

**spice**

# ANNUAL REPORT

2015-2016





# LEAD



- ▶ **Leaders Accelerating Development** initiative empowers college students to become community problem-solvers
- ▶ Students get mentorship, financial support and also participate in leadership camps and workshops



## Towards Social Responsibility

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## Chairman's Statement

### Dear Shareholders,

It's a great pleasure to present our annual report to you all as we witness a major transformational period in the history of your Company.

### **Mobile Internet: Driving the transformation**

Increase in adoption of smartphones, and mobile internet is changing the way India lives. The adoption of mobile internet in India is growing at a break-neck pace. Number of users accessing internet on mobile grew 71% in last one year touching 320 Mn users (As per study by Internet and Mobile Association of India). The pace is such that the projection of end-2017 has already been surpassed. This is being driven by the investments being made by telcos in depth and breadth of network infrastructure, data pricing becoming affordable, as well as the aspirations of young India to access the new age communication, entertainment, products and services. The technology is undergoing change at a fast pace as well. A couple of years ago we saw 3G smartphones overtaking the 2G smartphone sales. This year, 4G smartphone sales in India has overtaken the 3G smartphone sales.

This is literally transforming our society – bridging the digital divide, empowering rural and urban alike and truly democratising an individual's access to information, freedom of thought and speech and access to various services not possible before. This brings before businesses a huge opportunity as well as challenges. The needs of the society are changing and businesses who adapt to these changes will be the winners.

### Changing business dynamics

The business potential and value is shifting from hardware to applications. Mobile app downloads increased by 129% in 2015, according to a report by Digital Asia. Be it communications, social networking, travel, entertainment, news, ecommerce, India is witnessing the fastest adoption. The new age startups are driving this change. According to the Economic Survey Report 2015-16, India has approx. 19,000 technology enabled startups led by consumer internet and financial services startups. The total investment in Venture Capital backed companies topped USD 12Bn, most of the funding coming in the last couple of years. We have seen huge growth in adoption of shopping apps, taxi hailing apps, social networking and messaging apps in the recent past.

We believe that the next wave of adoption and growth is expected in the areas of financial technology (fintech), big data analytics and Internet of Things (IOT).

### The Fintech Opportunity

Over the last few years, the Government of India has been rolling out a technology enabled infrastructure, which will turn out to be path breaking drivers to financial inclusion for citizens of this country. Some of these projects/initiatives are listed below:

1. Aadhaar – Every citizen can now be identified through an aadhaar number, capturing biometric details also. Linking of mobile number and bank account number with Aadhaar number allow for multiple applications like e-KYC and

# Chairman's Statement

Aadhaar enabled payment. 100cr plus citizens have been enrolled into the Aadhaar database.

2. UPI – Unified Payment Interface being rolled out by National Payments Corporation of India (NPCI) will allow cashless and convenient payments going beyond people having credit and debit cards.
3. Bharat Bill Payment System – Being rolled out by NPCI, BBPS will allow seamless and convenient bill payment of various utilities like electricity, gas, telephone, mobile, insurance, etc
4. Aadhaar Enabled Payment System (AEPS) – This allows various banking transactions like cash deposit, withdrawal, balance enquiry etc just like an ATM but without the need of ATM Cards and makes it possible at micro outlets (bank authorised correspondents) substantially increasing the reach of banking services.

The above initiatives of the Government coupled with many other projects like IMPS (Immediate Payment Service), NACH (National Automated Clearing House), E-KYC (Identification of customer without need of paper documents) enable reach and convenience of financial services beyond what has been imagined earlier. This opens up a multitude of opportunities for new age businesses to participate in enabling financial inclusion for India.

## **Spice Mobility's participation in the new age businesses**

We are very focussed on ensuring that your company moves in line with changing market

dynamics and participates in the emerging opportunities. Following are some of the initiatives that your company is taking :

1. Spice Money – Your company plans to roll-out a leading financial services play, leveraging technology to drive financial inclusion. The subsidiary company Spice Digital took initiatives to enter the space of fintech in the previous year. Using a robust technology infrastructure, it has rolled out more than 10,000 touch points where a range of financial services will be enabled. Currently these touch points are enabling people to remit money to bank accounts in a quick, convenient and cost effective manner besides delivering value added services like air and railway tickets, hotel booking, mobile topups and bill payments. I am pleased to inform that the company has secured necessary permissions and licenses like PPI (Pre-paid Payment Instruments), AEPS (Aadhaar Enabled Payment System), BBPS (Bharat Bill Payment System), E-KYC integration and UPI (United Payment Interface) permission to enable it to leverage the upcoming fintech opportunity.
2. Digital Technologies – Through its subsidiary company Spice Digital, the company is focussing on use of digital technology to deliver value added services, building and running mission critical applications for enterprises and partnering with telcos as their digital transformation partners, to leverage the opportunities that have become addressable with the fast changing ecosystem.

## Chairman's Statement

3. New Tech Retail Experience – After consolidation of retail stores, the focus is on transforming the stores to deliver the experience that the discerning customer wants today.
4. One of the subsidiaries of the Company, Spice Online, recently announced a Joint venture with a large Chinese company 'Beijing Digital Telecom' for investment in online B2B Ecommerce space.
5. We are aggressively researching the areas of Internet of Things (IOT), which we believe will witness the next wave of adoption, like the mobile phones did 5-7 years ago.

We are also looking at tapping geographies like Middle East, Indonesia and Bangladesh with our digital offerings. Indonesia and Bangladesh are emerging markets with India-like demographics and almost following India in the digital revolution.

### Corporate Social Responsibility

As an organisation, we believe that giving back to the society is one of our primary responsibilities. Keeping this in mind, at Spice, we have set up the Ek Soch Foundation. The primary objective of Ek Soch is to empower the society by supporting social entrepreneurship. Community based social entrepreneurship, enabled by technology,

can create affordable, scalable solutions addressing local challenges. Ek Soch engages with not-for-profits, academics, non-governmental organizations and entrepreneurs to launch effective and scalable models of development. They are empowering the urban and rural youth with the leadership and skill development necessary to manage their own social enterprises and become the change their community needs. Through the implementation of these programs, effective, scalable and relevant solutions will develop from within the communities, bringing about sustainable social change.

I invite you all to join our exciting journey ahead as we build Spice Mobility into a leading digital technologies company. I would like to thank all our customers, employees, partners, and most importantly you, our shareholders for your continued support and trust in our company and in our business and strategic undertakings. I look forward to an exciting and successful year ahead and thank you for your continued patronage.

With Best Wishes,

**Dilip Modi**  
Executive Chairman

## COMPANY INFORMATION

### Spice Mobility Limited

#### BOARD OF DIRECTORS

Mr. Dilip Modi - *Executive Chairman*  
 Mr. Hanif Mohamed Dahya  
 Ms. Preeti Malhotra  
 Mr. Subramanian Murali  
 Mr. Suman Ghose Hazra  
 Mr. Umang Das

#### Company Secretary

Mr. M. R. Bothra

#### Chief Financial Officer

Mr. Madhusudan V.

#### BOARD COMMITTEES

##### I) Audit Committee

Mr. Suman Ghose Hazra – Chairman  
 Mr. Hanif Mohamed Dahya  
 Mr. Subramanian Murali  
 Mr. Umang Das

##### II) Nomination and Remuneration Committee

Mr. Umang Das – Chairman  
 Mr. Subramanian Murali  
 Mr. Suman Ghose Hazra

##### III) Stakeholders Relationship Committee

Mr. Subramanian Murali – Chairman  
 Mr. Suman Ghose Hazra

##### IV) Corporate Social Responsibility Committee

Mr. Dilip Modi – Chairman  
 Mr. Subramanian Murali  
 Mr. Umang Das

##### V) Board Finance Committee

Mr. Dilip Modi – Chairman  
 Mr. Subramanian Murali  
 Mr. Suman Ghose Hazra

**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](mailto:complianceofficer@smobility.in)  
 Website : [www.spicemobility.in](http://www.spicemobility.in)

#### Statutory Auditors

M/s S.R. Batliboi & Co. LLP  
 Chartered Accountants  
 6<sup>th</sup> Floor, Worldmark-I,  
 IGI Airport Hospitality District  
 Aerocity, New Delhi- 110 037

#### 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, 2<sup>nd</sup> Floor, Okhla Industrial Area  
 Phase-II, New Delhi-110 020  
 Phone : 011-26387281/82/83  
 Fax : 011-26387384  
 E-mail : [info@masserv.com](mailto:info@masserv.com)

#### Bankers:

HDFC Bank Limited  
 IndusInd Bank Limited

#### Symbol/Script 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** Executive Chairman

Mr. Dilip Modi was appointed to the Board on 21<sup>st</sup> August, 2006 as Director and has been Chairman of the Company since 18<sup>th</sup> February, 2014. He has been appointed as Executive Director w.e.f. 30.11.2015 and designated as Executive Chairman of the Company.

Mr. Dilip Modi is one of India's most successful young entrepreneurs and has pioneered several new technologies in the mobility and technology sector in India. As a young entrepreneur, Mr. Modi is passionate about creating usable and affordable technologies that can help improve lives of people across Asia and Africa. Driven by his firm belief that technology can become a key enabler for achieving inclusive growth in the country, his group's current business interests in the Mobility space exemplify this vision by creating affordable mobile internet products and services that enable the masses to access the latest technology.

In the last two decades, he has created a strong portfolio of businesses within the mobility and technology sector, starting from successfully launching India's first mobile service – Modi Telstra in 1995 that also hosted the very first mobile phone call made in India. After a successful divestment of Modi Telstra in the year 2000, he launched Spice Communications in Punjab and Karnataka, which soon became one of the most valuable and enduring brands in the two highly profitable mobile markets of the country.

As Chairman and Group CEO of Spice Connect, Mr. Modi leads the Group's businesses spread across Asia and Africa in

the mobility & digital technologies space. Internationally, the Group includes Spice Africa, Cavu Group in Singapore and Selular Group in Indonesia.

Mr. Dilip Modi has also been closely involved in industry forums and has held the position of Chairman of the Cellular Operators Association of India (COAI) and has also had the honour of being the youngest ever President of ASSOCHAM (Associated Chambers of Commerce), working on key industry programs such as "Making Inclusive Transformation Happen". His efforts in the industry were duly recognized as he was conferred the "Youth Icon Award" by the Gujarat Chamber of Commerce and Industry.

As an entrepreneur himself, Mr. Modi is committed to creating an inclusive society by empowering young entrepreneurs. This is the philosophy behind the Ek Soch Foundation, a dedicated effort to create an ecosystem for promoting inclusive growth through "Innovative Entrepreneurship" supported by Mr. Modi. The foundation offers a platform of resources and mentorship to skill local young business aspirants and scale up their potential to promote self-sustaining entrepreneurship with a social impact.

An alumnus of the prestigious Imperial College in London, Mr. Modi completed his Master's in Business Administration with a specialization in Finance. He also holds a First Class Bachelor of Science Degree in Management Technology from Brunel University, London.

### **Mr. Hanif Mohamed Dahya** Independent Director

Mr. Hanif Mohamed Dahya was appointed to the Board on 26<sup>th</sup> 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

### **Ms. Preeti Malhotra** Non Executive Director

Ms. Preeti Malhotra was appointed to the Board on 24<sup>th</sup> April, 2010.

Ms. Preeti Malhotra is Partner, E-Vehicles & Executive Director of the Smart Group, a diversified conglomerate with interests in the – Electric Vehicles, mobility, finance, entertainment, education and healthcare sectors. The Group has its footprints across India, China, ASEAN, Middle East, US, UK and Africa.

Ms. Malhotra is an accomplished Global professional in the field of Corporate Governance and her opinion and advisory has industry wide recognition. She was also a Member of the Dr. JI Irani Expert Committee constituted by the Ministry of Corporate Affairs (MCA), Govt. of India to advise the Government on the New Company Law framed. She has the distinction of being the Past President of The Institute of Company Secretaries of India (ICSI) and became the first

woman to be elected as President amongst the Premier National Professional bodies in India. In 2009, Ms. Malhotra received the “Recognition of Excellence” Award on behalf of the ICSI, from the Hon’ble President of India- Smt. Pratibha Devsingh Patil.

Ms. Malhotra is a member of the Board of Governors of the Indian Institute of Corporate Affairs and is also the Member of Appellate Authority of MCA. Presently, she is the Chairperson of the Smart Cities India Forum and also Chairperson of National Council of Corporate Governance, CSR & Corporate Affairs of ASSOCHAM.

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

### **Mr. Subramanian Murali** Non Executive Director

Mr. Subramanian Murali was appointed to the Board on 7<sup>th</sup> May, 2015 as Non Executive Director.

He was associated with leading organizations such as A.F. Ferguson and HCL Group of companies in several senior positions.

Over more than 31 years of experience in industries like IT, Office automation, Telecom and Mobility, he has gained extensive knowledge and expertise in the areas of fund raising, M&As, Business restructuring, Process Re-engineering, Business turnarounds, Corporate Finance and management.

Presently, Mr. Murali is the Group President, Finance for Smart Ventures Group. He has been associated with the group for 7 years and is actively in charge for Shareholders value creation, Business planning, Corporate Finance, Capital allocation, Treasury management, Management review and overall productivity of all resources within the Smart Venture Group.

His association with the group helped in managing different business cycles ranging from Startups, steady state growth, rapid and exponential growth, slow downs and closures.

Mr. Murali is a Fellow Member of the Institute of Chartered Accountants of India (“ICAI”)

## BOARD OF DIRECTORS

### **Mr. Suman Ghose Hazra** Independent Director

Mr. Suman Ghose Hazra was appointed to the Board on 7<sup>th</sup> May, 2015 as an Independent Director.

Mr. Ghose is a former General Counsel and Executive Vice President –Legal of HCL Infosystems Ltd.

Mr. Hazra began his career in the year 1976 as Zonal Accounts Officer of Tata Iron & Steel Co. Ltd. He specializes in area of Taxation including Income Tax, Sales tax / VAT, Excise Tax, Service Tax, Custom Duty, Merger, Acquisition, Disinvestment and successfully handled CBI and FEMA/FERA cases. He has helped several Indian companies in the process of acquisition and sale.

He has actively issued necessary guidelines to various regions/ plant on all India basis for the compliance with the various statutory requirements under Indirect Taxation. He has also participated as a member in the High Powered Committee on Electronic Commerce and Taxation appointed by the Central Board of Taxes, Department of Revenue, Ministry of Finance, New Delhi.

He was a Legal Consultant and Senior Advisor to MAIT.

Mr. Ghose is a Fellow Member of the Institute of Chartered Accountants of India (“ICAI”) and a member of Institute of Cost & Work Accountants of India (“ICWA”). He is a Law Graduate also.

### **Mr. Umang Das** Independent Director

Mr. Umang Das was appointed to the Board on 7<sup>th</sup> May, 2015 as an Independent Director.

In the year 2008, Mr. Das joined the SREI group as Managing Director & CEO of SREI Infocomm Services Ltd., spearheading all new business initiatives of the Group in the field of Total Telecom Infrastructure enablement for mobile operators.

After establishing the Telecom Business, he took over as the Managing Director of Spice Telecom and subsequently as Group President of Spice Global Businesses.

Mr. Das holds various prestigious positions in the industry - Chairman of the CSC India Forum, Chairman of GSM India and Chairman of the e-Governance and IT Committee of ASSOCHAM, Chairman of Committee on Telecom Infrastructure of CMAI (The Communication Media and IT

Association of India). He is also an active member of the Managing Committees of CII & FICCI advising on Telecom matters. Socially, he is extremely well networked and involved in several CSR related initiatives.

He held the position of Chief Mentor at Viom Networks and has been actively responsible for establishing the company’s international ventures and forays into managed services. He has been a Director of Viom International at both Singapore and Myanmar. He also holds the position of Vice Chairman of TAIPA (Tower & Infrastructure Provider Association), the Industry body formed by all the Digital Infrastructure companies.

Mr. Das is an alumnus of the prestigious Indian Institute of Management, Ahmadabad and holds a degree in Electrical Engineering from the Delhi College of Engineering.

## BOARD'S REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Twenty Eighth Annual Report together with the Audited Financial Statements and Accounts for the financial year ended on 31<sup>st</sup> March, 2016.

### FINANCIAL RESULTS

The consolidated and standalone financial performance of the Company for the financial year ended 31<sup>st</sup> March, 2016 is summarized below:–

(Rs.'000)

PARTICULARS	For the financial year ended 31.03.2016 (12 Months)		For the Financial year ended 31.03.2015 ( 9 Months)	
	Consolidated	Standalone	Consolidated	Standalone
<b>Total revenue</b>	<b>18,068,504</b>	<b>1,672,424</b>	16,042,829	229,368
<b>Earnings before finance costs, tax, depreciation &amp; amortization and exceptional items</b>	<b>(281,337)</b>	<b>30,422</b>	(377,965)	20,566
Depreciation and amortization expense	293,581	75,621	214,369	38,799
Finance costs	51,812	(776)	12,442	264
Exceptional items	(5,109)	619,084	2,376,514	3,346,607
<b>Profit/(Loss) before tax</b>	<b>(621,621)</b>	<b>(663,507)</b>	(2,981,290)	(3,365,104)
<b>Tax expenses</b>				
Current Income Tax	1,08,006	-	73,962	-
MAT Credit Entitlement for the year/period	-	-	(614)	-
Income Tax adjustment for earlier years (net)	4,750	(24,156)	7,080	-
Deferred tax charge/ (credit)	(14,516)	-	2,373	-
<b>Profit/(Loss) for the Period</b>	<b>(719,861)</b>	<b>(639,351)</b>	(3,064,091)	(3,365,104)
Share of Minority in profits / (losses)	17,353	-	10,370	-
Share in Profit of Associate companies	(1,329)	-	121	-
<b>Profit / (Loss) for the year attributable to equity shareholders</b>	<b>(738,543)</b>	<b>(639,351)</b>	(3,074,340)	(3,365,104)
Balance brought forward from previous year	(1,452,928)	(2,163,056)	1,621,412	1,202,048
<b>Net deficit in the Statement of Profit &amp; Loss</b>	<b>(2,191,471)</b>	<b>(2,802,407)</b>	<b>(1,452,928)</b>	<b>(2,163,056)</b>

### PERFORMANCE REVIEW AND STATE OF THE COMPANY AFFAIRS

The Company has subsidiaries which are engaged in the following businesses:

- Digital Technology Services business providing managed services to mobile operators in India, Africa, Bangladesh and LATAM countries. The Company also has financial services play with PPI (Pre-paid Payment Instruments) License enabling the Company to offer various financial services through the retail network created by the Company.
- Organised retail business with retail shops under the brand name 'Spice Hotspot' which is engaged in sale of multi brand mobile handset and accessories. The Company operates 192 stores across the country.
- Sale of Spice branded feature phones and smart phones. The Company has been focusing on low to medium end feature phone and smartphone market which has a huge penetration in urban and rural India. The Company has, during the year, carried out distribution restructuring exercise which has resulted in dip in revenue during the year.

During the period, the Company achieved a revenue of Rs.1,672 million for the year ended 31<sup>st</sup> March, 2016 as against Rs.229 million for the nine months period ended 31<sup>st</sup> March, 2015. The Company has incurred a loss of approx. Rs.639 million during the year ended on 31<sup>st</sup> March 2016 as against a loss of Rs.3,365 million in previous period ended 31<sup>st</sup> March, 2015.

At the consolidated level the Company achieved a revenue of Rs.18,068 million for the year ended 31<sup>st</sup> March, 2016 as against Rs.16,043 million for the nine months period ended 31<sup>st</sup> March, 2015. The loss after tax at the consolidated level for the year ended on 31<sup>st</sup> March, 2016 is Rs.738 million as against loss of Rs.3,074 million for nine months period ended 31<sup>st</sup> March, 2015.

## BOARD'S REPORT

Current year's accounts have been prepared for 12 months i.e. from 01.04.2015 to 31.03.2016. However, previous year's accounts were prepared for nine months period i.e. 01.07.2014 to 31.03.2015. Hence, current year's figures are not comparable with those of the previous period. Previous period's figures have been regrouped/reclassified wherever considered necessary to confirm to the current year's figures.

### **Sale/transfer of Retail business and operations of subsidiary companies to another subsidiary of the Company as a going concern**

The Board of directors has approved the proposals received from Spice Retail Limited, a step down subsidiary company, and its subsidiary Cellucom Retail India Private Limited for the sale/ transfer of their Retail business and operations as a going concern by way of slump sale or otherwise to another subsidiary of the Company. Accordingly, the said businesses and operation relating thereto have been transferred as a going concern to Hotspot Sales & Solutions Private Limited, another subsidiary company, by way of slump sale w.e.f. 1<sup>st</sup> June, 2016.

### **Execution of Share Subscription and Shareholders' Agreement for acquisition of 49% stake by "Digitone" in Spice Online (SOPL)**

The Board of directors has approved the proposal for acquisition of 49% stake by "Digitone" in Spice Online (SOPL), a wholly owned subsidiary company, engaged in the business of, inter alia, operating a technology platform designed for business referral and search engine requirements, with intent to expand into business to business e-commerce space. The Company has executed a Share Subscription and Shareholders' Agreement whereby 49% of the shares of the SOPL will be subscribed by 'New Idea Investment Pte Limited', Singapore ("Digitone"), a 100% subsidiary of 'Beijing Digital Telecom Company Limited', a Company inter alia having extensive experience in the wholesale distribution of electronic devices, including mobile phone handsets. Your board is of the view that this will help both the parties in expanding into business to business e-commerce space and would help "Spice Online" to gain on the experience of the new investor.

### **DIVIDEND**

In view of losses during the year under review, your directors do not recommend any dividend to the shareholders.

### **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 Company has entered into new Listing Agreements with BSE and NSE, as required under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Annual Listing Fee for the year 2016-17 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 Smart Ventures Private Limited to Spice Connect Private Limited w.e.f. 13<sup>th</sup> August, 2015. As at 31.03.2016, the holding Company held 74.36% of the issued share capital of the Company.

### **SUBSIDIARY COMPANIES, JOINT VENTURES OR ASSOCIATE COMPANIES**

During the year, S Mobile Devices Limited ceased to be a subsidiary of the Company consequent to a Joint Venture Agreement (JV Agreement) entered into among the Company, ITEL Mobile Limited and Cloud Ranger Limited. Pursuant to the said JV Agreement, ITEL Mobile Limited and Cloud Ranger Limited has acquired 75% and 5% stake respectively in that company.

During the year, Spice Digital Limited (SDL), a subsidiary of the Company, has acquired 26% stake in Creative Functionapps Labs Private Limited and 22.54% stake in Sunstone Eduversity Private Limited. Consequent to the said acquisitions, these Companies have become Associate Companies of SDL. Further, SDL has acquired additional 0.01% stake in Spice VAS (Africa) Pte. Limited, Singapore through one of its subsidiaries S GIC Pte Limited, Singapore taking its total stake to 69.63% in that Company.

After close of financial year, the Company has acquired 100% stake in Omniventures Private Limited (OPL). Spice Online Retail Private Limited, a step down subsidiary of the Company, has incorporated a new Wholly Owned Subsidiary Company i.e. Hotspot Sales and Solutions Private Limited (HSSPL) and 100% equity stake in Spice Online Retail Private Limited (now known as Spice Online Private Limited (SOPL)) has been acquired by OPL. Accordingly, SOPL and HSSPL have become subsidiaries of OPL.

After close of the financial year, a step down subsidiary of SDL, has incorporated a 100% subsidiary company i.e. Spice VAS RDC in the democratic Republic of Congo. Further, a subsidiary of SDL has incorporated a 100% subsidiary i.e. PT Spice Digital Indonesia. SDL has also incorporated a joint venture Company with 49% stake in the name of Adgyde Solutions Private Limited (Adgyde). Consequently the said Adgyde has become an associate of SDL.

## BOARD'S REPORT

Pursuant to Section 129 (3) of the Companies Act, 2013 and Accounting Standard - 21 issued by The Institute of Chartered Accountants of India, Consolidated Financial Statement presented by the Company include the Financial Statements of its Subsidiaries and Associates Companies.

The performance and financial position of each of the subsidiaries and associates companies are given in Form AOC-I attached to the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2016.

Upon receipt of request, the Annual Accounts of the Subsidiary Companies and the related information will be made available to the shareholders of the Company. These documents shall also be available for inspection at the registered office of the Company during the business hours up to the date of ensuing Annual General Meeting.

### PUBLIC DEPOSITS

During the year under review, the Company has neither accepted nor renewed any deposits in term of Chapter V of the Companies Act, 2013.

### AUDITORS AND AUDITORS' REPORT

M/s. S. R. Batliboi & Co. LLP Chartered Accountants (Firm Registration No. 301003E/E300005), 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-Ninth 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 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 Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Cash Flow Statement as prepared under the provisions of Accounting Standard -3 as notified under section 133 of the Companies Act, 2013 for the year ended on 31<sup>st</sup> March, 2016 is attached as a part of the Annual Accounts of the Company.

### NUMBER OF BOARD MEETINGS HELD DURING THE FINANCIAL YEAR

During the financial year ended on 31<sup>st</sup> March, 2016, seven meetings of the Board of Directors were held on 11<sup>th</sup> May, 2015, 17<sup>th</sup> July, 2015, 13<sup>th</sup> August, 2015, 6<sup>th</sup> November, 2015, 30<sup>th</sup> November, 2015, 18<sup>th</sup> January, 2016 and 12<sup>th</sup> February, 2016. The details of number of meetings of the Board and its various committees attended by the Directors are given in Corporate Governance Report.

### DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year, on the recommendation of Nomination and Remuneration Committee, the Board has, subject to the approval of shareholders, appointed Mr. Dilip Modi as an Executive Director of the Company for a period of 3 years w.e.f. 30<sup>th</sup> November, 2015 and designated him as Executive Chairman of the Company. Mr. Dilip Modi is also an Executive Director of Spice Connect Private Limited, the holding Company and receives remuneration from that Company.

Mr. Dilip Modi retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. His appointment as Executive Director is also due for approval of the shareholders at the ensuing Annual General Meeting.

As required under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, brief resume, details of experience and other Directorships / Committee memberships/ Chairmanships held by Mr. Modi 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.

During the year, Mr. Prashant Bindal, CEO of the Company, has resigned w.e.f. 30<sup>th</sup> November, 2015. As per the provisions of Companies Act, 2013 Mr. Dilip Modi, Executive Director, Mr. Madhusudan V., Chief Financial Officer and Mr. M.R. Bothra, Company Secretary are the Key Managerial Personnel of the Company.

### DECLARATION OF INDEPENDENCE

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 Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## BOARD'S REPORT

### FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS

In terms of regulation 25(7) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company familiarizes its Directors about their role and responsibilities at the time of their appointment through a formal letter of appointment. Presentations are regularly made at the meetings of the Board and its various Committees on the relevant subjects. The detail of programs for familiarization of Independent directors can be accessed on the Company website at the link [http://spicemobility.in/Familiarization\\_programme.pdf](http://spicemobility.in/Familiarization_programme.pdf)

### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134(5) of the Companies Act, 2013, the Directors hereby confirm that:

- (i) in the preparation of annual accounts for the financial year ended 31<sup>st</sup> March, 2016 the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) the Directors have 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 31<sup>st</sup> March, 2016 and of the loss of the Company for the period ended on that date;
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the Directors have prepared the annual accounts on a going concern basis;
- (v) the Directors have laid down proper internal financial controls to be followed by the Company and such internal financial control are adequate and were operating effectively; and
- (vi) the Directors had devised proper system to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

As required under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Management Discussion and Analysis (MDA) Report forms an integral part of this Report.

### CORPORATE GOVERNANCE REPORT

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 as stipulated in Clause 49 of the Listing Agreement/Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed to the Report on Corporate Governance.

### SECRETARIAL AUDIT

As required under Section 204(1) of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Sanjay Grover & Associates, Practicing Company Secretaries, to conduct the Secretarial Audit for the financial year 2015-16. The Secretarial Audit Report received from them forms part of this Annual Report. The Secretarial Audit Report does not contain any qualification, reservation and adverse remark.

### AUDIT COMMITTEE

In compliance with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors of the Company has reconstituted the Audit Committee from time to time. The reconstituted Committee comprises of the following Directors:

1. Mr. Suman Ghose Hazra - Chairman
2. Mr. Hanif Mohamed Dahya - Member
3. Mr. Subramanian Murali - Member
4. Mr. Umang Das - Member

The details of the terms of reference, meetings held during the year, attendance of directors at such meetings etc. are provided in Corporate Governance Report.

## BOARD'S REPORT

### CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

The Board had constituted a Corporate Social Responsibility (CSR) Committee and on the recommendation of CSR Committee the Board approved the CSR Policy.

The CSR Committee has also been entrusted with the responsibility of monitoring the implementation of the framework of the CSR Policy, recommending to the Board the amount of expenditure to be incurred on CSR activities and ensuring that the implementation of the projects and programs is in compliance with the Corporate Social Responsibility Policy of the Company.

The Corporate Social Responsibility Committee comprises of the following members:

- |    |                        |   |          |
|----|------------------------|---|----------|
| 1. | Mr. Dilip Modi         | – | Chairman |
| 2. | Mr. Subramanian Murali | – | Member   |
| 3. | Mr. Umang Das          | – | Member   |

During the year, the CSR Committee met twice i.e. on 12<sup>th</sup> August, 2015 and 28<sup>th</sup> March, 2016. All three members attended both the meetings. As required under Companies (Corporate Social Responsibility Policy) Rule, 2014, Annual Report on Corporate Social Responsibility Activities for the year 2015 -2016 is attached (Annexure- 1).

### BOARD FINANCE COMMITTEE

The Board had constituted a Board Finance Committee and entrusted the said Committee with the functions to approve the borrowings, making of loans, creation of charge on the assets of the Company etc. The said Committee consists of Mr. Dilip Modi as Chairman and Mr. Subramanian Murali and Mr. Suman Ghose Hazra as members of the Committee. During the year, the said Committee met three times i.e. on 14<sup>th</sup> September, 2015, 6<sup>th</sup> November, 2015 and 15<sup>th</sup> January, 2016 and all the members of the Committee were present in each of the three meetings.

### EXTRACT OF THE ANNUAL RETURN

In compliance with Section 134(3) of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the extract of the annual return in Form MGT-9 is attached (Annexure – 2) as a part of this report.

### PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The details of Loans, Guarantees or Investments made under Section 186 of the Companies Act, 2013 are provided in the Notes forming part of the standalone financial statement.

### PARTICULAR OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

During the financial year, the Company has entered into transactions with related parties.

All related party transactions are placed before the Audit Committee for its approval. The quarterly disclosures of transactions with related parties are made to the Audit Committee for its review. As required under the Companies Act, 2013 and the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Audit Committee has granted Omnibus approval for appropriate related party transactions in accordance with the criteria laid down for the purpose.

The 'Policy on Related Party Transactions' dealing with such transactions and 'Policy on Material Subsidiaries' as recommended by the Audit Committee and approved by the Board of Directors are uploaded on the website of the Company-[www.spicemobility.in](http://www.spicemobility.in)

All related party transactions entered during the financial year were in the ordinary course of business and were on arm's length basis. There were no material related party transactions entered by the Company with Directors, KMP's or other persons which may have a potential conflict with the interest of the Company.

The details of the transactions with related parties are provided in the notes to standalone financial statement.

Since all related party transactions entered into by the Company during the financial year were on arm's length basis and in the ordinary course of business and there was no material related party transaction entered by the Company during the year, no details are required to be provided in Form AOC – 2 prescribed under Section 134 (3) (h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014.

### VIGIL MECHANISM

The Company, as required under Section 177 of the Companies Act, 2013 and Regulation 22 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, has established "Vigil Mechanism / Whistle Blower Policy" for Directors and Employees of the Company.

## BOARD'S REPORT

This Policy has been established with a view to provide a tool to Directors and Employees of the Company to report to the management Genuine Concerns including unethical behavior, actual or suspected fraud or violation of the Code or the Policy. This Policy outlines the procedures for reporting, handling, investigating and deciding on the course of action to be taken in case inappropriate conduct is noticed or suspected.

This Policy also provides for adequate safeguards against victimization of Director(s)/employee(s) who avail of the mechanism and also provides for direct access to the chairman of the Audit Committee in exceptional cases.

The whistle Blower Policy is available on the Company's website at the link [http://spicemobility.in/Vigil\\_Mechanism\\_Whistle\\_Blower\\_Policy.pdf](http://spicemobility.in/Vigil_Mechanism_Whistle_Blower_Policy.pdf)

### **RISK MANAGEMENT POLICY**

The Board of Directors, on the recommendation of Audit Committee, had adopted a Risk Management Policy for the Company to lay down the procedure to inform the Board members about the risk assessment and minimization. The Company is not mandatorily required to constitute a Risk Management Committee. As a good practice, the Company regularly reviews the existing risk management system and major risks associated with different businesses of the Company. The Audit Committee oversees the Risk Management function. The Board of Directors of the Company takes appropriate measures, reviews the major risks associated with the Company and takes all measures to minimize them.

### **REMUNERATION POLICY**

The Board of Directors, on the recommendation of the Nomination and Remuneration Committee of the Company, framed a Policy for Nomination and Appointment of Directors. As required under Section 178 of the Companies Act, 2013 read with the Rules made thereunder and the Listing Regulations, the Nomination and Remuneration Committee has also recommended to the Board a Remuneration Policy for remuneration to Directors, Key Managerial Personnel and Senior Management Personnel and other employees of the Company, which was duly approved by the Board. The Remuneration Policy for Directors, Key Managerial Personnel and other employees is attached (Annexure - 3) to this Report.

### **PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEE AND INDIVIDUAL DIRECTORS**

Pursuant to applicable provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with Stock Exchanges, the Board, in consultation with its Nomination and Remuneration Committee, has formulated a framework containing, inter-alia, the criteria for performance evaluation of the entire Board of the Company, its Committees and individual Directors, including Independent Directors.

A structured questionnaire has been prepared, covering various aspects of the functioning of the Board and its Committees, such as, adequacy of the constitution and composition of the Board and its Committees, discharge of role and responsibility by the Board and its Committees, frequency of the meetings, regulatory compliances and Corporate Governance, etc. Similarly, for evaluation of Individual Director's performance, the questionnaire covers various aspects like his/ her attendance at the meeting of Board and its Committees, contribution in Board and Committee meetings, execution and performance of specific duties, obligations, regulatory compliances and governance, etc. The Nomination and Remuneration Committee has also formulated the additional criteria for evaluation of Executive Director.

Board members had submitted their response on a scale of 1 (outstanding) to 5 (poor) for evaluating the entire Board, Committees of the Board and of their peer Board members, including Chairman of the Board.

The Independent Directors had met separately without the presence of Non-Independent Directors and the members of management and discussed, inter-alia, the performance of non - Independent Directors and Board as a whole and the performance of the Chairman of the Company after taking into consideration the views of Executive and Non-Executive Directors.

The Nomination and Remuneration Committee has carried out evaluation of every Director's performance including the Executive Director. The performance evaluation of all the Independent Directors have been done by the entire Board, excluding the Director being evaluated.

### **EMPLOYEES STOCK OPTIONS DETAILS**

The Company does not have any employees' stock option schemes.

### **SEXUAL HARASSMENT POLICY**

As required under the Sexual Harassment of Women at Workplace (Prohibition, Prevention and Redressal) Act, 2013, the Company has a Policy on Prevention of Sexual Harassment of women at workplace and matters connected therewith. During the year, no case of Sexual Harassment was reported pursuant to the said Act and Policy.



## BOARD'S REPORT

### ORDERS PASSED BY THE REGULATORS OR COURTS, IF ANY

No significant and material orders were passed by the Regulators, Courts or Tribunals impacting the going concern status and Company's operations in future.

### DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

The Company has in place an established internal control system designed to ensure proper recording of financial and operational information and compliance of various internal controls and other regulatory and statutory compliances. Self-certification exercise is also conducted by which senior management certifies effectiveness of the internal control system of the company. Internal Audit has been conducted throughout the organization by qualified outside Internal Auditors. Findings of the Internal Audit Report are reviewed by the top Management and by the Audit Committee invariably and Proper follow up actions are ensured wherever required. The Statutory Auditors have evaluated the system of Internal Controls of the Company and have reported that the same are adequate and commensurate with the size of the Company and nature of its business.

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

Pursuant to provisions of Section 134 of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 the details of Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo are attached (Annexure- 4) which forms part of this report.

### PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, including any statutory modification(s) thereof for the time being in force, the details of remuneration etc. of Directors, Key Managerial Personnel and employees is attached (Annexure- 5 ) which forms part of this report.

### ACKNOWLEDGEMENTS

Yours 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  
Executive Chairman

Date: 10<sup>th</sup> August, 2016  
Place: Noida

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### I. INDUSTRY SCENARIO & OPPORTUNITIES

The telecom sector continues to be at the epicentre for growth, innovation and disruption. Mobile devices and related broadband connectivity continue to be more and more embedded in the fabric of society today and they are key factors in driving the momentum around some key trends such as video streaming, Internet of Things (IoT) and mobile payments.

The number of “connected things” continues to grow as mobile utilization and connectivity continues to expand. Several Mobile Consumer Surveys now tell us that consumers look at their devices several times a day which is a big deal for all sectors within the telecom industry including wireless and wireline/broadband carriers, network equipment/infrastructure companies and device manufacturers. They are all critical components of this key ecosystem. As the number of connected devices grow, several industries and businesses which are part of this ecosystem will also grow. Mobile Device, Retailing Platform and VAS all are high growth categories in this revolutionary era.

India is already leading this wave by being the world’s second-largest telecommunications market and registering massive growth year after year. The total telecom subscriber base in December, 2015 stood at 1.04 billion, out of which 1.01 billion were mobile subscribers and 25.52 million were wireline subscribers. The Indian mobile economy is growing rapidly and is expected to contribute approximately US\$ 400 billion to India’s gross domestic product (GDP) in the coming years, according to a report prepared by GSMA in collaboration with BCG. Government of India has also been supportive to the sector and has helped to provide easy market access for telecom equipment and a fair regulatory framework for offering telecom services at affordable prices. Recent 4G launch is also set to create waves as the same is being offered by some players at a very affordable cost. More and more companies are launching their products in India and Smartphones with better specifications are now readily available at low prices, which have presented consumers a wide variety of options. Now with the passage of GST (Goods and Services Tax) business is set to get easier for Telecom sector with more benefits passed on to customer.

The business of the company is divided into two segments, viz. Handset business and Digital Technology services. The Handset business is further divided into two units - ‘Spice’ Brand Devices and Hotspot Retail Stores. Devices business unit is engaged in marketing and distribution of Spice branded handsets at various price points across the country and Hotspot is a multi brand chain of 190 retail stores across 7 cities specializing in retailing mobile handsets & accessories, for all leading brands like Samsung, Apple, Oppo, Vivo etc. apart from Spice Mobile phones. Spice Digital Limited (including subsidiaries) operating in the telecom space in addition providing traditional value added services is also in the space of Enterprise Solutions, Mobile Internet & Data Analytics.

Recently, Spice Digital has ventured into the Fintech (Financial Technology) Space by launching direct money transfer service through our Retail strength of more than 10,000 agents. The Company has obtained a PPI (Pre-paid Payment Instruments) Licence to enable it offer various financial services.

#### A) Handset Business Division

##### Devices Business Unit

India has recently acquired the second spot in the list of the world’s largest smartphone market, posting a healthy growth rate of 23% YoY. The latest report from Counterpoint, shows that the growth potential in the budget smartphone market in India is massive. India, home to over 1.2 billion people, has smartphones in the hands of less than one-fourth of a billion of its people. This incredible growth potential has drawn in many international players to revamp their pricing strategy to suit the Indian smartphone market. And as more OEMs rush in to take advantage of the first-time smartphone buyers, we see that the Indian smartphone market is playing host to a variety of new players. In Q1 2016, more than 45% of all mobile phones shipped were smartphones. The average selling price in wake of cheaper technology and rising competition has steadily declined.

Apart from Smartphone there is a sizeable market for feature phone as well. At present, feature phone users constitute around 68% of overall mobile phone users in India where we are poised to grow as well as launch new models for feature phones as well as mid level Smartphone market. Company’s vision is to create a creditable brand among the mid-end consumers in smaller towns and cities of India. In this regard we have transformed and simplified distribution structure from the previous 3 layer structure to a leaner and efficient 2 layer structure covering almost 20,000 retail outlets across India. Considering the huge untapped market opportunity in the sub \$100 phone segment, we are strongly focused on this segment.

##### Retail Business Unit

Mobile Handset Retail business has gone through several changes in last few years. The entry of online retail in the handset retailing segment redefined the business dynamics and with rapid availability of all products online and often at better price points than offline retail initially consumers were rushing towards the e-commerce sites to buy mobile. The market share of Online in the Smartphone business reached over 30% last year but this year we have again seen the uprising of offline retail and more prominently the organized retail. The organized modern retail segment offers clear advantages over online retail, such as a superior first hand product experience and improved customer service. OEM brands have also realized that to keep the growth momentum they must focus on both online and offline channel. We have decided to adopt a retail

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

focussed approach and to meet growing customer needs such as faster delivery times and availability of mobile accessories and have also started working on e-commerce website. As the mobile phones become more powerful and feature packed it will become increasingly important for customers to get first-hand experience of mobile phone products at stores.

With regular business promotions and consumer centric activities, brands are focused on enhancing their business revenues through modern retail outlets. Thus, your company will focus on providing customers a high quality experience at stores with on-demand product availability. As an ongoing operational process, we continue to focus on profitability by shutting down non-profitable and non-viable stores and opening new stores in better locations.

### B) Digital Technology Services

The Telecom Services sector went through a sea change to reinvent itself in the past year, with the focus shifting from traditional VAS services (Voice & SMS) to Digital & Solution based products. This change has been primarily driven by the increased penetration of affordable smartphones & Data access. Operators are now keenly working on launching App based infotainment & entertainment services, Loan products, Customer care optimization & Arpu enhancement solutions.

With our Global footprint and vast offering both in traditional & New age Digital products we have successfully been able to adapt ourselves to the change and been able to procure multiple new orders. Our key growth drivers have been Telco Customer care solutions, Enterprise Messaging, USSD Platforms to name a few.

In respect to the Mobile Internet Space our Mobile App Distribution Platform "Free B" was a huge success crossing 5 Mn downloads on Google Play store & enabling downloads for more than 150 key marketing brands.

After receiving our PPI (Pre-paid Payment Instruments) License from RBI in April, 2015 the Direct Money Transfer business has crossed GMV of Rs.200 Crore per month and today have powered more than 10,000 retail counters who carry out DMT (Direct Money Transfer). We have got License from RBI for Bharat Bill Payment System (BBPS) in June, 2016 which will open up opportunities in the utility bills payments segment. We also became a BC (Banking Correspondent) to two leading Banks in India which has helped us to enjoy a better transaction rate along with higher transaction limits.

We continue to retain a strong international presence with presence in more than 30 countries and carry out innovations in the various product offerings in the global segment.

## 2. BUSINESS PERFORMANCE & KEY INITIATIVES

### Device Business

With new product offerings in the Feature Phone segment (Champ Series and Power Series), the company is expecting to gain a significant market share in this segment. As Smartphone penetration currently stands at about 19% of the Indian population, the company is focussed on offering sub INR 4,000 handsets targeting entry-level customers while offering best in class product features.

In terms of value the share of Feature phone below Rs.4000 is 32% but in terms of volume the share is almost 80%. Considering this we have decided to focus on the feature phone segment as well.

### Sales and Distribution

We have focused on bringing more efficiency and better margins for distributors and retailers. We have reduced the number of distributors from over 300 to 25 with each State having one or two distributors. This will help in better controls and concentrated efforts to increase business through State wise market ownership and centralized logistics.

### After Sales Service

Customer service continues to be a focus area for us to bring more efficiency in catering to customers' needs. We have now consolidated our service centres to 630 service centres and 4 L4 repair centres to optimise costs and build more efficiency in the system.

### Retail Business

The Company has been focussing in driving sales and profitability across 190 stores and will continue to do so in the next financial year as well. We have upgraded the look and feel of almost 25% of the high growth stores and we plan to open 25 more stores in the next 2 years with 2 being flagship stores. Company has also decided to focus on the top 7 cities in India; which cater to more than 40% of the overall Smartphone market in India. Through consumer connect activities like CRM and regular marketing promotions with OEM support we will continue to give reasons to our customers for coming back to us.

The Company also forged a strategic joint venture with one of the leading mobile devices player in China 'Beijing Digital Telecom Co. Limited' for growing B2B e-commerce business in India for mobility products.

### Digital Technology Services Business

In VAS the Key focus will be to continue to add new international markets & operators, so as to have a good balanced mix of

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

revenue contribution between India & ROW thus hedging our risks. Big wins in the Enterprise segment has ensured our highest growth for the Business since inception & remains to be a key catalyst for the year.

Financial Services will be the key theme for the year with plans to expand our Retailer network from 10,000 to 20,000 counters and launch new products like insurance, AEPS, Loans. Direct Money Transfer will continue to contribute significant growth to the Company's financial services business.

### Internal control systems and their adequacy

We continue to ensure that governance is given the necessary high priority focus and has ensured that independent directors are given complete visibility on the operational details. The board gives a lot of importance to the recommendations made by the Audit Committee and implementation is ensured in letter and spirit. Evaluation of internal systems and adherence is ensured through the duly appointed internal auditors, directly reporting to the Audit Committee. The internal auditors are responsible for undertaking regular reviews and the management responses are discussed and also shared with statutory auditors.

In line 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.

### Technology

Technology is changing at a great speed and to keep pace with the dynamic market we require a robust backend and information technology (IT). Organisations that invest in technology and choose the path of innovation increase their market share, financial figures and overall competitiveness. Information technology is the only technology which provides us the opportunity to analyse specific data and plan our business journey accordingly. It also provides us many tools which can solve complex problems and plan the scalability (future growth) of our business. Herein, company continuously invests in upgrading IT across businesses enabling business to take faster decisions and grow business. This financial year Company plans to invest in upgrading the retail software which supports our stores and also invest towards developing IT infra for Omnichannel retailing. At device business there already is heavy usage of IT and various applications like Spice Saathi, Spice Hero, M-Force etc. For distribution, ISD and Retailer Management.

The Digital Technology Services business has a robust IT system integrated with multiple operators and an internally developed robust platform for launching various financial services connecting our platform to the 10000+ retailers in real time.

### Talent Development

As the rapid pace of innovation continues we see a lot of disruption across industries and companies and it becomes extremely crucial to have right people on board to navigate the company towards growth. In your company recruiting and nurturing the best talent has always been a top priority and we will continue to do the same. We are focused on hiring and retaining the best talent for all our respective companies. We continuously invest in our employee's development to upgrade their skills and enhance business performance.

At the same time we have also made the reporting structures and organizations fairly flat to support faster decision making and rapid growth. Best Managers have been assigned bigger roles with more responsibilities and a lot of emphasis is being paid on continuous training and development of human resource.

There were over 1600 employees in the Company including its subsidiaries as of 31<sup>st</sup> March, 2016.

### Health and Safety Measures

The Company continues to focus on the health and safety of its staff at its establishments. We adhere to all necessary safety measures to prevent any untoward incidents and are very conscious of the overall well-being and health of our employees at all levels, herein we have also invested in Group Mediclaim and Accidental Insurance for our employees.

## 3. FINANCIAL PERFORMANCE

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

The Company has a fully operation Financial Management Information System, based on an advanced implementation of the SAP. A detailed Annual Business Plan is developed for the current year for each of the business segments, after detailed discussions at various levels and includes borrowing plans as well as capital expenditure plans. The Board and Management of the Company regularly review the performance of the Company against the budgeted figures in the Plan.

## 4. 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 statutory 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.

# 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/ Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) from 1<sup>st</sup> April, 2015 to 31<sup>st</sup> March, 2016. The Company believes that Corporate Governance is a tool to generate long term wealth and create values for all its stakeholders. The Company 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 Regulation 17 of the Listing Regulations. The Chairman of the Board is an Executive Director. As on 31<sup>st</sup> March 2016, the Board consisted of 1 Executive Director and 5 Non-Executive Directors {including Three (3) Independent directors and one (1) woman director}. The Independence of a Director is determined by the criteria stipulated under Clause 49 of the Listing Agreement/ Regulation 16 of Listing Regulations and also under Section 149 of the Companies Act, 2013. The Executive and 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 7 (Seven) times on 11<sup>th</sup> May, 2015, 17<sup>th</sup> July, 2015, 13<sup>th</sup> August, 2015, 6<sup>th</sup> November, 2015, 30<sup>th</sup> November, 2015, 18<sup>th</sup> January, 2016 and 12<sup>th</sup> February, 2016. The intervening period between the Board Meetings were within the maximum time gap prescribed under Companies Act, 2013, Clause 49 of Listing Agreement/ Regulation 17 of Listing Regulations.

Necessary disclosures regarding Directorship and Committee positions in other Companies as on 31<sup>st</sup> March, 2016 have been made by the Directors. As per the disclosures 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. None of the Directors serve as an independent director in more than seven listed Companies.

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 31<sup>st</sup> March, 2016 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 31 <sup>st</sup> March 2016@			Attendance at Board Meetings held during the year	Attendance at last AGM (29.09.2015)
		No. of other Directorship	Committee @@ (including the Company)			
			Membership	Chairmanship		
Mr. Dilip Modi	Executive Chairman <sup>^</sup>	1	Nil	Nil	7	Yes
Ms. Preeti Malhotra	Non-Executive	2	1	1	1	Yes
Mr. Hanif Mohamed Dahya	Independent	1	1	1	2	No
Mr. Subramanian Murali <sup>^^</sup>	Non-Executive	5	4	1	7	Yes
Mr. Umang Das <sup>^^</sup>	Independent	5	7	1	6	Yes
Mr. Suman Ghose Hazra <sup>^^</sup>	Independent	2	4	3	7	Yes
Mr. Rajul Garg <sup>*</sup>	Non - Executive	NA	NA	NA	1	NA
Mr. Subroto Chattopadhyay <sup>*</sup>	Independent	NA	NA	NA	1	NA
Mr. Kashi Nath Memani <sup>***</sup>	Independent	NA	NA	NA	Nil	NA

## CORPORATE GOVERNANCE REPORT

^ Appointed as Executive Chairman of the Company w.e.f. 30.11.2015.

^^ Appointed as Director w.e.f. 07.05.2015.

\*Ceased to be a Director w.e.f. 15.05.2015.

\*\* Ceased to be a Director w.e.f. 01.06.2015.

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

@@ The committees considered for the purpose are those prescribed in the Listing Agreement/ Listing Regulations i.e. Audit Committee and Stakeholders' Relationship Committee.

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

### c) Familiarization Programme for Independent Directors

The familiarization programme comprise of a combination of written information, presentation and activities to enable the Directors to familiarize with the Company management, operation, policies and practices.

All the Independent Directors are made aware of their roles and responsibilities at the time of their appointment, through a formal letter of appointment which also includes the terms and conditions of their appointment. The presentation on the latest amendments, new laws and related subjects are made regularly to keep the Independent Directors informed about their role, rights and responsibility as Independent Director.

Periodic presentations are made at the Board and Board Committee Meetings, on business and performance updates of the Company in order to ensure that the Directors are fully aware of the current state of affairs of the Company and the industry in which it operates.

The detail of familiarization programme as required under Listing Regulations is available at [http://spicemobility.in/Familiarization\\_programme.pdf](http://spicemobility.in/Familiarization_programme.pdf)

### d) 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 / Regulation 17(7) of the Listing Regulations and as prescribed under other applicable laws are placed before the Board and 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.

### e) 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 of the Annual General Meeting.

## 3. AUDIT COMMITTEE

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 Committee has been constituted as required under Section 177 of the Companies Act, 2013, provisions of Clause 49 of the Listing Agreement / Regulation 18 of Listing Regulations. 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 by the Company. The Audit Committee approves the related party transactions and also grants its omnibus approval to related party transactions in appropriate cases. It also oversees the compliance under Vigil Mechanism (Whistle Blower Policy) of the Company.

Further, the Audit Committee also reviews such matters as considered appropriate by it or referred to it by the Board from time to time.

As on 31<sup>st</sup> March 2016, the Audit Committee comprised of four Directors out of which three are Independent Directors. The Chairman of the Committee is an Independent Director. All members of the Committee are financially literate.

## CORPORATE GOVERNANCE REPORT

During the year, the Committee was reconstituted on 7<sup>th</sup> May, 2015 and 13<sup>th</sup> August, 2015. Members of the Audit Committee met Four (4) times during the year on 11<sup>th</sup> May, 2015, 12<sup>th</sup> August, 2015, 5<sup>th</sup> November, 2015 and 11<sup>th</sup> February, 2016. The intervening period between Audit Committee Meetings was within the maximum time gap prescribed under Clause 49 of Listing Agreement /Regulation 18 of Listing Regulations. 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 March 31 <sup>st</sup> , 2016
Mr. Suman Ghose Hazra*	Chairman/ Member	Independent	4
Mr. Umang Das**	Member	Independent	4
Mr. Subramanian Murali**	Member	Non – Executive	4
Mr. Hanif Mohamed Dahya ***	Member	Independent	Nil
Mr. Kashi Nath Memani #	Chairman	Independent	Nil

\*Appointed as member of the Committee w.e.f. 07.05.2015 and Chairman of the Committee w.e.f. 13.08.2015.

\*\*Appointed as member of the Committee w.e.f. 07.05.2015.

\*\*\*Ceased to be member of the Committee w.e.f. 07.06.2015 and re-appointed as member of the Committee w.e.f. 13.08.2015.

#Ceased to be Chairman of the Committee w.e.f. 01.06.2015.

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, Legal Head 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 are circulated to the members of the committee and are noted by the Board of Directors of the Company at the subsequent Board Meetings.

#### 4. NOMINATION AND REMUNERATION COMMITTEE

The Board has constituted Nomination and Remuneration Committee (NRC), which comprised three (3) Directors with two (2) Independent Directors and the Chairman of the NRC is an Independent Director. The terms of reference and role of the NRC includes:

- Formulation of the criteria for the appointment of Directors and Senior Management.
- Identify persons who are qualified to become Directors and who may be appointed in Senior Management.
- Recommend to the Board their appointment and removal.
- Formulation of criteria for evaluation of Independent, Executive and Non – Executive Director and the Board.
- Carry out evaluation of every director's performance.
- Recommend to the Board a policy relating to the remuneration for the Directors, Key Managerial Person and other employees of the Company.
- Devise a policy on Board diversity.
- Formulate the criteria for determining qualifications, positive attributes and independence of the Directors.

The NRC of the Company has recommended to the Board a Remuneration Policy relating to the remuneration for the Directors, Key Managerial Personnel and other employees which has been provided as Annexure – 3 to the Board's Report forming a part of this Annual Report.

The Committee was reconstituted on 7<sup>th</sup> May, 2015. During the year, NRC met Three (3) times on 12<sup>th</sup> August, 2015, 30<sup>th</sup> November, 2015 and 28<sup>th</sup> March, 2016. The composition of Committee as on 31<sup>st</sup> March, 2016 and attendance of each member at the meetings held during the year under review are as follows:

Name of Directors	Designation	Category	Attendance at the meetings held during the financial year ended March 31 <sup>st</sup> , 2016
Mr. Umang Das*	Chairman	Independent	3
Mr. Suman Ghose Hazra*	Member	Independent	3
Mr. Subramanian Murali *	Member	Non-Executive	3

\*Appointed as Chairman/ member of the Committee w.e.f. 07.05.2015.

## CORPORATE GOVERNANCE REPORT

The Company Secretary acts as Secretary to this committee.

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

Pursuant to applicable provisions of the Companies Act, 2013, the Listing Agreement /Listing Regulations, the Board, in consultation with its Nomination and Remuneration Committee, has formulated a framework containing, inter – alia, the criteria for performance evaluation of the entire Board of the Company, its Committee and individual Directors, including Independent Directors.

A structured questionnaire has been prepared, covering various aspects of the functioning of the Board and its Committee, such as, adequacy of the constitution and composition of the Board and its Committees, discharge of role and responsibility by the Board and its Committees, frequency of the meetings, regulatory compliances and Corporate Governance, etc. Similarly, for evaluation of Individual Director's performance, the questionnaire covers various aspects like his/ her attendance at the meeting of Board and its Committee, contribution in Board and Committee meetings, execution and performance of specific duties, obligations, regulatory compliances and governance, etc.

Board members had submitted their response on a scale of 1 (outstanding) – 5 (poor) for evaluating the entire Board, Committees of the Board and of their peer Board members, including Chairman of the Board.

The Independent Directors had a separate meeting on 28<sup>th</sup> March, 2016 without the presence of Non-Independent Directors and the members of management and discussed, inter-alia, the performance of non - Independent Directors and Board as a whole and the performance of the Chairman of the Company after taking into consideration the views of Executive and Non-Executive Directors.

The Nomination and Remuneration Committee has carried out evaluation of every Director's performance. The performance evaluation of all the Independent Directors have been done by the entire Board, excluding the Director being evaluated.

### 5. REMUNERATION OF DIRECTORS:

The Company does not pay any remuneration to Non – Executive Directors. The Independent Directors are paid a sitting fee for attending the Board and its various Committees meetings within the limit prescribed under the applicable laws as determined by the Board from time to time. The Company has not granted any stock option to any of the Directors.

Remuneration / Sitting fee paid to Director(s) for the financial year ended 31<sup>st</sup> March, 2016 (i.e. from 01.04.2015 to 31.03.2016) is given below:

#### a) Executive Directors:

During the year, on recommendation of the Nomination and Remuneration Committee, the Board has, subject to the approval of shareholders, appointed Mr. Dilip Modi as an Executive Director for a period of 3 years w.e.f. 30.11.2015 without any remuneration. Being, an executive director of Spice Connect Private Limited, the holding company, he receives his remuneration from that Company. As on 31<sup>st</sup> March, 2016, Mr. Modi holds 10,00,000 equity shares of the Company. There is no provision of notice period as well as payment of severance fees to Mr. Modi.

#### b) Non-Executive Directors:

The Board in its meeting held on 11<sup>th</sup> May, 2015 revised the sitting fee payable to Independent Directors to Rs. 25,000 per meeting of the Board and Board Committees. Accordingly, the revised sitting fees was paid to the Independent Directors for attending the meetings of Board/ Board Committees thereafter.

The details of remuneration paid by way of sitting fees to the Non-Executive Directors for attending Board and Board Committees Meetings during the financial year ended 31<sup>st</sup> March, 2016 and the number of shares held by them as on 31.03.2016 are as under:

Name of Directors	Sitting Fees (Amount/Rupees)	No. of shares held
Ms. Preeti Malhotra	Nil	1,00,152
Mr. Subramanian Murali	Nil	Nil
Mr. Suman Ghose Hazra	4,50,000	Nil
Mr. Umang Das	3,75,000	Nil
Mr. Hanif Mohamed Dahya	50,000	Nil
Mr. Rajul Garg	Nil	NA
Mr. Subroto Chattopadhyay	25,000	NA
Mr. Kashi Nath Memani	Nil	NA



# CORPORATE GOVERNANCE REPORT

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

## 6. STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Board has constituted a 'Stakeholders' Relationship Committee' which is headed by Mr. Subramanian Murali, Non-Executive Director of the Company.

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 Committee takes care of the physical transfer/ transmission of equity shares of the Company on fortnightly basis and considers other relevant matters.

During the year, the Committee was reconstituted on 7<sup>th</sup> May, 2015 and 30<sup>th</sup> November, 2015 and met Three (3) times on 11<sup>th</sup> May, 2015, 5<sup>th</sup> November, 2015 and 31<sup>st</sup> December, 2015. The composition of the Stakeholders' Relationship Committee as on 31<sup>st</sup> March, 2016 and the attendance of each member at the meetings held during the year under review are as follows:

Name of Directors	Designation	Category	Attendance at the meetings held during the financial year ended March 31 <sup>st</sup> , 2016
Mr. Subramanian Murali *	Chairman/ Member	Non – Executive	3
Mr. Suman Ghose Hazra**	Member	Independent	1
Mr. Dilip Modi***	Chairman	Non-Executive	2

\*Appointed as member of the Committee w.e.f 07.05.2015 and Chairman of the Committee w.e.f. 30.11.2015.

\*\* Appointed as member of the Committee w.e.f. 30.11.2015.

\*\*\* Ceased to be Chairman of the Committee w.e.f. 30.11.2015.

Mr. M. R. Bothra, Vice President – Corporate Affairs and Company Secretary is 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. The Stakeholders' Relationship Committee regularly reports on the transfer of securities to the Board. During the year ended on 31<sup>st</sup> March, 2016, the Company has received 10 (Ten) 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 31<sup>st</sup> March, 2016.

## 7. GENERAL BODY MEETINGS

### Meeting details

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

Year	Location	Date	Time
2015	Expo Centre, A-11, Sector -62, NH-24, Noida – 201301, Uttar Pradesh	Tuesday 29/09/2015	10:15 A.M.
2014	Expo Centre, A-11, Sector -62, NH-24, Noida – 201301, Uttar Pradesh	Monday 22/12/2014	10.00 A.M.
2013	Expo Centre, A-11, Sector -62, NH-24, Noida – 201301, Uttar Pradesh	Thursday 20/02/2014	10.15 A.M.

No Special Resolution was passed by the members in the past three Annual General Meetings.

During the year, no resolution was passed through Postal Ballot.

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

## 8. MEANS OF COMMUNICATION

The quarterly and annual financial results are published in "The Statesman" (National daily - English) and "Veer Arjun" (Regional daily - Hindi).

All material information about the Company and its business is promptly sent to BSE Limited (BSE) and The National Stock Exchange of India Ltd. (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 developments. In addition to the above, quarterly and annual results are displayed on our website at [www.spicemobility.in](http://www.spicemobility.in) for the information of all the stakeholders. All official news releases are also available on the Company's website.

## CORPORATE GOVERNANCE REPORT

The Management of the Company is in regular touch with the investors community and keeps sharing with them the performance of the Company.

### 9. GENERAL SHAREHOLDER INFORMATION

#### a) Annual General Meeting

<b>Date</b>	: 22 <sup>nd</sup> September, 2016
<b>Time</b>	: 10:15 A.M.
<b>Venue</b>	: Expo Centre, A-II, Sector -62, NH-24, Noida – 201301, Uttar Pradesh

b) **Financial Year** : April, 2015 – March, 2016

c) **Dividend Payment Date** : N.A.

#### d) 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

Annual listing fee to both the Stock Exchanges have been paid for the financial year 2015 – 2016.

#### e) Scrip Code/Scrip Symbol of the Company as on 31.03.2016:

BSE Limited:

Security ID	SPICEMOBI
Scrip code	517214

National Stock Exchange of India Limited:

Scrip Symbol	SPICEMOBI
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#### f) Market price data and performance of share price of the Company:

The details of monthly high and low of the price of equity shares of the Company during each calendar month at the Stock Exchanges where the equity shares of the Company are listed and the relevant Index of the respective Stock Exchanges during the Financial Year ended 31<sup>st</sup> March, 2016 are as under:

##### **BSE Limited (BSE)**

(Face Value Rs. 3/- per share)

Month	BSE Prices		BSE SENSEX	
	High Price (Rs.)	Low Price (Rs.)	High	Low
April 2015	31.85	21.30	29094.61	26897.54
May 2015	30.55	20.70	28071.16	26423.99
June 2015	31.00	20.50	27968.75	26307.07
July 2015	28.80	20.40	28578.33	27416.39
August 2015	25.90	17.55	28417.59	25298.42
September 2015	21.75	17.10	26471.82	24833.54
October 2015	21.65	18.35	27618.14	26168.71
November 2015	26.10	17.80	26824.30	25451.42
December 2015	22.30	18.60	26256.42	24867.73
January 2016	35.60	20.05	26197.27	23839.76
February 2016	23.45	14.20	25002.32	22494.61
March 2016	16.20	11.55	25479.62	23133.18

(source:www.bseindia.com)

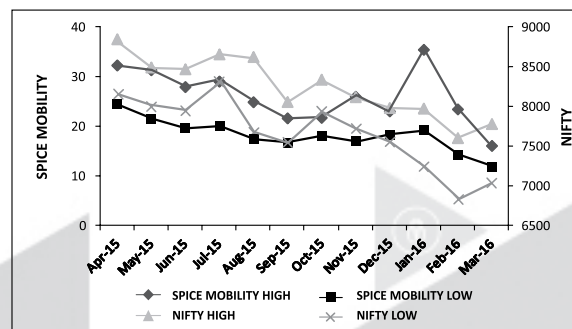
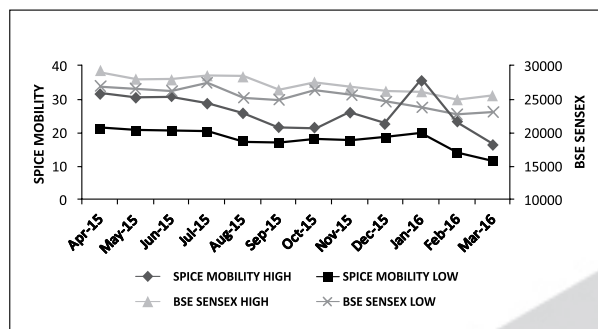
# CORPORATE GOVERNANCE REPORT

## National Stock Exchange of India Limited (NSE) (Face Value Rs.3/- per share)

Month	NSE Prices		NIFTY	
	High Price (Rs.)	Low Price (Rs.)	High	Low
April 2015	32.25	24.45	8844.80	8144.75
May 2015	31.30	21.50	8489.55	7997.15
June 2015	27.90	19.65	8467.15	7940.30
July 2015	29.00	20.10	8654.75	8315.40
August 2015	24.85	17.45	8621.55	7667.25
September 2015	21.60	16.65	8055.00	7539.50
October 2015	21.70	18.00	8336.30	7930.65
November 2015	25.95	17.00	8116.10	7714.15
December 2015	23.00	18.25	7979.30	7551.05
January 2016	35.40	19.25	7972.55	7241.50
February 2016	23.40	14.20	7600.45	6825.80
March 2016	16.05	11.90	7777.60	7035.10

(source:www.nseindia.com)

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



### h) Registrar and Transfer Agents:

#### MAS Services Limited

T-34, 2<sup>nd</sup> 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. Sharwan Mangla, General Manager

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.

### i) 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 takes care of the matters relating to transfer/transmission etc. of physical equity shares of the Company.

## CORPORATE GOVERNANCE REPORT

**j) Distribution of Shareholding as on 31<sup>st</sup> March, 2016:**

Share Holding of Nominal Value 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	23709	97.870	3718520	11155560	1.632
5,001 TO 10,000	283	1.168	654503	1963509	0.287
10,001 TO 20,000	122	0.504	572980	1718940	0.251
20,001 TO 30,000	41	0.169	358419	1075257	0.157
30,001 TO 40,000	14	0.058	164172	492516	0.072
40,001 TO 50,000	12	0.050	178273	534819	0.078
50,001 TO 1,00,000	19	0.078	401497	1204491	0.176
1,00,001 AND ABOVE	25	0.103	221815618	665446854	97.346
<b>Total</b>	<b>24,225</b>	<b>100.00</b>	<b>22,78,63,982</b>	<b>68,35,91,946</b>	<b>100.00</b>

**k) Dematerialization of shares and Liquidity:**

The trading in equity shares of the Company is permitted compulsorily in dematerialized mode w.e.f. 29<sup>th</sup> 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 31<sup>st</sup> March 2016, 98.72% 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.

**l) Outstanding GDRs/ ADRs/ Warrants or 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.

**m) Commodity Price risk or foreign exchange risk and hedging activities:**

The Company does not have any operational foreign exchange transaction hence there are no hedging activities.

**n) Plant Location: N.A**

**o) 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

### 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. Statements in summary form of the transactions with related parties both under Companies Act, 2013 and under Accounting Standard-18 are placed periodically before the Audit Committee. Further, the details of the related party transactions (as per AS-18) of the Company during the year ended 31<sup>st</sup> March, 2016 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.

The Company has adopted a 'Policy on Related Party Transactions' upon the recommendation of Audit Committee and the said Policy includes the material threshold and the manner of dealing with Related Party Transactions. The Audit Committee has laid down the criteria for granting the omnibus approval in the said Policy and grants omnibus approval for the transactions which are frequent/ regular/ repetitive and are in the normal course of business. The said policy has been disclosed on the website of the Company at the weblink [http://spicemobility.in/Policy\\_on\\_Related\\_Party\\_Transactions.pdf](http://spicemobility.in/Policy_on_Related_Party_Transactions.pdf)

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

The Company has duly complied with all the requirements of the Listing Agreement of the Stock Exchanges, Listing Regulations as well as other 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 Exchanges 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

- **Whistle Blower Policy**

In accordance with the requirement of Section 177 of the Companies Act, 2013 and the Rules made thereunder, Clause 49 of the Listing agreement/ Regulation 22 of Listing Regulations 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 outlines the procedures for reporting, handling investigation and deciding the cause of action to be taken in case inappropriate conduct is noticed or suspected. 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. No personnel of the Company is denied access to the Audit Committee. The policy is available on the website of the Company.

- **Details of Compliance with mandatory requirements**

The Company has fully complied with all applicable mandatory requirements of Clause 49 of the Listing Agreement / Listing Regulations.

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

The Company has complied with the following non-mandatory requirements of Listing Regulations:

- The Chairman of the Company is an Executive Director. A separate office is maintained for the Chairman at the Company's expenses and he is also allowed reimbursement of expenses, if any, incurred in performance of his duties.
- The quarterly financial results are published in the newspapers as mentioned under the heading "Means of Communication" hereinabove and also displayed on the website of the Company www.spicemobility.in. The results are not separately circulated to each of the shareholders.
- The Report of auditors on the financial statements of the Company are unqualified.
- The Internal Auditors directly report to the Audit Committee.

- **Policy for Determining Material Subsidiaries Companies**

The Company, on the recommendation of the Audit Committee, has formulated a 'Policy on Material Subsidiaries' to determine the material subsidiaries of the Company and to provide governance framework for such subsidiaries.

The said policy is disclosed on the website of the Company at [http://spicemobility.in/Policy\\_on\\_Material\\_Subsiidiaries.pdf](http://spicemobility.in/Policy_on_Material_Subsiidiaries.pdf)

- **Disclosure of Commodity Price risk and commodity hedging activities**

During the year, the Company doesn't have any exposure to Commodity Price risk and commodity hedging activities.

## 11. **DETAIL OF COMPLIANCE WITH THE CORPORATE GOVERNANCE REQUIREMENTS SPECIFIED IN REGULATIONS 17 TO 27 AND CLAUSE (B) TO (I) OF SUB - REGULATION (2) OF REGULATION 46 OF LISTING REGULATIONS**

The Company is in compliance with the corporate governance requirements specified in Regulations 17 to 27 and clause (b) to (i) of Regulation 46(2) of Listing Regulations.

## 12. **CODE OF CONDUCT**

With a view to promote good Corporate Governance, the Company has a Code of Conduct for all Board members and senior management personnel of the Company including therein the duties of Independent Directors as laid down in the Companies Act, 2013. A copy of the said Code of Conduct is available on the Company's website ('www.spicemobility.in').

In compliance of Regulation 26(3) of Listing Regulations, 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 Executive Chairman of the Company is attached at the end of this report.

### **CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING:**

Pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time, the Company has framed 'Code of Practice and Procedures for Fair Disclosure of Unpublished Price Sensitive Information' and 'Code of Conduct for Prohibition of Insider Trading' to regulate, monitor and report trading by its employees and other connected persons. The Code is applicable to all Directors, Designated Employees and other connected persons 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.

## 13. **CEO and CFO CERTIFICATION**

As required under Regulation 17(8) of the Listing Regulations, the Executive Chairman and CFO certification for the financial year ended on 31<sup>st</sup> March, 2016 is enclosed at the end of this Report.

The above Report has been placed before the Board at its meeting held on 10<sup>th</sup> August, 2016 and the same was approved.

## CORPORATE GOVERNANCE REPORT

### CORPORATE GOVERNANCE CERTIFICATE

The Members,  
**Spice Mobility Limited**

We have examined the compliance of Regulations of Corporate Governance by Spice Mobility Limited (hereinafter called "the Company") for the year ended March 31, 2016, as stipulated in Clause 49 of the Listing Agreement ('Listing Agreement') of the Company with the Stock Exchanges for the period April 01, 2015 to November 30, 2015 and as stipulated in Part C of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") for the period December 01, 2015 to March 31, 2016.

The compliance of Regulations of Corporate Governance is the responsibility of the management of the Company. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the regulations 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 the best of our information and according to the explanations given to us, we certify that the Company has complied with the Regulations of Corporate Governance as stipulated in the above-mentioned Listing Agreement / Listing Regulations.

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**  
Firm Registration No.: P2001DE052900  
Sanjay Grover, Managing Partner  
C.P. No. 3850

Date : August 10, 2016  
Place : New Delhi

Board of Directors  
**Spice Mobility Limited**  
(Formerly S Mobility Limited)  
S Global Knowledge Park  
19A & 19B, Sector 125  
Noida - 201 301, U.P.

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

We, Dilip Modi, Executive Chairman and Madhusudan V., CFO of Spice Mobility Limited ('the Company'), to the best of our knowledge and belief certify that:

- A. We have reviewed financial statements and the cash flow statement for the financial year ended on 31<sup>st</sup> March, 2016 and that to the best of our knowledge and belief:
  1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  2. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our 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.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Company's Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the Company's Auditors and the Audit Committee:
  1. significant changes in internal control over financial reporting during the year;
  2. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  3. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place : Noida  
Date : 17.05.2016

**Madhusudan V.**  
Chief Financial Officer

**Dilip Modi**  
Executive Chairman

### 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 31<sup>st</sup> March, 2016.

Place : Noida  
Date : 17.05.2016

For **Spice Mobility Limited**  
**Dilip Modi**  
Executive Chairman

# SECRETARIAL AUDIT REPORT

## SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2016

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
**Spice Mobility Limited**  
(CIN: L72900UP1986PLC008448)  
19A & 19B, Sector - 125, Noida,  
Uttar Pradesh-201301

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Spice Mobility Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

### We report that

- a) Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- b) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in the secretarial records. We believe that the processes and practices, we followed, provide a reasonable basis for our opinion.
- c) We have not verified the correctness and appropriateness of the financial statements of the Company.
- d) Wherever required, we have obtained the Management representation about the compliances of laws, rules and regulations and happening of events etc.
- e) The compliance of the provisions of the Corporate and other applicable laws, rules, regulation, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
- f) The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2016 ("Audit Period") complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the company for the financial year ended on 31<sup>st</sup> March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) \*The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) \*The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - (e) \*The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;
  - (g) \*The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

## SECRETARIAL AUDIT REPORT

- (h) \*The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; and
- (i) The Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 (applicable w.e.f. December 1, 2015);

\*No event taken place under these regulations during the audit period.

We have also examined compliance with the applicable clauses of the following-

- (i) Secretarial Standards on Meetings of the Board of Directors (SS-1) and on General Meetings (SS-2) issued by the Institute of Company Secretaries of India (applicable w.e.f. July 01, 2015).
- (ii) Listing Agreements entered into by the Company with BSE Limited and the National Stock Exchange of India Limited (applicable upto November 30, 2015).

During the audit period, the Company has complied with the provisions of the Act, Rules, Regulations and Guidelines, to the extent applicable, as mentioned above.

- (vi) The Company is primarily engaged in the trading of Mobile handsets and through its subsidiary in the trading of IT products, Mobile handsets and their accessories and the Information and Communication Technology business providing Value Added Services to the Telecom Operators. As informed by the Management, being engaged in the trading of Mobile handsets, there is no sector specific law applicable to the company.

**We further report that** the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate seven days notices were given to all directors of the Board Meetings. Agenda and detailed notes on agenda were sent in advance of meetings and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting for meaningful participation at the meeting.

Board decisions are carried out with unanimous consent and therefore, no dissenting views were required to be captured and recorded as part of the minutes.

**We further report that** there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**For Sanjay Grover & Associates  
Company Secretaries  
Firm Registration No. P2001DE052900**

**August 10, 2016  
New Delhi**

**Sanjay Grover  
Managing Partner  
CP No. 3850**



**THE ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES FOR THE YEAR 2015-16**
**1. A Brief Outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken and reference to the web-link to the CSR policy and projects or programs:**

The CSR policy of the Company was approved by the Board of Directors and has been uploaded on the website of the Company. A gist of the Projects undertaken is given below. The Company has decided to spend CSR expenditure on the Project relating to CSR Policy as stated herein below:

- i) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- ii) Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set up by the Central Government for rejuvenation of river Ganga;
- iii) Rural development projects

Link of Company's Website: [http://spicemobility.in/CSR\\_Policy.pdf](http://spicemobility.in/CSR_Policy.pdf)

**2. The Composition of the CSR Committee :**

The Composition of CSR Committee is as under:

1. Mr. Dilip Modi - Chairman
2. Mr. Subramanian Murali - Member
3. Mr. Umang Das - Member

**3. Average net profit of the Company for last three financial years: Rs.2263.93 Lakh.**
**4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above): Rs.45.28 Lakh**
**5. Details of CSR Spent during the financial year**

(a) Total amount to be spent for the financial year : Rs. 45.28 Lakh

(b) Amount unspent, if any : N.A

(c) Manner in which the amount spent during the financial year is detailed below:

1	2	3	4	5	6	7	8
S. NO	CSR Project or Activity identified	Sector in which the project is covered	Projects or programs 1 Local area or other 2 Specify the State and district where projects or programs was undertaken	Amount outlay (Budget) project or programs-wise (Rs.)	Amount spent on the projects or programs Sub heads: 1 Direct Expenditure on projects or programs 2 Over heads	Cumulative Expenditure up to the reporting period (Rs.)	Amount Spent: Direct or through implementing agency
1	Development Dialogue, Agastya Mobile Science Lab and Lead Program *	Entrepreneurship conference & Education	Varanasi, Ghazipur, Azamgarh and Jaunpur (Uttar Pradesh)	45.28 Lakh	Direct expenditure on the selected projects through an Agency.	Rs. 45.28 Lakh has been paid to the Agency. Out of which an amount of Rs. 21.21 lakh has been spent and the balance is being spent towards lead program and operations.	Implementing Agency
<b>TOTAL:</b>				<b>45.28 Lakh</b>		<b>45.28 Lakh</b>	

\* Applying a 'bottom up' approach to building scalable solutions, the Ek Soch Sandbox works to create an effective ecosystem where resources are put to use through entrepreneurship, innovation, and sustainability. The Sandbox will engage with not-for-profits, academics, non-governmental organizations, and entrepreneurs to launch effective and scalable models of development. They will empower the urban and rural youth with the leadership and skill development necessary to manage their own social enterprises and become the change their community needs. The following activities have been covered:

- a. **Development Dialogue:** Development Dialogue is an international social entrepreneurship ecosystem conference hosted at Varanasi, Uttar Pradesh by Ek Soch Sandbox. Development Dialogue brings together numerous social entrepreneurs as well as those who believe in and are involved in creating ecosystems to nurture social innovation and entrepreneurship. The conference is attended by participants from for-profits, not-for-profits, global visionaries, impact investors as well as local communities to share proven models, innovations, and transforming perspectives.
- b. **Agastya Mobile Science Lab-** visits schools of Azamgarh district to instill curiosity and creativity in the minds of the children. The mobile lab gives the children and opportunity to learn science concepts through an experiential learning process. Exposing children and teachers to Basic Science Experiments through a Mobile Lab and also building Community Awareness. Focus being in backward areas. The activity will be carried out through a partner Agastya Science Foundation.
- c. **Lead Program:** Provides financial support and guidance to college students to help them generate and implement their own innovative ideas, giving them practical exposure to leadership, innovation and entrepreneurship.

- **Details of Implementing Agency:**

Deshpande Foundation

Registered address: Tejas Networks Ltd, plot no. 25, JP software park,  
Electronics City, Phase-I, Hosur Road, Bangalore- 560100, India.

**6. The CSR Committee of the Company hereby confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.**

**For and on behalf of Spice Mobility Limited**

**Subramanian Murali**  
Director



**Dilip Modi**  
Chairman- CSR Committee



**FORM NO. MGT.9**  
**EXTRACT OF ANNUAL RETURN**  
as on the financial year ended on 31<sup>st</sup> March, 2016  
[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies  
(Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

1.	CIN	L72900UP1986PLC008448
2.	Registration Date	23/12/1986
3.	Name of the Company	Spice Mobility Limited
4.	Category/Sub-Category of the Company	Company Limited By Share
5.	Address of the Registered office and contact details	S Global Knowledge Park 19A and 19B Sector - 125 Noida, District Gautam Budh Nagar, Uttar Pradesh – 201301 Contact No. 0120- 3355131
6.	Whether listed company	Yes
7.	Name, Address and Contact details of Registrar and Transfer Agent, if any	MAS Services Limited T-34, 2 <sup>nd</sup> Floor, Okhla Industrial Area, Phase-II, New Delhi – 110020 Contact No. 011- 26387281/82/83;

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

The Company is primarily engaged in the trading of mobile handsets and through its subsidiaries in the trading of IT products, Mobile handsets and their accessories and the Information and Communication Technology business providing value added services to the telecom operators.

All the business activities contributing 10% or more of the total turnover of the Company are as under:

Sl. No.	Description of Main Activity group	Description of Business Activity	% to total turnover of the company
1	Wholesale of telephone, mobile phone and communications equipment and parts	46524	91%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES (Including Joint Ventures) –**

[No. of Companies for which information is being filled] – 30

Sl. No	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% Of Shares Held	Applicable Section
1.	Smart Global Corporate Holding Private Limited (Formerly Spice Global Investments Private Limited) 60-D, Street No. C-5, Sainik Farms, New Delhi - 110062	U64202DL2001PTC111304	Ultimate Holding Company	74.36%*	2(46)
2.	Spice Connect Private Limited (Formerly Smart Ventures Private Limited) 60-D, Street No. C-5, Sainik Farms, New Delhi – 110062	U74999DL2012PTC229915	Holding Company	74.36%	2(46)
3.	Spice Digital Limited 60-D, Street No. C-5, Sainik Farms, New Delhi – 110062	U72900DL2000PLC104989	Subsidiary Company	89.19%	2(87)(ii)

Sl. No	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% Of Shares Held	Applicable Section
4.	Hindustan Retail Private Limited 19A & 19B, Sector – 125, Noida, Gautam Budh Nagar, Uttar Pradesh - 201301	U52100UP2007PTC033258	Subsidiary Company	100%	2(87)(ii)
5.	Kimaan Exports Private Limited 60-D, Street No. C-5, Sainik Farms, New Delhi – 110062	U51311DL2004PTC127784	Subsidiary Company	100%	2(87)(ii)
6.	S Mobility Pte. Limited 152 UBI Avenue, Singapore – 408826	N.A.	Subsidiary Company	100%	2(87)(ii)
7.	S Mobility (HK) Limited Room C,21/F CMA Building, No. 64 Connaught Road Central, Hong Kong	N.A.	Subsidiary Company	100%	2(87)(ii)
8.	Spice Retail Limited Village Billanwali Labana, Post Office - Baddi, Tehsil Nalagarh, Baddi, Himachal Pradesh – 173205	U32201HP1988PLC008020	Subsidiary Company	100%*	2(87)(ii)
9.	Mobisoc Technology Private Limited D-60, Street No. C – 5, Sainik Farms, New Delhi - 110062	U72300DL2006PTC151960	Subsidiary Company	99.90%*	2(87)(ii)
10.	Spice Labs Private Limited S Global Knowledge Park, 19A & 19-B, Sector – 125, Noida, Gautam Budh Nagar, Uttar Pradesh – 201301	U72300UP2009PTC037430	Subsidiary Company	99.90%*	2(87)(ii)
11.	S GIC Pte Limited 152 UBI Avenue 4, Singapore - 408826	N.A.	Subsidiary Company	100%*	2(87)(ii)
12.	S Retail Middle East FZE. Office No. 6WA 630, Dubai Airport Free Zone , P.O. Box 54935, Dubai, UAE	N.A.	Subsidiary Company	100%*	2(87)(ii)
13.	S Retail General Trading LLC P.O. Box 440878, Dubai, UAE	N.A.	Subsidiary Company	49.00%*	2(87)(i)
14.	Cellucom Retail India Private Limited B-1/628, Plot No.628, B-I Block, Pankha Road, Janakpuri - New Delhi -110058	U32202DL2006PTC153361	Subsidiary Company	100%*	2(87)(ii)
15.	Spice Online Retail Private Limited 60-D, Street No. C-5, Sainik Farms, New Delhi – 110062	U74140DL2008PTC183856	Subsidiary Company	100%*	2(87)(ii)
16.	Spice Digital Bangladesh Ltd Room No. – 14R, Meherba Plaza (14th Floor), 33 Topkhana Road, Dhaka – 1000	N.A.	Subsidiary Company	99.99%*	2(87)(ii)
17.	Spice Vas Africa Pte Limited 152 UBI Avenue 4, Singapore – 408826	N.A.	Subsidiary Company	69.63%*	2(87)(ii)

Sl. No	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% Of Shares Held	Applicable Section
18.	Beoworld Sdn. Bhd 38D -2A, Jalan Radin Anum, Bandar Baru Seri Patalink, 57000 Kuala Lumpur	N.A.	Subsidiary Company	100%*	2(87)(ii)
19.	Spice VAS Kenya Limited Plot L.R. No. 209/65/19,6, Plot Ojijo Close Ojijo Road, Parklands P.O. Box 466883-00100 Nairobi	N.A.	Subsidiary Company	100%*	2(87)(ii)
20.	Spice Digital Nigeria Limited Kresta Laurel Complex (4th Floor) 376, Ikorodu Road, Maryland Lagos	N.A.	Subsidiary Company	100%*	2(87)(ii)
21.	Spice VAS Uganda Limited Plot 1B, Kira Road, Kampala, P.O. Box 24544, Uganda	N.A.	Subsidiary Company	75.00%*	2(87)(ii)
22.	Spice VAS Ghana Limited House no. 767/2 Omaboe Pte. Ltd Plot Oxford Street, OSU Accra, Ghana	N.A.	Subsidiary Company	100%*	2(87)(ii)
23.	Spice VAS Zambia Ltd 2nd Floor, Chanik House Cairo Road P.O. Box – 34376, Lusaka	N.A.	Subsidiary Company	100%*	2(87)(ii)
24.	Spice Digital South Africa Pty Ltd 8A-1, Sinosteel Plaza, 159 Rivonia Drive, Morningside Extn. Gauteng-2196	N.A.	Subsidiary Company	100%*	2(87)(ii)
25.	Spice VAS Tanzania Ltd Plot no: 41B, 2nd Floor, Shopper 's Plaza Mikocheni P.O.Box 6256, Dar-es – salaam	N.A.	Subsidiary Company	100%*	2(87)(ii)
26.	S Mobile Devices Limited <sup>†**</sup> S Global Knowledge Park, 19A & 19-B, Sector – 125, Noida, Gautam Budh Nagar, Uttar Pradesh - 201301	U32204UP2012PLC051324	Joint Venture	19.99	2(6)
27.	Vavia Technologies Private Limited No.1357, Ground Floor, 9 <sup>th</sup> Cross Road Arvind Marg, J.P. Nagar 1 <sup>st</sup> Phase, Bangalore, Karnataka-560078	U72200KA2008PTC048485	Associate Company	26.00%*	2(6)
28.	Sunstone Learning Private Limited (Formerly Anytime Learning Private Limited) 115A, 3 <sup>rd</sup> Floor, Jor Bagh, Delhi – 110003	U80221DL2011PTC216991	Associate Company	38.54%*	2(6)
29.	Creative Functionapps Labs Private Limited A-8, Saraswati Garden, Ramesh Nagar, New Delhi -110015	U74999DL2013PTC260423	Associate Company	26.00%*	2(6)
30.	Sunstone Eduversity Private Limited 115A, 3 <sup>rd</sup> Floor, Jor Bagh, Delhi – 110003	U80904DL2015PTC287552	Associate Company	22.54%*	2(6)

\*Through Subsidiary Company

\*\*Ceased to be a subsidiary of the Company w.e.f. 18<sup>th</sup> February, 2016 and became a Joint Venture Company

## IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

### (i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian									
(a) Individual/ HUF	0	0	0	0	0	0	0	0	0
(b) Central Govt	0	0	0	0	0	0	0	0	0
(c) State Govt (s)	0	0	0	0	0	0	0	0	0
(d) Bodies Corp.	169447570	0	169447570	74.36	169447570	0	169447570	74.36	0
(e) Banks / FI	0	0	0	0	0	0	0	0	0
(f) Any Other....	0	0	0	0	0	0	0	0	0
<b>Sub-total (A) (1):-</b>	<b>169447570</b>	<b>0</b>	<b>169447570</b>	<b>74.36</b>	<b>169447570</b>	<b>0</b>	<b>169447570</b>	<b>74.36</b>	<b>0</b>
(2) Foreign									
(a) NRIs -Individuals	0	0	0	0	0	0	0	0	0
(b) Other – Individuals	0	0	0	0	0	0	0	0	0
(c) Bodies Corp.	0	0	0	0	0	0	0	0	0
(d) Banks / FI	0	0	0	0	0	0	0	0	0
(e) Any Other....						0			
<b>Sub-total (A) (2):-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>169447570</b>	<b>0</b>	<b>169447570</b>	<b>74.36</b>	<b>169447570</b>	<b>0</b>	<b>169447570</b>	<b>74.36</b>	<b>0</b>
<b>B. Public Shareholding</b>									
<b>I. Institutions</b>									
(a) Mutual Funds	0	0	0	0	10000	0	10000	0	0
(b) Banks / FI	0	545	545	0	0	545	545	0	0
(c) Central Govt	0	0	0	0	0	0	0	0	0
(d) State Govt(s)	0	0	0	0	0	0	0	0	0
(e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
(f) Insurance Companies	0	0	0	0	0	0	0	0	0
(g) FIs	1448271	0	1448271	0.64	0	0	0	0	-0.64
(h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
(i) Others (specify)	0	0	0	0	0	0	0	0	0
<b>Sub-total (B)(I):-</b>	<b>1448271</b>	<b>545</b>	<b>1448816</b>	<b>0.64</b>	<b>10000</b>	<b>545</b>	<b>10545</b>	<b>0</b>	<b>-0.64</b>

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>2. Non-Institutions</b>									
(a) Bodies Corp.									
(i) Indian	3245920	47730	3293650	1.45	3323903	47585	3371488	1.48	0.03
(ii) Overseas	0	0	0	0	0	0	0	0	0
(b) Individuals									
(i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	2619886	1912367	4532253	1.99	3510889	1868025	5378914	2.36	0.37
(ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	817471	1000000	1817471	0.8	1155564	1000000	2155564	0.95	0.15
(c) Others (specify)									
Clearing Member	39804	0	39804	0.02	180286	0	180286	0.08	0.06
NRI/OCBs	80321	1130	81451	0.04	114918	1130	116048	0.05	0.01
Trusts	47202967	0	47202967	20.72	47202967	0	47202967	20.72	0
NBFC registered with RBI	0	0	0	0	600	0	600	0	0
<b>Sub-total (B)(2):-</b>	<b>54006369</b>	<b>2961227</b>	<b>56967596</b>	<b>25</b>	<b>55489127</b>	<b>2916740</b>	<b>58405867</b>	<b>25.64</b>	<b>0.64</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>55454640</b>	<b>2961772</b>	<b>58416412</b>	<b>25.64</b>	<b>55499127</b>	<b>2917285</b>	<b>58416412</b>	<b>25.64</b>	<b>0</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Grand Total (A+B+C)</b>	<b>224902210</b>	<b>2961772</b>	<b>227863982</b>	<b>100</b>	<b>224946697</b>	<b>2917285</b>	<b>227863982</b>	<b>100</b>	<b>N.A.</b>

**(ii). Shareholding of Promoters**

SI No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
I	Smart Connect Private Limited (Formerly Smart Ventures Private Limited)	169447570	74.36	0	169447570	74.36	0	0
<b>Total</b>		<b>169447570</b>	<b>74.36</b>	<b>0</b>	<b>169447570</b>	<b>74.36</b>	<b>0</b>	<b>0</b>

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Spice Connect Private Limited (Formerly Smart Ventures Private Limited)	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of the year	169447570	74.36	N.A.	N.A.
2.	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
	At the end of the year	<b>169447570</b>	<b>74.36</b>	<b>169447570</b>	<b>74.36</b>

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Name	Shareholding at the beginning of the year		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares (April 1, 2015) / end of the year (March 31, 2016)	% of total shares of the company				No. of shares (April 1, 2015 to March 31, 2016)	% of total shares of the company
1.	Radha Krishna Pandey - Independent Non Promoter Trust	3,53,01,215	15.49	01.04.2015	Nil	N.A.		
		3,53,01,215	15.49	31.03.2016			3,53,01,215	15.49
2.	Radha Krishna Pandey – Independent Non Promoter (Spice Employee Benefit) Trust	1,19,01,752	5.22	01.04.2015				
		1,19,01,752	5.22	31.03.2016	Nil	N.A.	1,19,01,752	5.22
3.	KDS Corporation Private Limited	15,34,487	0.67	01.04.2015	Nil	N.A.		
		15,34,487	0.67	31.03.2016			15,34,487	0.67
4.	Zinnia Tubes and Tyres Private Limited	6,59,246	0.29	01.04.2015	Nil	N.A.		
		6,59,246	0.29	31.03.2016			6,59,246	0.29
5.	Sparrow Asia Diversified Opportunities Fund*	5,30,139	0.23	01.04.2015				
				29.01.2016	-37,020	Sale	4,93,119	0.22
				05.02.2016	-30,400	Sale	4,62,719	0.20
				12.02.2016	-4,998	Sale	4,57,721	0.20
				19.02.2016	-10,000	Sale	4,47,721	0.20
				26.02.2016	-24,672	Sale	4,23,049	0.18
				04.03.2016	-71,702	Sale	3,51,347	0.15
				11.03.2016	-1,59,074	Sale	1,92,273	0.08
6.	Passage To India Master Fund Limited*	4,64,763	0.20	01.04.2015				
				18.12.2015	-50,000	Sale	4,14,763	0.19
				19.02.2016	-11,800	Sale	4,02,963	0.18
				26.02.2016	-74,846	Sale	3,28,117	0.14
				04.03.2016	-43,220	Sale	2,84,897	0.12
				11.03.2016	-1,19,065	Sale	1,65,832	0.07
				18.03.2016	-1,65,832	Sale	Nil	-



Sl. No.	Name	Shareholding at the beginning of the year		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares (April 1, 2015) / end of the year (March 31, 2016)	% of total shares of the company				No. of shares (April 1, 2015 to March 31, 2016)	% of total shares of the company
7.	Niketan Investment Private Limited	4,59,697	0.20	01.04.2015	Nil	N.A	4,59,697	0.20
		4,59,697	0.20	31.03.2016				
8.	Alchemist Capital Limited	1,24,394	0.05	01.04.2015	Nil	N.A	1,24,394	0.05
		1,24,394	0.05	31.03.2016				
9.	Devender Kumar*	92,000	0.04	01.04.2015	Nil	N.A	92,000	0.04
		92,000	0.04	31.03.2016				
10.	Globe Capital Market Limited	1,77,974	0.08	01.04.2015				
				24.04.2015	+27,152	Purchase	2,05,126	0.09
				08.05.2015	+7,838	Purchase	2,12,964	0.09
				15.05.2015	-27,184	Sale	1,85,780	0.08
				22.05.2015	- 5,803	Sale	1,79,977	0.08
				24.07.2015	-35,000	Sale	1,44,977	0.06
				31.07.2015	+2508	Purchase	1,47,485	0.06
				07.08.2015	+15,370	Purchase	1,62,855	0.07
				15.01.2016	-35,017	Sale	1,27,838	0.06
				22.01.2016	+3,964	Purchase	1,31,802	0.06
				19.02.2016	-3,611	Sale	1,28,191	0.06
				26.02.2016	+17,234	Purchase	1,45,425	0.06
				11.03.2016	+26,268	Purchase	1,71,693	0.08
				31.03.2016			1,71,693	0.08
11.	Religare Securities Limited**	14,162	0.00	14.08.2015				
				21.08.2015	+87,554	Purchase	1,01,716	0.04
				28.08.2015	-1,00,885	Sale	831	0.00
12.	BFL One Reality Private Limited**	96164	0.04	24.07.2015				
				28.08.2015	+1,00,786	Purchase	1,96,950	0.08
				20.11.2015	-44,552	Sale	1,52,398	0.07
				27.11.2015	-37,000	Sale	1,15,398	0.05
13.	Naveen Jand***	1,17,693	0.05	20.11.2015				
				27.11.2015	+40,085	Purchase	1,57,778	0.07
				04.12.2015	+50,341	Purchase	2,08,119	0.09
				11.12.2015	+33	Purchase	2,08,152	0.09
				18.12.2015	+68,000	Purchase	2,76,152	0.12
				31.03.2016			2,76,152	0.12
14.	Dheeraj Kumar Lohia***			18.03.2016	+1,20,592	Purchase	1,20,592	0.05
		1,20,592	0.05	31.03.2016			1,20,592	0.05
15.	Ashish Chugh***			18.03.2015	+32,060	Purchase	32,060	0.01
				31.03.2016	+80,000	Purchase	1,12,060	0.05

Note: Based on the weekly report received from Depositories.

\* Ceased to be in the Top 10 shareholder as on March 31, 2016.

\*\* Not in the List of Top 10 shareholders as on April 1, 2015. The same has been reflected above as the shareholder was one of the Top 10 shareholders during the year and ceased to be in the Top 10 shareholders as on March 31, 2016.

\*\*\* Not in the list of Top 10 shareholders as on April 1, 2015. However, among the Top 10 shareholders as on March 31, 2016.

**(v) Shareholding of Directors and Key Managerial Personnel:**

Sl. No.	Director	Shareholding at the beginning of the year		Cumulative Shareholding during the Year		
		No. of shares	% of total shares of the company	% of total	% of total shares of the company	
1.	<b>DILIP MODI</b>	At the beginning of the year	10,00,000	0.44%		
		Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
		At the end of the year	10,00,000	0.44%	10,00,000	0.44%
2.	<b>PREETI MALHOTRA</b>	At the beginning of the year	1,00,152	0.04%		
		Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
		At the end of the year	1,00,152	0.04%	1,00,152	0.04%
3.	<b>MADHUSUDAN VENKATACHARY-CFO</b>	At the beginning of the year	400	0.00%		
		Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
		At the end of the year	400	0.00%	400	0.00%

**Note: Other than the above named directors and KMP, no director and Key Managerial Personnel held any share during the year.**

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Amount in Rs. 000')

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	2,855	0	0	2,855
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
<b>Total (i+ii+iii)</b>	<b>2,855</b>	<b>0</b>	<b>0</b>	<b>2,855</b>
Change in Indebtedness during the financial year				
• Addition	0	0	0	0
• Reduction	823	0	0	823
<b>Net Change</b>	<b>823</b>	<b>0</b>	<b>0</b>	<b>823</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	2,032	0	0	2,032
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
<b>Total (i+ii+iii)</b>	<b>2,032</b>	<b>0</b>	<b>0</b>	<b>2,032</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amount in Rs. 000')

Sl. no.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0	0
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0
2.	Stock Option	NIL	NIL
3.	Sweat Equity	NIL	NIL
4.	Commission		
	- as % of profit		
	- others, specify...	NIL	NIL
5.	Others, please specify		
	- Contribution to Provident Fund	NIL	NIL
	Total (A)	0	0
	Ceiling as per the Act		

B. Remuneration to other directors:

(Amount in Rs. 000')

Sl. No	Particulars of Remuneration	Name of Directors								Total Amount	
		Mr. Suman Ghose Hazra	Mr. Umang Das	Mr. Hanif Mohamed Dahya	Mr. Subroto Chattopadhyay	Mr. Kashi Nath Memani	-	-	-		-
1.	Independent Directors										
	• Fee for attending board / committee meetings	450	375	50	25	NIL				900	
	• Commission	NIL	NIL	NIL	NIL	NIL				NIL	
	• Others, please specify	NIL	NIL	NIL	NIL	NIL				NIL	
	<b>Total (1)</b>	<b>450</b>	<b>375</b>	<b>50</b>	<b>25</b>	<b>NIL</b>				<b>900</b>	
2.	Other Non-Executive Directors						Mr. Dilip Modi*	Mr. Subramanian Murali	Ms. Preeti Malhotra	Mr. Rajul Garg	
	• Fee for attending board / committee meetings						NIL	NIL	NIL	NIL	
	• Commission										
	• Others, please specify										
	<b>Total (2)</b>						<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	
	<b>Total (B)=(1+2)</b>	<b>450</b>	<b>375</b>	<b>50</b>	<b>25</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>900</b>
	<b>Total Managerial Remuneration</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
	Overall Ceiling as per the Act										

\*Non Executive Director till 29<sup>th</sup> November, 2015.

c. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(Amount in Rs. 000')

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			
		CEO*	Company Secretary	CFO	Total
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	276	3,354	5,782	9,412
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	22	32	NIL	54
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	NIL	NIL	NIL	NIL
2	Stock Option	NIL	NIL	NIL	NIL
3	Sweat Equity	NIL	NIL	NIL	NIL
4	Commission	NIL	NIL	NIL	NIL
	- as % of profit				
	- Others, specify...				
5	Others, please specify	NIL	NIL	NIL	NIL
	<b>Total</b>	<b>298</b>	<b>3,386</b>	<b>5,782</b>	<b>9,466</b>

\*Resigned w.e.f. 30<sup>th</sup> November 2015.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There was no Penalties/ Punishment/ Compounding of offences during the year ended 31<sup>st</sup> March, 2016.

### REMUNERATION POLICY

#### Introduction

This Remuneration Policy ('Policy') is being formulated in terms of Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 which provides that all the listed companies having Nomination and Remuneration Committee shall formulate and recommend to the Board a Policy, relating to the remuneration for the directors, key managerial personnel and other employees.

The Policy is designed to attract, motivate, improve productivity and retain manpower, by creating a congenial work environment, encouraging initiatives, personal growth and team work, and inculcating a sense of belonging and involvement, besides offering appropriate remuneration to them. It reflects the Company's objectives for good corporate governance as well as sustained long term value creation for shareholders.

#### Applicability

This Remuneration Policy shall apply to all present and future appointment of Directors, Company's Senior Management including Key Managerial Personnel and other employees.

#### Guiding principles

The remuneration and the other terms of employment should effectively help in attracting and retaining committed and competent personnel. The Policy is aimed to ensure that :-

- (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- (c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

While designing remuneration packages, industry standards and cost of living shall also be taken into consideration.

Any departure from the policy can be undertaken only with the approval of the NRC and the Board of Directors of the Company.

#### Definitions

- (i) "Senior Management":- The expression "senior management" means personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.
- (ii) "Key managerial personnel" means:-
  - (i) the Chief Executive Officer or the managing director or the manager;
  - (ii) the Company Secretary;
  - (iii) the Whole-time director;
  - (iv) the Chief Financial Officer; and
  - (v) such other officer as may be prescribed.

#### Policy

##### (a) Remuneration to Independent Directors

The Independent directors are paid remuneration in the form of sitting fees for attending Board and Committee meetings as fixed by the Board of Directors from time to time subject to statutory provisions. Presently a sitting fee of Rs.25,000/- is being paid per Board / Committee meeting. Besides the sitting fees they are also entitled to reimbursement of expenses.

Independent Directors may also be paid Commission within the monetary limit approved by shareholders, subject to a limit of not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Act.

An Independent Director shall not be entitled to any stock option of the Company.

##### (b) Remuneration to Executive Directors

Remuneration packages for Executive Directors are designed subject to the limits laid down under the Companies Act, 2013 to remunerate them fairly and responsibly. Their remuneration shall be governed by the external competitive environment, track record, potential, individual performance and performance of the company as well as industry standards. The Executive Directors' remuneration comprises of salary, perquisites and performance based commission/ reward apart from retirement benefits like P.F., Superannuation, Gratuity, etc as per Rules of the Company. They shall be entitled to customary non-monetary benefits such as company cars, furnished accommodation, health care benefits, leave travel, communication facilities, etc.

The Executive Directors are not paid any sitting fee for attending the Board meetings or committee thereof or commission.

## **(c) Remuneration to Key Managerial Personnel (KMP) and Senior Management**

Appointment of KMP & Senior Management and cessation of their service are subject to the approval of the Nomination and Remuneration Committee and the Board of Directors. Remuneration of KMP and other senior management personnel shall be decided by the Chairman of the Board on the recommendation of the Nomination and Remuneration Committee, where applicable. Total remuneration comprises of:

1. A fixed base salary - set at a level aimed at attracting and retaining executives with professional and personal competence, showing good performance towards achieving Company goals.
2. Perquisites – in the form of house rent allowance/ accommodation, furnishing allowance, reimbursement of medical expenses, conveyance, telephone, leave travel, etc.
3. Retirement benefits - contribution to PF, superannuation, gratuity, etc as per Company Rules.
4. Motivation /Reward - A performance appraisal is carried out annually and promotions/ increments/ rewards are decided on the basis of appraisal and recommendation of the Nomination and Remuneration Committee.
5. Severance payments - in accordance with terms of employment, and applicable statutory requirements, if any.

## **(d) Remuneration to Other employees**

The remuneration of other employees is fixed from time to time as per the guiding principles outlined above and considering industry standards and cost of living. In addition to basic salary they are also provided perquisites and retirement benefits as per schemes of the Company and statutory requirements, where applicable. Policy of motivation/ reward/ severance payments are applicable to this category of personnel as per the HR Policy of the Company.

### **Disclosure**

As required under the applicable legal provisions, the Company shall disclose the remuneration Policy in its Annual Report.

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

#### (A) Conservation of Energy:

- I. Step Taken or Impact on conservation of Energy: The operation of the Company involves low energy consumption. Adequate measures have, however, been taken to conserve energy.
- II. Step taken by the Company for utilizing alternate sources of energy: N.A.
- III. Capital Investment on Energy conservation equipment : N.A.

#### (B) Technology Absorption

- I. The effort made towards technology absorption; 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.
- II. Benefit derived like Product Improvement, cost reduction, product development or import substitution; We are able to provide latest products available in the market and maintain higher standard of quality.
- III. In case of imported technology (import during the last three years reckoned from the beginning of the financial year)-
  - a) the details of the technology imported : Nil
  - b) the year of import : N.A.
  - c) whether the technology been fully absorbed : N.A.
  - d) if not fully absorbed, areas where absorption has not taken place, and the reason thereof; and : N.A.
- IV. The expenditure incurred on Research and Development : N.A.

#### (C) Foreign exchange earnings and outgo

- I. Foreign Exchange earned in term of actual inflows : Nil
- II. Foreign Exchange outgo in term of actual outflows : Rs. 7.63 lakh

### Information as required under Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year.

The company did not pay remuneration to any Director during the year 2015-16 except sitting fees to Independent Directors for attending Board and Board Committee Meetings.

- The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;

There was no increase in remuneration of Directors during the year. Further, there was an increase of 10% only in the remuneration of Chief Financial Officer and Company Secretary of the Company w.e.f. 1<sup>st</sup> October, 2015.

- The percentage increase in the median remuneration of employees in the financial year.

The Percentage decrease in the median remuneration of the employees in the FY 2015-16 was 30.8%.

- The number of permanent employees on the rolls of Company;

There were 6 Permanent Employees on the rolls of the Company as on 31<sup>st</sup> March, 2016.

- Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.

The average increase in salaries of employees other than the managerial personnel in the last financial year was 3.6% and the Company did not pay any Managerial Remuneration in the last financial year.

- Affirmation that the remuneration is as per the remuneration policy of the Company.

It is hereby affirmed that the remuneration is as per the Remuneration Policy of the Company.

- Statement showing the particulars of employees in accordance with Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

#### A: Top ten employees in terms of remuneration drawn

Sl. No.	Name	Designation	Remuneration received (01.04.2015 - 31.03.2016) in Rs.	Nature of Employment (Contractual or otherwise)	Qualifications and experience of the employee	Date of commencement of employment	Age of employee	Last employment held before joining the Company
1	Lokesh Gupta	General Partner	14,093,200	Permanent	B.Tech (Computer Science) - IIT, Delhi & MBA - IIM, Ahmedabad	01.10.2013	41 years	ICICI Lumbard
2	Rohit Ahuja	Advisor to Chairman	1,142,644	Permanent	Bachelors in Commerce, USA	14.12.2015	40 years	Self Occupied Business
3	V. Madhusudan	CFO	5,782,442	Permanent	C.A. B.Sc (Physics)	01.11.2013	45 years	Senior Manger in HCL
4	M R Bothra	VP - Corporate Affairs and Company Secretary	3,386,067	Permanent	FCS, ACMA, M. Com and B. Com	12.08.2010	48 years	DCM Shriram Consolidated Limited
5	Surendan Nair	AGM	1,687,402	Permanent	B.A	01.07.2008	49 year	Cain Technology Pvt. Ltd.
6	Rashmi Rastogi	Executive - Legal	150,430	Permanent	B. Com, Pursuing C.S.	01.06.2015	23 years	First Job



**B: Employees employed for a part of the year and was in receipt of remuneration at a rate which is not less than Rs. 8.5 lakh per month**

Sl. No.	Name	Designation	Remuneration received (01.04.2015 - 31.03.2016) in Rs.	Nature of Employment (Contractual or otherwise)	Qualifications and experience of the employee	Date of commencement of employment	Age of employee	Last employment held before joining the Company
1	Ajeet Chauhan	Group President - HR	6,557,493	Permanent	Certificate in Business Administration from IIM, Lucknow. B.Sc (Industrial Chemistry) from D.U.	05.10.2009	44 years	Vice President - Human Resources & Training in Nirulas Hotels Ltd.
2	Subramanian Murali	Group President - Finance	2,027,960	Permanent	C.A. B. Sc (Maths)	02.11.2008	56 years	CFO in HCL Infinet Ltd.

## INDEPENDENT AUDITORS' REPORT

### To the Members of Spice Mobility Limited

#### Report on the Standalone Financial Statements

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

#### Management's Responsibility for the Standalone Financial Statements

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

#### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

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

We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

#### Opinion

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

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure I, a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by the law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

## INDEPENDENT AUDITORS' REPORT

- (e) On the basis of the written representations received from the directors as on 31 March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 27 to the financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm registration number: 301003E/E300005

**per Anil Gupta**

Partner

Membership no.: 87921

Place: Noida

Date: May 18, 2016

## INDEPENDENT AUDITORS' REPORT

**Annexure I referred to in paragraph '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) All fixed assets were 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 its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management, there are no immovable properties, included in fixed assets of the Company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.
- ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- iii) (a) The Company has granted loans to two companies covered in the register maintained under Section 189 of the Companies Act, 2013. In our opinion and according to the information and explanations given to us, the terms and conditions of the grants and loans not prejudicial to the Company's interest.
- (b) The Company has granted loans those are re-payable on demand, to two companies covered in the register maintained under Section 189 of the Companies Act, 2013. Loan granted to one party has been fully repaid during the year. We are informed that the other party has repaid the loan to the extent demanded by the Company during the year, and thus, there has been no default on the part of the party to whom the money has been lent. The payment of interest has been regular.
- (c) There is no amount of loans granted to companies, firms or other parties listed in the register maintained under Section 189 of the Companies Act 2013 which are due for more than ninety days.
- (iv) In our opinion and according to the information and explanations given to us, provisions of Section 185 and 186 of the Companies Act 2013 in respect of loans to entities in which directors are interested and in respect of loans and advances given, investments made and guarantees and securities given have been complied with by the Company.
- (v) The Company has not accepted any deposits from the public.
- vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products/services of the Company.
- vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues applicable to it though there has been slight delay in few cases.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues were outstanding at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, service tax, customs duty, excise duty, value added tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount Rs. ('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-fulfilment of export obligation	40,860	1991-92	High Court, Delhi
Income Tax Act, 1961	Demand for income tax on certain disallowances including interest	14,235	2012-13	Commissioner of Income Tax (Appeals), Meerut
Income Tax Act, 1961	Demand for TDS and Interest on TDS	12,028	2010-11	Commissioner of Income Tax (Appeals), Noida

## INDEPENDENT AUDITORS' REPORT

- viii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to any bank. Further, the Company did not have any outstanding debentures or dues in respect of a financial institution or government during the year.
- ix) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, the Company has not raised any money by way of initial public offer / further public offer / debt instruments. Based on the information and explanations given to us by the management, term loans were applied for the purpose for which loans were obtained.
- x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud on or by the officers and employees of the Company has been noticed or reported during the year.
- xi) According to the information and explanations given by the management, the provisions of Section 197 read with Schedule V of the Act is not applicable to the Company and hence reporting under clause 3(xi) are not applicable and hence not commented upon.
- xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xi) of the order are not applicable to the Company and hence not commented upon.
- xiii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence not commented upon.
- xv) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him.
- xvi) According to the information and explanations given to us, the provisions of Section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

**For S. R. Batliboi & Co. LLP**

Chartered Accountants

Firm registration number: 301003E/E300005

**per Anil Gupta**

Partner

Membership No: 87921

Place: Noida

Date: May 18, 2016

## INDEPENDENT AUDITORS' REPORT

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

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

##### **To the Members of Spice Mobility Limited**

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

##### **Management's Responsibility for Internal Financial Controls**

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

##### **Auditor's Responsibility**

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

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

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

##### **Meaning of Internal Financial Controls Over Financial Reporting**

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

##### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

# INDEPENDENT AUDITORS' REPORT

## Opinion

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

## For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

## per Anil Gupta

Partner

Membership Number: 87921

Place: Noida

Date: May 18, 2016



## BALANCE SHEET

as at March 31, 2016

	Notes	31-Mar-16 Rs. '000	31-Mar-15 Rs. '000
<b>Equity and liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	3	683,592	683,592
Reserves and surplus	4	1,336,614	1,975,965
		<b>2,020,206</b>	<b>2,659,557</b>
<b>Non-current liabilities</b>			
Long-term borrowings	5	1,114	2,032
Trade payables	6	-	-
• Total outstanding dues of micro enterprises and small enterprises		4,227	13,298
• Total outstanding dues of creditors other than micro enterprises and small enterprises			
Long Term Liabilities	6	25,513	9,232
Long-term provisions	7	381	788
		<b>31,235</b>	<b>25,350</b>
<b>Current liabilities</b>			
Trade payables	8	-	-
• Total outstanding dues of micro enterprises and small enterprises		149,250	27,522
• Total outstanding dues of creditors other than micro enterprises and small enterprises			
Other current liabilities	8	20,677	32,773
Short-term provisions	7	4,243	18,158
		<b>174,170</b>	<b>78,453</b>
<b>TOTAL</b>		<b>2,225,611</b>	<b>2,763,360</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	9	213,737	668,285
Intangible assets	10	2,122	2,820
Capital work-in-progress		135	70,520
Intangible assets under development		420	-
Non-current investments	11	1,416,050	947,732
Long-term loans and advances	12	14,118	39,349
Amount recoverable from Employee Benefit Trust	34	69,200	69,200
		<b>1,715,782</b>	<b>1,797,906</b>
<b>Current assets</b>			
Inventories	14	191	-
Trade receivables	13.1	-	71,082
Cash and bank balances	15	259,362	231,820
Short-term loans and advances	12	205,566	592,964
Other current assets	13.2	44,710	69,588
		<b>509,829</b>	<b>965,454</b>
<b>TOTAL</b>		<b>2,225,611</b>	<b>2,763,360</b>
Summary of significant accounting policies	2.1		

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

As per our report of even date

**FOR S.R. BATLIBOI & CO. LLP**  
Chartered Accountants  
ICAI Firm registration number: 301003E/E300005

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

Place : Noida  
Date : May 18, 2016

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

**Dilip Modi**  
Executive Chairman  
DIN : 00029062

**Suman Ghose Hazra**  
Director  
DIN : 00012223

**M R Bothra**  
Vice President- Corporate Affairs and Company Secretary  
M. No. : 6651

**Subramanian Murali**  
Director  
DIN : 00041261

**Madhusudan V.**  
Chief Financial Officer



# STATEMENT OF PROFIT AND LOSS

for year ended March 31, 2016

	Notes	31-Mar-16 Rs.'000	31-Mar-15 Rs.'000
<b>Income</b>			
Revenue from operations	16.1	1,528,643	-
Other income	16.2	143,781	229,368
<b>Total revenue (I)</b>		<b>1,672,424</b>	<b>229,368</b>
<b>Expenses</b>			
Purchase of traded goods		1,497,409	-
(Increase) in inventories of traded goods	17	(191)	-
Employee benefits expenses	18	32,385	97,376
Other expenses	19.1	112,399	111,426
<b>Total (II)</b>		<b>1,642,002</b>	<b>208,802</b>
<b>Earnings before depreciation , amortization , finance costs, exceptional items and tax (EBITDA) (I) – (II)</b>		<b>30,422</b>	<b>20,566</b>
Depreciation and amortization expense	20	75,621	38,799
Finance costs	21	(776)	264
Exceptional items	19.2	619,084	3,346,607
<b>(Loss) before tax</b>		<b>(663,507)</b>	<b>(3,365,104)</b>
<b>Tax expenses</b>			
Tax adjustment for earlier years		(24,156)	-
<b>Total tax expense/(income)</b>		<b>(24,156)</b>	<b>-</b>
<b>(Loss) for the year/period</b>		<b>(639,351)</b>	<b>(3,365,104)</b>
<b>Earnings per equity share</b> [nominal value of share Rs. 3 (31 March 2015: Rs. 3)]	22	<b>(2.81)</b>	<b>(14.77)</b>
<b>Basic and diluted (Rs.)</b>			
Summary of significant accounting policies	2.1		

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

As per our report of even date

**FOR S.R. BATLIBOI & CO. LLP**  
Chartered Accountants  
ICAI Firm registration number: 301003E/E300005

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

Place : Noida  
Date : May 18, 2016

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

**Dilip Modi**  
Executive Chairman  
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Vice President- Corporate Affairs and Company Secretary  
M. No. : 6651

**Subramanian Murali**  
Director  
DIN : 00041261

**Madhusudan V.**  
Chief Financial Officer

## CASH FLOW STATEMENT

for the year ended March 31, 2016

	Notes	For the year ended 31-Mar-16 Rs.'000	For the period ended 31-Mar-15 Rs.'000
<b>CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES</b>			
(Loss) before taxation		(663,507)	(3,365,104)
Adjustments for :			
- Depreciation / amortisation		75,621	57,031
- Loss on disposal of fixed assets (net)		7	3,102
- Provision for diminution (reversed)/made in the value of non-current investments		(13,051)	3,328,375
- Unclaimed balances written back		(574)	(511)
- Interest expense		(776)	264
- Interest income		(49,110)	(175,526)
- Dividend Income		(692)	(692)
- Provision for doubtful debts and advances (net)		633,870	-
<b>Operating (loss) before working capital changes</b>		(18,212)	(153,061)
<b>Movements in working capital:</b>			
(Increase) in inventories		(191)	-
(Increase) / Decrease in trade receivables		(410,205)	83,423
Decrease / (Increase) in non-current loans and advances		22,133	(6,398)
(Increase) in current loans and advances		(2,688)	(3,413)
(Increase) / Decrease in current assets		(17,351)	17,297
Increase in trade payables and other long term liabilities		7,209	10,956
(Decrease) / Increase in other current liabilities		(12,366)	8,513
Increase / (Decrease) in current trade payables		122,302	(36,476)
Increase in non-current provisions		(408)	788
(Decrease) / Increase in current provisions		(4,827)	5,195
<b>Cash (used in) operations</b>		(314,604)	(73,176)
Direct taxes paid (net of refunds)		(13,873)	(21,980)
<b>Net cash (used in) operating activities</b>	(A)	(328,477)	(95,156)
<b>CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES</b>			
Purchase of fixed assets (including capital work in progress, capital advances and investment property)		(9,888)	(7,340)
Proceeds from sale of fixed assets		17,500	-
Sale/(Purchase) of investments in subsidiaries		7,942	(2,450,000)
Loans to bodies corporate		(36,500)	-
Loans repaid by bodies corporate		355,336	2,005,064
Amount received from Employee benefit trust		-	4,000
Interest received		21,449	148,992
Dividend Received		692	692
Fixed deposits refunded by banks		298,041	1,029,732
Fixed deposits made with banks		(289,317)	(644,701)
<b>Net cash from investing activities</b>	(B)	365,255	86,439

# CASH FLOW STATEMENT

for the year ended March 31, 2016

	Notes	For the year ended 31-Mar-16 Rs.'000	For the period ended 31-Mar-15 Rs.'000
<b>CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES</b>			
Repayment of long term borrowings		(823)	(557)
Interest paid		776	(264)
Dividend paid		(465)	(349)
<b>Net cash (used in) financing activities</b>	<b>( C )</b>	<b>(512)</b>	<b>(1,170)</b>
Net Increase in cash and cash equivalents (A + B + C)		<b>36,266</b>	(9,887)
Cash and cash equivalents at the beginning of the year/period		<b>20,120</b>	30,007
<b>Cash and cash equivalents at the end of the year/period</b>		<b>56,386</b>	20,120
<b>Components of cash and cash equivalents:</b>			
Cash on hand		23	4
With banks			
- on current accounts		19,371	11,342
- Deposits with original maturity of less than three months		30,721	2,038
- unpaid dividend accounts*		6,271	6,736
<b>Total cash and cash equivalents (note 15)</b>		<b>56,386</b>	20,120
Summary of significant accounting policies	<b>2.1</b>		

## Notes:

I. The cash flow statement has been prepared under the indirect method as set out in Accounting Standard-3 on Cash flow statements as notified under Section 133 of the Companies Act 2013, read together with Paragraph 7 of the Companies (Accounts) Rules 2014.

\*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/E300005

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

Place : Noida  
Date : May 18, 2016

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

**Dilip Modi**  
Executive Chairman  
DIN : 00029062

**Suman Ghose Hazra**  
Director  
DIN : 00012223

**M R Bothra**  
Vice President- Corporate Affairs and Company Secretary  
M. No. : 6651

**Subramanian Murali**  
Director  
DIN : 00041261

**Madhusudan V.**  
Chief Financial Officer

# NOTES TO FINANCIAL STATEMENTS

for year ended March 31, 2016

## 1. Nature of Operations

Spice 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 handsets and through its subsidiaries, in trading of IT products, Mobile handsets and their accessories and the Information and Communication Technology business providing Value Added Services to the Telecom Operators. The name of Company was 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 the generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under Section 133 of the Companies Act 2013, read together with Rule 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention.

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

### 2.1 Summary of significant accounting policies

#### (a) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting year. 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 Tangible Fixed assets

i) Depreciation is provided using the straight line method as per the estimated useful lives of the assets estimated by the management. The Company has used the following rates to provide depreciation on its fixed assets :-

Particulars	Useful Life (Estimated by management)
Plant and equipments	15
Furniture and fittings	10
Office equipments	5
Computers (excluding servers)	3
Servers (Included in Computers)	6
Vehicles	8

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.

#### (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

# NOTES TO FINANCIAL STATEMENTS

for year ended March 31, 2016

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.

## (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.

### Investment Property

An investment in land or buildings, which is not intended to be occupied substantially for use by, or in the operations of, the Company, is classified as investment property. Investment properties 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 investment property to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Depreciation on building component of investment property is calculated on a straight-line basis using the rate arrived at based on the useful life estimated by the management. Based on Technical Assessment, the Company depreciates the investment property over the estimated useful life of 60 years.

## (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.

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.

## NOTES TO FINANCIAL STATEMENTS

for year ended March 31, 2016

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) 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 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.

### (j) Foreign currency translation

#### *Foreign currency transactions and balances*

#### (i) Initial recognition

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

#### (ii) Conversion

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

#### (iii) Exchange differences

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

# NOTES TO FINANCIAL STATEMENTS

for year ended March 31, 2016

## (k) 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.

## (l) 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.

## (m) Earnings Per Share

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

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

## (n) Provisions

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

## (o) Contingent liabilities

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

## NOTES TO FINANCIAL STATEMENTS

for year ended March 31, 2016

be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

**(p) 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.

**(q) 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.

**(r) Measurement of EBITDA**

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





## NOTES TO FINANCIAL STATEMENTS

for year ended March 31, 2016

### 3. Share Capital

	31-Mar-16 Rs.'000	31-Mar-15 Rs.'000
<b>Authorized</b>		
330,000,000 (31 March 2015: 330,000,000) equity shares of Rs. 3 each	<b>990,000</b>	990,000
<b>Issued, subscribed and fully paid-up</b>		
227,863,982 (31 March 2015: 227,863,982) equity shares of Rs. 3 each	<b>683,592</b>	683,592
	<b>683,592</b>	683,592

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

	31-Mar-16		31-Mar-15	
	Nos.	Rs.'000	Nos.	Rs.'000
At the beginning of the year/period	227,863,982	683,592	227,863,982	683,592
Issued during the year	-	-	-	-
Outstanding at the end of the year/period	227,863,982	683,592	227,863,982	683,592

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

The Company 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 Company declares and pays dividends in Indian rupees.

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:

	31-Mar-16 Rs.'000	31-Mar-15 Rs.'000
<b>Holding Company</b>		
Spice Connect Private Limited (formerly Smart Ventures Private Limited), the holding company		
169,447,570 (31 March 2015: 169,447,570) equity shares of Rs. 3 each fully paid	<b>508,343</b>	508,343

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

	31-Mar-16 Nos.	31-Mar-15 Nos.
Equity shares allotted as fully paid-up pursuant to the Scheme of amalgamation for consideration other than cash	-	163,448,285

## NOTES TO FINANCIAL STATEMENTS

for year ended March 31, 2016

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

Name of the shareholder	As at 31 Mar 2016		As at 31 Mar 2015	
	Nos.	% holding in the class	Nos.	% holding in the class
<i>Equity shares of Rs. 3 each fully paid</i>				
Spice Connect Private Limited (formerly Smart Ventures Private Limited), the holding company	<b>169,447,570</b>	<b>74.36%</b>	169,447,570	74.36%
Independent Non Promoter Trust	<b>35,301,215</b>	<b>15.49%</b>	35,301,215	15.49%
Independent Non Promoter (Spice Employee Benefit) Trust	<b>11,901,752</b>	<b>5.22%</b>	11,901,752	5.22%

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.

(f) During the year ended June 30, 2014, the Company had bought back 10,222,303 equity shares of Rs 3 each fully paid up.

#### 4. Reserves and Surplus

	31-Mar-16 Rs.'000	31-Mar-15 Rs.'000
<b>Capital redemption reserve</b>		
Balance as per the last financial statements	<b>30,666</b>	30,666
<b>Closing Balance</b>	<b>30,666</b>	30,666
<b>General reserve</b>		
Balance as per the last financial statements	<b>4,108,355</b>	4,108,355
<b>Closing Balance</b>	<b>4,108,355</b>	4,108,355
<b>Surplus in the statement of profit and loss</b>		
Balance as per last financial statements	<b>(2,163,056)</b>	1,202,048
Profit/(Loss) for the year/period	<b>(639,351)</b>	(3,365,104)
<b>Profit available for appropriation:</b>	<b>(2,802,407)</b>	(2,163,056)
<b>Net surplus in the statement of profit and loss</b>	<b>(2,802,407)</b>	(2,163,056)
<b>Total reserves and surplus</b>	<b>1,336,614</b>	1,975,965

#### 5. Long-term borrowings

	31-Mar-16 Rs.'000	31-Mar-15 Rs.'000
Vehicle loan from banks (secured)	<b>2,032</b>	2,855
Amount disclosed under the head other current liabilities (Refer note 8)	<b>(918)</b>	(823)
	<b>1,114</b>	2,032

Indian rupee loan from IndusInd Bank Limited amounting to Rs. 2,032 thousand (Previous period: Rs. 2,855 thousand) carries rate of interest of 11% (Previous period: 11%). This loan is repayable in 47 equal monthly instalments 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 .

## NOTES TO FINANCIAL STATEMENTS

for year ended March 31, 2016

### 6. Trade payables and Other Long Term Liabilities

	31-Mar-16 Rs.'000	31-Mar-15 Rs.'000
<b>Trade payables (including acceptances)</b>		
• Total outstanding dues of micro enterprises and small enterprises (refer note 29 for details of dues to micro and small enterprises)	-	-
• Total outstanding dues of creditors other than micro enterprises and small enterprises*	4,227	13,298
	<b>4,227</b>	<b>13,298</b>
<b>Other Long Term Liabilities</b>		
Security Deposits	25,513	9,232
	<b>25,513</b>	<b>9,232</b>
	<b>29,740</b>	<b>22,530</b>

\* Represents provision for lease equalisation

### 7. Provisions

	Long-term		Short-term	
	31-Mar-16 Rs.'000	31-Mar-15 Rs.'000	31-Mar-16 Rs.'000	31-Mar-15 Rs.'000
<b>Provision for employee benefits</b>				
Provision for gratuity (Note 23)	381	788	379	1,135
Provision for leave benefits	-	-	3,864	7,934
	<b>381</b>	<b>788</b>	<b>4,243</b>	<b>9,069</b>
<b>Other provisions</b>				
Provision for income tax	-	-	-	9,089
	-	-	-	9,089
	<b>381</b>	<b>788</b>	<b>4,243</b>	<b>18,158</b>

### 8. Trade Payable and other Current Liabilities

	31-Mar-16 Rs.'000	31-Mar-15 Rs.'000
<b>Trade payables (including acceptances)</b>		
• Total outstanding dues of micro enterprises and small enterprises (refer note 29 for details of dues to micro and small enterprises)	-	-
• Total outstanding dues of creditors other than micro enterprises and small enterprises	149,250	27,522
	<b>149,250</b>	<b>27,522</b>
<b>Other liabilities</b>		
Current maturities of long-term borrowings (refer note 5)	918	823
Unpaid dividend	6,270	6,736
Employee related liabilities	8,803	20,191
Creditors for capital goods	1,172	531
Advance from customers and their credit balances	313	-
Indirect Taxes and Duties Payable	678	-
Employee Statutory Deductions	74	235
TDS payable	2,449	4,257
	<b>20,677</b>	<b>32,773</b>
	<b>169,927</b>	<b>60,295</b>

## NOTES TO FINANCIAL STATEMENTS

for year ended March 31, 2016

### 9. Tangible assets

(Rs. ' 000)

	Buildings	Plant and Machinery	Furniture and Fittings	Office Equipments	Computers	Vehicles	Leasehold Improvements	Total
<b>Cost</b>								
<b>At 1 July 2014</b>	417,559	46,426	41,667	49,957	19,723	18,868	289,071	883,271
Additions	1,129	-	559	628	342	-	376	3,034
<b>At 31 Mar 2015</b>	<b>418,688</b>	<b>46,426</b>	<b>42,226</b>	<b>50,585</b>	<b>20,065</b>	<b>18,868</b>	<b>289,447</b>	<b>886,305</b>
Additions	-	-	3,165	1,405	904	-	705	6,179
Disposals	-	-	-	59	-	-	-	59
Transferred to Investment property	(418,688)	-	-	-	-	-	-	(418,688)
<b>At 31 Mar 2016</b>	<b>-</b>	<b>46,426</b>	<b>45,391</b>	<b>51,931</b>	<b>20,969</b>	<b>18,868</b>	<b>290,152</b>	<b>473,737</b>
<b>Depreciation</b>								
<b>At 1 July 2014</b>	19,476	6,310	13,107	8,048	10,022	5,866	98,687	161,516
Charge for the period	5,227	2,512	3,137	16,021	3,293	2,149	24,165	56,504
<b>At 31 Mar 2015</b>	<b>24,703</b>	<b>8,822</b>	<b>16,244</b>	<b>24,069</b>	<b>13,315</b>	<b>8,015</b>	<b>122,852</b>	<b>218,020</b>
Charge for the year	-	3,349	4,424	20,683	3,171	2,866	32,242	66,735
Disposals	-	-	-	52	-	-	-	52
Transferred to Investment property	(24,703)	-	-	-	-	-	-	(24,703)
<b>At 31 Mar 2016</b>	<b>-</b>	<b>12,171</b>	<b>20,668</b>	<b>44,700</b>	<b>16,486</b>	<b>10,881</b>	<b>155,094</b>	<b>260,000</b>
<b>Net Block</b>								
<b>At 31 Mar 2015</b>	393,985	37,604	25,982	26,516	6,750	10,853	166,595	668,285
<b>At 31 Mar 2016</b>	<b>-</b>	<b>34,255</b>	<b>24,723</b>	<b>7,231</b>	<b>4,483</b>	<b>7,987</b>	<b>135,058</b>	<b>213,737</b>

#### Notes

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

(Rs. ' 000)

Particulars	Gross Block		Depreciation*		Accumulated Depreciation	
	As at March 31, 2016	As at March 31, 2015	For the year ended March 31, 2016	For the period ended March 31, 2015	As at March 31, 2016	As at March 31, 2015
Buildings	-	125,316	-	204	-	6,672
Furniture & Fixture	44,891	3,165	4,039	25	20,266	1,398
Leasehold Improvement	288,557	6,537	29,847	217	154,242	2,632
Office Equipment	51,705	-	18,352	-	44,506	-
Plant & Machinery	46,170	-	3,100	-	12,104	-
<b>GRAND TOTAL</b>	<b>431,323</b>	<b>135,018</b>	<b>55,338</b>	<b>446</b>	<b>231,118</b>	<b>10,702</b>

\* Depreciation is for the period during which the building along with other assets were given on operating lease.

## NOTES TO FINANCIAL STATEMENTS

for year ended March 31, 2016

### 10. Intangible assets

(Rs. '000)

<b>Computer Softwares</b>	
<b>Gross block</b>	
<b>At 1 July 2014</b>	<b>5,913</b>
Addition	145
<b>At 31 Mar 2015</b>	<b>6,058</b>
Addition	17
<b>At 31 Mar 2016</b>	<b>6,075</b>
<b>Amortization</b>	
<b>At 1 July 2014</b>	<b>2,711</b>
Charge for the period	527
<b>At 31 Mar 2015</b>	<b>3,238</b>
Charge for the year	715
<b>At 31 Mar 2016</b>	<b>3,953</b>
<b>Net block</b>	
At 31 Mar 2015	2,820
<b>At 31 Mar 2016</b>	<b>2,122</b>

### 11. Non Current Investments

	31-Mar-16 Rs. '000	31-Mar-15 Rs. '000
<b>Investment property (at cost less accumulated depreciation)</b>		
Cost of building given on operating lease*	496,084	-
Less: Accumulated depreciation**	(32,875)	-
Net block	463,209	-
* Transferred from Fixed assets Rs. 418,688 thousand and additions during the year Rs. 77,395 thousand		
** Depreciation charged during the year Rs. 8,171 thousand		
<b>Trade investments (valued at cost unless stated otherwise)</b>		
<b>Investment in subsidiaries (unquoted)</b>		
Spice Digital Limited		
35,470,674 (Previous period 35,470,674) equity shares of Rs.10 each fully paid up	88,974	88,974
Hindustan Retail Private Limited		
315,530,000 (Previous period 315,530,000) equity shares of Rs.10 each fully paid up* (at cost less provision for other than temporary diminution in value Rs. 3,155,282 thousand (Previous period Rs. 3,155,282 thousand))	-	-
Spice Retail Limited		
Nil (Previous period 794,262) equity shares of Rs.10 each fully paid up* (at cost less provision for other than temporary diminution in value Nil (Previous period Rs. 173,093 thousand))	-	-
Kimaan Exports Private Limited		
20,000 (Previous period 20,000) equity shares of Rs.10 each fully paid up	456,212	456,212
S Mobility (HK) Limited		
10,000 (Previous period 10,000) equity shares of HKD 1 each fully paid up	64	64
S Mobility Pte. Limited		
285,000 (Previous period 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 period Rs. 11,877 thousand))	529	529

## NOTES TO FINANCIAL STATEMENTS

for year ended March 31, 2016

	31-Mar-16 Rs.'000	31-Mar-15 Rs.'000
S Mobile Devices Limited 50,000 (Previous period 50,000) equity shares of Rs.10 each fully paid up	-	500
	<b>545,779</b>	546,279
<b>In a Trust (unquoted)</b> Interest as sole beneficiary in an Independent Non Promoter Trust **	<b>373,798</b>	373,798
<b>Investment in equity instruments (unquoted)</b> S Mobile Devices Limited 50,000 (Previous period Nil) equity shares of Rs.10 each fully paid up	<b>500</b>	-
<b>Investment in equity instruments (quoted)</b> Godfrey Phillips India Limited 86,500 (Previous period 86,500) equity shares of Rs.2 each fully paid up	<b>24,925</b>	24,925
Spicejet Limited 140,288 (Previous period 140,288) equity shares of Rs.10 each fully paid up* (at cost less provision for other than temporary diminution in value Nil (Previous period Rs 5,109 thousand))	<b>7,789</b>	2,680
	<b>407,012</b>	401,403
	<b>952,791</b>	947,682
<b>Non-Trade investments (valued at cost unless stated otherwise)</b> <b>Government and trust securities (unquoted)</b> 5 (Previous period 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)	<b>50</b>	50
	<b>50</b>	50
	<b>1,416,050</b>	947,732
Aggregate amount of quoted investments (Market value: Rs. 111,772 thousand (31 March 2015: Rs. 39,504 thousand))	<b>32,714</b>	27,605
Aggregate amount of unquoted investments	<b>1,383,337</b>	920,128
* Aggregate provision for diminution in value of investments	<b>3,167,158</b>	3,345,361

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

### 12. Loans and advances

	Non-current		Current	
	31-Mar-16 Rs.'000	31-Mar-15 Rs.'000	31-Mar-16 Rs.'000	31-Mar-15 Rs.'000
<b>Capital advances</b>				
Unsecured, considered good	1,266	4,364	-	-
	<b>1,266</b>	4,364	-	-
<b>Security deposits</b>				
Unsecured, considered good				
To related party (Refer Note No. 28)	10,000	10,000	-	-
To others	516	516	75	75
Unsecured, considered doubtful				
To others	-	-	210	210
	<b>10,516</b>	10,516	<b>285</b>	285
Provision for doubtful security deposit	-	-	210	210
	<b>10,516</b>	10,516	<b>75</b>	75

## NOTES TO FINANCIAL STATEMENTS

for year ended March 31, 2016

	Non-current		Current	
	31-Mar-16 Rs. '000	31-Mar-15 Rs. '000	31-Mar-16 Rs. '000	31-Mar-15 Rs. '000
<b>Loans and advances to related parties (Refer Note No. 28)</b>				
Unsecured, considered good	-	13,333	-	425,693
Unsecured, considered doubtful	-	-	133,045	-
	-	13,333	133,045	425,693
Provision for doubtful advances	-	-	133,045	-
	-	13,333	-	425,693
<b>Advances recoverable in cash or kind</b>				
Unsecured, considered good	-	-	258	806
Unsecured, considered doubtful	-	-	490	490
	-	-	748	1,296
Provision for doubtful advances	-	-	490	490
	-	-	258	806
<b>Other loans and advances</b>				
Unsecured, considered good				
Advance income-tax (net of provision for taxation)	-	-	189,097	160,157
Prepaid expenses	-	-	2,088	2,630
Loans to employees/ex employees	336	9,134	10,269	3,603
Balances with statutory / government authorities	2,000	2,002	3,779	-
	2,336	11,136	205,233	166,390
<b>Total</b>	<b>14,118</b>	<b>39,349</b>	<b>205,566</b>	<b>592,964</b>

### 13. Trade Receivables and Other Assets

#### 13.1. Trade Receivables

	Current	
	31-Mar-16 Rs. '000	31-Mar-15 Rs. '000
<b>Unsecured, considered doubtful Outstanding for a period exceeding six months from the date they are due for payment</b>		
Unsecured, considered good	-	71,082
Unsecured, considered doubtful	48,785	-
	48,785	71,082
Provision for doubtful receivables	48,785	-
	-	71,082
<b>Other receivables</b>		
Unsecured, considered good	-	-
Unsecured, considered doubtful	432,502	-
	432,502	-
Provision for doubtful receivables	432,502	-
	-	-
	-	71,082

## NOTES TO FINANCIAL STATEMENTS

for year ended March 31, 2016

### 13.2. Other assets

	Current	
	31-Mar-16 Rs.'000	31-Mar-15 Rs.'000
<b>Unsecured, considered good</b>		
Interest accrued on fixed deposits	10,658	11,135
Interest accrued on loan to related parties (Refer Note 28)	-	25,555
Interest accrued on loan to an ex-employee	1,050	-
Interest receivable on Income Tax refund	1,987	-
Rent and Other Receivables		
From related party	20,161	5,013
From others	574	105
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)*	10,280	10,280
	<b>44,710</b>	<b>69,588</b>
<b>Unsecured, considered doubtful</b>		
Interest accrued on loan to related parties (Refer Note 28)	17,804	-
Rent and Other Receivables - From others	1,734	-
	<b>19,538</b>	<b>-</b>
Provision for doubtful receivables	19,538	-
	<b>-</b>	<b>-</b>
	<b>44,710</b>	<b>69,588</b>
* Balance as per the last financial statement	10,280	13,382
Less :Written off / Sold during the year/period	-	(3,102)
Total**	<b>10,280</b>	<b>10,280</b>

\*\* comprising of Freehold Land, Buildings and other fixed assets of Rs. 800 thousand, Rs. 9,272 thousand and Rs 208 thousand respectively (Previous period Rs. 800 thousand, Rs. 9,272 thousand and Rs. 3,310 thousand respectively)

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

	31-Mar-16 Rs.'000	31-Mar-15 Rs.'000
Traded goods	191	-
	<b>191</b>	<b>-</b>

### 15. Cash and bank balances

	Current	
	31-Mar-16 Rs.'000	31-Mar-15 Rs.'000
<b>Cash and cash equivalents</b>		
<i>Balances with banks:</i>		
– On current accounts	19,371	11,342
– Deposits with original maturity of less than three months	30,721	2,038
– On unpaid dividend account	6,271	6,736
Cash on hand	23	4
	<b>56,386</b>	<b>20,120</b>
<b>Other bank balances</b>		
Deposits with original maturity of more than 3 months but less than 12 months		
– Margin money deposit	202,976	211,700
	<b>202,976</b>	<b>211,700</b>
	<b>259,362</b>	<b>231,820</b>



## NOTES TO FINANCIAL STATEMENTS

for year ended March 31, 2016

### Margin money deposits given as security

Margin money deposits with a carrying amount of Rs.202,976 thousand (31 March 2015: Rs.211,700 thousand) are subject to first charge to secure the letter of credits/ bill discounting/ overdraft facility for two step down subsidiaries of the Company.

### 16.1 Revenue from operations

	31-Mar-16 Rs. '000	31-Mar-15 Rs. '000
<b>Revenue from operations</b>		
Traded goods	1,528,643	-
<b>Revenue from operations</b>	<b>1,528,643</b>	<b>-</b>

### Detail of products sold

	31-Mar-16 Rs. '000	31-Mar-15 Rs. '000
<b>Traded goods sold</b>		
Mobile handsets	1,528,643	-
	<b>1,528,643</b>	<b>-</b>

### 16.2 Other income

	31-Mar-16 Rs. '000	31-Mar-15 Rs. '000
Interest income on		
Bank deposits	17,819	35,824
On income tax refund	1,987	-
On loan to Bodies corporate and employees	29,305	139,703
Dividend income on :-		
Long-term investments from others	692	692
Bad debts / advances recovered	-	2,000
Provisions and unclaimed balances written back (net)	574	511
Rent Received	91,738	50,089
Income on foreign exchange fluctuation(net)	359	-
Maintenance charges recovery	1,169	-
Miscellaneous income	138	549
	<b>143,781</b>	<b>229,368</b>

### 17. (Increase) in inventories of traded goods

	31-Mar-16 Rs. '000	31-Mar-15 Rs. '000	(Increase) / decrease Rs. '000 31-Mar-16
Inventories at the end of the year/period			
Traded goods	191	-	(191)
	<b>191</b>	<b>-</b>	<b>(191)</b>

### Details of purchase of traded goods

	31-Mar-16 Rs. '000	31-Mar-15 Rs. '000
Mobile handsets	1,497,409	-
	<b>1,497,409</b>	<b>-</b>

## NOTES TO FINANCIAL STATEMENTS

for year ended March 31, 2016

### Details of inventory

	31-Mar-16 Rs.'000	31-Mar-15 Rs.'000
Traded goods		
Mobile handsets	191	-
	191	-

### 18. Employee benefits expenses

	31-Mar-16 Rs.'000	31-Mar-15 Rs.'000
Salaries, wages and bonus	25,871	82,101
Contribution to provident and other funds	1,550	1,101
Leave encashment expenses	1,181	4,441
Gratuity expense (Refer Note No. 23)	353	1,594
Staff welfare expenses	3,430	8,139
	<b>32,385</b>	<b>97,376</b>

### 19.1 Other expenses

	31-Mar-16 Rs.'000	31-Mar-15 Rs.'000
Electricity and water	16,534	12,641
Freight and forwarding charges	4	-
Rent	23,484	26,175
Rates and taxes	2,543	2,548
Insurance	1,803	689
Repairs and maintenance		
-Buildings	4,236	6,198
-Others	7,476	5,631
Advertising and sales promotion	200	140
Travelling and conveyance	8,944	13,121
Communication costs	2,253	2,244
Printing and stationery	1,974	2,162
Legal and professional fees	11,648	11,867
Directors' sitting fees	780	1,946
Payment to statutory auditors (Refer note A below)	4,793	4,462
Provision for doubtful debts and advances	1,734	-
Loss on disposal of fixed assets (net)	7	3,102
Security & Housekeeping Expenses	7,876	10,131
Bank charges	49	33
Loss on foreign exchange fluctuation(net)	-	10
Corporate Social Responsibility Expenses (Refer note B below)	4,528	1,850
Brokerage & Commision	7,571	1,155
Miscellaneous expenses	3,962	5,321
	<b>112,399</b>	<b>111,426</b>

## NOTES TO FINANCIAL STATEMENTS

for year ended March 31, 2016

### A. Payment to Statutory Auditors

	31-Mar-16 Rs.'000	31-Mar-15 Rs.'000
As auditor:		
Statutory Audit fees	1,834	1,910
Tax audit fees	251	281
Limited reviews	2,254	1,685
In other capacity:		
Other services (certification fees)	226	354
Reimbursement of expenses	228	232
	<b>4,793</b>	<b>4,462</b>

### B. Details of CSR expenditure

	31-Mar-16 Rs.'000	31-Mar-15 Rs.'000
a. Gross amount required to be spent by the Company during the year/period	4,528	1,835
b. Amount spent during the year/period ending on 31 <sup>st</sup> March, 2016:		
On promoting education, ensuring environmental sustainability and rural development projects	4,528	1,850

### 19.2 Exceptional items

	31-Mar-16 Rs.'000	31-Mar-15 Rs.'000
Additional Depreciation due to change of useful life	-	18,232
Provision for doubtful debts and advances (Refer note 31)	632,135	-
Provision (reversed)/made for diminution in the value of long term investments*	(13,051)	3,328,375
	<b>619,084</b>	<b>3,346,607</b>

\* Provision made in the previous period represented provision made in respect of Company's investment in its subsidiaries in view of continuing losses incurred by these subsidiaries.

### 20. Depreciation and amortization expense

	31-Mar-16 Rs.'000	31-Mar-15 Rs.'000
Depreciation of tangible assets	66,735	38,272
Amortization of intangible assets	715	527
Depreciation of investment property	8,171	-
	<b>75,621</b>	<b>38,799</b>

### 21. Finance costs

	31-Mar-16 Rs.'000	31-Mar-15 Rs.'000
Interest Cost (including Rs 3 thousand (Previous period:Nil) on Income Tax, net of Rs. 1,061 thousand being reversal of interest on income tax)	(776)	264
	<b>(776)</b>	<b>264</b>

## NOTES TO FINANCIAL STATEMENTS

for year ended March 31, 2016

### 22. Earnings per share (EPS)

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

	31-Mar-16 Rs. '000	31-Mar-15 Rs. '000
Profit/(Loss) after tax	(639,351)	(3,365,104)
<b>Net profit/(Loss) for calculation of basic and diluted EPS</b>	<b>(639,351)</b>	<b>(3,365,104)</b>
	Nos.	Nos.
<b>Weighted average number of equity shares in calculating basic and diluted EPS</b>	<b>227,863,982</b>	<b>227,863,982</b>
<b>Basic and diluted earning per share (in Rs.)</b>	<b>(2.81)</b>	<b>(14.77)</b>

### 23. Disclosure under accounting Standard-15(Revised) on 'Employee Benefits'

#### a) Defined Contribution Plan

Particulars	31-Mar-16 Rs. '000	31-Mar-15 Rs. '000
Contribution to provident fund	1,438	1,021
	<b>1,438</b>	<b>1,021</b>

#### 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	
	31-Mar-16 Rs. '000	31-Mar-15 Rs. '000
Current service cost	271	925
Interest cost on benefit obligation	250	99
Expected return on plan assets	(119)	(86)
Net actuarial( gain) / loss recognized in the year	(49)	656
<b>Net benefit expense</b>	<b>353</b>	<b>1,594</b>
Actual return on plan assets	80	75

#### Balance sheet

##### Benefit asset/ liability

	Gratuity	
	31-Mar-16 Rs. '000	31-Mar-15 Rs. '000
Present value of defined benefit obligation	2,110	3,226
Fair value of plan assets	1,350	1,303
<b>Plan asset / (liability)</b>	<b>760</b>	<b>1,923</b>

## NOTES TO FINANCIAL STATEMENTS

for year ended March 31, 2016

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

	Gratuity	
	31-Mar-16 Rs. '000	31-Mar-15 Rs. '000
Opening defined benefit obligation	3,226	1,557
Current service cost	271	925
Interest cost	250	99
Liability transferred pursuant to slump sale	-	-
Acquisition adjustment (Out)	(1,018)	-
Benefits paid*	(530)	-
Actuarial losses/(gains) on obligation	(89)	645
<b>Closing defined benefit obligation</b>	<b>2,110</b>	<b>3,226</b>

\*includes Rs 529 thousand (Previous year Rs Nil ) paid/to be paid directly by the Company.

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

	Gratuity	
	31-Mar-16 Rs. '000	31-Mar-15 Rs. '000
Opening fair value of plan assets	1,303	1,257
Expected return	119	86
Fund Management Charge	(32)	(29)
Assets transferred pursuant to slump sale	-	-
Benefits paid	-	-
Actuarial gains / (losses)	(40)	(11)
<b>Closing fair value of plan assets</b>	<b>1,350</b>	<b>1,303</b>

The Company expects to contribute Rs.379 thousand to gratuity in the next year (31<sup>st</sup> March 2015: Rs.1135 thousand).

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

	Gratuity	
	31-Mar-16	31-Mar-15
Investments with insurer	100%	100%

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

	Gratuity	
	31-Mar-16	31-Mar-15
Discount rate	8.00%	7.75%
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	<b>As notified by LIC</b>	

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.

## NOTES TO FINANCIAL STATEMENTS

for year ended March 31, 2016

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

	31-Mar-16 Rs.'000	31-Mar-15 Rs.'000	30-Jun-14 Rs.'000	30-Jun-13 Rs.'000	30-Jun-12 Rs.'000
<b>Gratuity</b>					
Defined benefit obligation	2,110	3,226	1,557	11,648	10,392
Plan assets	1,350	1,303	1,257	8,725	7,589
(Surplus) / deficit	760	1,923	300	2,923	2,803
Experience adjustments on plan liabilities	65	(436)	732	1,239	2,837
Experience adjustments on plan assets	(40)	(11)	(689)	5	(72)

### 24. 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. The Company has recognised lease expenses of Rs. 21,944 thousand for the year ended March 31, 2016 (Previous period Rs 25,271 thousand)

#### 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.

Further, the Company has entered into lease of its Buildings in Bangalore, Kolkata & Mumbai for terms ranging from three to five years. The lease term can be extended by mutual consent of both the parties. The leases have a lock in periods between one to five years. The leases are cancellable after the lock in period by either party by serving a notice of at least 3 months.

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

	31-Mar-16 Rs.'000	31-Mar-15 Rs.'000
Within one year	33,589	4,407
After one year but not more than five years	68,767	734
More than five years	-	-
	<b>102,356</b>	<b>5,141</b>

### 25. Segment information

#### Primary segments: Business Segments

During the year, the Company was engaged mainly in telecommunications- Mobile business which represented the business of trading of mobile handsets. The entire business was 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

As the Company's business activity falls within a single geographical segment, there is no additional disclosure required to be provided for geographical segments in terms of Accounting Standard-17 Segment Reporting.

### 26. Capital & other Commitments

- Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. 1,149 thousand (Previous period Rs. 4,604 thousand).
- 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.

### 27. Contingent Liabilities

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

- Income Tax Demands being disputed by the Company Rs. 1,38,891 thousand (Previous period Rs. 1,52,716 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 period Rs. 40,860 thousand).\*
- Demand raised by the Excise Authorities being disputed by the Company. The Company has deposited Rs. 2,000 thousand (Previous period 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 period Rs. 66,263 thousand).\*

## NOTES TO FINANCIAL STATEMENTS

for year ended March 31, 2016

- d) The Company has given corporate guarantee and pledged fixed deposits of Rs.195,476 thousand (Previous period Rs. 180,562 thousand) in respect of letter of credit/ bill discounting facility taken by a subsidiary company to the extent of Rs. 2,550,000 thousand where the Company is jointly and severally liable. Further, the Company has an equitable mortgage of its properties situated at B1 101, 106 and 107, Boomerang, Plot No. 4A and 4B, Sakivali Village, Chandivali farm road, Kurla (W), Mumbai & at Unit No. ESNT B0501, 5<sup>th</sup> Floor, IIF/11, New Town, Rajarhat, North 24 Parganas, Kolkata, West Bengal in respect of letter of credit facility (included in the above amount) taken by subsidiary company to the extent of Rs. 450,000 thousand & 500,000 thousand respectively, where the Company is jointly and severally liable.
- e) The Company has pledged its fixed deposit of Rs. 7,500 thousand (Previous period Rs. 31,138 thousand) in respect of the overdraft facility taken by subsidiary of a subsidiary Company.

\* 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.

### 28. Related Parties

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

Ultimate Holding Company	Smart Global Corporate Holding Private Limited
Holding Company	Spice Connect Private Limited (Formerly known as Smart Ventures Private Limited)
Subsidiaries including step down subsidiaries	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 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 Limited (till 18.02.2016) 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 S Retail General Trading LLC

#### Names of other related parties with whom transactions have taken place during the year/previous period :

Individual having significantly influence on the Company and relatives or such individuals	Mr. Dilip Modi - Executive Chairman (w.e.f. 30.11.2015)
Enterprises directly or indirectly through one or more intermediaries are under common control with the Company	Wall Street Finance Limited Smartvalue Ventures Private Limited (Formerly Spice Investments & Finance Advisors Pvt. Ltd.) Spice Innovative Technologies Private Ltd. Smart Entertainment Pvt Ltd (formerly known as Spice Entertainment Limited) IO Systems Limited
Key Management Personnel	Mr. Subramanian Murali – President Finance (till 30.04.2015) Mr. Prashant Bindal – CEO (w.e.f. 27.08.2014 till 30.11.2015)
Relatives of key management personnel	Dr. Sonia Bindal (w.e.f. 27.08.2014 till 30.11.2015)
Enterprises over which individuals having significant influence over the Company is able to exercise significant influence	V Corp Merchantile Private Limited PT Selular Media Infotama Plus Paper Foodpac Ltd.

# NOTES TO FINANCIAL STATEMENTS

for year ended March 31, 2016

## Details of related party transactions

(Rs. in '000)

Particulars		Ultimate Holding Company	Holding Company	Subsidiary									
		Smart Global Corporate Holding Private Limited	Spice Connect Private Limited	Spice Digital Limited	Mobisoc Technology Private Limited	Spice Retail Limited	Hindustan Retail Private Limited	Kimaan Exports Private Limited	Spice Labs Private Limited	S Mobility Pte. Limited Singapore	S Mobile Devices Limited (Refer note 5)	Spice Online Retail Private Limited	
<b>Transactions during the year/period</b>													
Sales of Goods	March 31, 2016	-	-	-	-	1,528,643	-	-	-	-	-	-	-
	March 31, 2015	-	-	-	-	-	-	-	-	-	-	-	-
Interest Income	March 31, 2016	-	-	-	-	27,892	-	-	-	-	-	92	-
	March 31, 2015	-	-	-	-	28,395	108,977	-	-	-	-	-	-
Remuneration	March 31, 2016	-	-	-	-	-	-	-	-	-	-	-	-
	March 31, 2015	-	-	-	-	-	-	-	-	-	-	-	-
Security Received	March 31, 2016	-	300	-	-	-	-	-	-	-	-	-	-
	March 31, 2015	-	500	-	-	-	-	-	-	-	-	-	-
Security Returned	March 31, 2016	-	300	-	-	-	-	-	-	-	-	-	-
	March 31, 2015	-	500	-	-	-	-	-	-	-	-	-	-
Security Paid	March 31, 2016	-	-	300	-	400	200	-	-	-	-	-	-
	March 31, 2015	-	-	200	-	-	200	-	-	-	-	-	-
Security Received back	March 31, 2016	-	-	300	-	400	200	-	-	-	-	-	-
	March 31, 2015	-	-	200	-	-	200	-	-	-	-	-	-
Miscellaneous Expenses	March 31, 2016	-	-	3,598	-	-	-	-	-	-	-	-	-
	March 31, 2015	-	-	5,070	-	-	-	-	124	-	-	-	-
Rent Expense	March 31, 2016	-	-	-	-	-	-	21,944	-	-	-	-	-
	March 31, 2015	-	-	-	-	-	-	25,272	-	-	-	-	-
Rent Income	March 31, 2016	-	602	19,640	6,930	31,220	-	-	3,108	-	-	-	3,108
	March 31, 2015	336	294	13,665	4,872	23,898	-	-	3,024	-	-	-	3,066
Provision for doubtful debts and advances	March 31, 2016	-	-	-	-	632,135	-	-	-	-	-	-	-
	March 31, 2015	-	-	-	-	-	-	-	-	-	-	-	-
Loans/advance given during the year	March 31, 2016	-	-	-	-	25,000	-	-	-	-	-	11,500 (Refer Note 5)	-
	March 31, 2015	-	-	-	-	-	-	-	-	-	-	-	-
Loan received back during the period/adjusted	March 31, 2016	-	-	-	-	307,030	-	-	-	-	-	-	-
	March 31, 2015	-	-	-	-	89,300	1,919,715	-	-	-	-	-	-
Reimbursement of Expenses (recovered)	March 31, 2016	-	-	997	-	-	-	-	-	-	-	-	-
	March 31, 2015	-	-	-	-	-	-	-	-	-	-	-	-
Reimbursement of Expenses (provided)	March 31, 2016	-	-	-	-	-	-	-	-	-	-	-	-
	March 31, 2015	-	-	-	-	14,514	-	-	-	-	-	-	-
<b>Outstanding balances at the end of year/period</b>													
Receivables	March 31, 2016	-	-	-	-	481,287	-	-	-	-	-	-	-
	March 31, 2015	-	-	-	-	71,082	-	-	-	-	-	-	-
Payables	March 31, 2016	270	-	555	-	-	-	33,901	-	-	-	-	-
	March 31, 2015	3,008	-	3,984	-	-	-	8,119	-	-	-	-	-
Security Deposits	March 31, 2016	-	-	-	-	-	-	10,000	-	-	-	-	-
	March 31, 2015	-	-	-	-	-	-	10,000	-	-	-	-	-
Loan/advances receivable	March 31, 2016	-	-	-	-	133,045	-	-	-	-	-	-	-
	March 31, 2015	-	-	-	-	415,075	-	-	-	-	-	-	-
Provision for doubtful debts and advances	March 31, 2016	-	-	-	-	632,135	-	-	-	-	-	-	-
	March 31, 2015	-	-	-	-	-	-	-	-	-	-	-	-
Provision in the value of Investments	March 31, 2016	-	-	-	-	-	-	3,155,282	-	-	11,877	-	-
	March 31, 2015	-	-	-	-	-	173,093	3,155,282	-	-	11,877	-	-
Other Receivable	March 31, 2016	-	73	3,367	-	13,890	-	-	571	-	-	-	1,422
	March 31, 2015	-	47	-	-	4,128	-	-	-	-	-	-	-
Interest Receivable	March 31, 2016	-	-	-	-	17,804	-	-	-	-	-	-	-
	March 31, 2015	-	-	-	-	25,555	-	-	-	-	-	-	-

### 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.195,476 thousand (Previous period Rs. 180,562 thousand) in respect of letter of credit/ bill discounting facility taken by a subsidiary company to the extent of Rs.2,550,000 thousand where the Company is jointly and severally liable. Further, the Company has an equitable mortgage of its properties situated at B1 101, 106 and 107, Boomerang, Plot No. 4A and 4B, Sakivali Village, Chandivali farm road, Kurla (W), Mumbai & at Unit No. ESNT B0501, 5<sup>th</sup> Floor; IIF/11, New Town, Rajarhat, North 24 Parganas, Kolkata, West Bengal in respect of letter of credit facility (included in the above amount) taken by subsidiary company to the extent of Rs. 450,000 thousand & 500,000 thousand respectively, 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.7,500 thousand (Previous period Rs. 31,138 thousand) in respect of overdraft facility taken by Spice Online Retail Private Limited, subsidiary of a subsidiary Company.
- The loan given to S Mobile Devices Limited has been received back subsequently after the entity ceased to be a subsidiary of the Company.



# NOTES TO FINANCIAL STATEMENTS

for year ended March 31, 2016

## Details of related party transactions

(Rs. in '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	Smart Entertainment Pvt Ltd	IO systems Limited	Wall Street Finance Limited	Mr. Prashant Bindal	Mr. Subramanian Murali
<b>Transactions during the year/ period</b>								
Sales of Goods	<b>March 31, 2016</b>	-	-	-	-	-	-	-
	March 31, 2015	-	-	-	-	-	-	-
Interest Income	<b>March 31, 2016</b>	-	-	-	-	-	-	173
	March 31, 2015	-	-	-	-	-	-	1,576
Remuneration	<b>March 31, 2016</b>	-	-	-	-	-	298	2,028
	March 31, 2015	-	-	-	-	-	19,626	20,179
Security Received	<b>March 31, 2016</b>	-	-	-	-	-	-	-
	March 31, 2015	-	-	-	-	-	-	-
Security Returned	<b>March 31, 2016</b>	-	-	-	-	-	-	-
	March 31, 2015	-	-	-	-	-	-	-
Security Paid	<b>March 31, 2016</b>	-	-	-	-	-	-	-
	March 31, 2015	-	-	-	-	-	-	-
Security Received back	<b>March 31, 2016</b>	-	-	-	-	-	-	-
	March 31, 2015	-	-	-	-	-	-	-
Miscellaneous Expenses	<b>March 31, 2016</b>	-	-	-	-	359	2	-
	March 31, 2015	-	-	-	-	513	2	2
Rent Expense	<b>March 31, 2016</b>	-	-	-	-	-	-	-
	March 31, 2015	-	-	-	-	-	-	-
Rent Income	<b>March 31, 2016</b>	-	-	-	-	-	-	-
	March 31, 2015	42	84	168	42	-	-	-
Provision for doubtful debts and advances	<b>March 31, 2016</b>	-	-	-	-	-	-	-
	March 31, 2015	-	-	-	-	-	-	-
Loans/advance given during the year	<b>March 31, 2016</b>	-	-	-	-	-	-	-
	March 31, 2015	-	-	-	-	-	-	-
Loan received back during the period/ adjusted	<b>March 31, 2016</b>	-	-	-	-	-	-	-
	March 31, 2015	-	-	-	-	-	-	-
Reimbursement of Expenses (recovered)	<b>March 31, 2016</b>	-	-	-	-	-	-	-
	March 31, 2015	-	-	-	-	-	-	-
Reimbursement of Expenses (provided)	<b>March 31, 2016</b>	-	-	-	-	-	-	-
	March 31, 2015	-	-	-	-	-	-	-
<b>Outstanding balances at the end of year/period</b>								
Receivables	<b>March 31, 2016</b>	-	-	-	-	-	-	-
	March 31, 2015	-	-	-	-	-	-	-
Payables	<b>March 31, 2016</b>	-	-	-	-	43	-	-
	March 31, 2015	-	-	-	-	379	2	-
Security Deposits	<b>March 31, 2016</b>	-	-	-	-	-	-	-
	March 31, 2015	-	-	-	-	-	-	-
Loan/advances receivable	<b>March 31, 2016</b>	-	-	-	-	-	-	-
	March 31, 2015	-	-	-	-	-	-	20,000
Provision for doubtful debts and advances	<b>March 31, 2016</b>	-	-	-	-	-	-	-
	March 31, 2015	-	-	-	-	-	-	-
Provision in the value of Investments	<b>March 31, 2016</b>	-	-	-	-	-	-	-
	March 31, 2015	-	-	-	-	-	-	-
Other Receivable	<b>March 31, 2016</b>	-	-	-	-	-	2,229	-
	March 31, 2015	-	-	-	-	-	-	-
Interest Receivable	<b>March 31, 2016</b>	-	-	-	-	-	-	-
	March 31, 2015	-	-	-	-	-	-	-

## NOTES TO FINANCIAL STATEMENTS

for year ended March 31, 2016

### Details of related party transactions

(Rs. in '000)

Particulars		Relatives of key management personnel	Enterprises over which individual having significant influence over the Company is able to exercise significant influence			Total
		Dr.Sonia Bindal	Plus Paper Foodpac Limited	PT Selular Media Infotama	V Corp Merchantile Private Limited	
<b>Transactions during the year/period</b>						
Sales of Goods	<b>March 31, 2016</b>	-	-	-	-	<b>1,528,643</b>
	March 31, 2015	-	-	-	-	-
Interest Income	<b>March 31, 2016</b>	-	-	-	-	<b>28,157</b>
	March 31, 2015	-	-	-	-	138,948
Remuneration	<b>March 31, 2016</b>	-	-	-	-	<b>2,326</b>
	March 31, 2015	-	-	-	-	39,805
Security Received	<b>March 31, 2016</b>	-	-	-	-	<b>300</b>
	March 31, 2015	-	-	-	-	500
Security Returned	<b>March 31, 2016</b>	-	-	-	-	<b>300</b>
	March 31, 2015	-	-	-	-	500
Security Paid	<b>March 31, 2016</b>	-	-	-	-	<b>900</b>
	March 31, 2015	-	-	-	-	400
Security Received back	<b>March 31, 2016</b>	-	-	-	-	<b>900</b>
	March 31, 2015	-	-	-	-	400
Miscellaneous Expenses	<b>March 31, 2016</b>	<b>84</b>	-	-	<b>33</b>	<b>4,076</b>
	March 31, 2015	108	-	-	19	5,838
Rent Expense	<b>March 31, 2016</b>	-	-	-	-	<b>21,944</b>
	March 31, 2015	-	-	-	-	25,272
Rent Income	<b>March 31, 2016</b>	-	-	-	-	<b>64,608</b>
	March 31, 2015	-	-	-	-	49,491
Provision for doubtful debts and advances	<b>March 31, 2016</b>	-	-	-	-	<b>632,135</b>
	March 31, 2015	-	-	-	-	-
Loans/advance given during the year	<b>March 31, 2016</b>	-	-	-	-	<b>36,500</b>
	March 31, 2015	-	-	-	-	-
Loan received back during the period/adjusted	<b>March 31, 2016</b>	-	-	-	-	<b>307,030</b>
	March 31, 2015	-	-	-	-	2,009,015
Reimbursement of Expenses (recovered)	<b>March 31, 2016</b>	-	-	-	-	<b>997</b>
	March 31, 2015	-	-	-	-	-
Reimbursement of Expenses (provided)	<b>March 31, 2016</b>	-	-	-	-	-
	March 31, 2015	-	-	783	-	15,297
<b>Outstanding balances at the end of year/period</b>						
Receivables	<b>March 31, 2016</b>	-	-	-	-	<b>481,287</b>
	March 31, 2015	-	-	-	-	71,082
Payables	<b>March 31, 2016</b>	-	-	-	-	<b>34,769</b>
	March 31, 2015	-	-	-	-	15,492
Security Deposits	<b>March 31, 2016</b>	-	-	-	-	<b>10,000</b>
	March 31, 2015	-	-	-	-	10,000
Loan/advances receivable	<b>March 31, 2016</b>	-	-	-	-	<b>133,045</b>
	March 31, 2015	-	-	3,951	-	439,026
Provision for doubtful debts and advances	<b>March 31, 2016</b>	-	-	-	-	<b>632,135</b>
	March 31, 2015	-	-	-	-	-
Provision in the value of Investments	<b>March 31, 2016</b>	-	-	-	-	<b>3,167,159</b>
	March 31, 2015	-	-	-	-	3,340,252
Other Receivable	<b>March 31, 2016</b>	-	<b>838</b>	-	-	<b>22,390</b>
	March 31, 2015	-	18,338	-	-	22,513
Interest Receivable	<b>March 31, 2016</b>	-	-	-	-	<b>17,804</b>
	March 31, 2015	-	-	-	-	25,555

## NOTES TO FINANCIAL STATEMENTS

for year ended March 31, 2016

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

Particulars	31-Mar-16	31-Mar-15
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

### 30. Expenditure in foreign currency (accrual basis)

	31-Mar-16 Rs.'000	31-Mar-15 Rs.'000
Travelling and Conveyance	713	671
Director Sitting fee	50	-
<b>Total</b>	<b>763</b>	<b>671</b>

31. The Company has receivable by way of loans of Rs. 150,848 thousand (Previous period Rs 440,630 thousand) including interest of Rs.17,804 thousand (Previous period Rs 25,555 thousand), trade receivables and advances of Rs. 495,177 thousand (Previous period Rs 75,210 thousand) from one of its subsidiaries. In view of the continuing losses of the said business, the Company has taken a decision to provide loan of Rs 150,848 thousand and receivables of Rs.481,287 thousand as doubtful. The provision for doubtful debts and advances has been shown under exceptional items in the financial statements. However, the management continues to focus on growing the retail business and making it profitable on an ongoing basis.
32. 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.
33. 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 March 31, 2016 (Rs.'000)	Balance as on March 31, 2015 (Rs.'000)	Maximum amount outstanding during the year ended March 31, 2016 (Rs.'000)	Maximum amount outstanding during the period ended March 31, 2015 (Rs.'000)
Hindustan Retail Private Limited	-	-	-	1,919,715
Spice Retail Limited	133,045	415,075	439,045	504,375

**Note:** The loan given to Spice Retail Limited is for business purposes. The loan is repayable till March 31, 2017 or earlier as and when demanded by the Company.

34. Independent Non-Promoter (Spice Employee Benefit) Trust ('Trust') holds 11,901,752 (Previous year 11,901,752) Equity Shares of the Company as on 31<sup>st</sup> March, 2016, 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) as on March 31, 2016 Rs. 69,200 thousand (Previous period Rs. 69,200 thousand).

## NOTES TO FINANCIAL STATEMENTS

for year ended March 31, 2016

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.

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

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

Name of the loanee	Rate of Interest	Due date	Secured/unsecured	31-Mar-16 Rs. '000	31-Mar-15 Rs. '000
Spice Retail Limited	8% ( Previous Year 8%)	Refer Below	Unsecured	133,045	415,075

The loan given to Spice Retail Limited is for business purposes. The loan is repayable till March 31, 2017 or earlier as and when demanded by the Company.

### Particulars of corporate guarantees given as required by Section 186(4) of Companies Act, 2013

Particulars	31-Mar-15	Guarantees Given	Guarantees Withdrawn	31-Mar-16
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Spice Retail Limited	2,050,000	500,000	-	2,550,000

The Company has given corporate guarantee in respect of letter of credit/ bill discounting facility taken by a subsidiary company to the extent of Rs. 2,550,000 thousand where the Company is jointly and severally liable.

### Details of Investments made (At cost):

Particulars	Opening Investments	Investments made during the year	Investments sold during the year	Closing Investments
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Spice Digital Limited	88,974	-	-	88,974
35,470,674 (Previous period 35,470,674) equity shares of Rs.10 each fully paid up				
Hindustan Retail Private Limited	3,155,282	-	-	3,155,282
315,530,000 (Previous period 315,530,000) equity shares of Rs.10 each fully paid up				
Spice Retail Limited	173,093	-	173,093	-
Nil (Previous period 794,262) equity shares of Rs.10 each fully paid up				
Kimaan Exports Private limited	456,212	-	-	456,212
20,000 (Previous period 20,000) equity shares of Rs.10 each fully paid up				
S Mobility (HK) Limited	64	-	-	64
10,000 (Previous period 10,000) equity shares of HKD 1 each fully paid up				
S Mobility Pte. Limited	12,406	-	-	12,406
285,000 (Previous period 285,000) equity shares of SGD 1 each fully paid up				
S Mobile Devices Limited	500	-	-	500
50,000 (Previous period 50,000) equity shares of Rs.10 each fully paid up				

Particulars	Opening Investments	Investments made during the year	Investments sold during the year	Closing Investments
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Godfrey Phillips India Limited 86,500 (Previous period 86,500) equity shares of Rs.2 each fully paid up	24,925	-	-	24,925
Spicejet Limited 140,288 (Previous period 140,288) equity shares of Rs.10 each fully paid up	7,789	-	-	7,789
	3,919,245	-	173,093	3,746,152

36. During the year ended March 31, 2016, the Company has entered into an agreement with S Mobile Devices Ltd, a wholly owned subsidiary, Itel Mobile Ltd and Cloud Ranger Ltd to engage in the business of selling "Itel" Brand Mobile handsets in India. Pursuant to the agreement and equity infusion by Itel Mobile Ltd and Cloud Ranger Ltd, S Mobile Devices Ltd has ceased to be a subsidiary of the Company.
37. Current year's accounts have been prepared for the full year i.e. from April 1, 2015 to March 31, 2016. Previous year accounts were prepared for the nine months period, i.e., from July 1, 2014 to March 31, 2015. Hence, current year's figures are not comparable with those of the previous period. Previous period's figures have been regrouped / reclassified wherever considered necessary to conform to current year's figures.

As per our report of even date

**FOR S.R. BATLIBOI & CO. LLP**  
Chartered Accountants  
ICAI Firm registration number: 301003E/E300005

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

Place : Noida  
Date : May 18, 2016

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

**Dilip Modi**  
Executive Chairman  
DIN : 00029062

**Suman Ghose Hazra**  
Director  
DIN : 00012223

**M R Bothra**  
Vice President- Corporate Affairs and Company Secretary  
M. No. : 6651

**Subramanian Murali**  
Director  
DIN : 00041261

**Madhusudan V.**  
Chief Financial Officer

## INDEPENDENT AUDITOR'S REPORT

### To the Members of Spice Mobility Limited

#### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **Spice Mobility Limited** ("hereinafter referred to as "the Holding Company"), its subsidiaries (the Company and its subsidiaries together referred to as "the Group"), and its associates, comprising of the consolidated Balance Sheet as at March 31, 2016, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated financial statements').

#### Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms with the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the respective assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, 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 financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph (a) of the Other Matters below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

#### Opinion

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

#### Report on Other Legal and Regulatory Requirements

As required by Section 143 (3) of the Act, we report, to the extent applicable, that:

- (a) We / the other auditors whose reports we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
- (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss and consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of the written representations received from the directors of the Company as on March 31, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the auditors who are appointed under Section 139 of

## INDEPENDENT AUDITOR'S REPORT

the Act, of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act. The above information does not include information pertaining to 4 associates whose financial statements have been consolidated based on unaudited financial statement and other unaudited financial information and upon which we are unable to comment on;

- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Company and its subsidiary companies incorporated in India, refer to our separate report in "Annexure 1" to this report. This reporting has not been done in respect of 4 associates whose financial statements have been consolidated based on unaudited financial statement and other unaudited financial information and upon which we are unable to comment on ;
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The consolidated financial statements disclose the impact of pending litigations on consolidated financial position of the Group and its associates – Refer Note 34 to the consolidated financial statements;
  - ii. The Group and its associates did not have any material foreseeable losses in long-term contracts including derivative contracts;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company. There were no amounts which were required to be transferred to the Investor Education and Protection fund by the Covered entities.

### Other Matter

- (a) The accompanying consolidated financial statements include total assets of Rs.225,277 thousand as at March 31, 2016, and total revenues and net cash outflows of Rs.352,215 thousand and Rs12,169 thousand respectively for the year ended on that date, in respect of 5 subsidiaries, which have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associates, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associates, is based solely on the report(s) of such other auditors.
- (b) The accompanying consolidated financial statements include total assets of Rs 849,284 thousand as at March 31, 2016, and total revenues and net cash inflows of Rs 815,338 thousand and Rs 95,922 thousand respectively for the year ended on that date, in respect of 15 subsidiaries, which have not been audited, which unaudited financial statements and other unaudited financial information have been furnished to us by the management of the Holding Company. The consolidated financial statements also include the Group's share of net loss of Rs.1,329 thousand for the year ended March 31, 2016, as considered in the consolidated financial statements, in respect of 4 associates, whose financial statements and other financial information have not been audited and whose unaudited financial statements and other unaudited financial information have been furnished to us by the Management. Our opinion, in so far as it relates to amounts and disclosures included in respect of these subsidiaries and associates, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries and associates, is based solely on such unaudited financial statement and other unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements and other financial information are not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements above, is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

### For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm registration number: 301003E/ E300005

### per Anil Gupta

Partner

Membership Number: 87921

Place: Noida

Date: May 18, 2016

## INDEPENDENT AUDITOR'S REPORT

### ANNEXURE I TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF SPICE MOBILITY LIMITED

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

##### To the Members of Spice Mobility Limited

In conjunction with our audit of the consolidated financial statements of Spice Mobility Limited as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of Spice Mobility Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies, which are companies incorporated in India, as of that date.

##### Management's Responsibility for Internal Financial Controls

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

##### Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors, except those pertaining to 4 associates as per remarks given in para (f) under Report on Other Legal and Regulatory Requirements of the main audit report, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

##### Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

##### Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

##### Opinion

In our opinion, the Holding Company and its subsidiary companies which are companies incorporated in India, have, maintained in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria



## INDEPENDENT AUDITOR'S REPORT

established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

### Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Holding Company, insofar as it relates to 5 subsidiary companies without considering 4 associates as per remarks given in in para (f) under Report on Other Legal and Regulatory Requirements of the main audit report, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiary companies incorporated in India.

### For S.R. Batliboi & CO. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

### per Anil Gupta

Partner

Membership Number: 87921

Place: Noida

Date: May 18, 2016



## CONSOLIDATED BALANCE SHEET

as at March 31, 2016

	Notes	31-Mar-16 Rs. 000	31-Mar-15 Rs. 000
<b>Equity and liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	4	683,592	683,592
Reserves and surplus	5	2,334,024	3,053,988
		<b>3,017,616</b>	<b>3,737,580</b>
<b>Minority Interest</b>	6	<b>346,501</b>	<b>330,933</b>
<b>Non-current liabilities</b>			
Long-term borrowings	7	1,114	2,032
Trade payables	8	-	-
• Total outstanding dues of micro enterprises and small enterprises		-	-
• Total outstanding dues of creditors other than micro enterprises and small enterprises		325	313
Long-term liabilities	8	58,527	61,526
Long-term provisions	9	32,310	28,469
Deferred tax liabilities (net)	15.1	3,237	9,185
		<b>95,513</b>	<b>101,525</b>
<b>Current liabilities</b>			
Short-term borrowings	10	530,240	144,455
Trade payables	11	-	-
• Total outstanding dues of micro enterprises and small enterprises		-	-
• Total outstanding dues of creditors other than micro enterprises and small enterprises		2,196,562	3,320,325
Other current liabilities	11	521,707	522,684
Short-term provisions	9	196,384	266,445
		<b>3,444,893</b>	<b>4,253,909</b>
<b>TOTAL</b>		<b>6,904,523</b>	<b>8,423,947</b>
<b>Assets</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Tangible assets	12	677,011	1,286,939
Intangible assets	13	80,023	100,971
Capital work-in-progress		4,947	102,785
Intangible assets under development		420	-
Goodwill on Consolidation		522,110	527,295
Non-current investments	14	1,055,853	492,312
Deferred tax assets (net)	15.2	8,372	-
Long-term loans and advances	16	266,796	393,838
Amount recoverable from Employee Benefit Trust	40	69,200	69,200
Other non-current assets	17.2	68,798	3,610
		<b>2,753,530</b>	<b>2,976,950</b>
<b>Current assets</b>			
Current investments	18	80,000	236,594
Inventories	19	553,032	1,142,665
Trade receivables	17.1	1,029,615	1,307,415
Cash and bank balances	20	1,270,266	1,373,949
Short-term loans and advances	16	854,411	1,007,541
Other current assets	17.2	363,669	378,832
		<b>4,150,993</b>	<b>5,446,997</b>
<b>TOTAL</b>		<b>6,904,523</b>	<b>8,423,947</b>
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/E300005

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

Place : Noida  
Date : May 18, 2016

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

**Dilip Modi**  
Executive Chairman  
DIN : 00029062

**Suman Ghose Hazra**  
Director  
DIN : 00012223

**M R Bothra**  
Vice President- Corporate Affairs and Company Secretary  
M.No. : 6651

**Subramanian Murali**  
Director  
DIN : 00041261

**Madhusudan V.**  
Chief Financial Officer

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2016

	Notes	For the year ended March 31, 2016 (Rs. '000)	For the nine months ended March 31, 2015 (Rs. '000)
<b>Income</b>			
<b>Revenue from operations (net)</b>		<b>17,912,477</b>	15,872,371
Other income	22	156,027	170,458
<b>Total revenue (I)</b>		<b>18,068,504</b>	16,042,829
<b>Expenses</b>			
Purchase of traded goods		13,688,595	13,182,596
Decrease/(Increase) in inventories	23	589,633	(229,000)
Employee benefits expense	24	1,125,405	967,348
Connectivity and content cost	24	717,076	473,700
Other expenses	26.1	2,229,132	2,026,150
<b>Total (II)</b>		<b>18,349,841</b>	16,420,794
<b>Earnings before depreciation, amortization, finance costs, tax and exceptional items (EBITDA) (I) – (II)</b>		<b>(281,337)</b>	(377,965)
Depreciation and amortization expense	27	293,581	214,369
Finance costs	28	51,812	12,442
Exceptional items	26.2	(5,109)	2,376,514
<b>(Loss) before tax</b>		<b>(621,621)</b>	(2,981,290)
<b>Tax expenses</b>			
- Current Income Tax		108,006	73,962
- MAT Credit Entitlement for the year/period		-	(614)
- Income tax adjustments for earlier years(net)		4,750	7,080
- Deferred tax charge/(credit)		(14,516)	2,373
<b>Total tax expense</b>		<b>98,240</b>	82,801
<b>(Loss) for the year/period</b>		<b>(719,861)</b>	(3,064,091)
Share of Minority in profits		17,353	10,370
Share in Profit/(Loss) of Associate companies		(1,329)	121
<b>(Loss) for the year/period attributable to equity shareholders</b>		<b>(738,543)</b>	(3,074,340)
<b>Earnings per equity share</b> [nominal value of share Rs. 3 (31 March 2015: Rs. 3)]	29		
<b>Basic and diluted (Rs.)</b>		<b>(3.24)</b>	(13.49)
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/E300005

per Anil Gupta  
Partner  
Membership no.: 87921

Place : Noida  
Date : May 18, 2016

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

**Dilip Modi**  
Executive Chairman  
DIN : 00029062

**Suman Ghose Hazra**  
Director  
DIN : 00012223

**M R Bothra**  
Vice President- Corporate Affairs and Company Secretary  
M. No. : 6651

**Subramanian Murali**  
Director  
DIN : 00041261

**Madhusudan V.**  
Chief Financial Officer

## CONSOLIDATED CASH FLOW STATEMENT

for the year ended March 31, 2016

	Notes	For the year ended March 31, 2016 (Rs. '000)	For the nine months ended March 31, 2015 (Rs. '000)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Net Loss before taxation</b>		<b>(621,621)</b>	<b>(2,981,290)</b>
Adjustment for :			
- Foreign currency translation adjustment		<b>19,949</b>	2,103
- Depreciation / amortization		<b>293,581</b>	242,673
- Loss on disposal of fixed assets (net)		<b>7,159</b>	1,921
- Interest expense		<b>27,700</b>	12,443
- Interest income		<b>(99,105)</b>	(108,296)
- Dividend Income		<b>(887)</b>	(6,448)
- Provision for doubtful debts and advances written back (net)		-	(8,823)
- Unclaimed balances written back (net)		-	(2,987)
- Bad Debts Recovered		-	(4,106)
- Gain on dilution of investment in a subsidiary company		<b>(96)</b>	-
- Income from Investment in fixed maturity plan investments		<b>(219)</b>	(8,489)
- Impairment of Goodwill		-	1,948,210
- Reversal of provision for diminution in the value of current investments		-	(4,823)
- Reversal of provision for diminution in the value of non-current investments		<b>(5,109)</b>	-
- (Profit) from sale of Units in Mutual Funds (net)		<b>(12,775)</b>	(11,002)
- Provision for doubtful debts and advances (net)		<b>42,789</b>	-
- Irrecoverable balances written off (net)		<b>2,440</b>	-
<b>Operating (Loss) before working capital changes</b>		<b>(346,193)</b>	<b>(928,914)</b>
<b>Movements in working capital:</b>			
Decrease / (Increase) in inventories		<b>589,633</b>	(229,000)
Decrease in trade receivables		<b>225,889</b>	31,970
Decrease in loans and advances		<b>145,389</b>	69,628
(Increase) / Decrease in other current assets		<b>(36,398)</b>	34,048
(Decrease) / Increase in long term / current liabilities		<b>(1,124,162)</b>	787,777
(Decrease) / Increase in provisions		<b>(66,902)</b>	27,778
<b>Cash generated from Operations</b>		<b>(612,744)</b>	<b>(206,712)</b>
Direct taxes paid (net of refunds)		<b>(31,262)</b>	(182,900)
<b>Net cash used in operating activities</b>	<b>(A)</b>	<b>(644,006)</b>	<b>(389,612)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of fixed assets (including capital work in progress, capital advances and investment property)		<b>(95,842)</b>	(179,441)
Proceeds from sale of fixed assets		<b>23,243</b>	1,940
Purchase of current investments		<b>(50,000)</b>	(40,877)
Redemption of current investments		<b>233,040</b>	246,132
Non Current Investment in Debentures		<b>(10,000)</b>	-
Non Current Investment in equity instruments (Unquoted)		<b>(1,949)</b>	(125)
Non Current Investment in Fully paid up Cumulative Compulsory Convertible Preference Shares (Unquoted)		<b>(8,505)</b>	(2,625)
Non Current Investment in Associate company		<b>(10,027)</b>	(87,987)
Amount received from Employee Benefit Trust		-	4,000

## CONSOLIDATED CASH FLOW STATEMENT

for the year ended March 31, 2016

	Notes	For the year ended March 31, 2016 (Rs. '000)	For the nine months ended March 31, 2015 (Rs. '000)
Loans to body corporate received back/(given)		50,000	(80,000)
Interest received		119,766	75,860
Dividend Received		887	6,633
Fixed Deposit refunded with banks		457,352	1,012,401
Fixed deposits made with banks (including those pledged with banks and others)		(289,317)	(645,278)
<b>Net cash from investing activities</b>	<b>( B )</b>	<b>418,648</b>	<b>310,633</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Repayment of Long term Borrowings		(823)	(558)
Proceeds from Short Term Borrowings		385,784	19,067
Repayment of Short term Borrowings		-	(10,961)
Interest paid		(27,522)	(12,443)
Dividend paid		(465)	(349)
<b>Net cash from/(used in) financing activities</b>	<b>( C )</b>	<b>356,974</b>	<b>(5,244)</b>
Net increase/(decrease) in cash and cash equivalents (A + B + C)		131,616	(84,223)
Exchange fluctuation translation difference related to cash and cash equivalents		(2,025)	(12,849)
Cash and cash equivalents at the beginning of the year/period		512,223	609,295
<b>Cash and cash equivalents at the end of the year/period</b>		<b>641,814</b>	<b>512,223</b>
<b>Components of cash and cash equivalents:</b>			
Cash on hand		2,925	8,573
Cheques/drafts on hand		4,165	1,523
Balances with scheduled banks:			
On current accounts		568,602	481,383
On Deposits with original maturity of less than three months		59,852	14,008
On unpaid dividend accounts*		6,270	6,736
		<b>641,814</b>	<b>512,223</b>

Notes:

- The cash flow statement has been prepared under the indirect method as set out in Accounting Standard-3 on Cash flow statements as notified under Section 133 of the Companies Act 2013, read together with Paragraph 7 of the Companies (Accounts) Rules 2014.
- Cash Flow from operating activities for the year ended March 31, 2016 is after considering CSR expenditure of Rs.8,528 thousand (Previous period Rs. 7,350 thousand)

\*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/E300005

per Anil Gupta  
Partner  
Membership no.: 87921

Place : Noida  
Date : May 18, 2016

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

**Dilip Modi**  
Executive Chairman  
DIN : 00029062

**Suman Ghose Hazra**  
Director  
DIN : 00012223

**M R Bothra**  
Vice President- Corporate Affairs and Company Secretary  
M. No. : 6651

**Subramanian Murali**  
Director  
DIN : 00041261

**Madhusudan V.**  
Chief Financial Officer

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

## 1. 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. Based on license from Indian Railway Catering and Tourism Corporation, the Group has appointed agents for booking of railway tickets all over India. Besides railway tickets, agents also book air tickets, hotels and provides other travel needs through the platform provided by the Group. The Group has also entered into the business of direct money transfer through agents. The Group gets one-time fee from the agents and also receives service charges on booking of tickets, hotels, direct money transfer etc.

The name of the Parent 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 Spice Mobility Limited (hereinafter referred as “Parent Company” or “the Company”) and its subsidiary companies and its associates (hereinafter together referred as the “Spice Group” or “the Group”). In the preparation of these consolidated financial statements, investments in subsidiary companies have been accounted for in accordance with Accounting Standard (AS) 21- Consolidated Financial Statements and investment in associates have been accounted for in accordance with Accounting Standard 23- Accounting for Investments in Associates in Consolidated Financial Statements as notified under Section 133 of the Companies Act, 2013 read together with Rule 7 of the Companies (Accounts) Rule, 2014.

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 Section 133 of the Companies Act 2013, read together with Rule 7 of the Companies (Accounts) Rules 2014.
- (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 March 31, 2016	As at March 31, 2015
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) and (e))	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 GIC Pte Limited (Refer (b) and (e))	Singapore	100.00%	100.00%
11	SpiceVAS (Africa) Pte Limited (Refer (c) and (e))	Africa	69.63%	69.62%
12	Beoworld Sdn.Bhd (Refer (c) and (e))	Republic of Malaysia	100.00%	100.00%
13	SpiceVAS Kenya Limited (Refer (d), (e) and (g))	Republic of Kenya	100.00%	100.00%
14	Spice Digital Nigeria Limited (Refer (d) and (e))	Nigeria	100.00%	100.00%
15	Spice VAS Uganda Limited (Refer (d) and (e))	Uganda	75.00%	75.00%
16	Spice VAS Ghana Limited (Refer (d) and (e))	Ghana	100.00%	100.00%
17	S Mobility Pte. Limited (Refer (e))	Singapore	100.00%	100.00%
18	S Mobility (HK) Limited (Refer (e))	Hong Kong	100.00%	100.00%
19	S Retail Middle East FZE (Refer (a), (e) and (f))	U.A.E	100.00%	100.00%
20	S Retail General Trading LLC (Refer (a), (e), (i) and (f))	U.A.E	49.00%	49.00%
21	Spice VAS Zambia Limited (Refer (d) and (e))	Zambia	100.00%	100.00%
22	Spice VAS Tanzania Limited (Refer (d), (e) and (h))	Tanzania	100.00%	100.00%
23	Spice Digital South Africa Pty Ltd (Refer (d) and (e))	South Africa	100.00%	100.00%
24	S Mobile Devices Limited (Refer Note 38)	India	19.99%	100.00%

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

- (a) Subsidiary through Hindustan Retail Private Limited
  - (b) Subsidiary through Spice Digital Limited
  - (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) These companies are under liquidation.
  - (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.
- (iii) The difference of the cost to the Parent Company of its investment in Subsidiaries 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) In case of foreign subsidiaries, being non integral foreign operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognized in the Foreign Currency Translation Reserve.
- (v) 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.
- (vi) Minorities' interest in net profit / loss of consolidated subsidiaries for the period 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.
- (vii) 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.
- (viii) 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 March 31, 2016.
- (ix) Investments in associate companies have been accounted for by using the equity method of accounting whereby the investment is initially recorded at cost, identifying any goodwill/capital reserve arising at the time of acquisition. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the investor's share of net assets of the investee.

The details of associate companies (companies over which the parent Company exercises significant influence, which have been consolidated on "Equity Method") are as follows:

S. No	Name of Associate Company	Country name	Holding %	
			As at March 31, 2016	As at March 31, 2015
1	Vavia Technologies Private Limited*	India	26.00%	26.00%
2	Sunstone Learning Private Limited (Formerly known as Anytime Learning Private Limited) *	India	38.54%	38.54%
3	Creative Functionapps Lab Private Limited**/**	India	26.00%	-
4	Sunstone Eduversity Private Limited **/**	India	26.99%	-

\* Management financial statement (unaudited) have been considered for Consolidation.

\*\* One of the subsidiary companies has acquired equity stake in these companies during the year. Their share of net loss included in the consolidated financial statements amounts to Rs. 1,173 thousand.

### 3. Basis of preparation

The financial statements of the Group have been prepared in accordance with the 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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

notified under Section 133 of the Companies Act 2013, read together with Rule 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention.

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

### 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.

#### (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.

Intangible 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
In- house developed software	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



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

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 and amortisation on tangible and 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, trademarks, goodwill and website development costs are amortised over their estimated useful lives of three years on straight line basis.
- iv) In respect of two subsidiaries, accelerated depreciation on leasehold improvements/ furnitures and fixtures related to stores/ warehouses under closure is calculated over the notice period of respective lease of the leased premises.
- v) 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.
- vi) 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 II of the Companies Act, 2013. (8.76% (previous period 4.85%) of total Net Block of tangible fixed assets at Spice Group as at March 31, 2016 and 1.28% (previous year 1.19%) of total depreciation expenses for the Spice Group for the period ended March 31, 2016).
- vii) 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)
Plant and Machinery	6.33%
Computers (other than servers etc)	31.67%
Servers	15.84%
Furniture and Fittings	9.5% - 11.88%*
Office Equipments	19.00%
Mobile Handsets (included under office equipments)	50%*

\* Hindustan Retail Private Limited and its subsidiaries consider lower useful life than the life prescribed in Schedule II as per their estimate.

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

Asset Class	Rates (SLM)	Schedule II Rates (SLM)
Computers	19% - 31.67%	15.83% - 31.67%
Furniture and Fittings	13.57%	9.50%
Office Equipment	19% - 31.67%	19.00%
Motor Vehicle (others)	11.88%	11.88%

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

Assets Class	Useful life	Rate (SLM)
Computers	3-5 Years	20%- 33%
Furniture and Fitting	3-7 Years	13.57% - 33.33 %
Office Equipments	3-7 Years	13.57%- 31.67%
Motor Vehicle (others)	10 Years	9.5%-10%

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

- ix) Except in case of one subsidiary as mentioned in (vi) 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 II of the Companies Act, 2013, whichever is higher.

### (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.

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.

#### Investment Property

An investment in land or buildings, which is not intended to be occupied substantially for use by, or in the operations of, the company, is classified as investment property. Investment properties are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the investment property to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Depreciation on building component of investment property is calculated on a straight-line basis using the rate arrived at based on the useful life estimated by the management. Based on Technical Assessment, the Company depreciates the investment property over the estimated useful life of 60 years.

### (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

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.

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. (1.59% (previous year 0.22%) of total inventories of traded goods at Spice Group as at March 31, 2016)

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.

### (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.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

### (ii) Conversion

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

### (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 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 and national pension scheme are defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund and national pension scheme. The Company recognizes contribution payable to the provident fund scheme and national pension 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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

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 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/period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period/year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period/year attributable to equity shareholders and the weighted average number of shares outstanding during the period/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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

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 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 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.

**(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, exceptional items and tax expense.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

### 4. Share Capital

	31-Mar-16 (Rs. '000)	31-Mar-15 (Rs. '000)
<b>Authorized</b> 330,000,000 (31 <sup>st</sup> March 2015: 330,000,000) equity shares of Rs. 3 each	990,000	990,000
<b>Issued, subscribed and fully paid-up</b> 227,863,982 (31 <sup>st</sup> March 2015: 227,863,982) equity shares of Rs. 3 each	683,592	683,592
<b>Total issued, subscribed and fully paid-up</b>	683,592	683,592

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

Equity shares

	31-Mar-16		31-Mar-15	
	Nos.	(Rs. '000)	Nos.	(Rs. '000)
At the beginning of the year/period	227,863,982	683,592	227,863,982	683,592
Issued during the year	-	-	-	-
Outstanding at the end of the year/period	227,863,982	683,592	227,863,982	683,592

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

The Parent Company 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 Parent Company declares and pays dividends in Indian rupees.

In the event of liquidation of the Parent Company, the holders of equity shares will be entitled to receive remaining assets of the Parent 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 Parent Company, shares held by its holding company are as below:

	31-Mar-16 (Rs. '000)	31-Mar-15 (Rs. '000)
<b>Holding Company</b> Spice Connect Private Limited (formerly SmartVentures Private Limited), the holding company 169,447,570 (31 <sup>st</sup> March 2015: 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:**

	31-Mar-16 Nos.	31-Mar-15 Nos.
Equity shares allotted as fully paid-up pursuant to the Scheme of amalgamation for consideration other than cash	-	163,448,285

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

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

Name of the shareholders	As at 31 March 2016		As at 31 March 2015	
	Nos.	% holding in the class	Nos.	% holding in the class
<i>Equity shares of Rs. 3 each fully paid up</i>				
Spice Connect Private Limited (formerly Smart Ventures Private Limited), the holding company	<b>169,447,570</b>	<b>74.36%</b>	169,447,570	74.36%
Independent Non Promoter Trust	<b>35,301,215</b>	<b>15.49%</b>	35,301,215	15.49%
Independent Non Promoter (Spice Employee Benefit) Trust	<b>11,901,752</b>	<b>5.22%</b>	11,901,752	5.22%

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.

- (f) During the year ended June 30, 2014, the Parent Company had bought back 10,222,303 equity shares of Rs. 3 each fully paid up.

**5. Reserves and Surplus**

	31-Mar-16 (Rs. '000)	31-Mar-15 (Rs. '000)
<b>Securities premium account</b>		
Balance as per the last financial statements	<b>177,080</b>	177,080
<b>Closing Balance</b>	<b>177,080</b>	177,080
<b>Capital Redemption Reserve</b>		
Balance as per the last financial statements	<b>30,666</b>	30,666
<b>Closing Balance</b>	<b>30,666</b>	30,666
<b>General reserve</b>		
Balance as per the last financial statements	<b>4,165,298</b>	4,165,298
<b>Closing Balance</b>	<b>4,165,298</b>	4,165,298
<b>Foreign Currency Translation Reserve</b>		
Balance as per last financial statements	<b>83,978</b>	112,211
Add: Created during the year/period	<b>18,579</b>	(28,233)
	<b>102,557</b>	83,978
<b>Capital Reserve</b>		
<i>On consolidation</i>		
Balance as per last financial statements	<b>47,219</b>	47,219
	<b>47,219</b>	47,219
<i>Capital Investment Subsidy</i>		
Balance as per last financial statements	<b>2,675</b>	2,675
	<b>2,675</b>	2,675
<b>Deficit in the statement of profit and loss</b>		
Balance as per last financial statements	<b>(1,452,928)</b>	1,621,411
(Loss) for the year/period	<b>(738,543)</b>	(3,074,340)
<b>Net deficit in the statement of profit and loss</b>	<b>(2,191,471)</b>	(1,452,928)
<b>Total reserves and surplus</b>	<b>2,334,024</b>	3,053,988



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

### 6. Minority Interest

	31-Mar-16 (Rs. '000)	31-Mar-15 (Rs. '000)
<b>Share in :</b>		
Equity Share Capital	97,496	97,496
Securities Premium Account	5,947	5,947
General Reserve	13,729	13,729
Foreign Currency Translation Reserve	11,723	13,508
Capital Investment Subsidy	324	324
Statement of Profit and Loss	217,282	199,929
	<b>346,501</b>	<b>330,933</b>

### 7. Long-term borrowings

	31-Mar-16 (Rs. '000)	31-Mar-15 (Rs. '000)
Vehicle loan from banks (secured)	2,032	2,855
Amount disclosed under the head other current liabilities (Refer note 11)	(918)	(823)
	<b>1,114</b>	<b>2,032</b>

Indian rupee loan from IndusInd Bank Limited amounting to Rs.2,032 thousand (Previous period:Rs.2,855 thousand) carries rate of interest of 11% (Previous period:11%). This loan is repayable in 47 equal monthly instalments 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

	31-Mar-16 (Rs. '000)	31-Mar-15 (Rs. '000)
Trade payables (including acceptances)		
• Total outstanding dues of micro enterprises and small enterprises (refer note 29 for details of dues to micro and small enterprises)	-	-
• Total outstanding dues of creditors other than micro enterprises and small enterprises	325	313
	<b>325</b>	<b>313</b>
<b>Other liabilities</b>		
Security deposits	58,527	61,526
	<b>58,527</b>	<b>61,526</b>
	<b>58,852</b>	<b>61,839</b>

### 9. Provisions

	Long-term		Short-term	
	31-Mar-16 (Rs. '000)	31-Mar-15 (Rs. '000)	31-Mar-16 (Rs. '000)	31-Mar-15 (Rs. '000)
Provision for employee benefits				
Provision for gratuity (Note 30)	30,315	24,922	18,739	23,889
Provision for leave benefits	-	-	37,496	44,069
	<b>30,315</b>	<b>24,922</b>	<b>56,235</b>	<b>67,958</b>
<b>Other provisions</b>				
Provision for warranties	1,995	3,547	127,856	186,876
Provision for Income Tax	-	-	12,293	11,611
	<b>1,995</b>	<b>3,547</b>	<b>140,149</b>	<b>198,487</b>
	<b>32,310</b>	<b>28,469</b>	<b>196,384</b>	<b>266,445</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

### Provision for warranties

A provision is recognized for expected warranty claims on mobile handsets sold during last one year by one of the subsidiary 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.

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

### 10. Short-term borrowings

	31-Mar-16 (Rs. '000)	31-Mar-15 (Rs. '000)
Loan From Banks (Secured)*	201,906	123,766
Buyers Credit facility from a bank (Secured)**	306,102	-
Interest free loan and advances from others repayable on demand (unsecured)	22,232	20,689
	<b>530,240</b>	<b>144,455</b>
<b>The above amount includes</b>		
Unsecured borrowings	22,232	20,689
Secured borrowings	508,008	123,766

\* Includes :-

- a) Rs 99,951 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 subsidiary company.
- b) Rs 6,023 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%.
- c) Rs 95,933 thousand pertaining to bill discounting facility from the bank is secured by first and exclusive charge on entire current assets of the Company, both present and future. Further, lien is marked on fixed deposit receipt to the extent of 25% of the total limit of Rs 100,000,000. The facility carries interest at base rate plus 1.65%.

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

1. Exclusive charge over present and future movable fixed assets and current assets of the 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 Holding company i.e. Spice Mobility Limited.
3. Corporate Guarantee of the holding company, Spice Mobility Limited.
4. Fixed Deposit under lien with the bank of 25% of the facility value.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

### 11. Trade Payables and Other Current Liabilities

	31-Mar-16 (Rs. '000)	31-Mar-15 (Rs. '000)
Trade payables (including acceptances)		
• Total outstanding dues of micro enterprises and small enterprises(refer note 29 for details of dues to micro and small enterprises)	-	-
• Total outstanding dues of creditors other than micro enterprises and small enterprises	2,196,562	3,320,325
	<b>2,196,562</b>	<b>3,320,325</b>
<b>Other Current Liabilities</b>		
Current maturities of long-term borrowings (refer note 7)	918	823
Unpaid dividend	6,270	6,736
Interest accrued but not due on borrowings	179	-
Unaccrued Revenue	83	7,860
Advances from customers and their credit balances	168,081	179,691
Forward contract payable	38,450	539
Creditors for Capital Goods	8,524	11,897
Employee Related Liabilities	160,362	176,455
Indirect Taxes and Duties Payable	53,109	67,107
Employee Statutory Deductions	7,341	8,922
TDS payable	69,496	45,468
Others	8,894	17,186
	<b>521,707</b>	<b>522,684</b>
	<b>2,718,269</b>	<b>3,843,009</b>

### 12. Tangible Assets

(Amount in Rs. '000)

Particulars	Leasehold Land	Building	Plant and Machinery	Furniture and Fittings	Office Equipments	Computers	Vehicles	Leasehold Improvements	Total
<b>Gross Block:</b>									
At July 1, 2014	87,629	971,472	105,526	156,986	171,756	769,115	25,761	241,205	2,529,450
Foreign Currency Translation Reserve	-	(3,565)	-	(531)	(102)	(37,061)	(526)	-	(41,785)
Additions	-	4,788	1,675	14,114	10,931	47,487	3,053	27,435	109,483
Disposals	-	-	-	9,361	3,770	6,723	-	27,643	47,497
<b>At March 31, 2015</b>	<b>87,629</b>	<b>972,695</b>	<b>107,201</b>	<b>161,208</b>	<b>178,815</b>	<b>772,818</b>	<b>28,288</b>	<b>240,997</b>	<b>2,549,651</b>
Foreign Currency Translation Reserve	-	-	-	(422)	(4)	(1,158)	(803)	-	(2,387)
Additions	-	2,401	720	10,508	7,635	56,551	3,155	17,789	98,759
Disposals	-	-	7,564	30,830	16,050	17,815	1,455	83,134	156,848
Transferred to Investment property	-	(485,399)	-	-	-	-	-	-	(485,399)
<b>At March 31, 2016</b>	<b>87,629</b>	<b>489,697</b>	<b>100,357</b>	<b>140,464</b>	<b>170,396</b>	<b>810,396</b>	<b>29,185</b>	<b>175,652</b>	<b>2,003,776</b>
<b>Depreciation:</b>									
At July 1, 2014	17,779	170,956	55,012	80,783	99,254	495,793	7,901	195,465	1,122,943
Foreign Currency Translation Reserve	-	(185)	-	(296)	(84)	(21,096)	(139)	-	(21,800)
Charge for the period	2,166	37,400	4,055	18,775	30,776	80,531	2,822	31,783	208,308
Disposals	-	-	-	9,164	3,396	6,538	-	27,641	46,739
<b>At March 31, 2015</b>	<b>19,945</b>	<b>208,171</b>	<b>59,067</b>	<b>90,098</b>	<b>126,550</b>	<b>548,690</b>	<b>10,584</b>	<b>199,607</b>	<b>1,262,712</b>
Foreign Currency Translation Reserve	-	-	-	(340)	5	(2,403)	(256)	-	(2,994)
Charge for the year	2,886	41,439	5,419	26,171	31,882	98,910	4,158	32,665	243,530
Disposals	-	-	4,387	28,835	14,048	16,385	1,129	82,994	147,778
Transferred to Investment property	-	(28,705)	-	-	-	-	-	-	(28,705)
<b>At March 31, 2016</b>	<b>22,831</b>	<b>220,905</b>	<b>60,099</b>	<b>87,094</b>	<b>144,389</b>	<b>628,812</b>	<b>13,357</b>	<b>149,278</b>	<b>1,326,765</b>
<b>Net Block:</b>									
<b>At March 31, 2015</b>	<b>67,684</b>	<b>764,524</b>	<b>48,134</b>	<b>71,110</b>	<b>52,265</b>	<b>224,128</b>	<b>17,704</b>	<b>41,390</b>	<b>1,286,939</b>
<b>At March 31, 2016</b>	<b>64,798</b>	<b>268,792</b>	<b>40,258</b>	<b>53,370</b>	<b>26,007</b>	<b>181,584</b>	<b>15,828</b>	<b>26,374</b>	<b>677,011</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

Note:

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

(Amount in Rs. '000)

Particulars	Gross Block		Depreciation*		Accumulated Depreciation	
	As at March 31, 2016	As at March 31, 2015	For the year ended March 31, 2016	For the nine months period ended March 31, 2015	As at March 31, 2016	As at March 31, 2015
Building	49,552	210,971	3,959	1,851	22,829	17,422
Leasehold Land	8,596	8,596	478	359	3,781	3,303
Furniture and Fittings	8,791	3,165	626	25	3,759	1,398
Office Equipment	12,955	6,537	3,736	217	10,466	2,632
<b>Total</b>	<b>79,894</b>	<b>229,269</b>	<b>8,799</b>	<b>2,452</b>	<b>40,835</b>	<b>24,755</b>

\* Depreciation is for the period during which the building along with other assets have been given on operating lease.

### 13. Intangible Assets

(Amount in Rs. '000)

Particulars	Computer Softwares	Intellectual Property Right	Web site Development Cost	Trade mark	Goodwill	Total
<b>Gross Block:</b>						
At July 1, 2014	556,279	11,632	9,479	10,764	15,000	603,154
Additions	23,186	11,123	1,218	-	-	35,527
<b>At March 31, 2015</b>	<b>579,465</b>	<b>22,755</b>	<b>10,697</b>	<b>10,764</b>	<b>15,000</b>	<b>638,681</b>
Foreign Currency Translation Reserve	(1,333)	-	-	-	-	(1,333)
Additions	24,385	-	-	-	-	24,385
Disposals/adjustments	7,990	-	-	10,764	15,000	33,755
<b>At March 31, 2016</b>	<b>594,527</b>	<b>22,755</b>	<b>10,697</b>	<b>-</b>	<b>-</b>	<b>627,979</b>
<b>Amortisation:</b>						
At July 1, 2014	468,585	2,842	6,226	10,764	15,000	503,417
Foreign Currency Translation Reserve	(72)	-	-	-	-	(72)
Charge for the period	31,157	1,730	1,478	-	-	34,365
<b>At March 31, 2015</b>	<b>499,670</b>	<b>4,572</b>	<b>7,704</b>	<b>10,764</b>	<b>15,000</b>	<b>537,710</b>
Foreign Currency Translation Reserve	(318)	-	-	-	-	(318)
Charge for the year	37,865	2,304	319	-	-	40,488
Disposals/adjustments	4,160	-	-	10,764	15,000	29,924
<b>At March 31, 2016</b>	<b>533,057</b>	<b>6,876</b>	<b>8,023</b>	<b>-</b>	<b>-</b>	<b>547,956</b>
<b>Net Block:</b>						
<b>At March 31, 2015</b>	<b>79,795</b>	<b>18,183</b>	<b>2,993</b>	<b>-</b>	<b>-</b>	<b>100,971</b>
<b>At March 31, 2016</b>	<b>61,469</b>	<b>15,879</b>	<b>2,674</b>	<b>-</b>	<b>-</b>	<b>80,023</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

### 14. Non Current Investments

	31-Mar-16 (Rs. '000)	31-Mar-15 (Rs. '000)
<b>Investment property (at cost less accumulated depreciation)</b>		
Cost of building given on operating lease*	567,859	-
Less: Accumulated depreciation**	(38,675)	-
Net block	529,184	-
* Transferred from Fixed assets Rs. 485,399 thousand and additions during the year Rs. 77,395 thousand. Includes adjustment for foreign currency translation reserve amounting to Rs. 5,065 thousand		
** Depreciation charged during the year Rs. 9,563 thousand and Includes adjustment for foreign currency translation reserve amounting to Rs. 407 thousand		
<b>Trade investments (valued at cost unless stated otherwise)</b>		
<b>Investment in equity instruments (quoted)</b>		
Godfrey Phillips India Limited 86,500 (Previous period 86,500) equity shares of Rs.2 each (Previous period Rs. 2 each) fully paid up	24,925	24,925
Spicejet Limited 140,288 (Previous period 140,288) equity shares of Rs.10 each fully paid up*	7,788	2,680
(at cost less provision for other than temporary diminution in value Nil (Previous period Rs 5,109 thousand))		
<b>Investment in equity instruments (unquoted)</b>		
Riot Labz Private Limited 200 (Previous period 200) fully paid up Equity shares of Rs. 10 each	125	125
911 India Healthcare Private Limited 1 (Previous period 1) fully paid up Equity shares of Rs. 10 each	0	0
Propinquity Technology Private Limited 5 (Previous period Nil) fully paid up Equity shares of Rs. 10 each	5	-
Mobile Health Solutions Private Limited 17,391 (Previous period Nil) fully paid up Equity shares of Rs. 10 each	1,500	-
Super Highway Labs Private Limited 20 (Previous period: Nil) fully paid up Equity shares of Rs. 1 each	41	-
S Mobile Devices Limited (50,000 (Previous period NIL) equity shares of Rs.10 each fully paid up)	500	-
<b>Investment in Fully paid up Cumulative Compulsory Convertible Preference Shares (unquoted)</b>		
Riot Labz Private Limited 1,800 (Previous period 1,800) fully paid up Cumulative Compulsory Convertible Preference Shares of Rs. 10 each	1,125	1,125
911 India Healthcare Private Limited 5,999 (Previous period 5,999) fully paid up Cumulative Compulsory Convertible Preference Shares of Rs. 10 each	1,500	1,500
Super Highway Labs Private Limited 4,270 (Previous period: Nil) fully paid up Cumulative Compulsory Convertible Preference Shares of Rs. 10 each	5,509	-
Talentuno Software Pvt. Ltd. 20000 (Previous period: Nil) fully paid up Cumulative Compulsory Convertible Preference Shares of Rs. 1 each	1,500	-
Propinquity Technology Pvt. Ltd. 1662 (Previous Period: Nil) fully paid up Cumulative Compulsory Convertible Preference Shares of Rs. 20 each	1,496	-
<b>Investment in Associates</b>		
Vavia Technologies Private Limited 3,514 (Previous period 3514) equity shares of Rs10 each (including goodwill of Rs. 12,694 thousand (Previous period 12,694 thousand))	12,190	10,772

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

		31-Mar-16 (Rs. '000)	31-Mar-15 (Rs. '000)
Investment made :	Rs 10,000 thousand		
Add: Share in opening accumulated profits	Rs 772 thousand		
Add: Share in profits/(losses) for the current year :	Rs 1,418 thousand		
Anytime Learning Private Limited 83,636 (Previous period 83,636) equity shares of Rs 1 each (including goodwill of Rs. 68,902 thousand (Previous period Rs 68,902 thousand))		75,763	77,337
Investment made :	Rs 77,987 thousand		
Add: Share in opening accumulated profits	Rs (650) thousand		
Add: Share in profits/(losses) for the current year :	Rs (1,574) thousand		
Creative Functionapps Labs Pvt. Ltd. 3514 (Previous period: Nil) equity shares of Rs 10 each (including goodwill of Rs. 103,53,350)		8,827	-
Investment made during the year :	Rs 10,000 thousand		
Add: Share in profits/(losses) for the current year :	Rs (1,173) thousand		
Sunstone Eduversity Pvt. Ltd. 27,301 (Previous period: Nil) equity shares of Rs. 1 each		27	-
<b>In a Trust (unquoted)</b>			
Interest as sole beneficiary in an Independent Non Promoter Trust **		373,798	373,798
<b>Non Trade investments (unquoted) (valued at cost unless stated otherwise)</b>			
In Government Security			
5 (Previous period 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 Debentures			
100 (previous period Nil) Debentures of Rs 100,000 each in Reliance Capital Limited ***		10,000	-
		<b>1,055,853</b>	492,312
Aggregate amount of quoted investments (Market value: Rs. 111,772 thousand (31 March 2015: Rs. 39,504 thousand))		<b>32,713</b>	27,604
Aggregate amount of unquoted investments		<b>1,023,140</b>	464,707
* Aggregate provision for diminution in value of investments		-	5,109

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

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

### 15.1 Deferred tax liabilities (net)

		31-Mar-16 (Rs. '000)	31-Mar-15 (Rs. '000)
<b>Deferred tax liabilities</b>			
- Differences in depreciation / amortisation and other differences in block of fixed assets as per tax books and financial books		3,237	22,901
- Impact of income recognised in the statement of profit and loss in the current year / earlier periods but chargeable to tax in subsequent years		-	4,319
<b>Gross deferred tax liabilities</b>		<b>3,237</b>	27,220
<b>Deferred tax assets</b>			
- Effect of expenditure debited to Statement of Profit and Loss in the current year / earlier periods but allowable for tax purposes in following years		-	11,735
- Provision for doubtful debts and advances		-	6,300
<b>Gross deferred tax assets</b>		-	18,035
<b>Deferred tax liabilities (net)</b>		<b>3,237</b>	9,185

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

### 15.2 Deferred tax assets (net)

	31-Mar-16 (Rs. '000)	31-Mar-15 (Rs. '000)
<b>Deferred tax assets</b>		
- Provision for doubtful debts and advances	11,301	-
- Others	18,374	-
<b>Gross deferred tax assets</b>	<b>29,675</b>	-
<b>Deferred tax liabilities</b>		
- Differences in depreciation / amortisation and other differences in block of fixed assets as per tax books and financial books	21,303	-
<b>Gross deferred tax liabilities</b>	<b>21,303</b>	-
<b>Deferred tax assets (net)</b>	<b>8,372</b>	-

### 16. Loans and advances

	Non-current		Current	
	31-Mar-16 (Rs. '000)	31-Mar-15 (Rs. '000)	31-Mar-16 (Rs. '000)	31-Mar-15 (Rs. '000)
<b>Capital advances</b>				
Unsecured, considered good	2,366	13,018	-	-
	<b>2,366</b>	13,018	-	-
<b>Security deposits</b>				
Unsecured, considered good	88,305	105,656	38,487	40,140
Unsecured, considered doubtful	-	-	773	773
	<b>88,305</b>	105,656	<b>39,260</b>	40,912
Provision for doubtful security deposits	-	-	773	773
	<b>88,305</b>	105,656	<b>38,487</b>	40,140
<b>Loan and advances to related parties (note 35)</b>				
Unsecured, considered good	-	13,333	2,217	11,443
Unsecured, considered doubtful	-	-	6,615	6,615
	-	13,333	<b>8,832</b>	18,058
Provision for doubtful advances	-	-	6,615	6,615
	-	13,333	<b>2,217</b>	11,443
<b>Advances recoverable in cash or kind</b>				
Unsecured, considered good	-	-	92,481	185,303
Share application money pending allotment	-	-	1,500	-
Unsecured, considered doubtful	-	-	27,768	34,451
	-	-	<b>121,749</b>	219,754
Provision for doubtful advances	-	-	27,768	34,451
	-	-	<b>93,981</b>	185,303

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

	Non-current		Current	
	31-Mar-16 (Rs.'000)	31-Mar-15 (Rs.'000)	31-Mar-16 (Rs.'000)	31-Mar-15 (Rs.'000)
<b>Other loans and advances</b>				
Unsecured, except to the extent stated and considered good				
Advance income-tax (net of provision for taxation)	-	-	567,427	621,536
Prepaid expenses	1,263	1,468	33,328	38,585
MAT Credit Entitlement (note 39)	139,982	166,685	-	-
Loans to body corporate (Secured Rs. 30,000 thousand (Previous period Nil))	30,000	80,000	-	-
Loans to employees/ex employees	2,802	11,661	16,864	9,077
Balances with statutory / government authorities	2,078	2,017	102,107	101,457
	176,125	261,831	719,726	770,655
	266,796	393,838	854,411	1,007,541

### 17. Trade Receivables and Other Assets

#### 17.1. Trade Receivables\*

	Non-current		Current	
	31-Mar-16 (Rs.'000)	31-Mar-15 (Rs.'000)	31-Mar-16 (Rs.'000)	31-Mar-15 (Rs.'000)
<b>Unsecured, considered good unless stated otherwise</b>				
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>				
Secured, considered good	-	-	36	18,205
Unsecured, considered good	-	-	270,054	216,145
Unsecured, considered doubtful	-	-	54,885	50,720
	-	-	324,975	285,070
Provision for doubtful receivables	-	-	54,885	50,720
	-	-	270,090	234,350
<b>Other receivables</b>				
Secured, considered good	-	-	961	2,112
Unsecured, considered good	-	-	758,564	1,070,953
Unsecured, considered doubtful	-	-	13,194	372
	-	-	772,719	1,073,438
Provision for doubtful receivables	-	-	13,194	372
	-	-	759,525	1,073,065
	-	-	1,029,615	1,307,415



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

### 17.2. Other assets

	Non-current		Current	
	31-Mar-16 (Rs. '000)	31-Mar-15 (Rs. '000)	31-Mar-16 (Rs. '000)	31-Mar-15 (Rs. '000)
<b>Unsecured, considered good</b>				
Non-current bank balances (note 20)	68,798	3,559	-	-
Unamortized expenditure				
Unamortized premium on forward contract*	-	-	7,904	237
	-	-	7,904	237
Others				
Interest accrued on fixed deposits with banks	-	51	15,921	18,071
Interest receivable on Income Tax/ VAT Refund	-	-	13,832	31,634
Interest accrued on loan to others	-	-	1,590	2,248
Income accrued on Fixed Maturity Plan Investments	-	-	-	13,451
Unbilled Revenue	-	-	274,679	270,683
Incentive Receivable on purchases	-	-	594	4,248
Rent Receivable	-	-	2,478	2,015
Receivable against Ticketing	-	-	15,897	8,453
Receivable against collection from agents	-	-	20,487	-
Receivable against fixed assets sold	-	-	-	17,500
Fixed assets held for sale (at lower of net book value and estimated net realizable value)**	-	-	10,280	10,280
Others	-	-	7	12
	-	51	355,765	378,595
<b>Unsecured, considered doubtful</b>				
Rent and Other Receivables - From others	-	-	1,734	-
Provision for doubtful receivables	-	-	1,734	-
	-	-	-	-
	68,798	3,610	363,669	378,832
*The unamortised foreign exchange premium on outstanding forward exchange contracts is being carried forward to be charged to the Statement of Profit and Loss of subsequent year.				
** Balance as per the last financial statement			10,280	13,382
Less : Discarded during the year/period			-	(3,102)
Total***			10,280	10,280

\*\*\* comprising of Freehold Land, Buildings and other fixed assets of Rs. 800 thousand, Rs. 9,272 thousand and Rs 208 thousand respectively (Previous period Rs. 800 thousand, Rs. 9,272 thousand and Rs. 3,310 thousand respectively)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

### 18. Current investments

	31-Mar-16 (Rs. '000)	31-Mar-15 (Rs. '000)
<b>Current investments (unquoted) (non trade) (valued at lower of cost and fair value, unless stated otherwise)</b>		
<b>Units in Mutual Funds of Rs 10 each</b>		
NIL (Previous period 344,328) ICICI Prudential Income Regular Plan Growth	-	12,634
NIL (Previous period 2,922,144) IDFC Super Saver Income Fund- Quarterly dividend Regular Plan	-	32,587
564,052 (Previous period 934,520) IDFC Super Saver Income Fund-Growth Regular Plan	20,000	30,000
NIL (Previous period 948,872) ICICI Prudential Income Regular Plan Growth Quarterly Dividend Reinvestment	-	11,374
369,464 (Previous period 369,464) HDFC Short Term Plan - Growth	10,000	10,000
2,595,717 (Previous period Nil) Reliance Regular Saving Fund-Debt-Growth	50,000	-
<b>Current portion of long-term investments (unquoted)</b>		
<b>Units in Mutual Funds of Rs 10 each</b>		
NIL (Previous period 5,000,000) Birla Sun Life Fixed Term Plan-Series KJ- Growth Regular	-	50,000
NIL (Previous period 3,000,000) TATA Fixed Maturity Plan-Series 47 Scheme D-Plan A-Growth	-	30,000
NIL (Previous period 5,000,000) DWS Fixed Maturity Plan Series 53-Regular Plan Growth	-	50,000
NIL (Previous period 1,000,000) ICICI FMP Series 73-376 Dividend Plan	-	10,000
	<b>80,000</b>	236,594
Aggregate amount of unquoted investments in units of Mutual Funds [Net Asset Value Rs. 84,762 thousand, (Previous period Rs. 255,034 thousand)]	<b>80,000</b>	236,594
* Aggregate provision for diminution in the value of investments	-	300

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

	31-Mar-16 (Rs. '000)	31-Mar-15 (Rs. '000)
Traded Goods (Including stock in transit Rs. 1,390 thousand, Previous period Rs 26,473 thousand)	508,862	1,044,249
Service components and spares (Including stock in transit Rs.97 thousand , Previous period Rs. 790 thousand)	44,170	98,416
	<b>553,032</b>	1,142,665

### 20. Cash and bank balances

	Non-current		Current	
	31-Mar-16 (Rs. '000)	31-Mar-15 (Rs. '000)	31-Mar-16 (Rs. '000)	31-Mar-15 (Rs. '000)
<b>Cash and cash equivalents</b>				
Balances with banks:				
– On current accounts	-	-	568,602	481,383
– Deposits with original maturity of less than three months	-	-	59,852	14,008
– On unpaid dividend accounts	-	-	6,270	6,736
Cheques/ drafts on hand	-	-	4,165	1,523
Cash on hand	-	-	2,925	8,573
	-	-	<b>641,814</b>	512,223

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for the year ended March 31, 2016

	Non-current		Current	
	31-Mar-16 (Rs. '000)	31-Mar-15 (Rs. '000)	31-Mar-16 (Rs. '000)	31-Mar-15 (Rs. '000)
<b>Other bank balances</b>				
– Deposits with original maturity for more than 12 months	-	-	105,818	9,226
– Deposits with original maturity for more than 3 months but less than 12 months	-	-	61,653	40,602
– Margin money deposit	68,798	3,559	460,981	811,898
	<b>68,798</b>	3,559	<b>628,452</b>	861,726
Amount disclosed under non-current assets (note 17.2)	<b>(68,798)</b>	(3,559)		
	-	-	<b>1,270,266</b>	1,373,949

### Margin money deposits given as security

Margin money deposits with a carrying amount of Rs. 543,755 thousand (Previous period Rs. 816,034 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

	31-Mar-16 (Rs. '000)	31-Mar-15 (Rs. '000)
Revenue from operations		
Sales of traded goods	15,674,272	14,404,156
Sale of telecom related software	131,740	38,806
Value Added Service Revenue	2,010,934	1,297,231
Income from other services	95,531	132,178
	<b>17,912,477</b>	15,872,371

### 22. Other income

	31-Mar-16 (Rs. '000)	31-Mar-15 (Rs. '000)
Interest income on		
Bank deposits	70,571	71,511
Loan to employees and bodies corporates	7,192	4,745
Income tax and VAT refunds	21,342	32,041
Income on Long-term investments in Fixed maturity plan (other than trade)	219	8,489
Dividend income on		
Current investments (non- trade)	195	5,756
Long-term investments (trade)	692	692
Bad Debts Recovered	-	4,106
Provisions for doubtful debts and advances written back (net)	-	8,823
Unclaimed balances written back (net)	-	2,987
Rent Received	34,056	6,079
Profit on sale of Current Investments in units of mutual funds (other than trade)(net)	12,775	11,002
Reversal of provision for diminution in the value of current investments	-	4,823
Gain on dilution of investment in a subsidiary company	96	-
Maintenance charges recovery	1,169	-
Miscellaneous income	7,720	9,404
	<b>156,027</b>	170,458

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### 23. Decrease/(Increase) in inventories

	31-Mar-16 (Rs. '000)	31-Mar-15 (Rs. '000)	(Increase) / decrease
Inventories at the end of the year/period			<b>31-Mar-16</b>
Traded goods	508,862	1,044,249	535,387
Service components and spares	44,170	98,416	54,246
	<b>553,032</b>	1,142,665	<b>589,633</b>
Inventories at the beginning of the period/year			<b>31-Mar-15</b>
Traded goods	1,044,249	840,894	(203,355)
Service components and spares	98,416	72,771	(25,645)
	<b>1,142,665</b>	913,665	<b>(229,000)</b>
	<b>589,633</b>	(229,000)	

### 24. Employee benefit expense

	31-Mar-16 (Rs. '000)	31-Mar-15 (Rs. '000)
Salaries, wages and bonus	1,017,533	864,608
Contribution to provident and other funds	53,768	42,319
Gratuity expense (note 30)	9,798	16,391
Staff welfare expenses	44,306	44,030
	<b>1,125,405</b>	967,348

### 25. Connectivity and content cost

	31-Mar-16 (Rs. '000)	31-Mar-15 (Rs. '000)
Value added service charges	717,076	473,700
	<b>717,076</b>	473,700

### 26.1 Other expenses

	31-Mar-16 (Rs. '000)	31-Mar-15 (Rs. '000)
Rent	353,665	294,620
Warehouse Management Charges	23,940	14,865
Rates and taxes	39,095	73,066
Insurance	20,206	17,842
Repairs and maintenance		
-Buildings	4,525	6,602
-Others	65,631	55,547
Freight and forwarding charges	112,641	78,400
Advertisement and sales promotion	221,425	561,815
Commission on sales - other than sole selling agent	22,462	45,075
Travelling and conveyance	186,801	155,233
Directors' sitting fees	3,713	2,665
Payment To Auditors (Refer details below)	25,713	21,895
Legal and professional expenses	390,443	145,855
Customer service expenses	255,453	302,950
Donation and contributions to charitable institutions	178	128

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

	31-Mar-16 (Rs.'000)	31-Mar-15 (Rs.'000)
Provision for doubtful debts and advances	42,789	-
Irrecoverable balances written off (net)	2,440	-
Exchange difference (net)	143,162	15,535
Loss on disposal of fixed assets (net)	7,159	1,921
Credit Card Charges	39,312	38,584
Bank charges	15,492	16,580
Corporate Social Responsibility expense	8,528	7,350
Miscellaneous expenses	244,359	169,622
	<b>2,229,132</b>	<b>2,026,150</b>

### A. Payment to statutory auditors

	31-Mar-16 (Rs.'000)	31-Mar-15 (Rs.'000)
As auditor:		
Statutory Audit fee	14,448	11,678
Tax audit fee	1,890	2,268
Audit of tax accounts	344	701
Limited review	7,302	5,341
Other services (certification fees)	1,050	1,338
Reimbursement of expenses	679	569
	<b>25,713</b>	<b>21,895</b>

### B. Details of CSR expenditure

	31-Mar-16 Rs.'000	31-Mar-15 Rs.'000
<b>a. Gross amount required to be spent by the group during the year/ period</b>	<b>7,969</b>	<b>6,886</b>
<b>b. Amount spent during the year/period:</b>		
On promoting education, ensuring environmental sustainability and rural development projects	8,528	7,350

### 26.2 Exceptional items

	31-Mar-16 (Rs.'000)	31-Mar-15 (Rs.'000)
Increase in Depreciation due to Change in Accounting estimate	-	28,304
Provision (reversed)/made for diminution in the value of long term investments	(5,109)	-
Impairment of Goodwill	-	1,948,210
Brand Sub-Licensing disbanding Compensation	-	400,000
	<b>(5,109)</b>	<b>2,376,514</b>

### 27. Depreciation and amortization expense

	31-Mar-16 (Rs.'000)	31-Mar-15 (Rs.'000)
Depreciation of tangible assets	243,530	180,004
Amortization of intangible assets	40,488	34,365
Depreciation of investment property	9,563	-
	<b>293,581</b>	<b>214,369</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

### 28. Finance costs

	31-Mar-16 (Rs. '000)	31-Mar-15 (Rs. '000)
Interest Cost (including Rs. 237 thousand (Previous period Rs. 56 thousand) on Income Tax)	8,471	982
Commission on buyer's credit	2,838	-
Exchange difference to the extent considered as an adjustment to borrowing costs.	21,273	-
Bill discounting charges	13,040	8,570
Finance Charges	6,190	2,890
	<b>51,812</b>	<b>12,442</b>

### 29. Earnings per share (EPS)

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

	31-Mar-16 (Rs. '000)	31-Mar-15 (Rs. '000)
<b>Total operations for the year/period</b>		
(Loss) after tax	(738,543)	(3,074,340)
<b>Net (loss) for calculation of basic and diluted EPS</b>	<b>(738,543)</b>	<b>(3,074,340)</b>
	<b>Nos.</b>	<b>Nos.</b>
Weighted average number of equity shares in calculating basic EPS	227,863,982	227,863,982
<b>Weighted average number of equity shares in calculating diluted EPS</b>	<b>227,863,982</b>	<b>227,863,982</b>

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

#### a) Defined Contribution Plan

Particulars	31-Mar-16 (Rs. '000)	31-Mar-15 (Rs. '000)
Contribution to provident fund	41,831	33,069
Contribution to National Pension Scheme	1,441	857
Contribution to LWF	13	-
	<b>43,285</b>	<b>33,926</b>

#### 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 summarize 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	
	31-Mar-16 (Rs. '000)	31-Mar-15 (Rs. '000)
Current service cost	10,726	9,599
Interest cost on benefit obligation	4,554	3,216
Expected return on plan assets	(1,003)	(964)
Net actuarial( gain) / loss recognized in the period/year*	(4,479)	4,648
<b>Net benefit expense</b>	<b>9,798</b>	<b>16,500</b>
Actual return on plan assets	679	883

\*Excluding reversal of provision in respect of left employees of NIL (Previous period: Rs. 109 thousand).

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### Balance sheet

#### Detail of Provision for Gratuity - Funded

	Gratuity	
	31-Mar-16 (Rs. '000)	31-Mar-15 (Rs. '000)
Present value of defined benefit obligation	43,099	41,795
Fair value of plan assets	8,978	10,973
<b>Plan asset / (liability)*</b>	<b>(34,121)</b>	<b>(30,822)</b>

\* Net of Gratuity Recoverable of Rs 645 thousand (Previous period Rs 523 thousand) in a subsidiary company, included under loans and advances in Note 16.

#### Detail of Provision for Gratuity - Non Funded

	Gratuity	
	31-Mar-16 (Rs. '000)	31-Mar-15 (Rs. '000)
Present value of defined benefit obligation	14,288	17,466
<b>Plan asset / (liability)</b>	<b>(14,288)</b>	<b>(17,466)</b>

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

	Gratuity	
	31-Mar-16 (Rs. '000)	31-Mar-15 (Rs. '000)
Opening defined benefit obligation	59,261	51,131
Acquired during the year	(1,149)	-
Current service cost	10,726	9,599
Interest cost	4,554	3,216
Benefits paid*	(11,202)	(9,251)
Actuarial (gains) on obligation	(4,803)	4,566
<b>Closing defined benefit obligation</b>	<b>57,387</b>	<b>59,261</b>

\* Rs. 8,580 thousand (Previous period Rs. 5,341 thousand) paid directly by the group

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

	Gratuity	
	31-Mar-16 (Rs. '000)	31-Mar-15 (Rs. '000)
Opening fair value of plan assets	10,972	14,019
Expected return	1,003	964
Fund Management Charge	(51)	(29)
Benefits paid	(2,622)	(3,900)
Actuarial (losses)/ gains	(324)	(81)
<b>Closing fair value of plan assets</b>	<b>8,978</b>	<b>10,973</b>

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

	Gratuity	
	31-Mar-16	31-Mar-15
Investments with insurer	100%	100%

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

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

	Gratuity	
	31-Mar-16	31-Mar-15
Discount rate	8.00%	7.75%
Expected rate of return on assets	8% - 9.25%	8% - 9.15%
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

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

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

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

	31-Mar-16 Rs' 000	31-Mar-15 Rs' 000	30-Jun-14 Rs' 000	30-Jun-13 Rs' 000	30-Jun-12 Rs' 000
<b>Gratuity</b>					
Defined benefit obligation	57,387	59,261	51,131	48,075	46,264
Plan assets	8,978	10,972	14,019	15,121	18,514
Surplus / (deficit)	(48,409)	(48,289)	(37,112)	(32,954)	(27,750)
Experience adjustments on plan liabilities	4,256	(2,677)	2,015	(662)	10,536
Experience adjustments on plan assets	(252)	209	(379)	831	(76)

### 31. Leases

#### Assets taken under Operating Leases

Outlet premises, warehouses and office premises 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. There are subleases and most of the leases are cancellable in nature. The Group has recognised lease expenses of Rs. 353,665 thousand (Previous period Rs.294,620 thousand).

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

	31-Mar-16 (Rs. '000)	31-Mar-15 (Rs. '000)
Within one year	13,279	9,418
After one year but not more than five years	22,668	1,420
More than five years	-	-
	<b>35,947</b>	10,838

#### Assets given on Operating Leases

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.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

Further, the Parent Company has entered into lease of its Buildings in Bangalore, Kolkata & Mumbai for terms ranging from three to five years. The lease term can be extended by mutual consent of both the parties. The leases have a lock in periods between one to five years. The leases are cancellable after the lock in period by either party by serving a notice of atleast 3 months.

	31-Mar-16 (Rs. '000)	31-Mar-15 (Rs. '000)
Sub-lease payments received during the period/year	34,056	6,079
	34,056	6,079

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

	31-Mar-16 Rs. '000	31-Mar-15 Rs. '000
Within one year	33,589	4,407
After one year but not more than five years	68,767	734
More than five years	-	-
	102,356	5,141

### 32. 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 and manufacturing 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.

#### Segment Information

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

Business Segments	Amount in Rs. 000					
	Devices		Value Added Services		Consolidated Total	
	Mar'16	Mar'15	Mar'16	Mar'15	Mar'16	Mar'15
<b>Revenue</b>						
External Revenue / Sales*	15,512,670	14,469,092	2,459,404	1,464,124	17,972,074	15,933,216
Less : Inter Segment Revenue / Sales					52,015	38,595
Net Revenue	15,512,670	14,469,092	2,459,404	1,464,124	17,920,059	15,894,621
Unallocated Corporate Revenue					148,445	148,208
Total Revenue					18,068,504	16,042,829
<b>Results</b>						
Segment result	(693,737)	(1,085,843)	104,084	113,076	(589,653)	(972,767)
Unallocated Corporate Revenue/(Expenses) (net)					(93,238)	(2,135,139)
Operating (Loss)					(682,891)	(3,107,906)
Interest Income					99,105	108,296
Dividend					887	6,448
Reversal of provision for diminution in the value of current investments					-	4,823
Income from Investments in Mutual Fund units (net)					12,994	19,491

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Business Segments	Devices		Value Added Services		Consolidated Total	
	Mar'16	Mar'15	Mar'16	Mar'15	Mar'16	Mar'15
Gain on dilution of investment in a subsidiary company					96	-
Interest Expenses					(51,812)	(12,442)
Net (Loss) Before Tax					(621,621)	(2,981,290)
Income Tax (Expense)					(112,756)	(80,428)
Deferred Tax Credit/(Charge)					14,516	(2,373)
Net (Loss) after Tax					(719,861)	(3,064,091)
<b>Other Information</b>						
Segment Assets	1,383,354	2,561,452	1,937,306	1,846,694	3,320,660	4,408,146
Unallocated Corporate Assets					3,583,863	4,015,801
Total Assets					6,904,523	8,423,947
Segment Liabilities	2,293,163	3,655,290	631,881	465,279	2,925,044	4,120,569
Unallocated Corporate Liabilities					961,863	565,798
Total Liabilities					3,886,907	4,686,367
Capital Expenditure	43,212	179,441	52,630	-	95,842	179,441
Depreciation/ amortisation	82,075	95,953	132,420	105,218	214,495	201,171
Unallocated Depreciation/ amortization					79,086	41,502
<b>Other Non Cash Expenses</b>						
Provision for Doubtful debts and advances	18,179	25,807	24,610	(34,630)	42,789	(8,823)
Bad Debts and Advances Written off (net)	(7,443)	-	9,883	-	2,440	-

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

### 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	31-Mar-16 (Rs.'000)	31-Mar-15 (Rs.'000)
Revenue from the Domestic market	16,872,105	15,232,754
Revenue from the Overseas markets	1,040,372	639,617
<b>Total Revenue</b>	<b>17,912,477</b>	<b>15,872,370</b>
Trade Receivables of Domestic market	807,111	1,033,054
Trade Receivables of Overseas markets	290,583	325,454
<b>Total Trade Receivables</b>	<b>1,097,694</b>	<b>1,358,508</b>

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	31-Mar-16 (Rs.'000)	31-Mar-15 (Rs.'000)
<b>Carrying amount of tangible and intangible fixed assets*</b>		
Domestic market	634,511	1,236,025
Overseas markets	127,890	254,670
	<b>762,401</b>	<b>1,490,695</b>
<b>Additions to tangible and intangible fixed assets</b>		
Domestic market	91,911	116,685
Overseas markets	31,232	28,325
<b>Total</b>	<b>123,143</b>	<b>145,010</b>

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

### 33. Capital and other Commitments

	31-Mar-16 (Rs.'000)	31-Mar-15 (Rs.'000)
Estimated amount of contracts (Net of advances) remaining to be executed on capital account and not provided for.	3,493	9,929

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for the year ended March 31, 2016

### 34. Contingent Liabilities

Particulars	31-Mar-16 (Rs. '000)	31-Mar-15 (Rs. '000)
<b>Demand and claims from Government Authorities*</b>		
<b>Demand from Excise/ Service Tax Authorities</b>		
a) Demand raised by the Excise Authorities. The Parent Company has deposited Rs 2,000 thousand (Previous period 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 period Rs 8,600 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, 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.	113,115	105,026
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.	30,192	28,296
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 i.e. on actualization of the unbilled revenue.	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.	6,534	5,666
f) Demand in respect of wrong cenvat taken from dealer mentioning non PAN based registration. Based on the hearing on March 4, 2016, the subsidiary company is of the view that the case would be decided in its favor.	3,592	-
g) Demands raised by Tanzania Revenue Authorities. (The Parent Company is of the view that the likelihood of liability devolving on the company is not probable)	6,962	-
<b>Demand from Sales Tax Authorities *</b>		
Various Sales Tax Demands	554,919	339,304
*The Hon'ble Supreme Court of India vide its order dated December 17, 2014 on the judgment in case of State of Punjab Vs. Nokia India Pvt. Ltd. has held that sales tax liability on battery charger sold along with mobile phone should be charged at sales tax rate applicable to chargers, which is higher than the sales tax rate applicable to mobile phones in few states. Demand of Rs 7,413 thousand, Rs 17,568 thousand, Rs 1,699 thousand and Rs 22,747 thousand has been received from Punjab, Rajasthan, Haryana, Uttar Pradesh respectively. No demand has been received/ascertained for other states.		
<b>Demand from Income Tax Department *</b>		
Income Tax Demand being disputed by the Parent Company. The Income Tax Department has adjusted refund of subsequent year with the demanded amount.	138,891	152,716
Income Tax Demand in subsidiaries companies	627	636
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 *	14,708	13,910

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

The Parent Company has given corporate guarantee and pledged fixed deposits of Rs.195,476 thousand (Previous period Rs. 180,562 thousand) in respect of letter of credit/ bill discounting facility taken by a subsidiary company to the extent of Rs. 2,550,000 thousand where the Parent Company is jointly and severally liable. Further, the Parent Company has an equitable mortgage of its properties situated at B1 101, 106 and 107, Boomerang, Plot No. 4A and 4B, Sakivali Village, Chandivali farm road, Kurla (W), Mumbai & at Unit No. ESNT B0501, 5th Floor, IIF/II, New Town, Rajarhat, North 24 Parganas, Kolkata, West Bengal in respect of letter of credit facility (included in the above amount) taken by subsidiary company to the extent of Rs. 450,000 thousand & 500,000 thousand respectively, where the Parent Company is jointly and severally liable.

The Parent Company has pledged its fixed deposit of Rs. 7,500 thousand (Previous period Rs. 31,138 thousand) in respect of the overdraft facility taken by subsidiary of a subsidiary Company.

\* 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.

### 35. Related Parties

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

Ultimate Holding Company	Smart Global Corporate Holding Private Limited
Holding Company	Spice Connect Private Limited (Formerly known as Smart Ventures Private Limited)

**Names of other related parties with whom transactions have taken place during the year/previous period:**

Individual having significantly influence on the Company and relatives of such individuals	Mr. Dilip Modi - Executive Chairman (w.e.f. 30.11.2015)
Enterprises directly or indirectly through one or more intermediaries are under common control with the Company	Smart Entertainment Pvt Ltd (formerly known as Spice Entertainment Limited) Wall Street Finance Limited Smartvalue Ventures Private Limited (Formerly Spice Investments & Finance Advisors Pvt. Ltd.) Spice Innovative Technologies Private Ltd. Single Stop Evaluation Private Limited 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 (till 30.04.2015) Mr. Prashant Bindal – CEO (w.e.f. 27.08.2014 till 30.11.2015) Mr. Saket Agarwal (CEO) (Spice Digital Limited) Mr. Palakkal Krishna Kumar (CEO) (wef 27th Aug'14 ) (Spice Retail Limited)
Relatives of Key Management Personnel	Dr. Sonia Bindal (w.e.f. 27.08.2014 till 30.11.2015) Ms. Ammu N Kutty
Enterprises over which individuals having significant influence over the Company is able to exercise significant influence	Plus Paper Foodpac Ltd. Si2i Limited PT Selular Media Infotama Bharat IT Services Limited V Corp Merchantile Limited Saket City Hospitals Pvt. Ltd. (Formerly G M Modi Hospitals Corporation Pvt. Ltd.)

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

## Details of Consolidated related party transactions

(Rs. in '000)

Particulars		Ultimate Holding Company	Holding Company	Enterprises directly or indirectly through one or more intermediaries are under common control with the Company										
		Smart Global Corporate Holding Private Limited	Spice Connect Private Limited	Goldman Securities Private Limited	Single Stop Evaluation Private Limited	Smartvalue Ventures Private Limited	Spice Innovative Technologies Private Limited	Smart Entertainment Pvt Ltd	Sterea Infratech Limited	IO Systems Limited	Wall Street Finance Limited	Bougainvillea Multiplex & Entertainment Center Private Limited		
<b>Transactions during the year/period</b>														
Sales of Goods	<b>March 31, 2016</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
	March 31, 2015	-	58	-	-	-	-	11	-	-	-	-	-	-
Revenue from Value Added Services	<b>March 31, 2016</b>	-	-	-	-	-	-	-	-	-	-	832	-	-
	March 31, 2015	-	75	-	-	-	-	-	-	-	-	-	-	-
Interest Income	<b>March 31, 2016</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
	March 31, 2015	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Fixed Assets	<b>March 31, 2016</b>	-	23	-	-	-	-	-	-	-	-	-	-	-
	March 31, 2015	-	-	-	-	-	-	-	-	-	-	-	-	-
Sundry balance written back	<b>March 31, 2016</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
	March 31, 2015	-	-	-	-	-	-	-	-	-	-	-	-	-
Direct Income (Travel Commission)	<b>March 31, 2016</b>	-	375	-	11	-	-	26	-	-	-	-	-	-
	March 31, 2015	-	-	-	-	208	-	360	-	-	-	-	-	22
Remuneration paid	<b>March 31, 2016</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
	March 31, 2015	-	-	-	-	-	-	-	-	-	-	-	-	-
Security Received	<b>March 31, 2016</b>	-	300	-	-	-	-	-	-	-	-	-	-	-
	March 31, 2015	-	500	-	-	-	-	-	-	-	-	-	-	-
Security Returned	<b>March 31, 2016</b>	-	300	-	-	-	-	-	-	-	-	-	-	-
	March 31, 2015	-	500	-	-	-	-	-	-	-	-	-	-	-
Legal and Professional charges	<b>March 31, 2016</b>	-	175,984	-	-	-	-	-	-	-	-	-	-	-
	March 31, 2015	-	-	-	-	-	-	-	-	-	-	-	-	-
Advertisement and sales promotion	<b>March 31, 2016</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
	March 31, 2015	-	-	-	-	-	-	435,418	-	-	-	-	-	-
Miscellaneous Expenses	<b>March 31, 2016</b>	-	-	-	-	-	-	-	-	-	-	504	-	-
	March 31, 2015	-	-	-	-	-	-	-	-	-	-	1,009	-	-
Lease Rent Paid	<b>March 31, 2016</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
	March 31, 2015	-	-	-	-	-	-	-	-	-	-	-	-	-
Rent Income	<b>March 31, 2016</b>	-	602	516	-	-	-	-	-	-	-	3,267	-	-
	March 31, 2015	336	294	356	-	42	84	168	-	42	2,450	-	-	-
Loans/advance given during the year	<b>March 31, 2016</b>	410	-	-	-	-	-	-	-	-	-	-	-	-
	March 31, 2015	-	-	-	-	-	-	-	-	-	-	-	-	-
Loans/advance repaid during the year	<b>March 31, 2016</b>	410	-	-	-	-	-	-	-	-	-	-	-	-
	March 31, 2015	-	-	-	-	-	-	-	-	-	-	-	-	-
Reimbursement of Expenses (recovered)	<b>March 31, 2016</b>	-	1,443	138	145	-	-	(119)	-	-	-	2,971	-	-
	March 31, 2015	-	2,397	44	-	-	-	-	-	-	-	1,414	-	-
Reimbursement of Expenses (provided)	<b>March 31, 2016</b>	-	-	-	-	-	-	-	-	-	-	5,290	-	-
	March 31, 2015	-	-	-	-	-	-	-	-	-	-	5	-	-
<b>Outstanding balances at the end of year/period</b>														
Receivables Considered Good	<b>March 31, 2016</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
	March 31, 2015	-	-	-	-	-	-	-	-	-	-	2,742	-	-
Payables	<b>March 31, 2016</b>	270	11,148	82	-	-	-	-	-	-	-	43	-	-
	March 31, 2015	3,008	-	-	-	-	-	-	-	-	-	452	-	-
Loan/advances receivable	<b>March 31, 2016</b>	-	-	-	-	-	-	-	-	-	-	2,028	-	-
	March 31, 2015	-	-	-	-	-	-	-	-	-	-	825	-	-
Provision for doubtful advances	<b>March 31, 2016</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
	March 31, 2015	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	<b>March 31, 2016</b>	-	698	-	40	0	-	262	52	-	-	-	-	-
	March 31, 2015	-	454	-	-	-	-	2,419	52	-	-	-	-	231
Other Receivable	<b>March 31, 2016</b>	-	73	-	-	-	-	-	-	-	-	993	-	-
	March 31, 2015	-	47	-	-	-	-	-	-	-	-	-	-	-

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 March 31, 2016

## Details of Consolidated related party transactions

(Rs. in '000)

Particulars		Key Management Personnel				Relatives of Key Management Personnel		Enterprises over which individual having significant influence over the Company is able to exercise significant influence		
		Mr. Prashant Bindal	Mr. Subramanian Murali	Mr. Saket Agarwal	Mr. Palakkal Krishna Kumar	Mrs. Sonia Bindal	Ammu M Kuty	V Corp Mercantile Private Limited	Plus Paper Foodpac Limited	Bharat IT Services Ltd.
<b>Transactions during the year/ period</b>										
Sales of Goods	March 31, 2016	-	-	-	-	-	-	-	-	-
	March 31, 2015	-	-	-	-	-	-	-	-	-
Revenue from Value Added Services	March 31, 2016	-	-	-	-	-	-	-	-	-
	March 31, 2015	-	-	-	-	-	-	-	-	-
Interest Income	March 31, 2016	-	173	-	-	-	-	-	-	-
	March 31, 2015	-	1,576	-	-	-	-	-	-	-
Sale of Fixed Assets	March 31, 2016	-	-	-	-	-	-	-	-	-
	March 31, 2015	-	-	-	-	-	-	-	-	-
Sundry balance written back	March 31, 2016	-	-	-	-	-	-	-	-	-
	March 31, 2015	-	-	-	-	-	-	-	-	-
Direct Income (Travel Commission)	March 31, 2016	-	-	-	-	-	-	-	-	-
	March 31, 2015	-	-	-	-	-	-	-	-	-
Remuneration paid	March 31, 2016	298	2,028	16,140	4,521	-	-	-	-	-
	March 31, 2015	19,626	20,179	12,587	3,110	-	-	-	-	-
Security Received	March 31, 2016	-	-	-	-	-	-	-	-	-
	March 31, 2015	-	-	-	-	-	-	-	-	-
Security Returned	March 31, 2016	-	-	-	-	-	-	-	-	-
	March 31, 2015	-	-	-	-	-	-	-	-	-
Legal and Professional charges	March 31, 2016	-	-	-	-	-	-	-	-	-
	March 31, 2015	-	-	-	-	-	-	-	-	-
Advertisement and sales promotion	March 31, 2016	-	-	-	-	-	-	-	-	-
	March 31, 2015	-	-	-	-	-	-	-	-	-
Miscellaneous Expenses	March 31, 2016	2	-	-	-	84	-	293	-	1,234
	March 31, 2015	2	2	-	-	108	-	512	-	1,216
Lease Rent Paid	March 31, 2016	-	-	-	-	-	156	-	-	-
	March 31, 2015	-	-	-	-	-	93	-	-	-
Rent Income	March 31, 2016	-	-	-	-	-	-	-	-	-
	March 31, 2015	-	-	-	-	-	-	-	-	-
Loans/advance given during the year	March 31, 2016	-	-	-	-	-	-	-	-	-
	March 31, 2015	-	-	-	-	-	-	-	-	-
Loans/advance repaid during the year	March 31, 2016	-	-	-	-	-	-	-	-	-
	March 31, 2015	-	-	-	-	-	-	-	-	-
Reimbursement of Expenses (recovered)	March 31, 2016	-	-	-	-	-	-	-	-	-
	March 31, 2015	-	-	-	-	-	-	-	-	-
Reimbursement of Expenses (provided)	March 31, 2016	-	-	-	-	-	-	-	-	-
	March 31, 2015	-	-	-	-	-	-	-	-	-
<b>Outstanding balances at the end of year/period</b>										
Receivables Considered Good	March 31, 2016	-	-	-	-	-	-	-	-	-
	March 31, 2015	-	-	-	-	-	-	-	-	-
Payables	March 31, 2016	-	-	-	-	-	-	-	-	46
	March 31, 2015	2	-	3,877	-	-	-	-	-	2
Loan/advances receivable	March 31, 2016	-	-	-	-	-	-	-	-	-
	March 31, 2015	-	20,000	-	-	-	-	-	-	-
Provision for doubtful advances	March 31, 2016	-	-	-	-	-	-	-	-	-
	March 31, 2015	-	-	-	-	-	-	-	-	-
Other Assets	March 31, 2016	-	-	-	-	-	-	-	-	-
	March 31, 2015	-	-	-	-	-	-	-	-	-
Other Receivable	March 31, 2016	2,229	-	-	-	-	-	-	838	-
	March 31, 2015	-	-	-	-	-	-	-	18,338	-

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

## Details of Consolidated related party transactions

(Rs. in '000)

Particulars		Enterprises over which individual having significant influence over the Company is able to exercise significant influence			Total
		PT Selular Media Infotama	Saket City Hospitals Private Limited	S i2i Limited	
<b>Transactions during the year/ period</b>					
Sales of Goods	<b>March 31, 2016</b>	-	-	-	-
	March 31, 2015	-	-	-	69
Revenue from Value Added Services	<b>March 31, 2016</b>	-	-	-	<b>832</b>
	March 31, 2015	-	-	-	75
Interest Income	<b>March 31, 2016</b>	-	-	-	<b>173</b>
	March 31, 2015	-	-	-	1,576
Sale of Fixed Assets	<b>March 31, 2016</b>	-	-	-	<b>23</b>
	March 31, 2015	-	-	-	-
Sundry balance written back	<b>March 31, 2016</b>	-	-	<b>11,500</b>	<b>11,500</b>
	March 31, 2015	-	-	-	-
Direct Income (Travel Commission)	<b>March 31, 2016</b>	-	-	-	<b>412</b>
	March 31, 2015	-	160	-	750
Remuneration paid	<b>March 31, 2016</b>	-	-	-	<b>22,987</b>
	March 31, 2015	-	-	-	55,502
Security Received	<b>March 31, 2016</b>	-	-	-	<b>300</b>
	March 31, 2015	-	-	-	500
Security Returned	<b>March 31, 2016</b>	-	-	-	<b>300</b>
	March 31, 2015	-	-	-	500
Legal and Professional charges	<b>March 31, 2016</b>	-	-	<b>22,730</b>	<b>198,714</b>
	March 31, 2015	-	-	23,186	23,186
Advertisement and sales promotion	<b>March 31, 2016</b>	-	-	-	-
	March 31, 2015	-	-	-	435,418
Miscellaneous Expenses	<b>March 31, 2016</b>	-	-	-	<b>2,117</b>
	March 31, 2015	-	-	-	2,848
Lease Rent Paid	<b>March 31, 2016</b>	-	-	-	<b>156</b>
	March 31, 2015	-	-	-	93
Rent Income	<b>March 31, 2016</b>	-	-	-	<b>4,385</b>
	March 31, 2015	-	-	-	3,773
Loans/advance given during the year	<b>March 31, 2016</b>	-	-	-	<b>410</b>
	March 31, 2015	-	-	-	-
Loans/advance repaid during the year	<b>March 31, 2016</b>	-	-	-	<b>410</b>
	March 31, 2015	-	-	-	-
Reimbursement of Expenses (recovered)	<b>March 31, 2016</b>	-	-	-	<b>4,579</b>
	March 31, 2015	-	2,982	-	6,837
Reimbursement of Expenses (provided)	<b>March 31, 2016</b>	-	-	-	<b>5,290</b>
	March 31, 2015	783	-	-	789
<b>Outstanding balances at the end of year/period</b>					
Receivables Considered Good	<b>March 31, 2016</b>	-	-	-	-
	March 31, 2015	-	-	-	2,742
Payables	<b>March 31, 2016</b>	-	-	<b>14,054</b>	<b>25,643</b>
	March 31, 2015	-	-	29,926	37,267
Loan/advances receivable	<b>March 31, 2016</b>	-	-	<b>8,754</b>	<b>10,782</b>
	March 31, 2015	3,951	-	6,615	31,391
Provision for doubtful advances	<b>March 31, 2016</b>	-	-	<b>6,615</b>	<b>6,615</b>
	March 31, 2015	-	-	6,615	6,615
Other Assets	<b>March 31, 2016</b>	-	-	-	<b>1,052</b>
	March 31, 2015	-	2,328	-	5,484
Other Receivable	<b>March 31, 2016</b>	-	-	-	<b>4,134</b>
	March 31, 2015	-	-	162	18,548

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

### 36. 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 \$ 16,933,188 (Previous period US\$ 1,634,728)	Hedge of Trade Payables

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

Particulars	31-Mar-16		
	Currency	Amount in FC	Amount (in `000)
Payable to suppliers	USD	2,121,639	140,734
Payable to suppliers	USD	1,290,874	85,574
Payable to suppliers	SGD	452,178	22,107
Payable to suppliers	IDR	80,743,000	400
Receivables	USD	2,987	198
Receivables	USD	1,054,362	69,819
Receivables	SGD	26,906	1,315
Receivables	MYR	843	14
Receivables	AFN	15,234	15
Receivables	BDT	185,032,866	153,067
Receivables	IDR	299,326,977	1,482
Receivables	XAF	12,242,446	1,389
Unbilled Revenue	USD	193,180	12,792
Unbilled Revenue	AFN	23,815,172	22,912
Unbilled Revenue	BDT	4,487,477	3,712
Unbilled Revenue	IDR	81,229,091	405
Unbilled Revenue	SGD	80,178	867
Unbilled Revenue	AED	258	5
Unbilled Revenue	PHP	20	0
Unbilled Revenue	VND	135,933,728	400
Unbilled Revenue	XAF	6,514,106	739
Cash	USD	69	5
Balance with banks	USD	567,626	37,544



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

Particulars	31-Mar-15		
	Currency	Amount in FC	Amount (in `000)
Payable to suppliers	USD	24,028,293	1,501,888
Payable to suppliers	USD	1,128,696	70,549
Payable to suppliers	SGD	121,085	5,759
Receivables	USD	74,987	4,687
Receivables	USD	1,474,956	92,192
Receivables	SGD	2,010	91
Receivables	MYR	746	13
Receivables	AFN	105,491	114
Receivables	BDT	183,575,527	144,347
Receivables	IDR	295,369,784	1,406
Receivables	EUR	263	18
Unbilled Revenue	USD	337,538	21,100
Unbilled Revenue	AFN	27,109,083	29,267
Unbilled Revenue	BDT	14,396,191	11,320
Unbilled Revenue	IDR	209,194,368	996
Unbilled Revenue	SGD	318	15
Unbilled Revenue	MYR	22,668	382
Unbilled Revenue	ETB	22,183	67
Unbilled Revenue	AED	403	7
Unbilled Revenue	JOD	131	12
Unbilled Revenue	PHP	10,826	15
Unbilled Revenue	VND	11,346,275	32
Cash	USD	469	29
Balance with banks	USD	110,237	6,890

37. 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 by these entities.
38. During the year ended March 31, 2016, the Company has entered into an agreement with S Mobile Devices Ltd, a wholly owned subsidiary, ITEL Mobile Ltd & Cloud Ranger Ltd to engage in the business of selling "ITel" Brand Mobile handsets in India. Pursuant to the agreement and equity infusion by ITEL Mobile Ltd and Cloud Ranger Ltd, S Mobile Devices Ltd, has ceased to be a subsidiary of the Company; accordingly financial statements of S Mobile Devices Ltd. has not been consolidated in the current year. Accumulated losses amounting to Rs. 96 thousand pertaining to S Mobile Devices Ltd has been recognised as Gain on dilution of investment in a subsidiary company under other income in the consolidated financial statements.
39. The asset of Rs. 139,982 thousand (Previous period Rs. 166,685 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.
40. Independent Non-Promoter (Spice Employee Benefit) Trust ('Trust') holds 11,901,752 (Previous period 11,901,752) Equity Shares of the Parent Company as on 31st March, 2016, 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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

from the Trust in the books of the Parent Company. Amount recoverable from Employee Benefit Trust is in respect of these shares (net of amount received till date) as on 31st March, 2016 Rs. 69,200 thousand (Previous period Rs. 69,200 thousand). Trust has framed Share Reward Rules whereby certain shares held by the Trust may be transferred to eligible employees. The Parent 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 Parent 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 Parent Company.

### 41. Additional information pursuant to Schedule III of Companies Act, 2013, "General instructions for the preparation of consolidated financial statements" for financial year 2015-16

S. No.	Name of the Entity	Net Assets, i.e., total assets minus total liabilities as at March 31, 2016		Share in Profit or (Loss) for the period ended March 31, 2016		Net Assets, i.e., total assets minus total liabilities as at March 31, 2015		Share in Profit or (Loss) for the year ended March 31, 2015	
		As % of consolidated net assets	Amount Rs. 000	As % of consolidated profit or (loss)	Amount Rs. 000	As % of consolidated net assets	Amount Rs. 000	As % of consolidated profit or (loss)	Amount Rs. 000
<b>1</b>	<b>Parent</b>								
	Spice Mobility Limited	66.95%	2,020,205	-86.57%	(639,352)	71.16%	2,659,557	-109.46%	(3,365,104)
<b>2</b>	<b>Indian Subsidiaries</b>								
i	Spice Digital Limited	97.90%	2,954,393	13.32%	98,343	76.41%	2,856,050	4.17%	128,349
ii	Spice Retail Limited	-69.80%	(2,106,228)	-125.86%	(929,566)	-31.48%	(1,176,662)	-49.74%	(1,529,271)
iii	Mobisoc Technology Private Limited	3.21%	96,803	0.70%	5,167	2.45%	91,636	-0.13%	(4,081)
iv	Spice Labs Private Limited	2.06%	62,057	-0.56%	(4,112)	1.77%	66,170	0.13%	4,075
v	Kimaan Exports Private Limited	1.88%	56,794	2.21%	16,317	1.08%	40,477	0.37%	11,411
vi	Hindustan Retail Private Limited	0.25%	7,585	-1.34%	(9,914)	0.47%	17,499	-99.23%	(3,050,594)
vii	Cellucom Retail India Private Limited	-5.72%	(172,479)	-5.38%	(39,699)	-3.55%	(132,780)	-1.09%	(33,375)
viii	Spice Online Retail Private Limited	-0.69%	(20,762)	-2.85%	(21,081)	0.01%	319	-0.11%	(3,428)
ix	S Mobile Devices Limited (Refer Note 38)	0.00%	-	0.00%	-	0.01%	404	0.00%	(27)
<b>3</b>	<b>Foreign Subsidiaries</b>								
i	Spice Digital Bangladesh Limited	1.33%	40,152	4.97%	36,699	0.45%	16,653	0.57%	17,506
ii	S GIC Pte Limited	14.70%	443,456	-6.35%	(46,878)	12.25%	457,810	-0.71%	(21,680)
iii	Spice VAS (Africa) Pte Limited	10.88%	328,211	1.87%	13,827	7.82%	292,168	0.39%	11,850
iv	Beoworld Sdn.Bhd	0.08%	2,318	-1.60%	(11,835)	0.39%	14,580	0.00%	116
v	Spice VAS Kenya Limited	-0.51%	(15,481)	3.99%	29,445	-1.22%	(45,596)	0.57%	17,596
vi	Spice Digital Nigeria Limited	-0.32%	(9,731)	2.36%	17,462	-0.68%	(25,517)	-0.57%	(17,493)
vii	Spice VAS Uganda Limited	0.40%	12,164	-0.20%	(1,498)	0.39%	14,658	0.06%	1,946
viii	Spice VAS Ghana Limited	0.12%	3,559	-0.44%	(3,274)	0.18%	6,608	0.15%	4,652
ix	Spice VAS Zambia Limited	-0.27%	(8,210)	-1.14%	(8,406)	-0.05%	(1,736)	-0.26%	(8,141)
x	Spice VAS Tanzania Limited	-0.16%	(4,937)	-2.93%	(21,616)	0.44%	16,304	1.36%	41,844
xi	Spice Digital South Africa Pty Ltd	-4.81%	(145,207)	-1.89%	(13,927)	-4.17%	(155,932)	-2.11%	(64,808)
xii	S Mobility Pte. Limited	-0.01%	(376)	-0.03%	(200)	0.00%	(157)	-0.01%	(365)
xiii	S Mobility (HK) Limited	0.32%	9,583	0.75%	5,524	0.10%	3,677	-0.14%	(4,281)
xiv	S Retail Middle East FZE	-1.57%	(47,511)	0.00%	-	-1.27%	(47,511)	0.00%	(3)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2016

S. No.	Name of the Entity	Net Assets, i.e., total assets minus total liabilities as at March 31, 2016		Share in Profit or (Loss) for the period ended March 31, 2016		Net Assets, i.e., total assets minus total liabilities as at March 31, 2015		Share in Profit or (Loss) for the year ended March 31, 2015	
		As % of consolidated net assets	Amount Rs. 000	As % of consolidated profit or (loss)	Amount Rs. 000	As % of consolidated net assets	Amount Rs. 000	As % of consolidated profit or (loss)	Amount Rs. 000
xv	S Retail General Trading LLC	-0.21%	(6,234)	0.00%	-	-0.17%	(6,234)	0.00%	-
<b>4</b>	<b>Minority Interests in subsidiaries</b>								
i	Spice Digital Limited	-9.93%	(299,592)	-0.94%	(6,906)	-7.77%	(290,485)	-0.45%	(13,850)
ii	Mobisoc Technology Private Limited	0.00%	(97)	0.00%	(5)	0.00%	(92)	0.00%	4
iii	Spice Vas (Africa) Pte. Limited	-1.45%	(43,772)	-1.46%	(10,817)	-0.97%	(36,395)	0.13%	3,962
iv	Spice VAS Uganda Limited	-0.10%	(3,040)	0.05%	374	-0.11%	(3,961)	-0.02%	(486)
<b>5</b>	<b>Associates</b>								
i	Vavia Technologies Private Limited	0.00%	-	0.19%	1,418	0.00%	-	0.03%	772
ii	Anytime Learning Private Limited	0.00%	-	-0.21%	(1,574)	0.00%	-	-0.02%	(650)
iii	Creative Functionapps Labs Pvt. Ltd.	0.00%	-	-0.16%	(1,173)	0.00%	-	0.00%	-
iv	Sunstone Eduversity Pvt. Ltd.	<b>0.00%</b>	-	<b>0.00%</b>	-	<b>0.00%</b>	-	<b>0.00%</b>	-
<b>6</b>	<b>Eliminations and adjustments due to consolidation</b>	-4.51%	(136,010)	109.50%	808,714	-23.92%	(893,932)	156.11%	4,799,216
	<b>Total</b>	<b>100.00%</b>	<b>3,017,616</b>	<b>100.00%</b>	<b>(738,543)</b>	<b>100.00%</b>	<b>3,737,580</b>	<b>100.00%</b>	<b>(3,074,340)</b>

42. A fraud was committed in one of the step down overseas subsidiaries of the Company during the previous period, estimated amount being Rs. 19,632 thousand against which, as a matter of prudence, a provision of Rs. 16,803 thousand including amount provided in previous period amounting to Rs. 9,352 thousand has been taken in the financials. The matter has already been taken up with the concerned agency for recovery.

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

As per our report of even date

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

per Anil Gupta  
Partner  
Membership no.: 87921

Place : Noida  
Date : May 18, 2016

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

**Dilip Modi**  
Executive Chairman  
DIN : 00029062

**Suman Ghose Hazra**  
Director  
DIN : 00012223

**M R Bothra**  
Vice President- Corporate Affairs and Company Secretary  
M. No. : 6651

**Subramanian Murali**  
Director  
DIN : 00041261

**Madhusudan V.**  
Chief Financial Officer

# FORM AOC - I

## STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES/ASSOCIATE COMPANIES (PURSUANT TO FIRST PROVISIO TO SUB-SECTION (3) OF SECTION 129 READ WITH RULE 5 OF COMPANIES (ACCOUNTS) RULES, 2014)

Sl. No. of Subsidiary Company	Reporting period for the subsidiary*	Reporting Currency	Exchange Rate (Rs.)	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Details Of Investments (Except Investment in case of Subsidiary Company)	Turnover/ Total Income	Profit/ (Loss) Before Taxation	Provision For Taxation	Profit/ (Loss) After Taxation	Proposed Dividend	(Rs. '000) % of shareholding #
1	Spice Digital Limited	1st April 2015 to 31st March 2016	INR	397,710	2,556,684	3,426,888	3,426,888	80,000	1,823,696	140,325	41,981	98,343	-	89.19%
2	Hindustan Retail Private Limited	1st April 2015 to 31st March 2016	INR	3,155,300	(3,147,715)	402,729	402,729	-	28,464	(9,914)	-	(9,914)	-	100.00%
3	Kimaaan Export Private Limited	1st April 2015 to 31st March 2016	INR	200	56,594	125,267	125,267	-	31,512	21,434	5,118	16,317	-	100.00%
4	S Mobility Pte. Limited	1st July 2015 to 30th June 2016	SGD	12,406	(12,782)	99	99	-	-	(200)	-	(200)	-	100.00%
5	S Mobility (HK) Limited	1st July 2015 to 30th June 2016	USD	64	9,518	21,772	21,772	-	41,483	6,611	1,087	5,524	-	100.00%
6	Spice Retail Limited	1st April 2015 to 31st March 2016	INR	847,174	(2,953,402)	1,634,395	1,634,395	-	15,150,299	(929,194)	372	(929,566)	-	100.00%
7	Mobisoc Technology Private Limited	1st April 2015 to 31st March 2016	INR	100,100	(3,297)	136,122	136,122	-	166,863	6,489	1,322	5,167	-	99.90%
8	Spice Labs Private Limited	1st April 2015 to 31st March 2016	INR	100,500	(38,443)	66,203	66,203	10,000	18,643	(4,112)	-	(4,112)	-	99.90%
9	S GIC Pte Limited	1st April 2015 to 31st March 2016	SGD	769,324	(325,869)	447,892	447,892	-	21,982	(46,878)	-	(46,878)	-	100.00%
10	S RETAIL FZE	1st July 2015 to 30th June 2016	AED	13,160	(60,671)	6,234	6,234	-	-	-	-	-	-	100.00%
11	S RETAIL LLC	1st July 2015 to 30th June 2016	AED	4,895	(11,129)	-	-	-	-	-	-	-	-	49.00%
12	Cellucrom Retail India Private Limited	1st April 2015 to 31st March 2016	INR	500,000	(672,479)	44,253	44,253	-	395,774	(39,699)	-	(39,699)	-	100.00%
13	Spice Online Retail Private Limited	1st April 2015 to 31st March 2016	INR	99,100	(119,862)	15,536	15,536	-	341,296	(21,081)	-	(21,081)	-	100.00%
14	Spice Digital Bangladesh Limited	1st July 2015 to 30th June 2016	BDT	3,215	36,937	161,210	161,210	-	105,968	36,827	128	36,699	-	99.99%
15	Spice Vas (Africa) Pte Limited	1st April 2015 to 31st March 2016	SGD	211,316	116,895	400,726	400,726	-	281,164	72,467	58,641	13,827	-	69.63%
16	Beoworld Sdn.Bhd	1st April 2015 to 31st March 2016	MYR	7,110	(4,792)	2,520	2,520	-	147	(11,831)	4	(11,835)	-	100.00%
17	Spice VAS Kenya Limited	1st April 2015 to 31st March 2016	KSH	75	(15,556)	2,454	2,454	-	67,573	29,445	-	29,445	-	100.00%
18	Spice Digital Nigeria Limited	1st April 2015 to 31st March 2016	Naira	4,319	(14,049)	57,697	57,697	-	282,478	18,438	977	17,462	-	100.00%
19	Spice VAS Uganda Limited	1st April 2015 to 31st March 2016	UGX	27	12,137	23,999	23,999	-	12,676	(1,222)	275	(1,498)	-	75.00%
20	Spice VAS Ghana Limited	1st April 2015 to 31st March 2016	GHS	3,237	323	22,109	22,109	-	52,952	(2,549)	725	(3,274)	-	100.00%
21	Spice VAS Zambia Limited	1st April 2015 to 31st March 2016	ZMW	63	(8,272)	16,024	16,024	-	88,116	(4,336)	4,070	(8,406)	-	100.00%
22	Spice VAS Tanzania Limited	1st April 2015 to 31st March 2016	TZS	7,365	(12,302)	12,137	12,137	-	58,012	(13,921)	7,695	(21,616)	-	100.00%
23	Spice Digital South Africa Pty Limited	1st April 2015 to 31st March 2016	ZAR	1	(145,207)	(127,773)	(127,773)	-	49,038	(13,927)	-	(13,927)	-	100.00%

\* Subsidiaries whose reporting period is different from that of the Parent Company, financial statement used for the purpose of consolidation are drawn up to the same reporting date as that of the Parent Company i.e year ended March 31, 2016.

# Refer Note no 2 (ii) of Consolidated financial statement .

# FORM AOC - I



## STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES/ASSOCIATE COMPANIES (PURSUANT TO FIRST PROVISO TO SUB-SECTION (3) OF SECTION 129 READ WITH RULE 5 OF COMPANIES (ACCOUNTS) RULES, 2014)

### Part "B": Associates companies

Name of Associates	(Rs. '000)				
	Vavia Technologies Private Limited	Anytime Learning Private Limited	Creative Functionapps Labs Private Limited	Sunstone Eduversity Private Limited	
1 Latest audited Balance Sheet Date*	Unaudited	Unaudited	Unaudited	Unaudited	
2 Shares of Associate company held by the company on the year end					
No.	3,514	83,636	3514	27301	
Amount of Investment in Associates	10,000	77,988	10,000	27	
Extent of Holding%	26.00%	38.54%	26.00%	26.99%	
3 Description of how there is significant influence					
4 Reason why the associate company is not consolidated	NA	NA	NA	NA	NA
5 Networth attributable to Shareholding as per latest audited Balance Sheet*	3,091	1,746	2,598	-	
6 Profit / (Loss) for the year	-	-	0	0	
(i) Considered in Consolidation	1,418	(1,574)	1,173	-	
(ii) Not Considered in Consolidation	4,037	(2,512)	(1,479)	-	

\*Figures were taken from Un-audited Financials Statements as on 31 March, 2016, as last Audited Financials available were of a date prior to the date of investments made by the Company.

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

**Dilip Modi**  
Executive Chairman  
DIN : 00029062

**Subramanian Murali**  
Director  
DIN : 00041261

**Suman Ghose Hazra**  
Director  
DIN : 00012223

**Madhusudan V.**  
Chief Financial Officer

**M R Bothra**  
Vice President- Corporate Affairs and Company Secretary  
M. No.: 6651

Place : Noida  
Date : May 18, 2016





## Impact

**150** villages reached

**252** schools

**44000+** students trained

**150** Young Instructor Leaders and

**1000** teachers trained

**1000** teachers trained

## Science fairs

Kindling curiosity and a love for learning in children



# spice

**Spice Mobility Ltd.**

**Registered Office :** S Global Knowledge park,  
19A & 19B, Sector-125, Noida  
Distt. Gautam Budh Nagar, U.P.-201 301



## SPICE 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: complianceofficer@smobility.in  
Website: www.spicemobility.in

### NOTICE

Notice is hereby given that the Twenty Eighth Annual General Meeting of Spice Mobility Limited will be held on Thursday, the 22<sup>nd</sup> day of September, 2016 at 10:15 A.M. at Expo Centre, A-11, Sector -62, NH-24, Noida – 201301 (U.P.) to transact the following business:

#### ORDINARY BUSINESS:

- I. To receive, consider and adopt:
  - i. the Audited Financial Statement for the financial year ended 31<sup>st</sup> March, 2016 along with the Board of Directors' and Auditors' Report thereon.
  - ii. the Audited Consolidated Financial Statement for the financial year ended 31<sup>st</sup> March, 2016 and the Auditors' Report thereon.
2. 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.
3. 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/E300005), the retiring auditors, being eligible, offer themselves for re-appointment.

#### SPECIAL BUSINESS:

4. **To approve the Appointment of Mr. Dilip Modi (DIN: 00029062) as an Executive Director of the Company**

To consider and, if thought fit, to pass the following resolution as a Special Resolution:

“Resolved that pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V to the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the approval of the shareholders of the Company be and is hereby accorded to the appointment of Mr. Dilip Modi (DIN: 00029062) as an Executive Director of the Company for a period of three years with effect from 30<sup>th</sup> November, 2015 without any remuneration.

Resolved further that the Board of Directors of the Company or a Committee thereof be and is hereby authorized to amend, alter, modify or otherwise vary the terms and conditions of appointment, including the remuneration payable to him, as Executive Director of the Company.

Resolved further that notwithstanding anything contained in Section 197 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V thereto and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the Board of Directors or a Committee thereof be and is hereby authorised to fix and revise from time to time the remuneration payable to Mr. Dilip Modi within the permissible limits under the law during his tenure as executive director of the Company.

Resolved further that the Board of Directors of the Company or a duly authorised Committee thereof be and is hereby authorised to do all such acts, deeds and things as it may think necessary or desirable to settle any question or doubt that may arise in order to give effect to the above resolution and to seek such approval/consent from the Government, if required, in this regard.”

5. **To approve the increase in limit for the investments under Section 186 of the Companies Act, 2013**

To consider and, if thought fit, to pass the following resolution as a Special Resolution:

“Resolved that pursuant to the provisions of Section 186 and other applicable provisions, if any, of the Companies Act, 2013 including any statutory modification(s) or re-enactment thereof for the time being in force read with the Companies (Meetings of Board and its Powers) Rules, 2014, the approval of the members of the Company be and is hereby accorded to acquire by way of subscription, purchase or otherwise, the securities of any other body(ies) corporate exceeding sixty percent of Company's paid-up share capital, free reserves and securities premium account or one hundred percent of its free reserves and securities premium account, whichever is more, as the Board of directors or a Committee thereof may think fit, provided that the total investment(s) made in excess of these limits shall not at any time exceed Rs. 100,00,00,000/- (Rupees One Hundred Crore Only).

Resolved further that the Board of Directors or a duly constituted Committee thereof be and is hereby authorized to do all such acts, deeds, and things, including the decision as to the timing, the amount and the terms and conditions of such investment(s), as it may in its absolute discretion, consider necessary, expedient or desirable in order to give effect to this resolution or as otherwise considered by it to be in the best interest of the Company.”

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

**(M R Bothra)**

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

**Date: 10<sup>th</sup> August, 2016  
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 Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013 and the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the Annual General Meeting.
5. The Register of Members and Share Transfer Books of the Company will remain closed from 16<sup>th</sup> of September, 2016 to 22<sup>nd</sup> of September, 2016 (both days inclusive) for the purpose of Annual General Meeting.
6. 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, 2<sup>nd</sup> 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
7. 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.
8. 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.
9. Pursuant to Sections 124 and 125 of the Companies Act, 2013 (Corresponding to Sections 205A, 205B 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 year 2007-08 have been transferred to IEPF.  

Unclaimed dividends for the financial year 2008-2009 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.
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, during the business hours up to the date of the Annual General Meeting.
12. In terms of the relevant provisions of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014, 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, Notice of the

28<sup>th</sup> Annual General Meeting of the Company inter alia indicating the process and manner of remote e – voting along with Attendance slip and Proxy Form, Balance Sheet, Statement of Profit & Loss, Board's 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 2015-16 being circulated to the members of the Company is available on the Company's website, viz. [www.spicemobility.in](http://www.spicemobility.in).
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:

- I. In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended from time to time and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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). The member may cast their votes using an electronic voting system from a place other than the venue of the Meeting ('remote e-voting').
- II. The facility for voting through ballot paper shall be made available at the Meeting and the members attending the Meeting who have not cast their vote by remote e–voting shall be able to vote at the Meeting.
- III. The members who have cast their vote by remote e-voting prior to the Meeting may also attend the Meeting but shall not be entitled to cast their vote again.

#### 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 remote 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 remote e-Voting: Active Voting Cycles.
  - (vii) Select EVEN of Spice Mobility Limited.
  - (viii) Now you are ready for remote 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 to [sanjaygrover7@gmail.com](mailto:sanjaygrover7@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto: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 Remote E-Voting period commences on **19<sup>th</sup> September, 2016 at 9:00 A.M. and ends on 21<sup>st</sup> September, 2016 at 5:00 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 **15<sup>th</sup> September, 2016**, 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 **15<sup>th</sup> September, 2016**.

- (iii) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and remote e-Voting User Manual for Shareholders, available at the downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free No. 1800 – 222 - 990.
- (iv) Any person, who acquires shares and becomes member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 15<sup>th</sup> September, 2016, may also obtain the Login ID and Password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or the Company at [complianceofficer@smobility.in](mailto:complianceofficer@smobility.in) or MAS Services Limited, RTA at [info@masserve.com](mailto:info@masserve.com).  
However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using “Forgot User Details/Password” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at the toll free No.: 1800-222-990.  
Any member who has received the notice of Annual General Meeting but ceased to be a member as on cut off date i.e. 15<sup>th</sup> September, 2016 should treat this notice for information purpose only.  
In case of any grievance connected with voting by electronic means, you may contact Mr. Amit Vishal, Senior Manager, NSDL through e-mail at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or [amitv@nsdl.co.in](mailto:amitv@nsdl.co.in) or on toll free No.: 1800-222-990 or Mr. Sharwan Mangla, General Manager, MAS Services Limited, RTA at [info@masserve.com](mailto:info@masserve.com) or on Telephone No.: 011 – 26387281.
- (v) A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date i.e. 15<sup>th</sup> September, 2016 only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- (vi) Mr. Sanjay Grover, Company Secretary in whole time practice (Membership No. FCS 4223), Managing Partner of M/s. Sanjay Grover & Associates, has been appointed as the Scrutinizer to scrutinize the remote e-voting process in a fair and transparent manner.
- (vii) The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of “Ballot Paper” for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- (viii) The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the Meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than 48 hours of the conclusion of the AGM, a consolidated scrutinizer’s report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- (ix) Subject to receipt of requisite number of votes, the Resolution shall be deemed to be passed on the date of Annual General Meeting i.e. 22<sup>nd</sup> September, 2016.
- (x) The Results declared along with the Scrutinizer’s Report shall be placed on the Company’s website [www.spicemobility.in](http://www.spicemobility.in) and on the website of NSDL immediately after the declaration of result and communicated to the BSE Limited and National Stock Exchange of India Limited.

## STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

### Item No. 4

Mr. Dilip Modi was appointed on the Board on 21<sup>st</sup> August, 2006 as Director and has taken over as Chairman of the Company with effect from 18<sup>th</sup> February, 2014. In order to bring greater focus to capture the opportunities foreseen in the business of the Company, the Board of Directors in its meeting held on 30<sup>th</sup> November, 2015, on recommendation of Nomination and Remuneration Committee, has, subject to the approval of shareholders, appointed Mr. Dilip Modi as an Executive Director and designated him Executive Chairman of the Company.

The appointment of Mr. Dilip Modi as an Executive Director is for a period of 3 years w.e.f. 30<sup>th</sup> November, 2015. Presently, no remuneration is being paid to him. Mr. Dilip Modi is also an Executive Director of Spice Connect Private Limited, the holding company and receives his remuneration from that Company. However, the Board of Directors may decide to pay such remuneration as it deem necessary or appropriate within the permissible limit(s) prescribed under the Companies Act, 2013 with or without the approval of the Central Government, as the case may be.

Mr. Dilip Modi has given his consent for appointment as an Executive Director of the Company and has confirmed that he is not disqualified from being appointed as a Director under Section 164 of the Companies Act, 2013.

In the opinion of the Board, Mr. Modi fulfills the conditions specified in the Act and Rules made thereunder for appointment as Executive Director of the Company. The Board is of the view that his qualifications, experience and expertise would help the Company to achieve new heights. It would be in the best interest of the Company if he is appointed as an Executive Director of the Company. The Board recommends his appointment as an Executive Director of the Company and passing of the said resolution by means of a Special Resolution.

A Copy of the letter of appointment of Mr. Dilip Modi as Executive 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 business hours.

The information as required under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings, in relation to Mr. Dilip Modi is given hereunder:

<b>Name of the Director</b>	: Mr. Dilip Modi
<b>Date of Birth</b>	: 12.03.1974
<b>Date of First Appointment on the Board</b>	: 21.08.2006
<b>No. of shares held</b>	: 10,00,000 Equity Shares
<b>Qualifications</b>	: Master's in Business Administration and Bachelor of Science Degree in Management Technology from Brunel University, London
<b>Experience and expertise in specific Functional Area</b>	: A brief resume and nature of expertise in specific functional areas of Mr. Dilip Modi is given in the Annual Report.
<b>Terms and Conditions of his appointment</b>	: He has been appointed as an Executive Director of the Company for a period of 3 years w.e.f. 30.11.2015. Mr. Modi as an Executive Director is entrusted with substantial powers of management of the Company subject to superintendence, control and direction of the Board of directors of the Company.
<b>No. of Board Meetings attended during the year</b>	: All the Seven Board Meetings held during the year were attended by him.
<b>Detail of Remuneration sought to be paid and the remuneration last drawn</b>	: Nil
<b>List of Directorship in Companies (Other than Spice Mobility Limited )</b>	: 1. Spice Global Corporate Holding Private Limited 2. Spice Connect Private Limited 3. Wall Street Finance Limited - Listed Company 4. Spice Retail Limited 5. Sunstone Learning Private Limited 6. Smart Global Financial Ventures Private Limited 7. Omniventures Private Limited 8. Digitone Mobiles Private Limited
<b>Chairman / Member of the Committees of the Board of Directors of Companies (Other than Spice Mobility Limited) on which he is a Director (Only Audit and Stakeholders' Relationship Committee have been considered)</b>	: Chairman, Audit Committee - Sunstone Learning Private Limited

Mr. Modi satisfies all the Conditions as set out in Part I of Schedule V to the Companies Act, 2013. The information as prescribed in Part II of Schedule V to the Companies Act, 2013 is not applicable to the appointment of Mr. Dilip Modi as he is not being paid any salary from the Company.

No Director (other than Mr. Dilip Modi himself) and Key Managerial Personnel and their relatives, is in any way concerned or interested in this resolution.

#### Item No. 5

The Company through its subsidiaries is primarily engaged in the trading of IT products, Mobile handsets and their accessories and the Information and Communication Technology business providing value added services to the Telecom Operators. The funding obligations of such subsidiaries, joint ventures and associates are primarily met out of the Company's cash flows. The Company makes investments in subsidiaries and other company(ies) out of funds available with the company with a view to garner long term benefits.

As per the provisions of Section 186 of the Companies Act, 2013, a company can directly or indirectly acquire by way of subscription, purchase or otherwise, the securities of any other body(ies) corporate up to sixty percent of its paid-up share capital, free reserves and securities premium account or one hundred percent of its free reserves and securities premium account, whichever is more. If Company desires to acquire shares by way of subscription or otherwise beyond these limits, prior approval of the shareholders is required by means of Special Resolution for making investments in excess of these limits.

Considering the future requirement(s) of business of the Company and its subsidiary company(ies), it is proposed to obtain the shareholders' approval up to an amount of Rs. 100,00,00,000/- (Rupees One Hundred Crore only) in excess of the limits prescribed under Section 186 of the Companies Act, 2013.

Board of Directors of your company recommends the above resolution for your approval by means of Special Resolution.

None of the Directors, Key Managerial Personnel and their relatives, is in any way concerned or interested in this resolution.

#### Disclosure of Inter se relationship of Directors:

None of the directors has any relationship with other directors and Key Managerial Personnel of the Company.

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

**(M R Bothra)**

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

**Date: 10<sup>th</sup> August, 2016**

**Place: Noida**



**SPICE MOBILITY LIMITED**

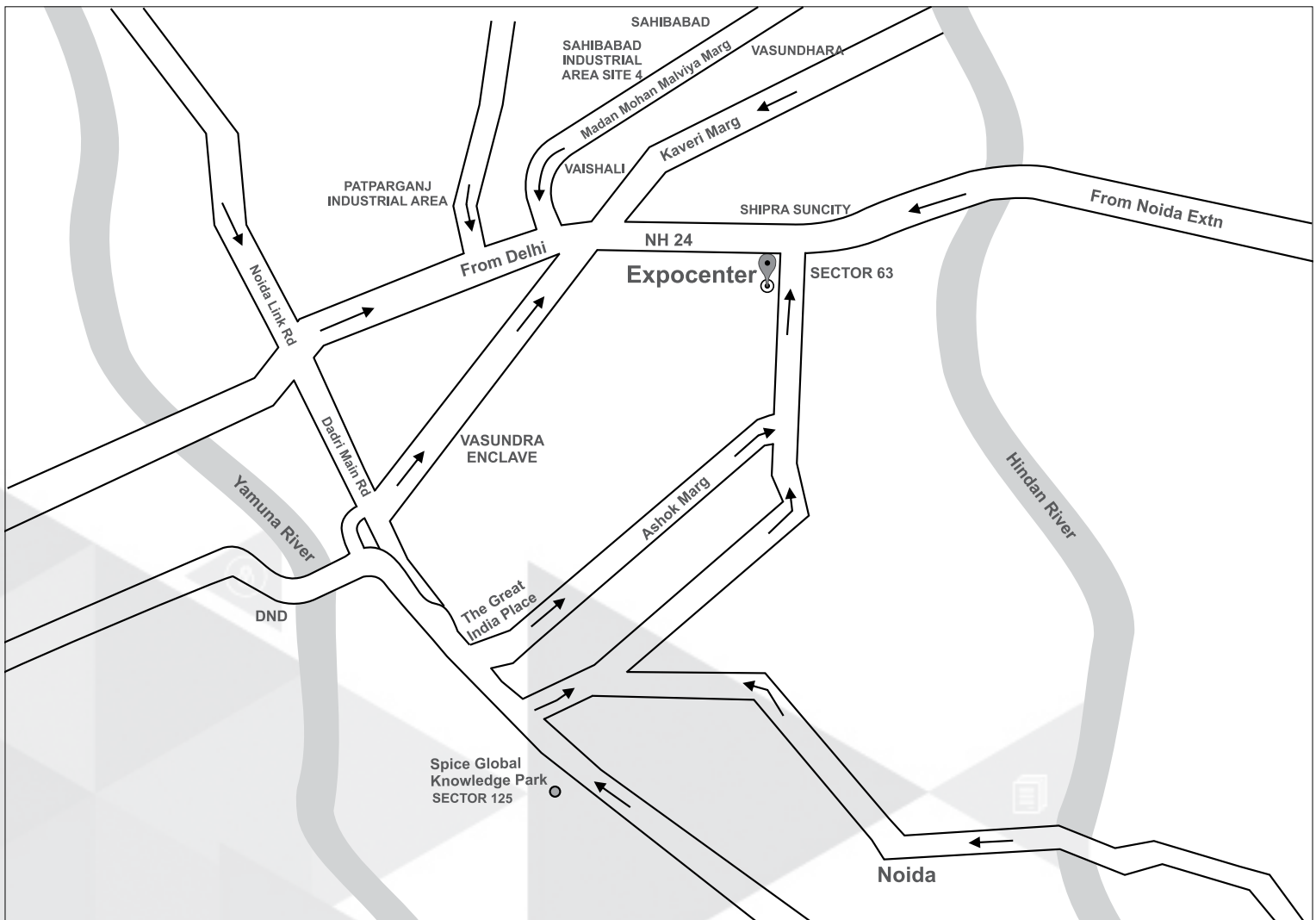
Registered Office: S Global Knowledge Park, 19A & 19B, Sector 125,  
Noida, District Gautam Budh Nagar, U.P.-201301

CIN: L72900UP1986PLC008448

Tel.: 0120- 3355131; Email: [complianceofficer@smobility.in](mailto:complianceofficer@smobility.in)

Website: [www.spicemobility.in](http://www.spicemobility.in)

**Route map of the Venue of the 28<sup>th</sup> Annual General Meeting- 22<sup>nd</sup> September, 2016  
Expo Centre, A-11, Sector -62, NH-24, Noida – 201301 (U.P.)**





**SPICE 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: complianceofficer@smobility.in  
Website: www.spicemobility.in

**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 28<sup>th</sup> Annual General Meeting of the Company, to be held on Thursday, the 22<sup>nd</sup> day of September, 2016 at 10:15 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 thereon and Consolidated Financial Statements of the Company and Auditors Report thereon.			
2. Re-appointment of Mr. Dilip Modi, Director retiring by rotation			
3. Appointment of Statutory Auditors			
4. Appointment of Mr. Dilip Modi as an Executive Director of the Company			
5. Approval for increase in limit for investments under Section 186 of the Companies Act, 2013			

Signed this \_\_\_\_\_ Day of \_\_\_\_\_ 2016

Signature of Shareholder \_\_\_\_\_

Signature of Proxy holder(s) \_\_\_\_\_

Affix Re. I /-  
Revenue  
Stamp

Notes:

- 1. The Proxy Form in order to be effective should be duly completed, dated, signed, stamped and deposited at the Registered office of the Company not later than 48 hours before the commencement of the Meeting.
- 2. Proxy Holder shall carry his identity Proof at the time of attending the Meeting.
- 3. A Proxy need not be a member of the Company.
- 4. A Person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% 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 or shareholder.



## SPICE MOBILITY LIMITED

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Tel.: 0120- 3355131; Email: [complianceofficer@smobility.in](mailto:complianceofficer@smobility.in)  
Website: [www.spicemobility.in](http://www.spicemobility.in)

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### ELECTRONIC VOTING PARTICULARS

<b>EVEN (Electronic Voting Event Number)</b>	<b>USER ID</b>	<b>PASSWORD</b>

The e-voting facility will be available during the following voting period:

<b>Commencement of e-voting</b>	<b>From 9 A.M. on 19<sup>th</sup> September, 2016</b>
<b>End of e-voting</b>	<b>Upto 5 P.M. on 21<sup>st</sup> September, 2016</b>

- The cut-off date for the purpose of e-voting is 15<sup>th</sup> September, 2016.
- Please refer to the attached AGM Notice for instructions on e-voting.

## SPICE MOBILITY LIMITED

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Website: [www.spicemobility.in](http://www.spicemobility.in)

### 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 28<sup>th</sup> Annual General Meeting of Spice Mobility Limited held on Thursday, the 22<sup>nd</sup> day of September, 2016 at 10:15 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)