDR	329,085,677	1,645
Receivables	EUR	27,023	2,210
Unbilled Revenue	USD	737,712	44,396
Unbilled Revenue	AFN	22,812,576	23,736
Unbilled Revenue	Taka	26,062,595	19,677
Unbilled Revenue	IDR	119,897,458	599
Unbilled Revenue	SGD	917	44
Unbilled Revenue	MYR	5,622	105
Unbilled Revenue	ETB	213,516	647
Cash	USD	3,244	195
Balance with banks	USD	233,049	14,025

Particulars	Currency	30-Jun-13	
		Amount in FC	Amount (in Rs. 000)
Payable to suppliers	USD	128,488	7,631
Payable to suppliers	USD	356,851	21,080
Payable to suppliers	SGD	67,517	3,180
Receivables	USD	75,730	4,498
Receivables	USD	1,583,467	94,052
Receivables	MYR	37,509	708
Receivables	AFN	1,903,261	2,018

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2014

Particulars	Currency	30-Jun-13	
		Amount in FC	Amount (in Rs. 000)
Receivables	Taka	66,094,127	49,571
Receivables	IDR	308,861,569	1,864
Unbilled Revenue	USD	348,931	20,723
Unbilled Revenue	AFN	11,473,201	12,047
Unbilled Revenue	Taka	11,320,866	8,491
Unbilled Revenue	Euro	78	6
Cash	USD	1,196	71
Balance with banks	USD	765,281	45,414

38. Consequent to the adoption of the Accounting Standard 22 'Accounting for taxes on Income', the Parent Company and some of the subsidiary companies have a net deferred tax asset comprising of carry forward of losses and unabsorbed depreciation under tax laws. However, as the subsequent realization of such asset is not virtually certain in the near future, the management is of the view that it is prudent not to recognize deferred tax assets. Accordingly, no deferred tax asset has been recognised.
39. During the year, two subsidiaries of the Company has reassessed the useful life of certain office equipments used in retail business from 10 years to 5 years w.e.f July 1, 2013. Due to this change depreciation for the current year is higher by Rs 29,667 thousand which has been shown under exceptional items in the financial statement.
40. Buyback of shares
- The board of directors in the meeting held on June 19, 2013 had approved the buy back of the Company's fully paid up equity shares of face value of Rs 3/- each from the open market through Stock Exchange mechanism at a price not exceeding Rs 75/- per share for an aggregate amount not exceeding Rs 600,000 thousand, subject to a maximum of 11,000 thousand equity shares. In pursuance to above approval, buy back commenced on July 10, 2013 and closed on May 13, 2014, the Company has bought back and extinguished 10,222,303 equity shares of face value of Rs 3 each. Out of the total extinguished shares, interim dividend has not been paid on 3,896,634 equity shares and final dividend has not been paid to 10,221,003 shares (including 6,416,587 equity shares bought back after finalisation of last year's accounts) being the shares extinguished prior to the respective record dates. Accordingly proposed final dividend has been reversed on 6,416,587 equity shares.
 - The Company has, pursuant to share buy back offer, approved by the Board of Directors in the meeting held on June 19, 2013, bought back 10,222,303 shares of Rs 3/- each and accordingly:-
 - The paid up Equity Share Capital has been reduced to that extent.
 - As required under the provisions of the Companies Act, 1956, Rs 30,666 thousand have been transferred to Capital Redemption Reserve.
 - Out of the price over and above face value of these shares, Rs 288,070 thousand has been adjusted from Securities Premium account and Rs 48,413 thousand has been adjusted from General Reserve.
41. The asset of Rs. 180,822 thousand (Previous Year Rs. 178,615 thousand) recognized by some of the subsidiaries of the Company as 'MAT Credit Entitlement' under 'Loans and Advances', in respect of MAT payment for earlier years, represents that portion of MAT liability which can be recovered and set off in subsequent periods based on the provisions of Section 115JAA of the Income Tax Act, 1961. The management based on the present trend of profitability and also the future profitability projections, is of the view that there would be sufficient taxable income in foreseeable future, which will enable the respective group companies to utilize MAT credit assets.
42. In pursuance to the approval obtained from the members of Company by way of postal ballot, the Mobile Handset Business of the Company was transferred to Spice Retail Limited (SRL), a wholly owned Subsidiary of the Company, as a going concern w.e.f. 1st July, 2013 by way of slump sale at book value.
43. The Group has recognized and is carrying forward a goodwill of Rs. 1,948,210 thousand (Previous year Rs. 2,089,328 thousand) in respect of Hindustan Retail Private Limited, a wholly owned subsidiary of the Parent Company and its two subsidiaries. Based on the financial statements of these subsidiaries, their net worth is substantially lower than the group's investment in these companies.
- In respect of these entities, such goodwill has been tested for impairment using the cash flow projections, which are based on most recent financial budgets/ forecasts approved by the management and/ or the fair value of the companies as on June 30, 2013, hence no impairment is required.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended June 30, 2014

- 44.** Independent Non-Promoter (Spice Employee Benefit) Trust ('Trust') holds 11,901,752 Equity Shares of the Company as on 30th June, 2014, for the benefit of the employees of the Company, its associates and subsidiaries. These equity shares were transferred to the Trust pursuant to the Scheme of amalgamation of Spice Televentures Private Limited ('STPL'), at a value at which these equity shares were held in the books of STPL and the same was recorded as receivable from the Trust in the books of the Company. Amount recoverable from Employee Benefit Trust is in respect of these shares (net of amount received till date). Trust has framed Share Reward Rules whereby certain shares held by the Trust may be transferred to eligible employees. The Company has been legally opined that the Share Reward Rules framed by the Trust are not covered under the ambit of employee welfare schemes of the Company as the said Rules have been framed by the Trust and not by the Company. Hence, the disclosure requirement under the Guidance Note on Accounting for Employee Share based payments issued by the Institute of the Chartered Accountants of India is not applicable to the Company.
- 45.** Previous year figures have been regrouped/rearranged wherever considered necessary, to conform to current year's classifications.

As per our report of even date

FOR S.R. BATLIBOI & CO. LLP
Chartered Accountants
ICAI Firm registration number: 301003E

per **Anil Gupta**
Partner
Membership No.: 87921

Place : Noida
Date : August 27, 2014

For and on behalf of the board of directors of **Spice Mobility Limited**
(formerly **S Mobility Limited**)

Dilip Modi
Chairman

Subroto Chattopadhyay
Director

Madhusudan V.
Chief Financial Officer

Preeti Malhotra
Director

Prashant Bindal
Chief Executive Officer

M R Bothra
Vice President- Corporate Affairs and Company Secretary

INFORMATION RELATING TO SUBSIDIARY COMPANIES

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

Sr. No.	Name of Subsidiary Company	Reporting Currency	Exchange Rate (Rs.)	Capital	Reserves	Total Assets	Total Liabilities	Details Of Investments (Except Investment in case of Subsidiary Company)	Turnover/ Total Income	Profit Before Taxation	Provision For Taxation	Profit After Taxation	Proposed Dividend	Country
1	Spice Digital Limited	INR	397.710	2,329,991	2,953,560	2,953,560	2,953,560	335,212	1,315,888	197,748	37,451	160,297		India
2	Hindustan Retail Pvt Limited	INR	705.300	(87,207)	2,572,718	2,572,718		-	5,423	(72,284)	280	(72,004)		India
3	Kimaan Export Pvt Limited	INR	200	28,867	130,852	130,852		-	30,160	16,969	3,336	13,633		India
4	S Mobility Pte. Limited	SGD	47.93	(12,205)	562	562		-	-	(495)	-	(495)		Singapore
5	S Mobile Devices Limited	INR	500	(69)	437	437		-	-	(15)	-	(15)		India
6	S Mobility (HK) Limited	USD	60.18	7,498	9,671	9,671		-	33,748	1,071	174	897		Hong Kong
7	Spice Retail Limited	INR	447.174	(494,565)	3,767,534	3,767,534		-	18,630,721	(135,346)	-	(135,346)		India
8	Mobiscoc Technology Private Limited	INR	100,100	(4,383)	109,869	109,869		49,634	205,279	3,051	-	3,051		India
9	Spice Labs Private Limited	INR	100,500	(38,405)	80,153	80,153		40,497	85,097	1,240	-	1,240		India
10	S GIC Pte Limited	SGD	754.162	(249,901)	507,395	507,395		-	22,643	(12,409)	352	(12,761)		Singapore
11	S RETAIL FZE.	AED	16.32	(60,821)	7,403	7,403		-	-	(14,129)	-	(14,129)		U.A.E.
12	S RETAIL LLC	AED	16.32	(10,361)	501	501		-	24	(609)	-	(609)		U.A.E.
13	Cellucoc Retail India Pvt Limited	INR	200,000	(599,405)	65,853	65,853		-	748,952	(15,831)	-	(15,831)		India
14	Spice Online Retail Pvt Limited	INR	20,100	(95,353)	59,942	59,942		-	656,440	(3,574)	-	(3,574)		India
15	Spice Digital Bangladesh Ltd	BDT	2,948	(3,314)	13,084	13,084		-	8,991	(3,186)	-	(3,186)		Bangladesh
16	Spice Vas Africa Pte Limited	SGD	207.192	90,938	390,412	390,412		-	198,919	64,602	22,269	42,333		Singapore
17	Beoworld Sdn.Bhd	MYR	18.65	6,471	16,739	16,739		-	10,381	8,331	11	8,320		Malaysia
18	Spice VAS Kenya Limited	KSH	0.67	(63,368)	(50,544)	(50,544)		-	40,205	9,684	-	9,684		Kenya
19	Spice Digital Nigeria Limited	NAIRE	0.36	(15,571)	7,195	7,195		-	95,216	1,302	-	1,302		Nigeria
20	Spice VAS Uganda Limited	UGX	0.02	1,4273	27,399	27,399		-	40,176	(3,319)	1,149	(4,468)		Uganda
21	Spice VAS Ghana Limited	GHS	1,393	1,335	6,353	6,353		-	36,511	5,394	368	5,026		Ghana
22	Spice VAS Zambia Limited	ZMW	9.68	6,064	20,748	20,748		-	36,068	(4,338)	(2,135)	(2,202)		Zambia
23	Spice VAS Tanzania Limited	TZS	0.04	(30,984)	25,415	25,415		-	134,957	(34,629)	2,144	(36,772)		Tanzania
24	Spice Digital South Africa Pty Limited	ZAR	5.66	(103,909)	(95,317)	(95,317)		-	11,753	(39,048)	-	(39,048)		South Africa

For and on behalf of the board of directors of
Spice Mobility Limited (formerly S Mobility Limited)

Dilip Modi
Chairman

Preeti Malhotra
Director

Subroto Chattopadhyay
Director

Prashant Bindal
Chief Executive Officer

Madhusudan V.
Chief Financial Officer

M R Bothra
Vice President- Corporate Affairs and Company Secretary

Place : Noida
Dated : August 27, 2014

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MILAYE SAPNON SE

Size of a dream has nothing to do with the size of the town one lives in. People in these small towns have large life aspirations which they fulfill with the mobility solution in absence of other resources. Saluting this life changing spirit, the new brand campaign with Nawazuddin Siddiqui for Spice Smart Phones talked to these dreamers who live in small towns but are connected with their dreams with the help of Smartphone technology.



spice



GOLDEN PEACOCK

A W A R D S
Winner of Innovative Product / Service 2014



Spice Pinnacle Pro bags
Golden Peacock
Innovation Product / Service Award 2014



— ★ ★ ★ —
THANK YOU FOR COUNTING ON US

Ranked Among India's
10 Most Trusted Mobile Handsets Brands

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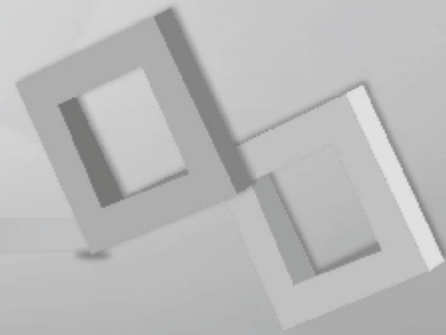


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The Stellars





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Registered Office: Spice Mobility Ltd.
S Global Knowledge Park,
19A & 19B, Sector-125, Noida,
Distt. Gautam Budh Nagar, U.P. - 201301

SPICE MOBILITY LIMITED

(Formerly S Mobility Limited)

Registered Office: S Global Knowledge Park, 19A & 19B, Sector 125,

Noida, District Gautam Budh Nagar, U.P.-201301

CIN: L72900UP1986PLC008448

Tel.: 0120- 3355131; Email: customer-care@smobility.in;

Website: www.spice-mobile.com

NOTICE

Notice is hereby given that the Twenty-Sixth Annual General Meeting of Spice Mobility Limited will be held on Monday, 22nd day of December, 2014 at 10:00 A.M. at Expo Centre, A-11, Sector -62, NH-24, Noida – 201301 (U.P.) to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Financial Statements as at 30th June, 2014 along with the Directors' and Auditors' Report thereon.
2. To confirm the payment of Interim Dividend on Equity Shares.
3. To consider and appoint a Director in place of Mr. Dilip Modi (DIN:00029062), who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and appoint Statutory Auditors to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting and to fix their remuneration. M/s S.R. Batliboi & Co. LLP, Chartered Accountants, (Firm Regn. No. 301003E), the retiring auditors, being eligible, offer themselves for re-appointment.

SPECIAL BUSINESS:

5. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
"Resolved that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV of the Companies Act, 2013 and revised Clause 49 of the Listing Agreement, Mr. Subroto Chattopadhyay (DIN 00087730), Director of the Company, who was appointed as a director liable to retire by rotation and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 5 (five) years from the date of this Annual General Meeting."
6. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
"Resolved that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV of the Companies Act, 2013 and revised Clause 49 of the Listing Agreement, Mr. Kashi Nath Memani (DIN 00020696), Director of the Company, who was appointed as a director liable to retire by rotation and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 5 (five) years from the date of this Annual General Meeting."
7. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
"Resolved that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV of the Companies Act, 2013 and revised Clause 49 of the Listing Agreement, Mr. Saurabh Srivastava (DIN 00380453), Director of the Company, who was appointed as a director liable to retire by rotation and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 5 (five) years from the date of this Annual General Meeting."
8. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
"Resolved that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV of the Companies Act, 2013 and revised Clause 49 of the Listing Agreement, Mr. Rajul Garg (DIN 00085256), Director of the Company, who was appointed as a director liable to retire by rotation and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 5 (five) years from the date of this Annual General Meeting."
9. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:
"Resolved that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV of the Companies Act, 2013 and revised Clause 49 of the Listing Agreement, Mr. Hanif Mohamed Dahya (DIN 01068575), Director of the Company, who was appointed as a director liable to retire by rotation and in respect of whom the

Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 5 (five) years from the date of this Annual General Meeting.”

10. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“Resolved that pursuant to the provisions of Section 197 and other applicable Provisions, if any, of the Companies Act, 2013, the approval of the Company be and is hereby accorded for the payment of commission not exceeding 1% per annum of the net profits of the company in aggregate to the independent directors of the Company.

Resolved further that the commission so computed shall be paid in such proportion and to such independent directors as may be decided by the Board of Directors and shall exclude the remuneration paid by way of sitting fee for attending the meetings of the Board and committee(s) thereof.”

**By Order of the Board
For Spice Mobility Limited**

(M R Bothra)

**Vice President-Corporate Affairs &
Company Secretary**

Date: 27th August, 2014

Place: Noida

NOTES:

1. A Statement as required pursuant to Section 102(1) of the Companies Act, 2013 is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM DULY COMPLETED AND SIGNED SHOULD REACH THE COMPANY'S REGISTERED OFFICE NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A BLANK PROXY FORM IS ENCLOSED.**

A person shall not act as a proxy for more than 50 members and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. However, a member holding more than ten percent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person.
3. Only registered members carrying the attendance slip and the holders of valid proxies registered with the Company will be permitted to attend the Meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 12th day of December, 2014 to 19th day of December, 2014 (both days inclusive) for the purpose of Annual General Meeting.
5. In order to provide protection against fraudulent encashment of dividend warrants, members who hold shares in physical mode are requested to intimate the Company's Registrar and Share Transfer Agent, MAS Services Limited, T-34, 2nd Floor, Okhla Industrial Area, Phase - II, New Delhi - 110 020, under the signature of the Sole / First joint holder, the following information:
 - (i) Name of the Sole / First joint holder and the Folio number
 - (ii) Particulars of Bank Accounts, viz:
 - (a) Name of the Bank
 - (b) Name of the Branch
 - (c) Complete address of the Bank with PIN code number
 - (d) Account type, whether Saving Bank (SB) or Current Account (CA)
 - (e) Bank Account Number
6. Members are requested to bring their copy of Annual Report with them at the Annual General Meeting. Corporate members intending to send their authorised representative(s) are requested to send a duly certified copy of the Board Resolution authorizing their representative(s) to attend and vote at the Annual General Meeting.
7. Members holding shares in physical mode are requested to quote their Ledger Folio No. in all their correspondence and intimate the following directly to the Company's Registrar and Share Transfer Agent i.e. MAS Services Ltd.
 - i) Changes, if any, in their address with PIN code numbers.
 - ii) Request for making nominations as per the provisions contained in Section 72 of the Companies Act, 2013 in the prescribed Form SH-13.Members holding shares in dematerialized mode are requested to intimate the aforesaid changes directly to their Depository Participant, as applicable.
8. Pursuant to Section 205A and 205C of the Companies Act, 1956, the dividend amount which remains unpaid/unclaimed for a period of seven years from the date of transfer to unpaid dividend accounts of the Company, is required to be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government. Accordingly, unpaid or unclaimed amount in respect of dividend

for the financial years 2004-05 and 2005-06 have been transferred to IEPF.

Unclaimed dividends for the financial year 2006-07 and thereafter will be transferred by the Company to IEPF, as and when they become due. Members who have not encashed their dividend warrants are therefore, requested to contact the Company's Registrar and Transfer Agent, M/s MAS Services Limited, for revalidation/ issue of duplicate dividend warrant. Kindly note that no claim of the members shall lie whatsoever on the unclaimed or unpaid amount of dividend after transfer of the said amount to IEPF.

9. Pursuant to the requirements under Clause 49 of the Listing Agreements entered into with the stock exchanges, the information about the directors proposed to be appointed/reappointed is given in the Annexure to the Notice.
10. Members desiring any information with regard to Accounts/Reports are requested to submit their queries addressed to the Company Secretary of the Company at least 10 days in advance of the Annual General Meeting so that the information called for can be made available at the Meeting.
11. All documents, including those required to be kept for inspection, referred to in the accompanying Notice and Explanatory Statement are open for inspection at the Registered Office of the Company on all working days, except Saturdays, Sundays and holidays, between 11.30 A.M. to 01.30 P.M. up to the date of the Annual General Meeting.
12. As a part of its green initiative in Corporate Governance, the Ministry of Corporate Affairs, Government of India through its Circular Nos. 17/2011 and 18/2011 dated 21st April, 2011 and 29th April, 2011 respectively had allowed companies to send various notices/ documents to their Members through electronic mail. In terms of the provisions of the Companies Act, 2013, a company can serve Annual Report through electronic mode to the shareholders who have registered their e-mail address either with the Company or with the Depository Participant. Accordingly, the Annual Report of the Company comprising of Notice, Balance Sheet, Statement of Profit & Loss, Directors' Report, Auditors' Reports, etc. are being sent on the email addresses of the members made available to the Company by the Depositories (NSDL/CDSL) or registered by the Members with the Company or RTA of the Company.

Members are requested to keep informed to their Depository Participant in case the shares are held in demat mode and to the RTA of the Company or at the Registered Office of the Company in case the shares are held in physical mode, as and when there is any change in their email addresses, to ensure that the documents reach them on their preferred email address.

13. The Annual Report of the Company for the year 2013-14 being circulated to the members of the Company is available on the Company's website, viz. www.spice-mobile.com.
14. Members who have not registered their e-mail addresses so far are requested to register their e-mail addresses for receiving all communications including Annual Report, Notices etc. from the Company in electronic mode.
15. **Voting through electronic means:**

In compliance with the provisions of Clause 35B of the Listing Agreement and Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide electronic voting facility to its members for transacting all the businesses as stated in this Notice through e-voting services being provided by National Securities Depository Limited (NSDL).

Process and Instructions for members opting for e-voting is as under:-

(A) In case of Members receiving e-mail from NSDL (For those members whose e-mail addresses are registered with Company/ Depositories):

- (i) Open e-mail and open PDF file viz. "SML e-Voting.pdf" with your Client ID or Folio No. as password containing your user ID and Password for e-voting. Please note that the password is an initial password.
- (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsd.com/>
- (iii) Click on Shareholder – Login.
- (iv) If you are already registered with NSDL for e-voting then you can use your existing User ID and Password for casting your vote. If you are logging in for the first time, please enter the user ID and Password as attached with the e-mail as initial password.
- (v) Password change menu appears. Change the password with a new password of your choice with minimum 8 digits/ characters or combination thereof. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (vi) Once the Home page of e-Voting opens, Click on e-Voting: Active Voting Cycles.
- (vii) Select EVEN of Spice Mobility Limited.
- (viii) Now you are ready for e-Voting as Cast Vote page opens.
- (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted. Upon confirmation, the message 'Vote Cast Successfully' will be displayed.
- (x) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority Letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail: sanjaygrover7@gmail.com with a copy marked to evoting@nsdl.co.in.

(B) In case of Members receiving Physical copy of Notice of Annual General Meeting (For those members whose e-mail addresses are not registered with Company/ Depositories):

- (i) User-ID and Initial password are provided in the Attendance Slip attached.
- (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (x) as mentioned in (A) above, to cast vote.

(C) Other Instructions:

- (i) The e-voting period commences on **16th December, 2014 at 9:00 A.M. and ends on 18th December, 2014 at 6:00 P.M.** During this period, members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. on 21st November, 2014, may cast their votes electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- (ii) The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company as on 21st November, 2014.
- (iii) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-Voting User Manual for Shareholders, available at the downloads section of www.evoting.nsdl.com.
- (iv) Mr. Sanjay Grover, FCS, Company Secretary in whole time practice (Membership No. FCS 4223), has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- (v) The Scrutinizer shall within a period not exceeding three working days from the conclusion of the e-voting period unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- (vi) The Results shall be declared on or after the AGM of the Company. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website www.spice-mobile.com and on the website of NSDL within two(2) days of passing of the resolutions at the AGM of the Company and communicated to the BSE Limited and National Stock Exchange of India Limited.

STATEMENT PURSUANT TO SECTION 102 (I) OF THE COMPANIES ACT, 2013

Item No. 5

Mr. Subroto Chattopadhyay retires by rotation at the ensuing Annual General Meeting under the erstwhile applicable provisions of the Companies Act, 1956. He was appointed as an Independent Director of the Company on 24th April, 2010 in compliance with the requirement of Clause 49 of the Listing Agreement.

Pursuant to the provisions of Section 149 of the Companies Act, 2013 ('the Act'), which has become effective from 1st April, 2014, an independent director shall hold office for a term of up to 5 (five) consecutive years on the Board of a Company and shall not be liable to retire by rotation.

Mr. Subroto chattopadhyay has given his consent for appointment as a Director of the Company and has confirmed that he is not disqualified from being appointed as a Director under Section 164 of the Act. The company has also received a declaration to the effect that he meets the criteria of independence as provided under Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

The Nomination and Remuneration Committee of the Company has recommended the appointment of Mr. Subroto Chattopadhyay as Independent Director of the Company whose period of office will not be liable to determination by retirement of directors by rotation.

In the opinion of the Board, Mr. Subroto Chattopadhyay fulfills the conditions specified in the Act and Rules made thereunder for appointment as Independent Director of the Company and that his appointment is independent of the management.

Notice has been received from a member of the Company along with the requisite amount proposing his candidature as Director of the company.

Accordingly, it is now proposed to appoint Mr. Subroto Chattopadhyay as Independent Director under Section 149 of the Act and revised Clause 49 of the Listing Agreement for a term of 5 (five) years from the date of this Annual General Meeting.

Copy of the draft letter of appointment of Mr. Subroto Chattopadhyay as Independent Director of the Company setting out the terms and conditions of his appointment would be available for inspection without any fee by the members at the Registered Office of the Company on all working days, except Saturdays, Sundays and holidays, during normal business hours. It will be in the best interest of the Company if he is appointed as Independent Director of the Company.

No Director (other than Mr. Subroto Chattopadhyay himself) and key managerial personnel and their relatives, is in any way concerned or interested in this resolution.

Item No. 6

Mr. Kashi Nath Memani was appointed as an Independent Director of the Company on 24th April, 2010 in compliance with the requirement of Clause 49 of the Listing Agreement.

Pursuant to the provisions of Section 149 of the Companies Act, 2013 ('the Act'), which has become effective from 1st April, 2014, an independent director shall hold office for a term of up to 5 (five) consecutive years on the Board of a Company and shall not be liable to retire by rotation.

Mr. Kashi Nath Memani has given his consent for appointment as a Director of the Company and has confirmed that he is not disqualified from being appointed as a Director under Section 164 of the Act. The company has also received a declaration to the effect that he meets the criteria of independence as provided under Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

The Nomination and Remuneration Committee of the Company has recommended the appointment of Mr. Kashi Nath Memani as Independent Director of the Company whose period of office will not be liable to determination by retirement of directors by rotation.

In the opinion of the Board, Mr. Kashi Nath Memani fulfills the conditions specified in the Act and Rules made thereunder for appointment as Independent Director of the Company and that his appointment is independent of the management.

Notice has been received from a member of the Company along with the requisite amount proposing his candidature as Director of the company.

Accordingly, it is now proposed to appoint Mr. Kashi Nath Memani as Independent Director under Section 149 of the Act and revised Clause 49 of the Listing Agreement for a term of 5 (five) years from the date of this Annual General Meeting.

Copy of the draft letter of appointment of Mr. Kashi Nath Memani as Independent Director of the Company setting out the terms and conditions of his appointment would be available for inspection without any fee by the members at the Registered Office of the Company on all working days, except Saturdays, Sundays and holidays, during normal business hours. It will be in the best interest of the Company if he is appointed as Independent Director of the Company.

No Director (other than Mr. Kashi Nath Memani himself), and key managerial personnel and their relatives, is in any way concerned or interested in this resolution.

Item No. 7

Mr. Saurabh Srivastava was appointed as an Independent Director of the Company on 30th May, 2011 in compliance with the requirement of Clause 49 of the Listing Agreement.

Pursuant to the provisions of Section 149 of the Companies Act, 2013 ('the Act'), which has become effective from 1st April, 2014, an independent director shall hold office for a term of up to 5 (five) consecutive years on the Board of a Company and shall not be liable to retire by rotation.

Mr. Saurabh Srivastava has given his consent for appointment as a Director of the Company and has confirmed that he is not disqualified from being appointed as a Director under Section 164 of the Act. The company has also received a declaration to the effect that he meets the criteria of independence as provided under Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

The Nomination and Remuneration Committee of the Company has recommended the appointment of Mr. Saurabh Srivastava as Independent Director of the Company whose period of office will not be liable to determination by retirement of directors by rotation.

In the opinion of the Board, Mr. Saurabh Srivastava fulfills the conditions specified in the Act and Rules made thereunder for appointment as Independent Director of the Company and that his appointment is independent of the management.

Notice has been received from a member of the Company along with the requisite amount proposing his candidature as Director of the company.

Accordingly, it is now proposed to appoint Mr. Saurabh Srivastava as Independent Director under Section 149 of the Act and revised Clause 49 of the Listing Agreement for a term of 5 (five) years from the date of this Annual General Meeting.

Copy of the draft letter of appointment of Mr. Saurabh Srivastava as Independent Director of the Company setting out the terms and conditions of his appointment would be available for inspection without any fee by the members at the Registered Office of the Company on all working days, except Saturdays, Sundays and holidays, during normal business hours. It will be in the best interest of the Company if he is appointed as Independent Director of the Company.

No Director (other than Mr. Saurabh Srivastava himself), and key managerial personnel and their relatives, is in any way concerned or interested in this resolution.

Item No. 8

Mr. Rajul Garg was appointed as an Independent Director of the Company on 26th August, 2013 in compliance with the requirement of Clause 49 of the Listing Agreement.

Pursuant to the provisions of Section 149 of the Companies Act, 2013 ('the Act'), which has become effective from 1st April, 2014, an independent director shall hold office for a term of up to 5 (five) consecutive years on the Board of a Company and shall not be liable to retire by rotation.

Mr. Rajul Garg has given his consent for appointment as a Director of the Company and has confirmed that he is not disqualified from being appointed as a Director under Section 164 of the Act. The company has also received a declaration to the effect that he meets the criteria

of independence as provided under Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

The Nomination and Remuneration Committee of the Company has recommended the appointment of Mr. Rajul Garg as Independent Director of the Company whose period of office will not be liable to determination by retirement of directors by rotation.

In the opinion of the Board, Mr. Rajul Garg fulfills the conditions specified in the Act and Rules made thereunder for appointment as Independent Director of the Company and that his appointment is independent of the management.

Notice has been received from a member of the Company along with the requisite amount proposing his candidature as Director of the company.

Accordingly, it is now proposed to appoint Mr. Rajul Garg as Independent Director under Section 149 of the Act and revised Clause 49 of the Listing Agreement for a term of 5 (five) years from the date of this Annual General Meeting.

Copy of the draft letter of appointment of Mr. Rajul Garg as Independent Director of the Company setting out the terms and conditions of his appointment would be available for inspection without any fee by the members at the Registered Office of the Company on all working days, except Saturdays, Sundays and holidays, during normal business hours. It will be in the best interest of the Company if he is appointed as Independent Director of the Company.

No Director (other than Mr. Rajul Garg himself), and key managerial personnel and their relatives, is in any way concerned or interested in this resolution.

Item No. 9

Mr. Hanif Mohamed Dahya was appointed as an Independent Director of the Company on 26th August, 2013 in compliance with the requirement of Clause 49 of the Listing Agreement.

Pursuant to the provisions of Section 149 of the Companies Act, 2013 ('the Act'), which has become effective from 1st April, 2014, an independent director shall hold office for a term of up to 5 (five) consecutive years on the Board of a Company and shall not be liable to retire by rotation.

Mr. Hanif Mohamed Dahya has given his consent for appointment as a Director of the Company and has confirmed that he is not disqualified from being appointed as a Director under Section 164 of the Act. The company has also received a declaration to the effect that he meets the criteria of independence as provided under Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

The Nomination and Remuneration Committee of the Company has recommended the appointment of Mr. Hanif Mohamed Dahya as Independent Director of the Company for a term of 5 (five) years from the date of this Annual General Meeting.

In the opinion of the Board, Mr. Hanif Mohamed Dahya fulfills the conditions specified in the Act and Rules made thereunder for appointment as Independent Director of the Company and that his appointment is independent of the management.

Notice has been received from a member of the Company along with the requisite amount proposing his candidature as Director of the company.

Accordingly, it is now proposed to appoint Mr. Hanif Mohamed Dahya as Independent Director under Section 149 of the Act and revised Clause 49 of the Listing Agreement for a term of 5 (five) years from the date of this Annual General Meeting.

Copy of the draft letter of appointment of Mr. Hanif Mohamed Dahya as Independent Director of the Company setting out the terms and conditions of his appointment would be available for inspection without any fee by the members at the Registered Office of the Company on all working days, except Saturdays, Sundays and holidays, during normal business hours. It will be in the best interest of the Company if he is appointed as Independent Director of the Company.

No Director (other than Mr. Hanif Mohamed Dahya himself), and key managerial personnel and their relatives, is in any way concerned or interested in this resolution.

Item No. 10

The roles and responsibilities of independent directors have undergone significant changes under the corporate governance norms and it demands their greater involvement and enhanced roles in the Board and its various Committees as per the new Companies Act, 2013. The Companies Act, 2013 allows to pay commission up to 1% per annum of the net profits of Company in aggregate to Independent Directors with approval of the shareholders.

The Board of Directors recommends to the shareholders for their approval for payment of commission to the independent directors of the company of a sum not exceeding 1% of the net profits of the Company, calculated in accordance with the provisions of Section 197 and 198 of the Companies Act, 2013 and the Rules made thereunder. The actual amount of commission payable, if any, within the aforesaid limit will be decided by the Board of Directors from year to year.

No Director (other than Independent Directors) and key managerial personnel and their relatives is in any way concerned or interested in this resolution.

**By Order of the Board
For Spice Mobility Limited**

**(M R Bothra)
Vice President-Corporate Affairs &
Company Secretary**

**Date: 27th August, 2014
Place: Noida**

DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT IN THE FORTHCOMING ANNUAL GENERAL MEETING (IN PURSUANCE OF CLAUSE 49 IV (G) OF THE LISTING AGREEMENT)

Directors' Profile:

A brief resume and nature of expertise in specific functional areas of all Directors including the Directors seeking appointment/re-appointment in the Annual General Meeting as required under Clause 49 IV (G) of the Listing Agreement is given in the Annual Report.

Date of Birth, Date of Appointment, Shareholding in the company, Directorship in Companies and Chairmanship/ Membership of the Committees:

Name of the Director	Mr. Dilip Modi	Mr. Kashi Nath Memani	Mr. Saurabh Srivastava	Mr. Subroto Chattopadhyay	Mr. Rajul Garg	Mr. Hanif Mohamed Dahya
Date of Birth	12.03.1974	01.01.1939	04.03.1946	04.09.1958	11.08.1977	30.09.1955
Date of Appointment	21.08.2006	24.04.2010	30.05.2011	24.04.2010	26.08.2013	26.08.2013
No. of shares held	10,00,000	Nil	Nil	Nil	Nil	Nil
List of Directorship in Companies (Other than Spice Mobility Limited)	<ol style="list-style-type: none"> Anytime Learning Private Ltd Single Stop Evaluation Private Ltd Spice Innovative Technologies Private Ltd Spice Global Investments Private Ltd. Smartglobal Financial Ventures Private Limited Spice Retail Ltd. Spice Labs Private Ltd. Smart Ventures Private Ltd S GIC Pte Ltd S i2i Ltd Spice VAS (Africa) Pte Ltd Beoworld Sdn Bhd Spice-Csl Pte Ltd Affinity Capital Pte Ltd PT Metrotech Makmur Sejahtera Spice International Sdn Bhd Newtel Corporation Co Ltd THC International Co Ltd 	<ol style="list-style-type: none"> Aegon Religare Life Insurance Company Ltd Chambal Fertilisers and Chemicals Ltd Great Eastern Energy Corporation Ltd Emami Ltd DLF Ltd ICICI Venture Funds Management Company Ltd. HT Media Ltd National Engineering Industries Ltd JK Lakshmi Cement Ltd Invest India KNM Advisory Private Ltd S Global Holdings Pte Ltd. Smart Ventures Private Ltd 	<ol style="list-style-type: none"> Ascendant Consultancy Services Private Ltd. Infinity Technology Investment Private Ltd. Kaleidoscope Entertainment Private Ltd. Infinity Technology Trustee Private Ltd. Media Lab Asia. Indian Angel Network Services Private Ltd. Sanshadow Consultants Private Ltd. Rajsthan Projects Private Ltd. Robhatah Robotics Solutions Private Ltd. Indian Innovation Holding MSME Private Ltd. Elara Capital (Singapore) Pte Ltd. Innovation Fund Trustee Private Ltd. IAN Mentoring and Incubation Services India Inclusive Innovation Investment Management Rajasthan Asset Management Company Private Ltd. CSIR Tech Private Ltd Qyuki Digital Media Private Ltd Leeway Logistics Ltd Info edge (India) Ltd. Mountain Promoters Private Ltd National Association of Software and Service Companies Spice Digital Ltd Xchanging UK Ltd ISON Growth Markets Ltd Yes Bank Ltd 	<ol style="list-style-type: none"> Peninsula Centre for Knowledge & Insight Private Ltd Peninsula Publications and Studio Private Ltd Wall Street Finance Ltd Spice Retail Ltd. Peninsula Beverages and Foods Co. Private Ltd 	<ol style="list-style-type: none"> Anytime Learning Private Ltd Knowlarity Communications Private Ltd Spice Digital Ltd 	<ol style="list-style-type: none"> New York Community Bank. S i2i Ltd Terra Form Power Inc. Spice Retail Ltd
Chairman/ Member of the Committees of the Board of Directors of Companies (Other than Spice Mobility Limited) on which he is a director	<p>Audit Committee</p> <ol style="list-style-type: none"> Spice Labs Private Ltd – Chairman Anytime Learning Private Ltd – Chairman <p>Shareholders' Value Enhancement Committee</p> <ol style="list-style-type: none"> Smart Ventures Private Ltd - Member 	<p>Audit Committee</p> <ol style="list-style-type: none"> Great Eastern Energy Corporation Ltd – Chairman HT Media Ltd – Chairman DLF Ltd – Chairman ICICI Venture Funds Management Company Ltd.– Chairman National Engineering Industries Ltd – Member 	<p>Audit Committee</p> <ol style="list-style-type: none"> Info edge (India) Ltd. -Member <p>Nomination and Remuneration Committee</p> <ol style="list-style-type: none"> Info edge (India) Ltd. – Chairman <p>Stakeholders Relationship Committee</p> <ol style="list-style-type: none"> Yes Bank Ltd - Member 	<p>Remuneration cum Compensation and Nomination Committee</p> <ol style="list-style-type: none"> Wall Street Finance Ltd – Chairman <p>Corporate Social Responsibility Committee</p> <ol style="list-style-type: none"> Spice Retail Ltd - Member 	<p>Audit Committee</p> <ol style="list-style-type: none"> Spice Digital Ltd - Chairman Anytime Learning Private Ltd – Member <p>Nomination and Remuneration Committee</p> <ol style="list-style-type: none"> Spice Digital Ltd – Chairman 	<p>Audit Committee</p> <ol style="list-style-type: none"> S i2i Ltd – Chairman Spice Retail Ltd - Chairman <p>Performance Review Committee</p> <ol style="list-style-type: none"> S i2i Ltd – Member

		<p>6. Aegon Religare Life Insurance Company Ltd – Member</p> <p>7. Chambal Fertilisers and Chemicals Ltd – Member</p> <p>Shareholders Greivance Committee</p> <p>1. Great Eastern Energy Corporation Ltd – Member</p> <p>Remuneration/ Compensation/ Nomination Committee</p> <p>1. Aegon Religare Life Insurance Company Ltd – Chairman</p> <p>2. HT Media Ltd – Chairman</p> <p>3. Great Eastern Energy Corporation Ltd – Member</p> <p>4. ICICI Venture Funds Management Company Ltd. - Member</p> <p>5. Chambal Fertilisers and Chemicals Ltd – Member</p> <p>Corporate Governance Committee</p> <p>1. DLF Ltd – Member</p> <p>2. ICICI Venture Funds Management Company Ltd- Member</p> <p>IPO Committee</p> <p>1. Great Eastern Energy Corporation Ltd – Member</p> <p>Risk Management Committee</p> <p>1. HT Media Ltd – Chairman</p> <p>Policy Holder Protection Committee</p> <p>1. Aegon Religare Life Insurance Company Ltd – Member</p> <p>Ethics & Compliance Committee</p> <p>1. Aegon Religare Life Insurance Company Ltd – Member</p> <p>With Profit Committee</p> <p>1. Aegon Religare Life Insurance Company Ltd – Member</p> <p>Clause 41 Committee</p> <p>1. HT Media Ltd – Member</p> <p>Corporate Social Responsibility Committee</p> <p>1. ICICI Venture Funds Management Company Ltd- Member</p> <p>Restructuring Committee</p> <p>1. Chambal Fertilisers and Chemicals Ltd – Member</p>	<p>Service Excellence Committee</p> <p>1. Yes Bank Ltd - Member</p> <p>IT Strategy Committee</p> <p>1. Yes Bank Ltd - Member</p> <p>Corporate Social Responsibility Committee</p> <p>1. Spice Digital Ltd - Chairman</p>			<p>Nomination and Remuneration Committee</p> <p>1. Spice Retail Ltd – Chairman</p>
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Disclosure of Inter se relationship of Directors:

None of the directors has any relationship with other directors.

SPICE MOBILITY LIMITED
(Formerly S Mobility Limited)

Regd. Office: S Global Knowledge Park, 19A & 19B, Sector-125, Noida,
Distt. Gautam Budh Nagar, U.P.-201301
CIN: L72900UP1986PLC008448
Tel.: 0120- 3355131; Email: customercare@smobility.in;
Website: www.spice-mobile.com

Proxy Form

[Pursuant to section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s):
Registered Address:
E-mail Id:
Folio No./ Client ID:
DP ID:

I/ We, being the member(s) of _____ shares of the above named company, hereby appoint

- (1) Name: _____
Address: _____
E-mail id: _____ Signature _____, or failing him;
- (2) Name: _____
Address: _____
E-mail id: _____ Signature _____, or failing him;
- (3) Name: _____
Address: _____
E-mail id: _____ Signature _____

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 26th Annual General Meeting of the Company, to be held on Monday, the 22nd day of December, 2014 at 10:00 A.M. at Expo Centre, A-11, Sector 62, NH-24, Noida - 201301 (U.P.) and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolutions	No. of shares held	For	Against
1. Adoption of Financial Statements and Reports of Board of Directors and Auditors			
2. Confirmation of Interim Dividend on Equity Shares			
3. Re-appointment of Mr. Dilip Kumar Modi, Director retiring by rotation			
4. Appointment of Statutory Auditors			
5. Appointment of Mr. Subroto Chattopadhyay as Independent Director of the Company			
6. Appointment of Mr. Kashi Nath Memani as Independent Director of the Company			
7. Appointment of Mr. Saurabh Srivastava as Independent Director of the Company			
8. Appointment of Mr. Rajul Garg as Independent Director of the Company			
9. Appointment of Mr. Hanif Mohamed Dahya as Independent Director of the Company			
10. Approval for payment of commission not exceeding 1% per annum of the net profits of the company in aggregate to the Independent Directors of the Company.			

Signed this _____ Day of _____ 2014

Signature of Shareholder _____

Signature of Proxy holder(s) _____

Affix Re. I /- Revenue Stamp

Note: The Proxy Form in order to be effective should be duly completed, signed and deposited at the Registered office of the Company not later than 48 hours before the commencement of the Meeting.



SPICE MOBILITY LIMITED

(Formerly S Mobility Limited)

Regd. Office: S Global Knowledge Park, 19A & 19B, Sector-125, Noida, Distt. Gautam Budh Nagar, U.P.-201301

CIN: L72900UP1986PLC008448

Tel.: 0120- 3355131; Email: customercare@smobility.in;

Website: www.spice-mobile.com

ELECTRONIC VOTING PARTICULARS

EVEN (Electronic Voting Event Number)	USER ID	PASSWORD

The e-voting facility will be available during the following voting period:

Commencement of e-voting	From 9 A.M. on 16th December, 2014
End of e-voting	Upto 6 P.M. on 18th December, 2014

- The cut-off date for the purpose of e-voting is 21st November, 2014.
- Please refer to the attached AGM Notice for instructions on e-voting.

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Website: www.spice-mobile.com

ATTENDANCE SLIP

(THIS ATTENDANCE SLIP, DULY FILLED IN, IS TO BE HANDED OVER AT THE MEETING)

Master Folio No.		D.P.ID*	
No. of Shares held		Client ID*	

Name of attending member _____
(in block letters)

Name of Proxy (s) _____
(in block letters)

(to be filled in, if a Proxy attends instead of the member)

I/We hereby record my / our presence at the Annual General Meeting of Spice Mobility Limited held on Monday, the 22nd day of December, 2014 at 10:00 A.M. at Expo Centre, A-11, Sector 62, NH-24, Noida -201301 (U.P.).

*Applicable for members holding shares in electronic form.

Member's/Proxy's Signature
(to be signed at the time of handing over this slip)