



spice

Spice Mobiles Limited

ANNUAL REPORT 2008-09



OUR BRAND VISION

The only thing constant in this world is change.

We will always be fuelled by the desire to make a difference, bring about a change for the better.

We dream of continuously enriching the mobile society, enabling them to live life to its fullest and bringing their dreams alive.

ONE STEP AHEAD OF THE DREAMS OF THE MOBILE SOCIETY.

CHAIRMAN'S MESSAGE

Dear Shareholders,

At the very outset I must congratulate all of you on a very good performance of your Company.

In an age, where we are surrounded by the best technological innovations, your Company is one that always strives to innovate, to stay ahead of the aspirations of the mobile consumer.

We have seen global markets change dramatically in the space of the last 15 months. World over, there have been significant macro and micro-economic changes that have impacted the lives of every individual whether as an employee, business person or customer.

India has led the paradigm shift in mobile communications growth – we are not only global leaders in mobile telecom growth but along with China, we will continue to lead the charge in this important economic vertical. As our Group Chairman, Dr BK Modi pointed out last year to you, The Age of the Asians has arrived – from Israel to Indonesia, we have seen the emergence of a new economic region that will lead the world for the next half a century or more. This region is our new global focus of growth. As part of this global outreach plan and ambition, your Company has diversified into Nepal and will soon reach out to other South Asian markets as well.

At Spice Mobiles Limited, we have several reasons to feel happy - Your Company has very good results as a consequence of a lot of hard work. Your Company's turnover increased by 133% in addition to tremendous growth in sales volume. We sold more than 2.7 million handsets for the period of 15 months ended March 31, 2009. We have increased our sales distribution presence to 50 Regional Distributors and retail coverage to more than 26000 points of sale outlets. We are also expanding our After Sales Service network taking into account our high sales growth. Currently we have 11 state-of-art company owned service centres and 250 plus franchised service centres across the country.

It is with great happiness that I share with you some of the latest product offerings that have been very well received in the Indian market. The Multi-SIM (GSM & GSM Dual SIM) phones M-5252 and M-4580 are market pioneers. The C-5300 is an Open Market CDMA phone that your Company has launched to tap this big potential market. Your Company has also launched the new BIG Series product range which focuses on the needs of Indian consumer and provide him with 4 key feature sets including Big Memory, Big Battery life, Big Sound and Big Screen besides other important features.

It is the vision of your Company, as well as my own that our products and offerings act as catalysts to bring about a social phenomenon that can help bridge the great digital divide by bringing affordable feature rich/technology enriched devices to the larger rural and semi-urban population of India and introduce them to the phenomenal world of mobile communication. I must proudly add that Spice Mobiles has one of the strongest and diverse product portfolios across any mobile handset brand in India.

As a growing company, Spice Mobiles is exposed to the operating and regulatory complexities of an intensely competitive and global environment. We have put in place robust business and work processes that are benchmarked against the best. A strong Board with Independent Directors guides and works through Corporate Governance Committees that focus on aspects like Audit, Compensation, Share Transfer, Shareholder Grievances etc. The Committees regularly scrutinize the policies and proposals made by the Operating Management and also provide an unbiased independent assessment of the state of robustness of the business processes in place.

The year saw the Management's focus on efficiency, productivity, cost containment and quality improvement. Processes and systems were reviewed with vigour and planned actions have been taken in several areas that lead to embedding best practices and focus on profit maximization. Actions that will, over time, help consolidate competitive advantage for sustained growth of the Company.

Consistently over the years, The Board of Directors of your Company have emphasized the need for creating an enabling culture in the organization in which performance with ethical practices receives the highest emphasis.

This has led to greater team spirit, motivation and sincerity with which employees approach their tasks in meeting corporate objectives.

I would like to thank all our well wishers, overseas partners, vendors and distributors, Stakeholders and our Board of Directors for their whole-hearted support through the year and I look forward to your continued support and the confidence you have placed in the Management and the Directors of your Company.

I am truly confident that we will live upto and indeed surpass your expectations.

With best regards,

Dilip Modi

**ANNUAL
REPORT 2008-09**

spice



OUR BRAND PROMISE

Each one of us should commit ourselves to a purpose – one that assures our consumers a constant flow of fresh offerings, and ensures us a distinct path to follow.

WE DELIVER OUTSTANDING VALUE BY COMBINING DEEP MARKET KNOWLEDGE WITH UNCONVENTIONAL THINKING. KNOWLEDGE GUIDES US BUT IMAGINATION DRIVES US.





OUR BRAND ATTRIBUTES

A vision can only be pursued when backed by a set of strong values. We shall aim to instill in ourselves some key attributes.

Today, Spice can be identified as:

IMAGINATIVE: We anticipate market needs to provide leading edge products and services, and constantly seek new, better ways to serve our constituents.

FEARLESS: We are entrepreneurial and challenge conventions to inspire change, so that our customers can expect more and expect better.

OPEN: We are not only accessible and responsive to our customers' comments and suggestions but also understand their needs and help fulfil them.

VIBRANT: We are professional but we are also fun, spontaneous and outgoing – thanks to our passion, dynamism and energy.

OUR BRAND ESSENCE

At Spice, we shall use our intelligence and experience to find new and different ways to invigorate the market. We'll find new ways to delight people and offer them enduring value. Challenge fuels us, we push boundaries to think beyond the conventional, shake things up and enliven the market.

UNCONVENTIONAL WISDOM.



BOARD OF DIRECTORS

Dilip Modi

Chairman

Radha Krishna Pandey

Ram Nath Bansal

Krishan Lal Chugh

Hanif Mohamed Dahya

Parikshit Bhasin

Vivek Bali

Kunal Ahooja

CEO & Whole Time Director

Ms. Renu Gupta*

Company Secretary

REGISTERED OFFICE

D-1, Sector-3, Noida – 201 301, Uttar Pradesh

AUDITORS

M/s S. R. Batliboi & Co.

Chartered Accountants

Golf View Corporate Tower - B

Sector 42, Sector Road,

Gurgaon – 122 002 (Haryana)

REGISTRAR & SHARE TRANSFER AGENT

MAS Services Ltd.

T-34, 2nd Floor, Okhla Industrial Area, Phase-II,

New Delhi – 110 020

BANKERS

HDFC Bank Limited

IndusInd Bank Limited

*passed away on 19th August, 2009

SPICE MOBILES LIMITED

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Spice Mobiles Limited

Registered Office: D-1, Sector-3, Noida – 201 301, District Gautam Budh Nagar, Uttar Pradesh

NOTICE

Notice is hereby given that the Twenty-First Annual General Meeting of Spice Mobiles Limited will be held on Friday, 25th day of September, 2009 at 'Spice World', I-2, Sector-25A, Noida - 201 301, Uttar Pradesh at 9:30 A.M. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2009, and the Profit & Loss Account for the period (15 months) ended on that date along with the Directors and Auditors Report thereon.
2. To declare dividend on Equity Shares for the Financial Year (15 months) ended 31st March 2009.
3. To consider and appoint a Director in place of Mr. Radha Krishna Pandey, who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and appoint 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., Chartered Accountants, the retiring auditors, are eligible for re-appointment.

SPECIAL BUSINESS

5. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:
"RESOLVED THAT Mr. Vivek Bali, who was appointed by the Board of Directors as a Director of the Company with effect from 31st July 2008 and who holds office up to the date of the Annual General Meeting of the Company, in terms of Section 260 of the Companies Act, 1956 ("the Act") and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Act, proposing his candidature for the office of Director of the Company, be and is hereby appointed a Director of the Company."
6. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:
"RESOLVED THAT Mr. Parikshit Bhasin, who was appointed by the Board of Directors as a Director of the Company with effect from 31st July 2008 and who holds office up to the date of the Annual General Meeting of the Company, in terms of Section 260 of the Companies Act, 1956 ("the Act") and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Act, proposing his candidature for the office of Director of the Company, be and is hereby appointed a Director of the Company."
7. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:
"RESOLVED THAT Mr. Hanif Mohamed Dahya, who was appointed by the Board of Directors as a Director of the Company with effect from 30th September 2008 and who holds office up to the date of the Annual General Meeting of the Company, in terms of Section 260 of the Companies Act, 1956 ("the Act") and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Act, proposing his candidature for the office of Director of the Company, be and is hereby appointed a Director of the Company."
8. To consider and, if thought fit, to pass, with or without modifications, the following resolution as a Ordinary Resolution:
"RESOLVED THAT Mr. Kunal Ahooja, who was appointed by the Board of Directors as a Director of the Company with effect from 30th September 2008 and who holds office up to the date of the Annual General Meeting of the Company, in terms of Section 260 of the Companies Act, 1956 ("the Act") and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Act, proposing his candidature for the office of Director of the Company, be and is hereby appointed a Director of the Company."
9. To consider and, if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution:
"RESOLVED THAT pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded for amending the Articles of Association in the following manner:
 - a) by deleting the following Article 2(y) :
"Promoter" : Promoter means Spice Corp Limited and its subsidiary, associated companies, their respective successors and permitted assigns.
 - b) by substituting the existing Article 96 'Number of Directors' with the following :
96. Subject to the provisions of Section 252 of the Act, the number of Directors shall not be less than 3 and not more than 12 (excluding alternate Directors).
 - c) by deleting the following Article 97(a) and 97(b) 'Appointment & Election of non-retiring Directors' :
97(a) So long as Spice Corp Limited either directly or alongwith its subsidiaries/Associate Companies holds more than

25% of the issued equity Share Capital of the Company, Spice Corp Limited shall be entitled by a notice in writing addressed to the Company to appoint one Director as the non-retiring Director out of the Directors to be appointed by it.

(b) Any appointment or removal of a non-retiring Director under this Article shall be by a notice in writing addressed to the Company by Spice Corp Limited and shall take effect forthwith upon such notice being delivered to the Company.

d) by deleting the following Article 98(a), (c) and (d) 'Non-retiring Directors of Promoters':

98(a) Unless otherwise specified, the promoter may appoint one (1) non-retiring Director, on the Board of Director of the Company, and to remove such Director(s) from office and on a vacancy being caused, in such office from any cause whatsoever including resignation, death or removal of any such Director, so appointed, to appoint another Director in the vacant place. The Director appointed under this Article are hereinafter referred to as the "Non-retiring Directors" means the Directors for the time being in office under this Article. The non-retiring Directors shall not be liable to retire.

(c) Any appointment or removal of non-retiring Director under this Article shall be by a notice in writing addressed to the Company under the hand of the Chairman of Spice Corp Limited and shall take effect forthwith upon such notice being delivered to the company.

(d) Subject to the provisions of the Section 255 of the Act, all Directors other than the non-retiring Directors, shall be appointed by the share holders of the Company in General Meeting and shall be liable to retire by rotation as hereinafter provided.

e) by substituting the existing Article 119 'Quorum' with the following :

119. Subject to the provisions of the Act, the quorum for the Board shall consist of 1/3 of the total strength of the Board or two Directors, whichever is higher.

RESOLVED FURTHER THAT the Board of Directors of the Company, be and are hereby authorized to do all such acts, deeds and things as may be considered necessary and incidental to give effect to this resolution."

**BY ORDER OF THE BOARD
For SPICE MOBILES LIMITED**

Place : Noida
Date : August 26, 2009

Dilip Modi
Chairman

NOTES

1. Explanatory Statement as required under Section 173(2) of the Companies Act, 1956 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 HRS BEFORE THE COMMENCEMENT OF THE MEETING.**
3. Only registered Members carrying the attendance slip and the holders of valid proxies registered with the Company will be permitted to attend the Meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 19th day of September 2009 to 25th day of September 2009 (both days inclusive).
5. If the Dividend as recommended by the Board of Directors is approved at the meeting by the Members of the Company, payment of such dividend will be made payable on or after 25th September 2009 as under:
 - (a) To all Members in respect of shares held in physical form after giving effect to valid transfers in respect of transfer requests lodged with the Company on or before the close of business hours on 18th September 2009.
 - (b) To all beneficial owners in respect of shares held in electronic form as per the data as may be made available by the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as of the close of business hours on 18th September 2009.
6. (a) In order to provide protection against fraudulent encashment of dividend warrants, Members who hold shares in physical form are requested to intimate the Company's Registrar and Share Transfer Agents, MAS Services Limited, under the signature of the Sole / First joint holder, the following information to be printed on dividend warrants :
 - (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

- (b) Members who hold shares in dematerialized form may kindly note that their Bank Account details, as furnished by their Depositories to the Company, will be printed on their dividend warrant as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such Members for deletion of or change in such Bank Account details. Further instructions, if any, already given by them in respect of shares held in physical form will not be automatically applicable to shares held in dematerialized form. Members who wish to change such Bank Account details are therefore requested to advise their Depository Participant about such change, with complete details of Bank Account.
7. Members are requested to bring their copy of Annual Report with them at the Annual General Meeting.
 8. Members holding shares in physical form are requested to intimate the following directly to the Company's Registrar and Share Transfer Agent, MAS Services Ltd. T-34, 2nd Floor, Okhla Industrial Area, Phase-II, New Delhi - 110 020:
 - i) Changes, if any, in their address with pin code numbers.
 - ii) Quote their ledger Folio No. in all their correspondence.
 - iii) Request for nomination forms for making nominations as per amended provisions of the Companies Act, 1956.
 Members holding shares in dematerialized (electronic) form are requested to intimate the aforesaid changes directly to their Depository Participant, as applicable.
 9. Members desiring any information with regard to Accounts/Reports are requested to submit their queries addressed to the Company Secretary at least 10 days in advance of the meeting so that the information called for can be made available at the meeting.
 10. All documents referred to in the accompanying Notice and Explanatory Statement are open for inspection at the Registered Office of the Company on all working days, except Saturdays, Sundays and holidays, between 11.30 a.m. to 1.30 p.m. up to the date of the Annual General Meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 5

Mr. Vivek Bali was appointed a Director of the Company by the Board of Directors on 31st July 2008. Under Section 260 of the Companies Act, 1956 ("the Act"), Mr. Bali ceases to hold office at the ensuing Annual General Meeting and is eligible for re-appointment. Notice under Section 257 of the Act, along with the requisite deposit has been received by the Company from a member signifying his intention to propose the name of Mr. Vivek Bali for appointment as a Director of the Company. The Board of Directors feels that his experience and knowledge would be of benefit and value to the Company and therefore commend his appointment.

Mr. Vivek Bali, aged 48 years, holds a Master of Business Management degree from Faculty of Management Studies, Delhi University. He is currently working as Group President - Global Brand and Marketing with Spice Group. He has 27 years of varied experience in marketing, brand management and new product launches in India and International markets in FMCG and telecom services. Mr. Bali has previously been associated with Bharti Airtel Limited as Senior Vice President (Marketing), heading the market and consumer business from 2003 to 2007, where he spear headed the building of USD 40 billion Market cap "Airtel" - the dominant service provider in India. Prior to working at Bharti Airtel Limited, he was International Business consultant based out of USA for Bristol Myers Squibb in 2002. Mr. Bali has also worked with The Gillette Company in India, Middle East, Africa and Europe from 1986 to 2001 (last designation being as Regional Business Director); with Godfrey Philips, from 1982 to 1985 as Product Executive; and with Wimco Limited from 1981 to 1982 as Management Trainee.

No Director, other than Mr. Vivek Bali, is in any way concerned or interested in the passing of this Resolution.

Item No. 6

Mr. Parikshit Bhasin was appointed a Director of the Company by the Board of Directors on 31st July 2008. Under Section 260 of the Companies Act, 1956 ("the Act"), Mr. Bhasin ceases to hold office at the ensuing Annual General Meeting and is eligible for re-appointment. Notice under Section 257 of the Act, along with the requisite deposit has been received by the Company from a member signifying his intention to propose the name of Mr. Parikshit Bhasin for appointment as a Director of the Company. The Board of Directors feels that his experience and knowledge would be of benefit and value to the Company and therefore commend his appointment.

Mr. Parikshit Bhasin, aged 50 years, holds a Honours School in Economics from Punjab University. He has over 25 years of working experience and has previously been associated as Director-Business Development with Nokia, Singapore Asia Pacific; Chairman & Country Management Team Leader of Nokia, Phillipines. He has also worked as Managing Director with Nokia India and as Operations Manager with Modi Xerox, India.

No Director, other than Mr. Parikshit Bhasin, is in any way concerned or interested in the passing of this Resolution.

Item No. 7

Mr. Hanif Mohamed Dahya was appointed a Director of the Company by the Board of Directors on 30th September 2008. Under Section 260 of the Companies Act, 1956 ("the Act"), Mr. Dahya ceases to hold office at the ensuing Annual General Meeting and is eligible for re-appointment. Notice under Section 257 of the Act, along with the requisite deposit has been received by the Company from a member signifying his intention to propose the name of Mr. Hanif Mohamed Dahya for appointment as a Director of the

Company. The Board of Directors feels that his experience and knowledge would be of benefit and value to the Company and therefore commend his appointment.

Mr. Hanif Mohamed Dahya, aged 55 years, holds Masters in Business Administration degree from Harvard Business School, Cambridge, Massachusetts, USA and Bachelor's degree in Technology from Loughborough University of Technology, UK. Mr. Dahya has an experience of 14 years in the field of securities related business in New York. He started his career in investment banking with E.F. Hutton and Co. Inc. and was Managing Director at L.F Rothchild and Co. Inc. He also ran the mortgage-backed securities group at UBS Securities Inc. and was partner at Sandler O'Neill and Partners LLC. Mr.Dahya is currently the Chief Executive Officer of The Y Company LLC, a private investment firm involved in investment and restructuring of the companies in the emerging markets.

No Director, other than Mr. Hanif Mohamed Dahya, is in any way concerned or interested in the passing of this Resolution.

Item No. 8

Mr. Kunal Ahooja was appointed a Director of the Company by the Board of Directors on 30th September 2008. Under Section 260 of the Companies Act, 1956 ("the Act"), Mr. Ahooja ceases to hold office at the ensuing Annual General Meeting and is eligible for re-appointment. Notice under Section 257 of the Act, along with the requisite deposit has been received by the Company from a member signifying his intention to propose the name of Mr. Kunal Ahooja for appointment as a Director of the Company. The Board of Directors feels that his experience and knowledge would be of benefit and value to the Company and therefore commend his appointment.

Mr. Ahooja, aged 49 years, an Arts Graduate (Economics Hons.), brings with him vast knowledge and experience of cellular industry. A suave, dynamic and an enterprising executive, Mr. Ahooja possesses highly effective skills in analyzing, organizing and communication and has proven the ability to establish, achieve and surpass goals through his development of world class distribution structures. He has held various strategic positions in Nokia India Limited and also as Country Head - Telecom at Samsung India Electronics Limited. He has been instrumental in establishing a robust distribution network for these companies. Mr.Ahooja has been actively involved in the development and evolution of Handset Business in India right from the launch of Cellular Services in 1995. He has also worked for 12 years with Modi Xerox Ltd. as Head Operations at various locations across India. An active member of the management committee of the Indian Cellular Association, Mr.Ahooja was also the Co-Chairman of the Committee which launched the first Mobile expo in India jointly organized by Indian Cellular Association & CII.

No Director, other than Mr. Kunal Ahooja, is in any way concerned or interested in the passing of this Resolution.

Item No. 9

Post the closure of the Open Offer made by Spice Televentures Pvt. Ltd. (STPL) and the acquisition of entire shareholding of the other Promoters namely Spice Entertainment Ltd. and Twenty First Century Capitals Ltd., STPL is now the single Promoter of the Company.

The present Articles of Association of the Company requires to be amended to delete the reference of Spice Corp Limited (now known as Spice Entertainment Limited), the erstwhile Promoter of the Company.

A copy of the Memorandum and Articles of Association as on date and also the amended Articles of Association is available for inspection at the Registered office of the Company on all working days, except Saturdays, Sundays and holidays, between 11.30 a.m. to 1.30 p.m. up to the date of the Annual General Meeting.

In terms of Section 31 of the Companies Act,1956, any change in the Articles of Association of the Company requires approval of the Members by way of a Special Resolution. Your Directors recommend the passing of the said resolution.

None of the Directors are in any way concerned or interested in the passing of this Resolution.

Details of Non Executive Directors' Shareholding as on 31st March 2009 (In pursuance of Clause 49 IV (E)(v) of the Listing Agreement)

Name of Director	No. of Shares held in Spice Mobiles Ltd.
Mr. Dilip Modi	10,00,000 Equity Shares
Mr. Radha Krishna Pandey	Nil
Mr. Ram Nath Bansal	Nil
Mr. Krishan Lal Chugh	Nil
Mr. Vivek Bali	Nil
Mr. Parikshit Bhasin	Nil
Mr. Hanif Mohamed Dahya	Nil

**Details of Directors seeking Appointment / Re-appointment in forthcoming Annual General Meeting
(In pursuance of Clause 49 IV (G) of the Listing Agreement)**

Name of the Director	Mr. Radha Krishna Pandey	Mr. Vivek Bali	Mr. Parikshit Bhasin	Mr. Hanif Mohamed Dahya	Mr. Kunal Ahoja
Date of Birth	20.01.1940	05.12.1960	27.07.1959	30.09.1955	30.04.1960
Date of Appointment as Director on the Board of the Company	21.01.2005 (Last re-appointed in AGM held on 27th Sept. 2007)	31.07.2008	31.07.2008	30.09.2008	30.09.2008
Qualifications	FCS, Law Graduate	Master of Business Management degree from Faculty of Management Studies, Delhi University	Honours School in Economics from Punjab University	Master in Business Administration degree from Harvard Business School, Cambridge, Massachusetts, USA and Bachelor's degree in Technology from Loughborough University of Techonology, UK.	Arts Graduate (Economics Hons.)
Number of Shares held in the Company	Nil	Nil	Nil	Nil	Nil
Expertise in functional areas	Rich experience in the fields of Legal, Finance and administration	Experience in marketing, brand management and new product launch in FMCG & Telecom services in India and International markets	Rich experience in the Telecom sector	Experience in security related business including investment and restructuring of Companies	Rich experience in the Telecom sector
List of Directorships held in other Indian Companies as on 31st March 2009	<ul style="list-style-type: none"> ▸ Wellcure Drugs & Pharmaceuticals Ltd. ▸ PTC Industries Limited ▸ Precise Laboratories Pvt. Ltd. ▸ British Health Products Limited ▸ Amar Ujala Publications Limited ▸ Hanung Toys & Industries Limited ▸ Green Valley Products Pvt. Ltd. ▸ Mefcom Capital Markets Ltd. ▸ Shree Rajasthan Syntex Ltd. ▸ A. K. Laboratories Ltd. ▸ Jindal Polyfilms Ltd. ▸ Ricoh India Ltd. ▸ Sea T. V. Network Ltd. 	<ul style="list-style-type: none"> ▸ Spice Retail Limited (Formerly Hotspots Retails Limited) ▸ Spice Distribution Ltd. (Formerly Hot Spot Distribution Limited) ▸ Spice Digital Ltd. (Formerly Cellebrum Technologies Limited) 	<ul style="list-style-type: none"> ▸ Spice Retail Limited (Formerly Hotspots Retails Limited) ▸ Spice Distribution Ltd. (Formerly Hot Spot Distribution Limited) 	<ul style="list-style-type: none"> ▸ Spice Digital Limited (Formerly Cellebrum Technologies Limited) ▸ New York Community Bank 	Nil
Chairman / Member of the Committees of the Boards of other companies on which he is a Director as on 31st March 2009	<p>Audit Committee Chairman</p> <ul style="list-style-type: none"> ▸ Wellcure Drugs & Pharmaceuticals Ltd. ▸ Hanung Toys & Industries Limited <p>Member</p> <ul style="list-style-type: none"> ▸ Amar Ujala Publications Limited ▸ Ricoh India Ltd. <p>Remuneration Committee Chairman</p> <ul style="list-style-type: none"> ▸ Wellcure Drugs & Pharmaceuticals Limited ▸ Hanung Toys & Industries Limited <p>Member</p> <ul style="list-style-type: none"> ▸ Amar Ujala Publications Limited 	<p>Member Remuneration Committee</p> <ul style="list-style-type: none"> ▸ Spice Digital Limited (Formerly Cellebrum Technologies Limited) <p>Member Shareholders/ Investors Grievance Committee</p> <ul style="list-style-type: none"> ▸ Spice Digital Limited (Formerly Cellebrum Technologies Limited) 	Nil	<p>Chairman Audit Committee</p> <ul style="list-style-type: none"> ▸ Spice Digital Limited (Formerly Cellebrum Technologies Limited) <p>Member Remuneration Committee</p> <ul style="list-style-type: none"> ▸ Spice Digital Limited (Formerly Cellebrum Technologies Limited) <p>Chairman Shareholders/ Investors Grievance Committee</p> <ul style="list-style-type: none"> ▸ Spice Digital Limited (Formerly Cellebrum Technologies Limited) 	Nil

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Twenty-First Annual Report together with the audited Statement of Accounts for the Financial Year (15 months) ended on 31st March 2009.

Financial Results

(Amount in Rs. '000)

Particulars	For the period ended 31.03.2009 (15 months)	For the period ended 31.12.2007 (9 months)
Net Turnover and Other Income	6,778,232	2,912,858
Profit before Financial Expenses, Depreciation and Tax	49,697	198,482
Financial Expenses	26,825	7,992
Profit after Financial Expenses but before Depreciation and Tax	22,872	190,490
Depreciation	7,206	2,794
Profit before Tax	15,666	187,696
Current Tax	9,901	38,717
Excess Income Tax provision of earlier years Written back	-	(473)
Fringe Benefit Tax	2,884	1,067
Deferred Tax (Credit) / Charge	(7,379)	1,652
Net Profit	10,260	146,733
Balance brought forward from previous period	183,339	83,238
Profit available for appropriation	193,599	229,971
Proposed dividend	20,152	33,587
Tax on dividend	3,425	5,708
Transfer to General Reserve	-	7,337
Surplus carried to Balance Sheet	170,022	183,339

The Company had a successful period registering an improved performance on the key parameters. Net Turnover at Rs.6778.23 million grew by 133% as against previous period's Net Turnover of Rs.2912.86 million. Though there was growth of 133% in turnover, profit after tax during the period under review was Rs.10.26 million as compared to Rs.146.73 million during the previous period, thereby registering a decline of 93% over the previous period due to high volatility in exchange rate during the current period. The performance during the period was attributable, inter alia, due to the increase in the Telecom subscriber base, tie-ups with various Telecom operators for handset bundling, introduction of new innovative products with diverse range of value-added offerings and increased brand penetration.

The Company continued its strategy to grow and expand its pan India presence. The 'Spice' branded Mobile handsets are available through its distribution network consisting of approx. 50 Regional Distributors and further Micro Distributors through such Regional Distributors and our Company continues to make efforts to set up a pan India distribution network. The Company has introduced wide range of Mobile handset models in the market catering to different segments - low, medium, high-end. The Company plans to introduce new models in all the segments offering more contents and value through embedding local contents like Bollywood ring tones, games, true tones, wall papers. For sustained market growth and brand loyalty, it is imperative to establish a strong service network. The Company has established service network under the brand name of 'after Spice' comprising of Authorized Repair/Service Centres in 21 States/Union Territories and proposes to further setup more such service centres across the country.

With a view to focus on the core business activity of Mobile handset business with the vision 'One step ahead of the dreams of the mobile society', the Board of Directors of the Company decided to mainly concentrate on the same.

Dividend

Your Directors are pleased to recommend a dividend @ 9% on the paid-up Equity Share Capital of the Company (i.e. @ Re.0.27 per share) for the period ended on 31st March 2009.

Listing of Securities

The Equity Shares of the Company are presently listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited. The Annual Listing Fee for the Year 2008-09 have been paid to the Stock Exchange(s). The fee for the year 2009-10 has also been paid.

Subsidiaries

There is no subsidiary of the Company.

Fixed Deposits

During the period under review, the Company has not accepted any Deposits from the public within the meaning of Section 58A of the Companies Act, 1956.

Consolidated Financial Statements

Since there is no subsidiary of the Company, hence no consolidated financial statements have been prepared.

Directors

Since the last Report, Ms. Divya Modi, Mr. AVK Mohan, Mr. Rajiv Kumar Sharma, Mr. Vivek Bali and Mr. Parikshit Bhasin were appointed as Director by the Board of Directors on 31st July 2008. Further, Mr. Hanif Mohamed Dahya and Mr. Kunal Ahooja were appointed as Director by the Board of Directors on 30th September 2008.

During the period, Dr. Bhupendra Kumar Modi, Chairman, resigned from the Board with effect from 31st July 2008 and Mr. Dilip Modi, Vice-Chairman, was appointed as the Chairman of the Board with effect from 31st July 2008. Further, Mr. Umang Das resigned from the Board with effect from 9th May 2008, and with effect from 30th September 2008 Ms. Divya Modi, Mr. Suresh Kumar Jain, Mr. A V K Mohan and Mr. Rajiv Kumar Sharma, resigned from the Board of Directors. The Directors wish to record their gratitude and appreciation for the wise counsel and contribution by Dr. Bhupendra Kumar Modi, Ms. Divya Modi, Mr. Suresh Kumar Jain, Mr. A V K Mohan and Mr. Rajiv Kumar Sharma during their tenure as Directors of the Company.

Mr. Vivek Bali, Mr. Parikshit Bhasin, Mr. Hanif Mohamed Dahya and Mr. Kunal Ahooja cease to hold office at this ensuing Annual General Meeting and are eligible for re-appointment as Directors of the Company. The Company has received notice under Section 257 of the Companies Act, 1956, alongwith the requisite deposit from a Member proposing their candidature for the office of the Director of the Company.

Mr. Radha Krishna Pandey, who retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Directors Responsibility Statement

Pursuant to Section 217 (2AA) of the Companies Act, 1956, your Directors confirm that :

- (i) in the preparation of annual accounts, 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 31st March 2009 and of the profit of the Company for the period;
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the said Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) the Directors have prepared the annual accounts on a going concern basis.

Auditors

M/s. S. R. Batliboi & Co., Chartered Accountants, who are the Statutory Auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

Notes to Accounts

The observations of the Auditors and Notes on Accounts are self-explanatory.

Corporate Governance

A separate report on Corporate Governance is enclosed as a part of this Annual Report. A certificate from a Company Secretary in Practice regarding compliance with Corporate Governance norms stipulated in Clause 49 of the Listing Agreement is annexed to the report on Corporate Governance.

Cash Flow Analysis

In conformity with the provisions of clause 32 of the Listing Agreement, the Cash Flow Statement for the period ended on 31st March, 2009 is annexed hereto.

Management Discussion and Analysis Report

Management Discussion and Analysis Report as required under Clause 49 of the Listing Agreement with the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited is given in Annexure-A and forms an integral part of this report.

Statutory Disclosures

The statement containing the necessary information as required under Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, relating to conservation of energy, technology absorption, foreign exchange earnings and outgo and the statement of employees required under section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, are annexed hereto in Annexure-B and Annexure-C, respectively, and forms an integral part of this report.

Acknowledgement

Yours Directors would like to express their grateful appreciation for assistance and cooperation received from the Banks, Government Authorities, Stock Exchanges, Distributors, Service Centres, Customers, Vendors and Members during the period 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.

**FOR AND ON BEHALF OF THE
BOARD OF DIRECTORS OF SPICE MOBILES LIMITED**

Place : Noida
Dated : 30th July, 2009

**(DILIP MODI)
CHAIRMAN**

Annexure – A

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. BUSINESS SEGMENT : TELECOMMUNICATIONS - MOBILES

a) Industry structure and developments

As per the industry analysts, Indian Telecommunications Industry is one of the fastest growing industries in the world. India is projected to become the second largest telecom market globally by 2010. At the end of March 2009, the total number of mobile connections reached 350 million as compared to 234 million in December 2007. In year 2008-09 India added 116.14 million new customers, the largest globally. The country's cellular base witnessed an average 9.5 million customer's addition every month. With the current trend in progress it is estimated that by mid 2012, around half the country's population will own a mobile phone. This means 612 million mobile subscribers, accounting for a tele-density of around 51 per cent by 2012.

Telecom industry in India has a major role in Indian economy. The Indian government is also enforcing some effective telecom policies and regulations for the infrastructural growth of this industry. As per the Govt. sources, Rural Telecommunications Industry in India is growing exponentially and by 2012 India will have 200mn rural connections.

b) Opportunities

There lies a huge potential across all segments with a focus on tapping the new markets gaining importance and expected contribution to be higher in proportion. We believe that the identification of specific consumer segments and the provision of customized products and services to such segments will differentiate us from our competitors and increase customer loyalty. The Company focuses on creating value for money in the entire product line-up i.e. offer more features across categories. Our current portfolio stands at 21 products which covers all the segments - Monochrome / Color / FM / Music / Camera / Bluetooth / CDMA / Dual and Pocket PC phone. We continue to provide products with differentiated features ensuring customer delight. The VAS offerings bundled on Spice Mobile handsets are quite unique and innovative, and are a big hit with the consumers. In fact, it is these diverse range of VAS offerings that are the true differentiator and make us stand out amongst a plethora of brands and models available in the country. Further, the Company has also introduced 3G handsets and plans to

introduce more handsets once the operators start the services.

The Company has also launched innovative products for CDMA customers. A huge gap exists in mid and high segments of CDMA handsets as operators are focusing only on entry level segments. With its CDMA handset offerings, which is fast gaining popularity, Spice is well poised to leverage the potential that exists in the open market space.

The Company also participated in the GSMA Mobile World Congress 2008 held at Barcelona in February 2008, announcing the global premier of the Movie Phone - World's 1st Movie Phone with a dedicated external optical drive. It plays a disc, designed exclusively for Spice Movie Phone, and can contain full length movies, programs etc. The exhibition also witnessed the announcement of the World's 1st People's Phone for less than US\$20. An effort by Spice Mobiles to give further impetus and aid to the Government's aim of providing mobile connectivity to the masses, increasing geographical penetration of networks and drawing attention of handset manufacturers to focus on smaller towns. The People's Phone does just that by connecting the un-connected and giving voice to the people.

It is encouraging to note that participation at the GSMA Mobile World Congress 2008 at Barcelona, has elicited a huge response and interest to partner with Spice, from operators to handset technology providers and several other companies in the mobile eco-system. Talks are on with companies in countries across Europe and Asia. Truly, we are now at the verge of taking advantage of global opportunities.

The Company also started operations in Nepal. Spice group has had a long history of association with Nepal. Spice initially forayed into Nepal in the early eighties through Graphics Nepal bringing for the first time Xerox products into this country. Spice also was the first Private cellular operator in Nepal when GSM cellular licenses were opened up to private players. We have achieved a strong position in Nepal and are poised to become one of the top two handset companies in the country very soon.

Nepal is emerging as a strong contributor to our overall business. Nepal offers great opportunities for us as there is a huge untapped market of around 85% - with a population of 26 million, there are only 4 million subscribers. Nepal is one of our key focus

markets in 2009 and we are going to be very aggressive with launching many more innovative and customised mobile phones in the months to come.

As part of our global business strategy, we will shortly be expanding to other markets like Bangladesh & Africa. These markets are similar to India with low margins and high volumes.

c) Threats, Risk & Concern

Every brand is worth its name in the industry because of the huge potential that exists in India for mobile handsets. Increased competition with large multinational players and economies of scale in the mobile business is a threat. Multinational competitors have already set-up or have huge plans to set up manufacturing facilities in India which will enable them to offer mobile handsets at lower prices. The handset industry is fiercely competitive as the product life cycle is fairly short and big MNC's subsidize by doing frequent price drops. The drastic fall in chipset prices being offered to the bigger players, is also a threat to the other players in the Industry.

Further, recessionary forces are negatively impacting the growth of the Industry. Aggressively controlled cost cutting measures taken by the end customers have shifted more focus of the Industry on the entry end segment thus impacting the average revenue per handset. However, it is believed that this impact on the mobile phone industry would be short term as India is expected to witness phenomenal growth in this sector.

On the technology front, the delay in the 3G rollout in India has impacted the business opportunity from the high end segment and hence impacting average revenue per handset.

d) Product Performance

All Spice products launched have got very good response and appreciated by Industry and research organizations. Two products from Spice portfolio S-580 and S-590 appeared in Top 20 ranking model list in GFK research. All products have been developed considering Indian customer needs and usage trends and launched at affordable prices. Spice Mobiles created history by launching 3 products which are India's first products. Two products are India's first Dual phones with Pocket PC, one with GSM + GSM and other is GSM + CDMA. Third India's first product is feature loaded Gaming GSM phone with gaming console. Company is doing continuous efforts to add many more innovations in its product portfolio considering customer's requirements.

Key USP of our product range is affordability without

compromising on quality, reliability and functionality of the phones thus providing greater value. Our endeavor is to provide customized GSM and CDMA products to the Indian consumers and also provide value through embedding local content & applications. With more than 200 music labels as partners, we offer local content to our customers. Spice invested in exclusive tie-ups with big Bollywood blockbuster Movies like Ghajini, Dostana, Singh is Kinng, Jannat for embedding Digital content such as Audio Songs, Video Clips, Movies & Wallpapers to provide it as a Value add to its customers at no extra cost. Concept phones like Religious Phone and Education Phone were also launched to target niche segments.

Mitr platform was launched on Spice handsets to handle all Internet related needs of the customers. To cater to the young generation Social Networking, Cricket Updates, Free SMS, Mobile Chatting, Education Search and Job Search features were launched. These were launched in association with social networking application portal - ibibo, all in one chat messenger - Nimbuzz and information/news portal - Reuters.

Spice also plans to develop products with local contents for each market, e.g. Indian content for India, Nepali content for Nepal and so on.

To provide instant product and service information toll free number (1800-300-77423) and shortcode service (56300) were launched.

To capture a share of VAS market that according to a survey is worth Rs.9760 crores presently and tends to grow to Rs.16520 crores by June 2010, Spice is working on its own application store that will give access to thousands of applications to the Spice customers through all distribution models including wap portal, shortcode, IVR, etc.

e) Outlook

Even though there is an intense competition, the market size and potential is big enough for various brands to coexist seeing the growth in the Telecom Sector. Spice Mobiles believes it has the required resources and knowledge of the market to be able to grow its market share to 10% by 2010. In order to accomplish the same, we have adopted the following strategies

- **Marketing** – Ms. Katrina Kaif, a leading Bollywood actress, is the Brand Ambassador for Spice Mobiles. She perfectly compliments the youth, fun and vibrancy of the brand with her beauty, intelligence and grace. As an ambassador for the brand, she will play a key role in building a strong bond with

the Indian consumers. Spice continues to benefit from a mutually gainful relationship thanks to an ever increasing brand equity and presence in the market, supplemented by her ever increasing aura and hold over the Indian audiences.

- *Sales & Distribution –*

- **Retail** - With our concentrated focus on the rural and up-country markets, we have successfully established a pan-Indian distribution network through officially appointed Regional Distributors and down below Micro Distributors. Our strategy to minimize tiers of distribution and pass on the margin to the Regional, Micro Distributors and Retailers has complimented us in ensuring increased profitability and larger transparency to our channel partners. Now that, we have a strong channel of Regional, Micro Distributors with increased foot hold in Metro cities, we have set for ourselves ambitious target of increasing our outlet base from 26000 to 42000 by end of March 2010. With the current network of 50 Distributors and 390 Micro Distributors across States, we are on an expansion spree in terms of reach to every corner of the country. Our recent past performance has established us as a strong number two player in just 4 years of operation in the states like Rajasthan, Madhya Pradesh, Haryana, Uttar Pradesh (East), Uttar Pradesh (West), North East, Uttaranchal, Chattisgarh, Jharkhand and Goa beating the competition hollow including big MNC giants. We are striving hard to achieve this coveted position in other parts of the country as well. With INDIA SHINING we plan to grow at a much rapid pace in our volumes. With a wider portfolio spanning the complete market and a Pan India footprint of distribution network, we plan to increase our distribution to 60 Regional Distributors, 450 Micro Distributors and 42000 retail presence besides direct tie-ups with leading modern retail stores like TMS, Spice Retail, Future Group, etc.
- **Operator endorsement** - Recent tie ups with leading telecom service operators in India have also resulted in increased volume for Spice Mobiles. With stronger tie up for reverse bundling with the CDMA operators, we are focusing this space in a big way & plan to grow rapidly with the support of CDMA operators.

- **Product** - To provide value-added products with differentiated features and customized content at affordable price in GSM, 3G and CDMA products.
- **After Sales Service** - The Company believes in the philosophy of 'Customer First, Always' and 'Good service starts with a patient ear', hence products are launched in the market only after service infrastructure is in place. We are nurturing and have established customer service under the brand name 'after Spice'. With over 250 plus 'after Spice' fully operational customer service centers in various cities across the country, the Company plans to increase the same to about 300. The Company at present has 8 Level 4 (component level) repair centers and plan to add another four such centers this year, making our service center base very strong to address the growing customer base. The Company has set up three Level 3 repair centers (capable of handling repairs which includes antenna, vibrator, speaker, ringer, keypad, etc.) and plans to open more such repair centers this year at all major cities.
- **Intellectual Property Development Strategy** - Our management team has in-depth industry knowledge and extensive managerial experience in Mobile phones business and operations. We have structured our operations to enable and encourage decision-making and empowerment at various levels and have invested in our human resources' and have a performance driven reward system. We seek to constantly train our employees and utilize information technology to improve our operations.

2. BUSINESS SEGMENT - OTHERS

Due to the increased competition and shrinking margins in the IT business coupled with the inability to compete with volume players due to non-competitive pricing, the Board of Directors of the Company as part of the overall review of the business portfolio of the Company, have decided that the Company should mainly focus and concentrate on the growing Mobile Handset business.

3. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has in place adequate systems of internal control commensurate with its size and the nature of its operations. These have been benchmarked against best practices and have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorized

use or losses, prevention and detection of fraud, executing transactions with proper authorization and ensuring compliance of corporate policies.

The Company has a well defined delegation of power with authority limits for approving revenue as well as capital expenditure. Processes for formulating and reviewing annual and long term business plans have been laid down and implemented.

The Internal audit is carried out based on an Internal audit Plan, which is reviewed each year in consultation with the Statutory Auditors and the Audit Committee. The planning and conduct of internal audit is oriented towards the review of controls in the management of risks and opportunities in the Company's activities. The Internal Audit process is designed to review the adequacy of internal control checks in the system and covers all significant areas of the Company's operations such as Sales, Purchases, Inventory, Debtors, Creditors, Fixed Assets and also their protection against unauthorized use.

The Company has an Audit Committee, which regularly reviews the findings and recommendations of the internal auditors and follows up on the implementation through action taken reports.

4. FINANCIAL PERFORMANCE

Financial Performance has been given separately in the Directors' Report.

The Company has a Financial Management Information System in place, which involves preparation of a detailed Annual Business Plan for current year. This plan is formulated after detailed discussions at various levels and includes borrowing plans as well as capital expenditure plan. The Board and Management regularly reviews the performance of the Company against the budgeted figures in the Plan.

5. TALENT DEVELOPMENT

The company considers its Human Resource as important asset, which support and stand by the company in times of need and rise to greater heights to contribute to the organization. It is proud to have highly engaged, committed and loyal employees, which we believe, differentiate the way we conduct business as part of its endeavor to foster an enabling culture. The company lays emphasis on talent acquisition, career and skill development of the employees, a highly successful talent management program, all of which focuses on building a leadership pipeline for fueling the company's growth.

Focus on Human Resource is evident in the Company's success through the recruitment and selection policies which ensures that "Right Candidate" is selected for the "Right Job" by using the latest recruitment techniques and means.

Employees friendly policies are firmly in place, which includes employee joining and movement, enabling the individual to fulfill his her career aspirations within the company. By using the flexible working hours policy, the company is providing a comfortable zone to their employees, so that they can give their best output.

The company is also supporting an Education enhancement policy for the further education of the employees through an Internet education policy. In all, the Company's focus is towards capability building and overall growth and development of the employees. The Company is always working towards maximizing Employee Satisfaction.

6. HEALTH & SAFETY MEASURES

The Company continues to focus on the health and safety of its employees. Adequate safety measures for prevention of any untoward incident have always been taken. We are very conscious about proper health management at all levels as a part of Human Resource Development Programme. The executive health check-up policy taken by the Company helps the employees to undergo regular comprehensive health check-ups and ensure preventive health measures in today's fast paced urban lifestyle.

7. CAUTIONARY STATEMENT

Statements in this report on Management Discussion and Analysis describing the Company's objectives, outlook, estimates, expectations, predictions, belief and management perception 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 affecting demand/ supply and price conditions in the market in which the Company operates, changes in the Government Regulations, Tax Laws and other statutes and incidental factors.

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

Annexure – B

Statement of Particulars under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

(A) Conservation of Energy

The operations of the Company involve low energy consumption. Adequate measures have, however, been taken to conserve energy.

(B) Technology Absorption

The information that is required to be disclosed under rule 2 of the aforesaid rules is given hereunder in Form B:

FORM B

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

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

No R&D was carried out during the period under review.

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

Not Applicable

3. Future plan of action

To add more technical resources and skills to provide better solutions to customers.

4. Expenditure on R&D

- | | |
|--|-----|
| a) Capital | Nil |
| b) Recurring | Nil |
| c) Total | Nil |
| d) Total R&D expenditure as a percentage of total turnover | Nil |

Technology absorption, adaptation and innovation

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

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

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

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

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

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

(C) Foreign Exchange Earnings and Outgo

The Company used Foreign Exchange amounting to Rs.54,383.23 Lacs (previous period Rs.21,819.03 Lacs) and earned Foreign Exchange of Rs.84.64 Lacs (previous period Rs.13.07 Lacs) during the period under review.

Annexure – C

Particulars of Employees, as per Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the period ended 31st March 2009

Name	Gross Remuneration (In Rupees)	Designation	Qualification	Age	Total Experience	Date of Joining	Last Employment & Designation
Kunal Ahooja	1,10,83,644	Chief Executive Officer & Whole Time Director	B.A., (Hons.) Economics	49	24 years	09/01/2005	Samsung India Electronics Ltd. - Country Head & Vice President - Telecom

Notes:

- Employed through out the period from January 2008 to March 2009.
- Above appointment is contractual. Other terms and conditions are as per Company's rules.
- Remuneration includes salary, incentives, house rent allowance, ex-gratia, special allowance, leave encashment paid, Company contribution to PF, etc. but does not include contribution made for gratuity and provision made for leave encashment.
- Above employee is not related to any Director of the Company.
- Above employee, either individually or together with his spouse or dependent children, has not held more than 2% of the Equity Shares of the Company.

CORPORATE GOVERNANCE REPORT

In compliance with the Corporate Governance requirements as stipulated in Clause 49 of the Listing Agreement with the Stock Exchange, the Company has been incorporating for the last few years, a separate section on Corporate Governance in its Annual Report. The Shareholders and Investors of the Company would have found the information informative and useful.

Company's policies on the Corporate Governance and due compliance report on specific areas wherever applicable for the Financial Year (15 months) ended on 31st March 2009 are given hereunder divided into the following areas:

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The philosophy of Spice Mobiles Limited is founded upon a rich legacy and transparent governance practice. The four pillars of corporate governance i.e. transparency, fairness, disclosure and accountability, have always been central to the working of the Company, its management and its Board of Directors. Company's vision is to become the most preferred choice for energetic young minds for its products and services. The Company believes that good Corporate Governance practices should be enshrined in all activities of the Company. This would ensure efficient conduct of the affairs of the Company and help the Company achieve its goal of maximizing value for all its stakeholders.

2. BOARD OF DIRECTORS

a) Composition of the Board

The Board has been constituted in such a way that it has understanding and competence to deal with current emerging business issues and also ensuring Directors commitment to participate in the affairs of the business of the Company. As on 31st March 2009, the Board comprises of eight (8) Directors, of which seven (7) are Non-Executive (includes four (4) Independent) and one (1) is Executive. The Chairman of the Board is a Non-Executive Non-Independent Director. The Non-Executive Directors are eminent professionals, drawn from amongst persons with experience in business, finance, law, marketing, branding and other key functional areas.

b) Board Meetings, Other Directorship and Attendance of Directors

A total seven (7) Board Meetings were held during the period on 4th January 2008, 30th January 2008, 7th April 2008, 30th April 2008, 31st July 2008, 30th October 2008 and 27th January 2009.

The gap between any two meetings never exceeded four months as per Clause 49 of the Listing Agreement. Necessary information as mentioned in Annexure 1A to Clause 49 of the Listing Agreement were placed before the Board for their consideration.

No Director of the Company is a member of more than ten Committees or Chairman of more than five Committees across all the Companies in which he is a Director.

Necessary disclosures regarding committee positions in other Public Companies as at 31st March 2009 have been made by the Directors. As on 31st March 2009, no Director is related to any other Director on the Board in terms of the provisions of the Companies Act, 1956.

The composition of the Board and position held by Directors on the Board / Committees of other public limited Companies, as on 31st March 2009 and their attendance at Board meetings and Annual General Meeting of the Company during the period under review is given below:

Name of Directors	Category	No. of positions held in other public companies as on 31st March 2009			Attendance at Board Meetings held during the period	Attendance at last AGM
		Board	Committee@			
			Membership	Chairmanship		
Mr. Dilip Modi	Non-Executive	5	1	1	6	No
Mr. Radha Krishna Pandey	Non-Executive Independent	10	4	2	7	Yes
Mr. Ram Nath Bansal	Non-Executive Independent	8	8	4	7	Yes
Mr. Krishan Lal Chugh	Non-Executive Independent	4	–	–	7	No
Mr. Vivek Bali*	Non-Executive	3	1	–	2	No#
Mr. Parikshit Bhasin*	Non-Executive	2	–	–	–	No#
Mr. Hanif Mohamed Dahya**	Non-Executive Independent	1	2	2	–	No#
Mr. Kunal Ahooja**	Executive	–	–	–	2	No#

* Mr. Vivek Bali and Mr. Parikshit Bhasin appointed as Directors on 31st July 2008 u/s 260 of the Companies Act, 1956.

** Mr. Hanif Mohamed Dahya and Mr. Kunal Ahooja appointed as Directors on 30th September 2008 u/s 260 of the Companies Act, 1956. Mr. Kunal Ahooja, CEO, appointed as 'Whole Time Director' u/s 269 of the Companies Act, 1956 for a period of 3 years w.e.f. 1st October 2008.

@ Includes Audit Committee and Investor Grievance Committee/Share Transfer Committee.

Appointed after the last Annual General Meeting which was held on 27th June 2008. Mr. Kunal Ahooja attended the last AGM in his capacity as the CEO of the Company.

3. DIRECTORS' REMUNERATION

Remuneration / Sitting fee paid to Director (s) during the period is given below:

a) Executive Directors(*) (Amount in Rs. '000)

Name of Director	Salary	Contribution to Provident Fund	Perquisites (at actuals)	Total Salary
Kunal Ahooja	10,858	225	Nil	11,083

(*) Relates to Mr. Kunal Ahooja who ceased to be Manager with effect from 15th February 2008 and appointed as Whole Time Director with effect from 1st October 2008. Remuneration paid / payable is in excess of permissible remuneration by Rs.9589 thousand determined under Section 349 read with Schedule XIII of the Companies Act, 1956. The Company has filed application to obtain necessary approval from the Central Government, approval of which is awaited.

The above excludes the provision for gratuity and leave encashment, as the same is calculated for the Company as a whole.

The appointment of Whole Time Director is contractual and is terminable by the Company by giving 3 months notice or salary in lieu thereof. No severance fees is payable. There are no stock options issued to the Whole Time Director.

b) Non-Executive Independent Directors

(Amount in Rs. '000)

Name of Director	*Sitting Fee
Mr. Radha Krishna Pandey	182.50
Mr. Ram Nath Bansal	120
Mr. Krishan Lal Chugh	65
Mr. Suresh Kumar Jain#	20
Mr. Hanif Mohamed Dahya	Nil
Total	387.50

* Amount paid for the Board meeting(s), Audit Committee meeting(s), Remuneration Committee meeting(s) and Investors' Grievance/ Share Transfer Committee meeting(s) held during the period.

Mr. Suresh Kumar Jain vide letter dated 1st April 2008, conveyed his acceptance for waiver of entitlement of sitting fees for attending the meeting of the Board of Directors of the Company and any Committee(s) of the Board of which he is / may become a member. Further he resigned from the Board of Directors of the Company with effect from 30th September 2008.

There was no other pecuniary relationship or transactions of the Non-Executive Directors vis-a-vis the Company.

4. DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT

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

5. COMMITTEE(S) OF THE BOARD

Audit Committee

a) Constitution of the Committee:

As a measure to good Corporate Governance and to provide assistance to the Board of Directors fulfilling the Board's oversight responsibilities, an Audit Committee has been constituted as per Section 292A of the Companies Act, 1956 and the provisions of Clause 49 of the Listing Agreement. The Committee acts as a link between the management, the statutory and internal auditors and the Board of Directors. The Audit Committee is responsible for effective supervision of the financial reporting process, ensuring financial and accounting controls and ensuring compliance with the financial policies of the Company. The Committee reviews the financial statements with special emphasis on accounting policies and practices, compliance with Accounting Standards and other legal requirements concerning financial statements before they are submitted to the Board. The terms of reference of the Audit committee includes the matters specified under Clause 49(II) of the Listing agreement.

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

b) Composition and Meetings of the Committee:

As on 31st March 2009, the Audit Committee comprised of three Non-Executive Independent Directors namely Mr. Ram Nath Bansal as Chairman, Mr. Radha Krishna Pandey and Mr. Hanif Mohamed Dahya as its Members.

The Audit Committee met seven (7) times during the period on 4th January 2008, 30th January 2008, 7th April 2008, 30th April 2008, 31st July 2008, 30th October 2008 and 27th January 2009.

In its meetings, the Audit Committee considered Audit reports covering operational, financial and other business areas and also the quarterly results of the Company. There is no subsidiary of the Company. The Audit Committee meetings are usually held at the Registered Office of the Company and are usually attended by the Chief Executive Officer and Finance Head, representatives of Statutory Auditors and Internal Auditors. The Company Secretary acts as the Secretary to the Committee.

The composition of Audit Committee as on 31st March 2009 and attendance at the meetings held during the period is as follows:

Name of Directors	Designation	Category	Attendance at the meetings held during the period from January 2008 to March 2009
Mr. Ram Nath Bansal	Chairman	Non-Executive Independent	7
Mr. Radha Krishna Pandey	Member	Non-Executive Independent	7
Mr. Hanif Mohamed Dahya	Member	Non-Executive Independent	–

Mr. Ram Nath Bansal, Chairman of the Audit Committee was present at the last Annual General Meeting of the Company which was held on 27th June 2008.

Investors' Grievance / Share Transfer Committee

The Committee formed by the Board of Directors to look into the Investors' Grievances & Share Transfers and related matters, held its meetings regularly throughout the period ended on 31st March 2009. The Committee met 29 times during the period. The meetings are generally held on fortnightly basis to consider and approve / resolve the Investors Grievances/ Shareholder related matters and the Board is regularly updated on the matters transacted at the Committee meetings.

As on 31st March 2009, the Investors' Grievance/ Share Transfer Committee comprised of the following as its members:

Name of Directors	Designation	Category
Mr. Radha Krishna Pandey	Chairman	Non-Executive Independent
Mr. Dilip Modi	Member	Non-Executive
Mr. Vivek Bali	Member	Non-Executive

Other particulars relating to the Committee are as follows:

- The Committee approves transfer / transmission of shares issued by the Company, issue of duplicate certificates and certificates after split / consolidation / rematerialization.
- During the period ended on 31st March 2009 the Company received complaints which were properly attended and resolved to the satisfaction of the shareholders. There is no pending complaint and transfer relating to the period ended 31st March 2009.

Remuneration Committee

The Remuneration Committee reviews and recommends the remuneration and performance linked bonuses of the Executive Directors and also evaluates their performance based on the overall performance and financial results of the Company during the financial year / period and on the assessment of the personal contribution and achievements of the individual. There is one Executive Director in the Company namely Mr. Kunal Ahooja appointed as CEO & Whole Time Director w. e. f. 1st October 2008 for a period of 3 years. The Company pays sitting fees only to its Non-Executive Independent Directors for attending the meetings of the Board and Committees of the Board.

Consequent upon the change in the composition of the Board of Directors of the Company, the committee was reconstituted. As on 31st March 2009, the reconstituted Committee comprised of three Non-Executive Independent Directors namely Mr. Radha Krishna Pandey, Chairman, Mr. Ram Nath Bansal and Mr. Krishan Lal Chugh, as its members.

Mr. Radha Krishna Pandey, Chairman of the Committee was present at the last Annual General Meeting of the Company held on 27th June 2008.

6. GENERAL BODY MEETINGS

I. Meeting Details

Location and time for last three Annual General Meetings were:

Year	Location	Date	Time
2008	'Spice World', I-2, Sector-25A, Noida-201 301, Uttar Pradesh	Friday 27/06/2008	9.30 A.M.
2007	'Spice World', I-2, Sector-25A, Noida-201 301, Uttar Pradesh	Thursday 27/09/2007	9.00 A.M.
2006	Rama Banquet Hall, Kirtiman Plaza, Near NMC Hospital, Sector-30, Noida - 201 303, Uttar Pradesh	Monday 21/08/2006	10.00 A.M.

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

Annual General Meeting held on 27th June 2008

- Increase in Authorized Share Capital from Rs. 30 crores to Rs. 51 crores and related amendments in the Capital clause of the Memorandum and Articles of Association of the Company.
- Amendments in the Articles of Association of the Company for substituting the word 'MCorp Global Private Limited' wherever it appears in the Articles of Association with the word 'Spice Corp Limited.

Annual General Meeting held on 27th September 2007

- Terms of remuneration of Mr. Kunal Ahooja, Manager of the Company for a period of three years w.e.f. 24th April 2007.

Annual General Meeting held on 21st August 2006

- Terms of remuneration of Mr. Kunal Ahooja, Director of the Company, for a period of three years w.e.f. 1st July 2006.

II. Postal Ballot

The Company had issued Postal Ballot Notice dated 1st December 2008 for obtaining the approval of the Members on:

- Special Resolution for appointment of Mr. Kunal Ahooja as 'Whole Time Director' of the Company for a period of 3 years w.e.f. 1st October 2008 and approve the remuneration payable to him.

The procedure for conducting Postal Ballot was carried out as notified in the companies (Passing of the Resolution under Postal Ballot) Rules, 2001, as amended. Mr. Gopal Chandra Sharda, FCA, LLB, a Practising Chartered Accountant was appointed as the Scrutinizer for the Postal Ballot, who carried out the Postal Ballot process in a fair and transparent manner. The results were announced on 13th January 2009. Details of the Special Resolution passed are as under:

Resolution No. 1

- Description

Special Resolution for appointment of Mr. Kunal Ahooja as 'Whole Time Director' of the Company for a period of 3 years w.e.f. 1st October 2008 and approve the remuneration payable to him.

- Voting pattern:

Voting	No. of Shares	% of total valid votes
Votes cast in Favor	49221813	99.95
Votes cast Against	26784	0.05
Total	49248597	100.00

- Results: Passed with the requisite majority

The procedures prescribed under Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001 has been followed for the postal ballot conducted for the purpose of obtaining approval of the shareholders to the abovementioned matter passed through Special Resolution.

During the year 2009-2010, Special Resolution is proposed to be conducted through postal ballot for obtaining approval of the shareholder u/s 293(1)(a) of the Companies Act, 1956.

7. CEO / HEAD FINANCE CERTIFICATION

As required by Clause 49 of the Listing Agreement, the CEO & Director and Head Finance certification of the Financial Statements and the Cash Flow Statements for the period ended 31st March 2009 are enclosed at the end of this Report.

8. CODE OF CONDUCT

The Company has adopted a Code of Conduct for all Board members and senior management of the Company. The Code of Conduct is available on the Company's website 'www.spice-mobile.com'.

All Board Members and Senior Managerial Personnel have affirmed compliance with the Code of Conduct as applicable to them for the period under review. The CEO has signed a declaration to this effect as part of the CEO/ Finance Head Certification, which is enclosed at the end of this Report.

9. DISCLOSURES

There had been no materially significant related party transactions with the Directors or the management, subsidiaries or relatives of Directors during the period under review that have potential conflict with the interest of the Company at large except as disclosed. Details of the related party transactions are given in Note 4 of the Notes to Accounts.

There have neither been any instances of non-compliance nor any penalty, stricture have been imposed on the Company by Stock Exchange or by Securities and Exchange Board of India or by any other statutory authorities on any matter related to the capital markets during the period under review.

While the Company has not formally established a Whistle Blower policy as a mechanism for its employees to report to the management about any actual or suspected violation of the Company's Code of conduct of the business principles or concerns about unethical behavior, the employees are free to access the Management or the Audit Committee to report any such instances.

The Company has complied with the mandatory requirements of Clause 49 of the Listing Agreement as presently applicable during the period under review. Details of non-mandatory provisions to the extent complied with have been disclosed in this Report.

10. MEANS OF COMMUNICATION

The quarterly / half yearly and annual financial results are normally published in "Economic Times" or "Financial Express" or "Business Standard" (National dailies) and "Navbharat Times" or "Jansatha" or "Rashtriya Sahara" or "Veer Arjun" (Regional dailies).

All material information about the Company is promptly sent to the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) and are displayed as Corporate Announcements on the website of BSE and NSE. The Company regularly updated 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.spice-mobile.com for the information of all shareholders.

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

11. GENERAL SHAREHOLDER INFORMATION

a) **Registered Office** : D-1, Sector-3, Noida - 201 301 (U.P.)

b) **Annual General Meeting**

- Date : Friday, 25th day of September 2009
- Time : 9.30 A.M.
- Venue : 'Spice World', I-2, Sector-25A, Noida - 201 301, U.P.

c) **Financial Calendar : (tentative and subject to change)**

Financial reporting for the quarter ending 30th June 2009	End July 2009
Financial reporting for the quarter ending 30th September 2009	End October 2009
Financial reporting for the quarter ending 31st December 2009	End January 2009
Financial reporting for the year ended 31st March, 2010 (Audited)	End June 2010
Annual General Meeting for the year ended 31st March 2010	On or before September 2010

d) **Date of book-closure** : 19th September 2009 to 25th September 2009 (both days inclusive)

e) Dividend payment date :

If the Dividend as recommended by the Board of Directors is approved at the meeting by the shareholders of the Company, payment of such dividend will be made payable on or after 25th September 2009 as under:

- (a) To all shareholders in respect of shares held in physical form after giving effect to valid transfers in respect of transfer requests lodged with the Company on or before the close of business hours on 18th September 2009.
- (b) To all beneficial owners in respect of shares held in electronic form as per the data as may be made available by the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as of the close of business hours on 18th September 2009.

f) Listing at stock exchanges :

Bombay Stock Exchange Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai - 400 001
National Stock Exchange of India Limited
Exchange Plaza, Bandra-Kurla Complex
Bandra (E), Mumbai-400 051

Notes : The annual listing fee for the year 2008-09 has been paid by the Company to the Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The fee for the year 2009-10 has also been paid before the due date.

g) Scrip Code/Scrip name of the Company:

Bombay Stock Exchange Limited : Scrip name-SPICEMOBI; Scrip code-517214
National Stock Exchange of India Limited : Scrip name-SPICEMOBIL

h) Market price data :

The details of monthly highest and lowest closing quotations of the equity shares of the Company and the number of shares traded during each calendar month at the Stock Exchange(s) where the shares of the Company are listed during the period ended 31st March 2009 are as under:

Bombay Stock Exchange Limited (BSE)

Month	High (Rs.)	Low (Rs.)	Total No. of Shares Traded
January 2008	32.20	21.00	1084841
February 2008	27.70	21.00	470051
March 2008	23.60	16.90	332363
April 2008	29.15	19.25	433283
May 2008	35.90	22.15	3375731
June 2008	32.50	16.50	14127815
July 2008	30.95	21.00	7725143
August 2008	27.90	22.40	871582
September 2008	24.00	15.80	767337
October 2008	17.95	9.05	372051
November 2008	13.90	9.00	258448
December 2008	12.55	9.71	219372
January 2009	12.80	8.80	341032
February 2009	14.19	10.15	726350
March 2009	10.95	8.95	257802

(source : www.bseindia.com)

National Stock Exchange of India Limited (NSE)*

Month	High (Rs.)	Low (Rs.)	Total No. of Shares Traded
January 2008	–	–	–
February 2008	–	–	–
March 2008	–	–	–
April 2008	–	–	–
May 2008	36.90	27.90	2454870
June 2008	32.40	16.90	12974090
July 2008	31.35	21.05	8297325
August 2008	28.10	22.10	771926
September 2008	24.10	15.70	884462
October 2008	17.45	9.15	529495
November 2008	14.00	9.00	493942
December 2008	12.55	9.70	374831
January 2009	13.00	8.70	631570
February 2009	14.35	10.20	1055372
March 2009	10.85	9.10	249000

(source : www.nseindia.com)

*Trading at NSE commenced w.e.f.27th May 2008

i) Dematerialization of shares:

The trading in equity shares of the Company is permitted compulsorily in dematerialization form w.e.f. 29th January 2001 as per notification issued by SEBI. The International Securities Identification Number (ISIN) of the Company, as allotted by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) is INE927C01020. As on 31st March 2009, 95.43% of the Share Capital of the Company is held in dematerialized form with NSDL and CDSL.

j) Registrar and Transfer Agents:
MAS Services Limited

T-34, 2nd Floor, Okhla Industrial Area, Phase-II, New Delhi-110 020; Tel: (011) 26387281/82/83; Fax: (011) 26387384
E-mail: mas_serv@yahoo.com, info@masserv.com, Contact person - Mr. S.K. Mangla.

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

k) Share Transfer System

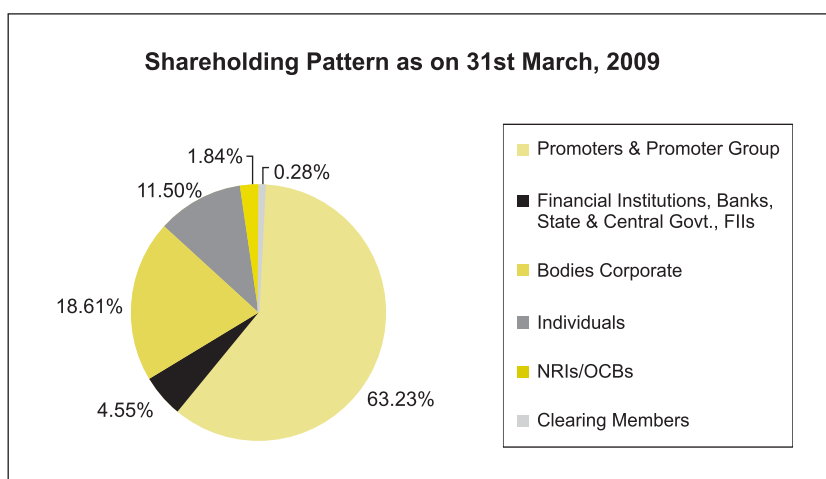
Transfers of shares in physical form are registered and dispatched within 3 weeks from the date of their receipt, subject to the documents being valid and complete in all respects. The Share Transfer and Investor Grievance Committee looks into the issues relating to Share Transfers and Investor Grievances and the Committee generally meets fortnightly.

l) Distribution of Shareholding as on 31st March 2009:

Share Holding of Nominal Value of Rs. 3/- each	Number of Shareholders	% to Total No. of Shareholders	No. of Shares Held	Amount in Rs.	% to Total Paid-up Capital
UPTO 5,000	28829	97.702	5401774	16205322	7.237
5,001 TO 10,000	412	1.396	932242	2796726	1.249
10,001 TO 20,000	139	0.471	650651	1951953	0.872
20,001 TO 30,000	54	0.183	463090	1389270	0.620
30,001 TO 40,000	10	0.034	113819	341457	0.152
40,001 TO 50,000	17	0.058	253573	760719	0.340
50,001 TO 1,00,000	20	0.068	423409	1270227	0.567
1,00,001 AND ABOVE	26	0.088	66399442	199198326	88.962
Total	29507	100.000	74638000	223914000	100.000

Shareholding pattern as on 31st March 2009:

Category	No. of shares held	% of total Capital
Promoter and Promoter Group	47194234	63.23
Financial Institutions, Banks, State and Central Govt., FIs	3394615	4.55
Bodies Corporate	13890191	18.61
Individuals	8582202	11.50
NRIs / OCBs	1370795	1.84
Clearing members	205963	0.28
Total	74638000	100.00

**m) Plant Locations:**

Village Billanwalli Labana, Baddi P.O., Teh. Nalagarh. Distt. Solan, Himachal Pradesh - 173 205.

n) Convertible Instruments:

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

o) Address for correspondence:

The Company Secretary

Spice Mobiles Limited, D-1, Sector-3, Noida-201 301 (U.P.)

Tel : (0120) 4363600, 4363800; Fax: (0120) 4320467, 4363845

E-mail: complianceofficer@spicemobile.in

The above Report has been placed before the Board at its meeting held on 30th July 2009 and the same was approved.

PRACTICING COMPANY SECRETARY'S CERTIFICATE

To,
The Members of Spice Mobiles Limited
D-1, Sector-3
Noida - 201 301, U.P.

We have examined the compliance of conditions of Corporate Governance by Spice Mobiles Limited, ('the Company'), for the period ended on March 31, 2009 as stipulated in Clause 49 of the Listing Agreement of the said Company with Bombay Stock Exchange Limited, Mumbai and National Stock Exchange of India Limited, Mumbai.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of the 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 conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement(s).

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 DIVYA AGARWAL & ASSOCIATES
Company Secretaries

Divya Agarwal
Proprietor
C. P. No.: 3511

Date : 30th July, 2009
Place : Noida

**CERTIFICATION BY CHIEF EXECUTIVE OFFICER AND HEAD FINANCE OF SPICE MOBILES LIMITED
FOR THE FINANCIAL YEAR (15 MONTHS) ENDED ON 31st MARCH 2009**

We, Kunal Ahooja, CEO & Director and Manish Pengoriya, Head Finance of Spice Mobiles Limited ('the Company'), to the best of our knowledge and belief, certify that:

1. We have reviewed the Balance Sheet as at 31st March 2009 and Profit & Loss Account and all its Schedules and Notes to Accounts as well as the Cash Flow Statement for the period ended 31st March 2009;
2. Based on our knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements or any statement that might be misleading;
3. Based on our knowledge and information, the Financial Statement and other information included in this Report, present a true and fair view of the Company's affairs and are in compliance with the existing Accounting Standards and / or applicable laws and regulations;
4. To the best of our knowledge and belief, no transactions entered into by the Company during the period are fraudulent, illegal or violative of the Company's code of conduct;
5. We are responsible for establishing and maintaining internal controls over financial reporting for the Company and we have evaluated the effectiveness of the Internal Control Systems of the Company;
6. We have disclosed based on our most recent evaluation, wherever applicable, to the Company's Auditors and the Audit Committee of the Company's Board of Directors:
 - a) all deficiencies in the design or operation of internal control and have identified for the Company's Auditors any material weaknesses in internal controls over financial reporting including any corrective actions with regard to deficiencies;
 - b) Significant changes in internal controls during the period covered by this Report;
 - c) all significant changes in accounting policies during the period under review and that the same have been disclosed in the notes to the financial statements;
 - d) instances of significant fraud of which we are aware, that involves management or other employees who have significant role in the Company's internal control systems.
7. We further declare that all Board Members and Senior Managerial Personnel have affirmed compliance with the code of conduct for the period under review.

Kunal Ahooja
CEO & Director

Manish Pengoriya
Head Finance

Date : 10th June, 2009
Place : Noida

AUDITORS' REPORT

To

The Members of Spice Mobiles Limited

1. We have audited the attached balance sheet of Spice Mobiles Limited ('the Company') as at March 31, 2009 and also the profit and loss account and the cash flow statement for the period ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of Sub-Section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Without qualifying our opinion, attention is invited to Note No.14 (i) of Schedule 24 relating to managerial remuneration paid / payable to a director which is in excess of permissible remuneration determined under Section 349 read with Schedule XIII of the Companies Act, 1956 by Rs 9,589 thousand. The Company has filed application to obtain necessary approval from the Central Government, approval of which is awaited. Pending the final outcome of the Company's application, no adjustments have been made to the accompanying financial statements in this regard.
5. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956;
 - v. On the basis of the written representations received from the directors, as on March 31, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2009 from being appointed as a director in terms of clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956;
 - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2009;
 - b) in the case of the profit and loss account, of the profit for the period ended on that date; and
 - c) in the case of cash flow statement, of the cash flows for the period ended on that date.

For S. R. BATLIBOI & CO.
Chartered Accountants

per Anil Gupta
Partner

Membership No.: 87921

Place : New Delhi
Date : 22nd June, 2009

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**Annexure referred to in paragraph 3 of our report of even date
Re: Spice Mobiles Limited ('the Company')**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the period and no material discrepancies were identified on such verification.
- (c) There was no substantial disposal of fixed assets during the period.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the period.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly the provisions of clause (iii) (b), (c) and (d) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (e) The Company had taken loan from a Company covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the period was Rs. 35,000 thousand and the period-end balance of loan taken from the party was Rs. NIL.
- (f) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.
- (g) In respect of loans taken, repayment of the principal amount is as stipulated and payment of interest have been regular.
- (iv) Purchase of components for manufacturing passbook printers and the major portion of the traded goods including mobile handsets are stated to be of proprietary nature, and hence, in such cases, the comparison of prices with the market rates or with purchases with other parties cannot be made. Read with the above, in our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act that need to be entered into the register maintained under Section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the financial period at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, or employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess have generally been regularly deposited with the appropriate authorities *though there has been a slight delay in deposit in a few cases*. All the statutory dues appearing in accounts as on 31 March, 2009 have been paid till the date of finalization of accounts.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the period end, for a period of more than six months from the date they became payable *except as follows*:

Name of the statute	Nature of the dues	Amount (Rs.'000)	Period to which the amount relates	Due Date	Date of Payment
MP VAT Tax Act, 2005	Entry Tax including Interest	6,698	2006-07 & 2007-08	Various	Since Paid

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

Name of the statute	Nature of dues	Amount (Rs.'000)	Period to which the amount relates	Forum where dispute is pending
Tamil Nadu General Sales Tax Act, 1959	Tax on transfer/ replacement of material under Annual Maintenance Contract	814	1993-94 & 1996-97	High Court, Chennai
Delhi Sales Tax Act, 1975	Demand against non submission of Form 'C' and treating exempted sales as sales	408	2002-03	Additional Commissioner Appeals, Delhi
Central Sales Tax Act, 1956 read with the Delhi Sales Tax Act, 1975	Demand against non submission of Form 'C'	3,289	2002-03 and 2003-04	Additional Commissioner Appeals, Delhi
Central Excise Act, 1944	Demand for Excise Duty including penalty	64,263	1990-91 to 1993-94	CESTAT, Delhi

- (x) The Company has no accumulated losses at the end of the financial period and it has not incurred cash losses in the current period and immediately preceding financial period.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to banks. The Company did not have any outstanding dues to financial institutions and did not have any outstanding debentures during the period.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) The Company did not have any term loans outstanding during the period.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the period.
- (xx) The Company has not raised money by way of public issue during the period.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For **S. R. BATLIBOI & CO.**
Chartered Accountants

Place : New Delhi
Date : 22nd June, 2009

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

Spice Mobiles Limited
Balance Sheet as at March 31, 2009

Particulars	Schedules	As at	As at
		March 31, 2009 Rs.'000	December 31, 2007 Rs.'000
SOURCES OF FUNDS			
Shareholders' Funds			
Share capital	1	223,914	223,914
Reserves and surplus	2	543,058	556,375
		766,972	780,289
Loan Funds			
Secured loans	3	17,200	20,506
Unsecured loans	4	12	—
		17,212	20,506
Deferred tax liabilities (net)	5	—	1,652
Total		784,184	802,447
APPLICATION OF FUNDS			
Fixed Assets			
Gross block	6	70,599	56,740
Less : Accumulated depreciation		20,574	18,573
Net block		50,025	38,167
Capital work in progress including Capital Advances		496	—
		50,521	38,167
Investments	7	100,823	100,823
Deferred tax assets (net)	5	5,727	—
Current Assets, Loans and Advances			
Inventories	8	250,326	249,217
Sundry debtors	9	518,583	381,470
Cash and bank balances	10	559,944	447,625
Other current assets	11	22,480	16,813
Loans and advances	12	221,022	307,481
		1,572,355	1,402,606
Less: Current Liabilities and Provisions			
Current liabilities	13	869,188	632,408
Provisions	14	76,054	106,741
		945,242	739,149
Net Current Assets		627,113	663,457
Total		784,184	802,447
Notes to Accounts	24		

The schedules referred to above form an integral part of the Balance Sheet.

As per our report of even date

For S.R. BATLIBOI & CO.
Chartered Accountants

per **Anil Gupta**
Partner

Membership No. 87921

Place : New Delhi
Date : 22nd June, 2009

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

Dilip Modi
Chairman

R. K. Pandey
Director

Manish Pengoriya
Head - Finance

K. L. Chugh
Director

R. N. Bansal
Director

Renu Gupta
Company Secretary

Spice Mobiles Limited

Profit and Loss Account for the period ended March 31, 2009

Particulars	Schedules	For the period from January 1, 2008 to March 31, 2009 Rs. '000	For the period from April 1, 2007 to December 31, 2007 Rs. '000
INCOME			
Turnover (Gross)	15	7,084,488	3,000,791
Less: Service tax		(46)	(602)
Less: Discounts		(368,462)	(153,429)
Turnover (Net)		6,715,980	2,846,760
Other income	16	62,252	66,098
Total		6,778,232	2,912,858
EXPENDITURE			
Purchase of goods for trading		5,397,376	2,209,565
Raw materials consumed	17	1,895	82,300
Personnel expenses	18	137,440	45,860
Operating and other expenses	19	1,144,643	416,713
Decrease / (Increase) in inventories	20	12,030	(40,062)
Depreciation		7,206	2,794
Financial expenses	21	26,825	7,992
Total		6,727,415	2,725,162
Profit before tax and prior period adjustments		50,817	187,696
Prior period adjustments	22	35,151	–
Profit before tax		15,666	187,696
Provision for tax			
– Current tax (Including Rs.1,718 thousand, Previous period Rs Nil, for earlier years)		9,901	38,717
– Excess Income tax provision of earlier years written back		–	(473)
– Deferred tax (credit) / charge		(7,379)	1,652
– Fringe benefit tax (Net of refund for earlier years of Rs. 121 thousand, Previous period Rs. Nil)		2,884	1,067
Total tax expense		5,406	40,963
Net profit for the period		10,260	146,733
Balance brought forward from previous period		183,339	83,238
Profit available for appropriation		193,599	229,971
Appropriations:			
Proposed dividend		20,152	33,587
Tax on dividend		3,425	5,708
Transfer to General Reserve		–	7,337
Surplus carried to Balance Sheet		170,022	183,339
Earnings per share (in Rs.)	23	0.14	1.97
Basic and Diluted (Nominal value of shares Rs.3 (Previous year : Rs.3))			
Notes to Accounts	24		

The schedules referred to above form an integral part of the Profit and Loss Account.

As per our report of even date

For S.R. BATLIBOI & CO.
Chartered Accountants

per **Anil Gupta**
Partner

Membership No. 87921

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Company Secretary

Spice Mobiles Limited
Cash Flow Statement for the period ended March 31, 2009

Particulars	For the period ended March 31, 2009 (Rs. '000)	For the period ended December 31, 2007 (Rs. '000)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Profit before taxation	15,666	187,696
Adjustment for :		
Depreciation	7,206	2,794
Loss on sale / discard of assets (net)	536	158
Unrealised exchange (gain) (net)	(3,132)	(2,189)
Interest expense	19,142	4,692
Interest income	(46,421)	(19,820)
Provisions and unclaimed balances written back (net)	(5,000)	(1,407)
Provision for doubtful debts / advances (net)	13,965	-
Operating profit before working capital changes	1,962	171,924
Movements in working capital:		
(Increase) in inventories	(1,109)	(12,419)
(Increase) in sundry debtors	(147,702)	(98,871)
Decrease / (Increase) in loans and advances	138,923	(70,198)
(Increase) in other current assets	(3,230)	-
Increase in current liabilities	239,855	315,000
Increase in provisions	15,686	26,234
Cash generated from Operations	244,385	331,670
Direct taxes paid (including fringe benefit tax) (net of refunds)	(52,232)	(8,072)
Net cash from operating activities	192,153	323,598
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets (including capital work in progress)	(20,428)	(2,573)
Proceeds from sale of fixed assets	306	2,753
Purchase of investment	-	(100,773)
Loan to a body corporate	(47,050)	-
Interest received	44,011	15,513
Movement in fixed deposits with banks (including those pledged with banks and others)	(36,792)	(141,722)
Net cash (used in) investing activities	(59,953)	(226,802)
CASH FLOW FROM FINANCING ACTIVITIES		
(Repayment) of short term borrowings (net)	(3,294)	(43,646)
Payment of share issue expenses	-	(10)
Interest paid	(14,539)	(4,692)
Dividend paid	(33,132)	(22,073)
Taxes on dividend paid	(5,708)	(3,805)
Net cash (used in) financing activities	(56,673)	(74,226)
Net increase in cash and cash equivalents (A + B + C)	75,527	22,570
Cash and cash equivalents at the beginning of the period	61,373	38,803
Cash and cash equivalents at the end of the period	136,900	61,373
Components of cash and cash equivalents:		
Cash on hand (including Stamps in hand Rs. 85 thousand, Previous period Rs. 85 thousand)	184	251
Balances with scheduled banks:		
On collection accounts	224	1,172
On current accounts	125,132	59,045
On fixed deposit accounts	10,000	-
On unpaid dividend accounts*	1,360	905
	136,900	61,373

Notes:

- The Cash Flow Statement has been prepared under the Indirect method as set out in Accounting Standard-3 on Cash Flow Statements notified by Companies (Accounting Standards) Rules, 2006.
 - Negative figures have been shown in brackets.
 - Components of cash and cash equivalents exclude Fixed deposits of Rs.423,044 thousand (Previous period Rs. 386,252 thousand) which are considered as 'Movement in fixed deposits with banks' under 'Cash Flows from Investing Activities'
- * These balances are not available for use by the Company as they represent corresponding unpaid dividend liabilities.

As per our report of even date

For S.R. BATLIBOI & CO.

Chartered Accountants

per Anil Gupta

Partner

Membership No. 87921

Place : New Delhi

Date : 22nd June, 2009

For and on behalf of the Board of Directors of Spice Mobiles Limited
Dilip Modi

Chairman

R. K. Pandey

Director

Manish Pengoriya

Head - Finance

K. L. Chugh

Director

R. N. Bansal

Director

Renu Gupta

Company Secretary

Spice Mobiles Limited

Schedules to the Balance Sheet

Particulars	As at March 31, 2009		As at December 31, 2007	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Schedule 1 : Share Capital				
Authorised				
170,000,000 equity shares of Rs. 3/- each (Previous period 100,000,000 equity shares of Rs. 3/- each)		510,000		300,000
Issued, subscribed and paid up				
74,638,000 (Previous period 74,638,000) equity shares of Rs. 3/- each fully paid-up.		223,914		223,914
Note: Out of above, 29,060,270 (Previous period 29,060,270) shares are held by Spice Entertainment Limited (formerly SpiceCorp Entertainment Limited), the Holding Company.				
Schedule 2: Reserves and Surplus				
Securities Premium Account				
Balance as per last account	288,070		288,080	
Less : Adjusted against the expenses incurred on issue of shares	–	288,070	(10)	288,070
General Reserve				
Balance as per last account	84,966		77,629	
Add : Transferred from Profit and Loss Account	–	84,966	7,337	84,966
Profit and Loss Account		170,022		183,339
		543,058		556,375
Schedule 3: Secured Loans				
Loans and advances from banks				
– Cash credit facilities		17,200		20,506
		17,200		20,506
Note: Cash credit facilities taken from consortium of banks led by State Bank of India, are secured by hypothecation of inventories, book debts and other movable assets, both present and future. The above facilities are further secured by charge by way of deposit of the title deeds of the Company's immovable property at Baddi, Himachal Pradesh.				
Schedule 4: Unsecured Loans				
Short term loans and advances				
– From Banks		12		–
		12		–
Schedule 5: Deferred Tax Assets / Liabilities (net)				
Deferred Tax Assets				
– Provision for doubtful debts and advances		5,338		901
– Effect of expenditure debited to Profit and Loss Account in the current / earlier periods but allowable for tax purposes in following periods		3,532		1,198
Gross Deferred Tax Assets		8,870		2,099
Deferred Tax Liabilities				
– Differences in depreciation and other differences in block of fixed assets as per tax books and financial books		3,143		3,751
Gross Deferred Tax Liabilities		3,143		3,751
Deferred Tax Assets / Liabilities (net)		5,727		(1,652)

**Spice Mobiles Limited
Schedules to the Balance Sheet**
Schedule 6: Fixed Assets

(Amount in Rs. '000)

Particulars	Freehold Land	Factory Building	Plant & Machinery	Furniture & Fittings	Office Equipments	Computers	Vehicles	Leasehold Improvements	Total	Previous period
Gross Block:										
At Jan 1, 2008	9,456	17,743	19,401	753	930	5,932	995	1,530	56,740	60,605
Additions	–	–	10,561	380	1,286	3,669	–	4,036	19,932	2,573
Deductions	–	–	3,022	–	17	2,191	–	843	6,073	6,438
At March 31, 2009	9,456	17,743	26,940	1,133	2,199	7,410	995	4,723	70,599	56,740
At December 31, 2007	9,456	17,743	19,401	753	930	5,932	995	1,530	56,740	
Depreciation:										
At Jan 1, 2008	–	4,020	9,877	379	302	2,088	780	1,127	18,573	19,307
Additions	–	1,620	2,180	327	175	1,547	27	1,330	7,206	2,794
Deductions	–	–	2,996	–	1	1,365	–	843	5,205	3,528
At March 31, 2009	–	5,640	9,061	706	476	2,270	807	1,614	20,574	18,573
For previous period	–	977	806	190	27	601	16	177	2,794	
Net Block:										
At March 31, 2009	9,456	12,103	17,879	427	1,723	5,140	188	3,109	50,025	38,167
At December 31, 2007	9,456	13,723	9,524	374	628	3,844	215	403	38,167	
Capital work in progress including capital advances (unsecured, considered good)									496	–

Note:

Fixed assets include following assets given on operating lease :

(Amount in Rs. '000)

Particulars	Gross Block		Depreciation		Accumulated Depreciation	
	As at Mar 31, 2009	As at Dec 31, 2007	for the period from Jan 1, 2008 to Mar 31, 2009	for the period from Apr 1, 2007 to Dec 31, 2007	As at Mar 31, 2009	As at Dec 31, 2007
Factory Building	6,920	6,920	618	371	2,156	1,538

Schedule 7: Investments

Particulars	As at March 31, 2009 Rs.'000	As at December 31, 2007 Rs.'000
Long Term Investments (at cost)		
Trade		
Quoted		
Godfrey Philips India Limited 17,300 (Previous period 17,300) equity shares of Rs.10 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	7,788
Other than trade		
Unquoted		
Government securities		
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
Plus Paper Foodpac Limited 3,403,000 (Previous period 3,403,000) equity shares of Rs.10 each fully paid up	68,060	68,060
	100,823	100,823
Aggregate amount of quoted investments [Market Value Rs.14,360 (Previous period Rs. 38,949)]	32,713	32,713
Aggregate amount of unquoted investments	68,110	68,110

Spice Mobiles Limited

Schedules to the Balance Sheet

Particulars	As at March 31, 2009 Rs.'000	As at December 31, 2007 Rs.'000
Schedule 8: Inventories (at lower of cost and net realisable value)		
Raw materials	15,301	2,162
Service components and spares	52,577	31,492
Work-in-progress	–	1,459
Finished goods and traded goods (Including stock in transit Rs. 31,454 thousands, Previous period Rs. 33,829 thousands)	182,448	214,104
	250,326	249,217
Schedule 9: Sundry Debtors (Unsecured)		
Debts outstanding for a period exceeding six months		
Considered good	9,996	17,241
Considered doubtful	9,696	651
Other debts		
Considered good	508,587	364,229
Considered doubtful	1,540	2
	529,819	382,123
Less : Provision for doubtful debts	11,236	653
	518,583	381,470
Schedule 10: Cash and Bank Balances		
Cash on hand (including Stamps in hand Rs. 85 thousand, Previous period Rs. 85 thousand)	184	251
Balances with scheduled banks:		
On collection accounts	224	1,172
On current accounts	125,132	59,045
On unpaid dividend accounts	1,360	905
On fixed deposit accounts (Receipts pledged with banks and others Rs. 228,440 thousand, Previous period Rs. 386,252 thousand)	433,044	386,252
	559,944	447,625
Schedule 11: Other Current Assets		
Fixed Assets held for sale (at lower of net book value and estimated net realisable value)	10,307	10,280
Unamortised Premium on Forward Contract	3,230	–
Interest accrued on fixed deposits	3,741	5,644
Interest accrued on loan to others	5,202	889
	22,480	16,813
Included in other current assets are :		
Due from a director (previous year officer) of the Company (Maximum amount outstanding during the period Rs 2,832 thousand (Previous period Rs 889 thousand))	1,483	889

**Spice Mobiles Limited
Schedules to the Balance Sheet**

Particulars	As at		As at	
	March 31, 2009	December 31, 2007	March 31, 2009	December 31, 2007
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Schedule 12: Loans and Advances				
Unsecured, considered good				
Loan to a Body Corporate		47,050		–
Loans to employees		10,040		25,120
Advances recoverable in cash or kind or for value to be received		79,449		232,593
Balances with customs, excise, etc		73,803		46,036
Security deposits		1,887		3,732
Advance Income Tax/Tax deducted at source	62,447		–	
Less: Provision for income tax	(53,654)	8,793	–	–
Unsecured, considered doubtful				
Advances recoverable in cash or kind or for value to be received		5,831		3,748
Security deposits		333		333
		227,186		311,562
Less: Provision for doubtful loans and advances		6,164		4,081
		221,022		307,481
Included in Loans and Advances are:				
Due from a director (previous year officer) of the Company (Maximum amount outstanding during the period Rs. 25,000 thousand (Previous period Rs. 25,000 thousand))		10,000		25,000
Schedule 13: Current Liabilities				
Acceptances		12,173		29,825
Sundry creditors				
a) total outstanding dues of Micro and Small Enterprises (Refer to note no. 13 in Schedule 24)		–		–
b) total outstanding dues of creditors other than Micro and Small Enterprises		800,557		570,540
Advances from customers including their credit balances		15,503		3,195
Security deposits		13,670		8,220
Unpaid dividend - to be transferred to Investor Education and Protection Fund (as and when due)		1,360		905
Other liabilities		25,925		19,723
		869,188		632,408
Schedule 14: Provisions				
Provision for Income Tax			46,900	
Less: Advance Tax / Tax deducted at source		–	(15,865)	31,035
Provision for Fringe benefit tax	5,315		4,434	
Less: Fringe benefit tax paid	(4,866)	449	(4,366)	68
Proposed dividend		20,152		33,587
Tax on proposed dividend		3,425		5,708
Provision for leave encashment		4,910		2,240
Provision for gratuity		347		1,626
Provision for warranties (Refer Note no. 10.1 in Schedule 24)				
– Opening balance	32,477		9,264	
– Additions during the period	190,471		77,386	
– Amount used / adjusted during the period	(176,177)	46,771	(54,174)	32,477
		76,054		106,741

Spice Mobiles Limited

Schedules to the Profit & Loss Account

Particulars	For the period from January 1, 2008 to March 31, 2009 Rs. '000	For the period from April 1, 2007 to December 31, 2007 Rs. '000
Schedule 15: Turnover (Gross)		
Sales of manufactured goods	784	106,055
Sales of trading goods	7,083,284	2,889,315
Maintenance service revenue	420	5,421
	7,084,488	3,000,791
Schedule 16: Other Income		
Interest		
– On Bank deposits (Tax deducted at source Rs.10,065 thousand, Previous period Rs. 3,248 thousand)	39,053	18,931
– On loan to an Employee and a Body corporate (Tax deducted at source Rs 1090 thousand, previous period Rs Nil)	7,368	889
Commission income	–	850
Exchange difference (net)	–	42,559
Dividend on Long term trade investments	432	433
Rent Received	473	269
Provisions and unclaimed balances written back (net)	5,000	1,407
Miscellaneous income	9,926	760
	62,252	66,098
Schedule 17: Raw Materials Consumed		
Inventories as at December 31, 2007	2,162	29,805
Add : Purchases	15,034	54,657
	17,196	84,462
Less : Inventories as at March 31, 2009	(15,301)	(2,162)
	1,895	82,300
Schedule 18: Personnel Expenses		
Salaries, wages and bonus	119,511	33,215
Leave encashment expenses	3,847	2,400
Contribution to provident fund and other funds	3,642	2,746
Gratuity expenses	1,824	1,826
Workmen and staff welfare expenses	8,616	5,673
	137,440	45,860
Schedule 19: Operating and Other Expenses		
Consumption of stores, spares and other consumables	–	46
Power and fuel	167	310
Rent	27,210	11,364
Rates and taxes (net of recoveries Rs. Nil, Previous period Rs. 267 thousand)	37,528	10,361
Insurance	4,877	2,216
Repairs and maintenance		
– Others	3,961	3,116
Freight and forwarding charges	45,269	19,093
Advertisement and sales promotion	616,628	243,222
Commission on sales - other than sole selling agent	34	–
Travelling and conveyance	32,335	13,078
Directors' sitting fees	387	228

**Spice Mobiles Limited
Schedules to the Profit & Loss Account**

Particulars	For the period from January 1, 2008 to March 31, 2009		For the period from April 1, 2007 to December 31, 2007	
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
Legal and professional expenses		18,593		8,601
Customer service expenses		191,093		85,942
Donation and contributions to charitable institutions		100		–
Provision for doubtful debts / advances		13,965		–
Bad debts and advances written off	1,296	–	34,875	–
Less : Adjusted against provision for doubtful debts and advances	(1,296)	–	(34,875)	–
Exchange difference (net)		109,495		–
Loss on sale / discard of fixed assets (net)		536		158
Miscellaneous expenses		42,465		18,978
		1,144,643		416,713
Schedule 20: Decrease / (Increase) in inventories				
Inventories as at March 31, 2009				
Work-in-progress		–		1,459
Finished goods and Traded goods		182,448		214,104
Service components and spares		52,577		31,492
		235,025		247,055
Inventories as at December 31, 2007				
Work-in-progress		1,459		4,485
Finished goods and Traded goods		214,104		192,599
Service components and spares		31,492		9,909
		247,055		206,993
Decrease / (Increase) in inventories		12,030		(40,062)
Schedule 21: Financial Expenses				
Interest				
– to banks		14,493		4,692
– to Bodies Corporate		4,161		–
– to others		4,649		–
Bank charges		3,522		3,300
		26,825		7,992
Schedule 22: Prior Period Adjustments				
Advertisement and sales promotion		30,851		–
Rates and taxes		4,300		–
		35,151		–
Schedule 23: Earnings per share (EPS) *				
Net profit as per profit and loss account		10,260		146,733
Net profit for calculation of Basic and Diluted EPS		10,260		146,733
Number of equity shares at the beginning of the period		74,638,000		74,638,000
Number of equity shares at the end of the period		74,638,000		74,638,000
Weighted average number of equity shares in calculating basic and diluted EPS		74,638,000		74,638,000
Basic and Diluted Earnings per share (in Rs.)		0.14		1.97
{Nominal value of shares Rs.3 (Previous year : Rs.3)}				
*Not annualised				

Spice Mobiles Limited

Schedule 24

Notes to Accounts

1. Nature of Operations

The Company is primarily engaged in the Telecommunications - Mobiles business.

2. Statement of Significant Accounting Policies

a) Basis of Preparation

The financial statements have been prepared to comply in all material respects with the Accounting Standards notified by Companies Accounting Standard Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

c) Fixed Assets

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

d) Depreciation

- i) Depreciation is provided using the straight line method as per the useful lives of the assets estimated by the management, or at the rates prescribed under Schedule XIV of the Companies Act, 1956, whichever is higher. In the following cases, the depreciation rates are greater than the corresponding rates prescribed in Schedule XIV of the Companies Act, 1956 :

	Rates (SLM)	Sch XIV Rates (SLM)
Technical equipments (included in Plant & Machinery)	10.00%	4.75%
Building at Baddi in the State of Himachal Pradesh	7.27%	3.34%

- ii) Leasehold improvements are depreciated over the primary lease period or its useful life whichever is lower.
 iii) All individual assets costing Rs. 5,000 or less are depreciated in full in the year of addition.
 iv) Depreciation on additions and deletions of fixed assets is provided for the full month in which the addition/deletion takes place.

e) Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

f) Leases

Where the Company is the 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 Profit and Loss Account on a straight-line basis over the lease term.

Where the Company is lessor

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

g) Investments

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

h) Inventories

Inventories are valued as follows:	
Raw materials and components, service components and spares and traded goods	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 monthly weighted average basis.
Work-in-progress and finished goods	Lower of cost and net realizable value. Cost includes direct materials and components (determined on monthly weighted average basis) and labour and an appropriate proportion of manufacturing overheads based on normal operating capacity.
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.	

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.

Sale of Goods

Telecommunications - Mobiles

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.

Information Technology

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, although the goods may be pending installation at the customer's

site in some of the cases, the nature of installation being very simple. Sales are recorded at invoice value, net of trade discount.

Revenue from Maintenance Contracts

Revenues from maintenance contracts are recognised pro-rata over the period of the contract as and when services are rendered.

Interest

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

Dividend

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

j) Foreign Currency Transactions

(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 reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

(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 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 contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the period.

k) Retirement and other employee benefits

- (i) Provident fund is a defined benefit obligation. The Company has a private provident fund trust to whom provident fund contributions are made as and when due.
- (ii) Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial period. The liability as at the period 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 period.
- (iii) Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method.
- (iv) Actuarial gains/losses are immediately taken to the Profit and Loss Account and are not deferred.

l) Income Taxes

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred income taxes reflect the impact of current period's timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier periods. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward of tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits. Unrecognised deferred tax assets of earlier periods are re-assessed and recognised to the extent that it has become reasonably or virtually certain as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

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

m) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit 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) Warranty

Warranty costs are provided on accrual basis on the total sales under warranty on the following basis:

Telecommunications - Mobiles

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

Information Technology

Warranty costs are provided at the specific rates agreed with the authorised service providers.

p) Segment Reporting Policies

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 geographical location of the customers.

Intersegment Transfers

The Company generally accounts for intersegment 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.

q) Cash and cash equivalents

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

3. Segment Information

Primary segments: Business Segments

The Company is engaged in the Telecommunications - Mobiles business and Information Technology business. Telecommunications-Mobiles segment represents the business of trading in mobile handsets and Information Technology business represents the business of manufacturing, trading, installation/erection and networking of computer hardware including maintenance and servicing thereof.

Secondary segments: Geographical Segment

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

Segment information

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

(Amount in Rs. '000)

Business Segments						
	Telecommunications - Mobiles		Information Technology		Consolidated Total	
	March 31, 2009	December 31, 2007	March 31, 2009	December 31, 2007	March 31, 2009	December 31, 2007
Revenue						
External Revenue/Sales	6,620,474	2,622,384	110,904	270,221	6,731,378	2,892,605
Unallocated corporate revenue					46,854	20,253
Total revenue					6,778,232	2,912,858
Results						
Segment Result	9,259	155,646	(15,605)	16,717	(6,346)	172,363
Unallocated corporate expenses (Net)					(1,538)	(228)
Operating Profit / (Loss)					(7,886)	172,135
Interest Income					46,421	19,820
Dividend Income					432	433
Interest expense					(23,303)	(4,692)
Net Profit before tax					15,666	187,696
Income tax (expense)					9,901	(38,244)
Fringe benefit tax					2,884	(1,067)
Deferred tax (credit)					(7,379)	(1,652)
Net Profit/(loss) after tax					10,260	146,733
Other Information						
Segment Assets	1,024,971	781,994	88,408	232,710	1,113,379	1,014,704
Unallocated corporate assets					616,047	526,892
Total Assets					1,729,426	1,541,596
Segment Liabilities	900,603	609,969	16,229	77,335	916,832	687,304
Unallocated corporate liabilities					45,622	74,003
Total Liabilities					962,454	761,307
Capital Expenditure	20,428	2,470	-	103	20,428	2,573
Depreciation	4,993	1,335	2,213	1,459	7,206	2,794
Other non cash expenses						
Provision for doubtful debts and advances	6,181	-	7,784	-	13,965	-

Secondary Segment Reporting (by Geographical Segments)

The following table shows the distribution of the Company's consolidated revenue and debtors by geographical market:
(Amount in Rs. '000)

Geographical Segment	March 31, 2009	December 31, 2007
Revenue from the Domestic market	6,722,914	2,891,298
Revenue from the Overseas markets	8,464	1,307
Total Revenue	6,731,378	2,892,605
Debtors of Domestic market	514,600	381,470
Debtors of Overseas markets	3,983	–
Total Debtors	518,583	381,470

Note: The Company has common assets for producing goods for Domestic Market and Overseas Markets. Hence, separate figures for assets/ additions to fixed assets cannot be furnished.

4. During the period, the Company has entered into transactions with certain related parties. The balances of these related parties as at March 31, 2009 and December 31, 2007 and aggregate of transactions for the periods then ended are presented herein below:

List of related parties (As certified by the management)

Relation	Name of the related party
Holding Company	: Spice Entertainment Limited (formerly SpiceCorp Entertainment Limited)
Fellow Subsidiary	: Harjas Logic Systems Private Limited (Till Sept 5, 2007) GM Modi Hospital Corporation Private Limited (Till Sept 5, 2007) Bharat IT Services Limited (formerly Spice Net Limited) Mudaliar & Sons Hotels Private Limited (w.e.f. June 28, 2007) IO System Limited Buddha Pictures Limited (w.e.f. Oct. 21, 2008) M Pictures Distribution Limited (w.e.f. Oct. 30, 2008)
Individual having significant influence over the Company	: Mr. Dilip Modi
Key Management Personnel (KMP)	: Mr. Kunal Ahooja- CEO, Manager w.e.f. April 24, 2007 till Feb 15, 2008, Whole time Director w.e.f. Oct 1, 2008
Enterprises over which individuals having significant influence over the company is able to exercise significant influence	: Spice Retail Limited (formerly Hotspots Retails Limited) Spice BPO Services Limited (formerly Omnia BPO Services Limited) Spice Televentures Private Limited Indian Televentures Private Limited Plus Paper Foodpac Limited Spice Communications Limited (till June 25, 2008) MCorpglobal Communications Private Limited (formerly Modi Wellvest Private Limited) (till February 11, 2009) Super Infosys Private Limited (till February 11, 2009) Spice Impex Private Limited Cellebrum Technologies Limited (Now known as Spice Digital Limited) Mobisoc Technology Private Limited Hindustan Retail Private Limited (w.e.f May 7, 2007) Hot Spot Distribution Limited (now known as Spice Distribution Limited) Oasis Cineplex Private Limited Bharat BPO Services Limited (w.e.f. Jan 1, 2009) Spice Investments and Finance Advisors Private Limited (w.e.f. Sept 3, 2008)

Spice Mobiles Limited
Details of related party transactions for the year ended March 31, 2009

(Amount in Rs. '000)

Particulars		Holding Company	Fellow Subsidiary		KMP		Individuals having significant influence over the company
		Spice Entertainment Ltd.	GM Modi Hospital Corporation Pvt. Ltd.	Bharat IT Services Ltd.	Arun Seth	Kunal Ahoja	Dilip Modi
Transactions during the period							
Sales of Traded Goods	March 31, 2009	321	-	108,957	-	-	-
	December 31, 2007	(346)	(81)	(18,223)	-	-	-
Sales of Manufactured Goods	March 31, 2009	-	-	784	-	-	-
	December 31, 2007	-	-	-	-	-	-
Sales of Fixed Assets	March 31, 2009	-	-	211	-	-	-
	December 31, 2007	-	-	(143)	-	-	-
Purchase of Fixed Assets	March 31, 2009	-	-	333	-	-	-
	December 31, 2007	-	-	-	-	-	-
Purchases of traded goods and spares	March 31, 2009	-	-	6	-	-	-
	December 31, 2007	-	-	-	-	-	-
Investment Purchase	March 31, 2009	-	-	-	-	-	-
	December 31, 2007	(68,060)	-	-	-	-	-
Interest Expense	March 31, 2009	-	-	-	-	-	-
	December 31, 2007	-	-	-	-	-	-
Interest Income	March 31, 2009	-	-	4,809	-	2,559	-
	December 31, 2007	-	-	-	-	-	-
Remuneration	March 31, 2009	-	-	-	-	37,814	-
	December 31, 2007	-	-	-	(1,898)	(2,687)	-
Customer Service Expenses	March 31, 2009	-	-	341	-	-	-
	December 31, 2007	-	-	(8,836)	-	-	-
Legal and Professional charges	March 31, 2009	-	-	1,744	-	-	-
	December 31, 2007	-	-	-	-	-	-
Advertisement and sales promotion	March 31, 2009	-	-	-	-	-	-
	December 31, 2007	-	-	-	-	-	-
Miscellaneous Expenses	March 31, 2009	11	-	245	-	-	-
	December 31, 2007	-	-	-	-	-	-
Rent Expense	March 31, 2009	-	-	-	-	-	-
	December 31, 2007	-	-	-	-	-	-
Rent Income	March 31, 2009	-	-	70	-	-	-
	December 31, 2007	-	-	(27)	-	-	-
Dividend paid	March 31, 2009	13,077	-	-	-	-	450
	December 31, 2007	(8,718)	-	-	(15)	-	(300)
Loans taken during the period	March 31, 2009	-	-	-	-	-	-
	December 31, 2007	-	-	-	-	-	-
Loans given during the period	March 31, 2009	-	-	58,300	-	-	-
	December 31, 2007	-	-	-	-	(22,000)	-
Loans repaid during the period	March 31, 2009	-	-	-	-	-	-
	December 31, 2007	-	-	-	-	-	-
Loan received back during the period	March 31, 2009	-	-	11,250	-	15,000	-
	December 31, 2007	-	-	-	-	-	-
Reimbursement of Expenses							
Personnel Expenses	March 31, 2009	-	-	-	-	-	-
	December 31, 2007	-	-	-	-	-	-
Operating and other expenses	March 31, 2009	-	-	-	-	-	-
	December 31, 2007	-	-	-	-	-	-
Outstanding balances at the end of period							
Receivables	March 31, 2009	15	-	-	-	-	-
Considered Good	December 31, 2007	-	(8)	-	-	-	-
Payables	March 31, 2009	-	-	-	-	9,375	-
	December 31, 2007	(35)	-	-	-	-	-
Loan receivable	March 31, 2009	-	-	47,050	-	10,000	-
	December 31, 2007	-	-	-	-	(25,000)	-
Interest Receivable	March 31, 2009	-	-	3,719	-	1,483	-
	December 31, 2007	-	-	-	-	(889)	-

Notes : a) Previous year figures have been given in bracket.

b) No amount has been provided as doubtful debts or advances/written off or written back in respect of debts due from/to above parties.

Spice Mobiles Limited

Details of related party transactions for the year ended March 31, 2009

(Amount in Rs. '000)

Particulars		Enterprises over which individual having significant influence over the Company is /are able to exercise significant influence							Total
		Spice Communications Ltd.	Plus Paper Foodpac Ltd.	Spice Televentures Pvt. Ltd.	Hot Spot Distribution Ltd.	Spice Retail Ltd.	Cellebrum Technologis Ltd.	Spice BPO Services Limited	
Transactions during the period									
Sales of Traded Goods	March 31, 2009	290,688	-	12	207,270	3,547	12	17	610,824
	December 31, 2007	(498,139)	-	-	(34,705)	(9,735)	-	-	(561,229)
Sales of Manufactured Goods	March 31, 2009	-	-	-	-	-	-	-	784
	December 31, 2007	-	-	-	-	-	-	-	-
Sales of Fixed Assets	March 31, 2009	-	-	-	-	-	-	-	211
	December 31, 2007	(19)	-	-	-	-	-	-	(162)
Purchase of Fixed Assets	March 31, 2009	-	-	-	-	-	-	-	333
	December 31, 2007	-	-	-	-	-	-	-	-
Purchases of traded goods and spares	March 31, 2009	-	-	-	-	135	-	-	141
	December 31, 2007	-	-	-	-	-	-	-	-
Investment Purchase	March 31, 2009	-	-	-	-	-	-	-	-
	December 31, 2007	-	-	-	-	-	-	-	(68,060)
Interest Expense	March 31, 2009	-	-	838	-	-	-	-	838
	December 31, 2007	-	-	-	-	-	-	-	-
Interest Income	March 31, 2009	-	-	-	-	-	-	-	7,368
	December 31, 2007	-	-	-	-	-	-	-	-
Remuneration	March 31, 2009	-	-	-	-	-	-	-	37,814
	December 31, 2007	-	-	-	-	-	-	-	(4,585)
Customer Service Expenses	March 31, 2009	-	-	-	-	1,444	-	-	1,785
	December 31, 2007	-	-	-	-	-	-	-	(8,836)
Legal and Professional charges	March 31, 2009	-	-	-	-	-	-	-	1,744
	December 31, 2007	-	-	-	-	-	-	-	-
Advertisement and sales promotion	March 31, 2009	17,207	-	-	4,826	-	-	-	22,033
	December 31, 2007	(1,159)	-	-	-	-	-	-	(1,159)
Miscellaneous Expenses	March 31, 2009	471	-	1,298	-	-	-	-	2,025
	December 31, 2007	-	-	-	-	(74)	-	-	(74)
Rent Expense	March 31, 2009	3,293	-	-	-	-	882	-	4,175
	December 31, 2007	(4,396)	-	-	-	-	-	-	(4,396)
Rent Income	March 31, 2009	-	413	-	-	-	-	-	483
	December 31, 2007	-	(239)	-	-	-	-	-	(266)
Dividend paid	March 31, 2009	-	-	6,777	-	-	-	-	20,304
	December 31, 2007	-	-	(6,777)	-	-	-	-	(15,810)
Loans taken during the period	March 31, 2009	-	-	35,000	-	-	-	-	35,000
	December 31, 2007	-	-	-	-	-	-	-	-
Loans given during the period	March 31, 2009	-	-	-	-	-	-	-	58,300
	December 31, 2007	-	-	-	-	-	-	-	(22,000)
Loans repaid during the period	March 31, 2009	-	-	35,000	-	-	-	-	35,000
	December 31, 2007	-	-	-	-	-	-	-	-
Loan received back during the period	March 31, 2009	-	-	-	-	-	-	-	26,250
	December 31, 2007	-	-	-	-	-	-	-	-
Reimbursement of Expenses									
Personnel Expenses	March 31, 2009	-	-	1,815	-	-	-	-	1,815
	December 31, 2007	-	-	-	-	-	-	-	-
Operating and other expenses	March 31, 2009	30,851	-	(25,415)	-	-	-	-	5,436
	December 31, 2007	-	-	-	-	-	-	-	-
Outstanding balances at the end of period									
Receivables	March 31, 2009	-	-	-	58,553	-	-	-	58,568
Considered Good	December 31, 2007	(175,801)	(88)	-	-	-	-	-	(175,897)
Payables	March 31, 2009	-	-	1,354	2,188	577	184	-	13,678
	December 31, 2007	-	-	-	(730)	(200)	-	-	(965)
Loan receivable	March 31, 2009	-	-	-	-	-	-	-	57,050
	December 31, 2007	-	-	-	-	-	-	-	(25,000)
Interest Receivable	March 31, 2009	-	-	-	-	-	-	-	5,202
	December 31, 2007	-	-	-	-	-	-	-	(889)

5. Leases
a) Assets taken under Operating Leases

Office premises and office equipments are obtained on operating lease. There are no contingent rents in the lease agreements. The lease terms are for 1-3 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 no subleases and all the leases are cancellable in nature.

b) Assets given on Operating Leases

The Company has given some portion of factory building at Baddi in the state of Himachal Pradesh on operating lease. The initial lease terms are for 3 years and renewable at the option of the lessee for a maximum renewal period of 6 years. There are no restrictions imposed by lease agreement and there are no contingent rents.

(Amount in Rs. '000)

Particulars	Period ended March 31, 2009	Period ended December 31, 2007
Future minimum lease payments		
Not later than one year	330	330
Later than one year but not later than five years	1,087	1,499
Later than five years	Nil	Nil
Total	1,417	1,829

6. Derivative Instruments and Un hedged Foreign Currency Exposure

Particulars of Derivatives	Purpose
Forward contract outstanding as at Balance Sheet date	
Sell	
US \$ 13,100,000	Hedge of Import Creditors

The amount of foreign currency exposure that are not hedged by a derivative instrument or others as on March 31, 2009 are as under :

Particulars	March 31, 2009			December 31, 2007		
	Amt. (Rs.'000)	Foreign currency	Exchange rate	Amt. (Rs.'000)	Foreign currency	Exchange rate
Import creditors	34,899	USD 688,074	50.72	339,952	USD 8,582,482	39.61
				1,875	EURO 32,082	58.44
Advance to suppliers and other receivable*	142,475	USD 2,809,041	50.72	30,436	USD 768,393	39.61
Debtors	3,983	USD 78,537	50.72			

* Rs 133,510 thousand in the current period (previous period Rs Nil) have been adjusted from creditor balances in the financial statements.

7. (a) Advances recoverable in cash or in kind or for value to be received as shown under Schedule 12 to the financial statements include Rs. 26,044 thousand (Previous period Rs. 89,399 thousand) receivable from a company with whom a binding sale agreement has been entered into for sale/transfer of some of the assets/liabilities of the IT Business.
- (b) Besides, an advance of Rs. 100,000 thousand was given to a company in earlier years in accordance with a binding Advertising Agreement. Out of the total advance, Rs. 74,464 thousand (Previous period Rs 38,407 thousand) have already been adjusted against various advertisement/ publicity expenses incurred by the Company till date. The management feels

that the committed expenses is expected to be incurred in accordance with the terms of the Agreement and the balance advance of Rs. 25,536 thousand is adjustable out of these expenses. Hence, the balance of Rs. 25,536 thousand is considered as advances recoverable as at the period end.

8. Capital commitments:

Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 581 thousand (net of advances) [Previous period Rs. Nil].

9. (a) In the opinion of the management, the decline in the market value of quoted investments by Rs 18,353 thousand in the share capital of two companies at the period end is temporary and hence does not call for any provision thereagainst.
- (b) The Company has an investment of Rs 68,060 thousand in the equity shares of Plus Paper Foodpac Limited (PPFL). As per the latest provisional financial statements of PPFL as certified by the management, the value of one equity share as per net asset value is Rs 13.98; however, the Company has made the investments @ Rs 20 per share. The said company has earned profit during the financial years ended 31st March 2007, 31st March 2008 and 31st March 2009. This being long term investment and also in view of the projected profitable operations of the Company, the management is of the view that the diminution in the value of this investment is temporary in nature and hence no provision is required to be made thereagainst.

10. Provisions and Contingencies

10.1 Provision for Warranty

A provision is recognized for expected warranty claims on products sold during last one year, based on past experience of level of customer service expenses. It is expected that most of these payments would be made in the next financial year. Assumptions used to calculate the provision for warranties were based on past trend of sales of mobile handsets and customer service expenses incurred.

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

(Amount in Rs. '000)

	Period ended March 31, 2009	Period ended December 31, 2007
(i) Various Sales Tax Demands for the assessment periods 1991-92 to 2004-05 being disputed by the Company. The Company has deposited Rs. 2,953 thousand (Previous period Rs. 2,953 thousand) under protest and the same has been included under Loans and Advances. The said amount has been provided as doubtful for receivable.	5,573*	21,312*
(ii) Demand raised by Commissioner of Customs (Import and General) in respect of short levy of special additional duty.	Nil	129*
(iii) Demand raised by the Excise Authorities being disputed by the Company. The Company has deposited Rs 2,000 thousand (Previous period Rs Nil) under protest and the same has been included in the Schedule of Loans and Advances.	66,263*	Nil
(iv) Various other claims against the Company not acknowledged as debts.	2,810*	2,810*

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

11. 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 summarise the components of net benefit expense recognised in the profit and loss account and the funded status and amounts recognised in the balance sheet for the respective plans.

Profit and Loss account
Net employee benefit expense (recognised in personnel expenses) for Gratuity

(Amount in Rs. '000)

	March 31, 2009	December 31, 2007
Current service cost	1,601	464
Interest cost on benefit obligation	297	34
Expected return on plan assets	(221)	(143)
Net actuarial loss recognised during the period	147	1,471
Past service cost	Nil	Nil
Net benefit expense	1,824	1,826
Actual return on plan assets	245	143

Balance sheet
Details of Provision for Gratuity

(Amount in Rs. '000)

	March 31, 2009	December 31, 2007
Defined benefit obligation	4,127	3,571
Fair value of plan assets	3,780	437
Less: Unrecognised past service cost	Nil	Nil
Plan (liability)	(347)	(3,134)

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

(Amount in Rs. '000)

	March 31, 2009	December 31, 2007
Opening defined benefit obligation	3,571	3,646
Current service cost	1,601	464
Interest cost	297	34
Benefits paid*	(1,511)	(1,901)
Actuarial losses on obligation	169	1,328
Closing defined benefit obligation	4,127	3,571

*Note: Obligation as at the December 31, 2007 included Rs.1,508 thousand in respect of employees who had resigned from the Company and the liability was determined on actual computation basis in the previous period. The amount was paid directly by the Company during the current period.

Changes in the fair value of plan assets are as follows: (Amount in Rs. '000)

	March 31, 2009	December 31, 2007
Opening fair value of plan assets	437	2,138
Expected return	221	143
Contributions by employer	3,102	200
Benefits paid	(3)	(1,901)
Actuarial gains/ (losses)	23	(143)
Closing fair value of plan assets	3,780	437

The Company's expected contribution to the fund in the next year is Rs 2,000 thousand.

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

	March 31, 2009	December 31, 2007
Investments with insurer	100%	100%

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.

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

Discount rate	7.5%	7.5%
Expected rate of return on assets	9.0%	8.9%
Employee turnover		
– Upto 30 years	4.0%	3.0%
– 30-44 years	4.0%	2.0%
– Above 44 years	1.0%	1.0%
Mortality rate	As notified by LIC	

Note: 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.

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

(Amount in Rs. '000)

	As at March 31, 2009	As at December 31, 2007	As at March 31, 2007
Defined benefit obligation	4,127	3,571	3,646
Plan assets	3,780	437	2,138
Surplus / (deficit)	(347)	(3,134)	(1,508)
Experience adjustments on plan liabilities (loss)/ gain	623	Not Available	
Experience adjustments on plan assets (loss)/gain	(2)	Not Available	

Notes:

- The actuarial valuation of gratuity liability in the current period, previous period and year before that period was done in accordance with the revised Accounting Standard 15, Employee benefits. Accordingly, comparative numbers for earlier two years, as required by para 120 (n) of Revised Accounting Standard 15, are not furnished.
- Information relating to experience adjustments to plan assets and liabilities as required by Para 120 (n)(ii) of the Accounting Standard 15 (Revised) on Employee Benefits for earlier two periods is not available with the Company.
- The Company has never had any obligation towards the provident fund trust except for the contributions due to the trust. Pending issuance of the Guidance Note from the Actuarial Society of India, the Company's actuary has expressed his inability to reliably measure the Provident Fund liability. However, the Company on a conservative basis has made a provision for the deficit of Rs. Nil (Previous period Rs.977 thousand) in the fund. Accordingly, no additional disclosures as required by paragraph 120 of AS 15 (revised 2005) have been furnished.

12. The Company is a subsidiary of Spice Entertainment Limited (formerly SpiceCorp Entertainment Limited) with in the meaning of Section 4(1) (a) of the Companies Act, 1956.
13. The Micro, Small and Medium Enterprises Development (MSMED) Act, 2006

Particulars	March 31, 2009	December 31, 2007
i) The principal amount and the interest due thereon remaining unpaid to any supplier – Principal amount – Interest thereon	Nil	Nil
ii) The amount of interest paid by the buyer in terms of Section 18, along with the amount of the payment made to the supplier beyond the appointed day	Nil	Nil
iii) The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding the interest specified under this Act	Nil	Nil
iv) The amount of interest accrued and remaining unpaid	Nil	Nil
v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small investor	Nil	Nil

14. Supplementary Statutory Information

- i) Remuneration to Directors & Managers

(Amount in Rs. '000)

Particulars	Manager*		Manager, Whole Time Director and C.E.O.**	
	Period ended March 31, 2009	Period ended December 31, 2007	Period ended March 31, 2009	Period ended December 31, 2007
Salaries	744	Nil	10,858	3,777
Contribution to Provident Fund	36	Nil	225	168
Perquisites (at actual)	Nil	Nil	Nil	1
Total	780	Nil	11,083	3,946

* Relates to Manish Pengoriya who was appointed as manager w.e.f.07-04-2008 till 18-09-2008.

** Relates to Kunal Ahooja who ceased to be manager w.e.f. 15-02-2008 and re-appointed as whole time director w.e.f. 01-10-2008. Remuneration paid/payable is in excess of permissible remuneration by Rs. 9,589 thousand determined under Section 349 read with Schedule XIII of the Companies Act, 1956. The Company has filed application to obtain necessary approval from the Central Government, approval of which is awaited.

Note: Provision on account of gratuity and leave encashment have not been included above, as the same are actuarially determined for the Company as a whole and thus not separately ascertainable for the Director and Managers.

ii) Legal and professional expenses include remuneration to the auditors of the Company:

(Amount in Rs. '000)

Particulars	Period ended March 31, 2009	Period ended December 31, 2007
As auditor :		
Statutory Audit fees	1,323	861
Rights Issue expenses	955	–
Limited Reviews	674	674
Tax Audit Fee (2008-09)	331	–
Tax Audit Fee (2007-08)	281	–
Out of pocket expenses	81	29
Audit of Tax Accounts (2008-09)	221	–
Audit of Tax Accounts (2007-08)	281	–
In Other manner:		
Certification and other services	503	45
Total	4,650	1,609

15. **ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PART- II OF SCHEDULE - VI TO THE COMPANIES ACT, 1956.**

i) Capacity: Information with regard to licensed capacity and installed capacity of minicomputers and microprocessor based systems (as certified by the management):

	March 31, 2009	December 31, 2007
Licensed Capacity	N.A.	N.A.
Installed Capacity		
– Baddi Plant		
System (in units)	24,000	24,000
Printers (in units)	8,000	8,000
Software (in Rs. thousand)	25,000	25,000

ii) Particulars in respect of Production, Sales and Stocks for each class of goods manufactured by the Company:

(Amount in Rs. '000)

	Passbook printers		Computer Systems		Total
	Units	Amount	Units	Amount	Amount
Opening stock					
January 1, 2008	9	28	21	487	515
April 1, 2007	72	1,409	208	4,916	6,325
Production					
March 31, 2009	48		–		
December 31, 2007	3,001		1,454		
Sales (Including excise duty)					
March 31, 2009	57	344	21	440	784
December 31, 2007	3,064	57,705	1,627	48,350	106,055
In house Capitalisation					
March 31, 2009	–	–	–	–	–
December 31, 2007	–	–	13	–	–
Damaged/Insurance claim					
March 31, 2009	–	–	–	–	–
December 31, 2007	–	–	1	–	–
Closing stock					
March 31, 2009	–	–	–	–	–
December 31, 2007	9	28	21	487	515

iii) Particulars in respect of Purchases, Sales and Stocks of goods traded (including service components and spares) by the Company:

(Amount in Rs. '000)

	Passbook printers		Computer Systems		IT Peripherals and spare parts	Mobile Handsets		Bluetooth		Spare parts of Mobile Handsets	Total
	Units	Amt.	Units	Amt.	Amt.	Units	Amt.	Units	Amt.	Amt.	Amt.
Opening Stock											
January 1, 2008	2,050	24,412	35	766	5,426	94,135	180,681	1,125	2,305	31,492	245,082
April 1, 2007	5	1	307	7,813	9,135	77,793	166,681	1,330	2,644	9,909	196,183
Purchases*											
March 31, 2009	4,160	64,216	-	-	786	2,712,077	5,295,033	-	-	37,341	5,397,376
December 31, 2007	8,000	114,405	235	6,494	29,467	1,113,624	2,028,918	-	-	30,281	2,209,565
Sales											
March 31, 2009	6,210	99,332	35	766	5,549	2,735,422	6,955,723	757	212	21,702	7,083,284
December 31, 2007	5,955	106,692	507	15,280	33,292	1,097,282	2,727,495	205	292	6,261	2,889,315
Miscellaneous Issues											
March 31, 2009	-	-	-	-	-	779	-	151	-	-	-
December 31, 2007	-	-	-	-	-	-	-	-	-	-	-
Closing stock											
March 31, 2009	-	-	-	-	-	70,011	182,448	217	171	52,406	235,025
December 31, 2007	2,050	24,412	35	766	5,426	94,135	180,681	1,125	2,305	31,492	245,082

Note:

As there are large number of items of IT peripheral and spare parts and spares parts of mobile handsets and there are no individual items accounting for 10 per cent or more of the value, the quantitative details in respect thereof have not been furnished.

* Purchase of mobile handsets are net of 31948 units (previous period 13186 units) issued for warranty consumption.

iv) Consumption of Raw Materials:

(Amount in Rs. '000)

Particulars	Period ended March 31, 2009		Period ended December 31, 2007	
	Quantity (in units)	Amount	Quantity (in units)	Amount
Central Processing Units (C.P.U.)	-	-	1,435	5,571
Kits for Passbook Printers	-	-	3,100	32,154
Others*		1,895		44,575
Total		1,895		82,300

* It is not practicable to furnish quantitative information in view of the large number of items, which differ in size and nature, each being less than 10% in value of the total.

v) Value of Imported and Indigenous Raw Materials consumed and percentage thereof:

(Amount in Rs. '000)

Particulars	Period ended March 31, 2009		Period ended December 31, 2007	
	Value	%	Value	%
– Imported	971	51	56,454	69
– Indigenous	924	49	25,846	31
Total	1,895	100	82,300	100

vi) Value of Imported and Indigenous stores, spares and other consumables consumed and percentage thereof:

(Amount in Rs. '000)

Particulars	Period ended March 31, 2009		Period ended December 31, 2007	
	Value	%	Value	%
– Imported	–	–	–	–
– Indigenous	–	–	46	100
Total	–	–	46	100

vii) Value of Imports on C.I.F. Basis:

(Amount in Rs. '000)

Particulars	Period ended March 31, 2009	Period ended December 31, 2007
Traded and Service Goods	5,423,178	2,072,043
Raw Materials	13,104	109,103
Total	5,436,282	2,181,146

viii) Earning in Foreign Currency (accrual basis):

(Amount in Rs. '000)

Particulars	Period ended March 31, 2009	Period ended December 31, 2007
FOB Value of Export	–	1,307
Miscellaneous Income	8,464	–
Total	8,464	1,307

ix) Expenditure in Foreign Currency (accrual basis):

(Amount in Rs. '000)

Particulars	Period ended March 31, 2009	Period ended December 31, 2007
Travelling and Conveyance	2,041	757

x) Net dividend remitted in foreign exchange

Particulars	Period ended March 31, 2009	Period ended December 31, 2007
Period to which it relates	April 1, 2007 to December 31, 2007	April 1, 2006 to March 31, 2007
– Number of non-resident shareholders	54	25
– Number of equity shares held on which dividend was due	3,705,916	1,113,062
– Amount remitted in foreign exchange (Rs. in thousand)*	NIL	NIL
– Currency in which dividend was remitted	Not Applicable	Not Applicable

*An amount of Rs 1668 thousand (Previous Period Rs 334 thousand) has been paid as dividend to the Non Resident shareholders (including Foreign Institutional Investors).

16. Previous period comparatives

- Previous period's figures have been regrouped where necessary to conform to current period's classification.
- The accounts for the current period have been prepared for 15 months and are not comparable with the previous period accounts prepared for 9 months.

Signatures to Schedules 1 to 24

As per our report of even date

For S.R. BATLIBOI & CO.
Chartered Accountants

per Anil Gupta
Partner

Membership No. 87921

Place : New Delhi

Date : 22nd June, 2009

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

Dilip Modi
Chairman

R. K. Pandey
Director

Manish Pengoriya
Head - Finance

K. L. Chugh
Director

R. N. Bansal
Director

Renu Gupta
Company Secretary

Spice Mobiles Limited
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

(All amounts in thousand of Rs.)

I. REGISTRATION DETAILS :

Registration No.

			0	8	4	4	8
--	--	--	---	---	---	---	---

 State Code :

2	0
---	---

Balance Sheet Date :

3	1
---	---

 /

0	3
---	---

 /

2	0	0	9
---	---	---	---

Date Month Year

II. CAPITAL RAISED DURING THE YEAR (AMOUNT IN RS. THOUSANDS)

Public Issue :

		N	I	L		
--	--	---	---	---	--	--

 Rights Issue :

		N	I	L		
--	--	---	---	---	--	--

Bonus Issue :

		N	I	L		
--	--	---	---	---	--	--

 Private Placement :

		N	I	L		
--	--	---	---	---	--	--

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN RS. THOUSANDS)

Total Liabilities :

	7	8	4	1	8	4
--	---	---	---	---	---	---

 Total Assets :

	7	8	4	1	8	4
--	---	---	---	---	---	---

Sources of Funds

Paid-up-Capital :

	2	2	3	9	1	4
--	---	---	---	---	---	---

 Reserves & Surplus :

	5	4	3	0	5	8
--	---	---	---	---	---	---

Share Application Money :

		N	I	L		
--	--	---	---	---	--	--

 Secured Loans :

		1	7	2	0	0
--	--	---	---	---	---	---

Unsecured Loans :

					1	2
--	--	--	--	--	---	---

Application of Funds

Net Fixed Assets :

		5	0	5	2	1
--	--	---	---	---	---	---

 Investments :

	1	0	0	8	2	3
--	---	---	---	---	---	---

Deferred Tax Assets (net)

		5	7	2	7
--	--	---	---	---	---

 Net Current Assets :

	6	2	7	1	1	3
--	---	---	---	---	---	---

IV. PERFORMANCE OF COMPANY (AMOUNT IN RS. THOUSANDS)

Turnover (Incl. other Income):

6	7	7	8	2	3	2
---	---	---	---	---	---	---

 Total Expenditure :

6	7	6	2	5	6	6
---	---	---	---	---	---	---

Profit / (Loss) before Tax :

+			1	5	6	6	6
---	--	--	---	---	---	---	---

 Profit / (Loss) after tax :

+			1	0	2	6	0
---	--	--	---	---	---	---	---

Earnings Per Share (Rs.)

			0	.	1	4
--	--	--	---	---	---	---

 Dividend Rate (%) :

							9
--	--	--	--	--	--	--	---

V. GENERIC NAMES OF THE THREE PRINCIPAL PRODUCTS OF THE COMPANY (As per monetary terms)

Item Code No. (ITC Code)

8	5	2	5
---	---	---	---

Product Description

M	O	B	I	L	E		H	A	N	D	S	E	T			
---	---	---	---	---	---	--	---	---	---	---	---	---	---	--	--	--

Item Code No. (ITC Code)

8	4	7	1
---	---	---	---

Product Description

P	A	S	S		B	O	O	K		P	R	I	N	T	E	R	S
---	---	---	---	--	---	---	---	---	--	---	---	---	---	---	---	---	---

Item Code No. (ITC Code)

8	4	7	1
---	---	---	---

Product Description

C	O	M	P	U	T	E	R		S	Y	S	T	E	M	S		
---	---	---	---	---	---	---	---	--	---	---	---	---	---	---	---	--	--

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

Dilip Modi
Chairman

R. K. Pandey
Director

Manish Pengoriya
Head - Finance

K. L. Chugh
Director

R. N. Bansal
Director

Renu Gupta
Company Secretary

Place : Noida
Date : 22nd June, 2009

List of Regional Distributors of Spice Mobiles Limited

ANDHRA PRADESH

Guntur : Sri Saradhi Agencies
D. No. 20-3-21, Shop No - 20
vasawi complex chowtra, Guntur-522003
Phone : +91 9440262721/+919246759666

Hyderabad : V.J. Enterprises
D.No.1-3-1/C/1, Jayamansion Bairtel Showroom Upstairs,
Kawadiguda, Hyderabad 500080
Phone : +91 9246969600

Kurnool : Vineesha Enterprises
Dr. No. -40/37-L2, Upstair, Beside Balaji Hotel
Bellary Road, Kurnool-518004
Phone : +91 9963488555

ASSAM

Guwahati : K B International
Shop No. 5, Yasodanandan Market,
S J Road Athgaon, Guwahati-781001
Phone : 9435044116/ 9954024365

BIHAR

Patna : Citadel Vigilant System
2nd Floor, Madhuri Bhawan Jamal Road Patna Bihar
Mobile: 9891982623/ 9431023872

CHANDIGARH

Chandigarh : Orchid Enterprises
SCO No. 11, IInd Floor, Sector 20-D
Phone : 9815569977

Chattisgarh

Raipur : Suchita Enterprises
Plot No B-3, Radha Swami Nagar,
Bhata Gaon Raipur, Chattisgarh
Phone : 9839556633

GOA

Ponda : Osia Enterprises
C/o Navketan Roller Flour Mills Pvt. Ltd.
No.60-62 bethora industrial estate, Ponda 403409, Goa
Phone : 9822102605

GUJRAT

Ahmedabad : True Solusales Pvt. Ltd.
28, Raj Tilak Row Houses, B/s Chanakya Tower
Sandesh Press, Bokadev, Vastrapur, Ahmedabad-380054
Phone : 98250 33777, 9924449700

Haryana

Karnal : Sach Telecom Pvt. Ltd.
SCO-3-4, First Floor, Sanjiv Hospital Market,
Railway Road
Phone : 9215210000

Faridabad : SPG Distributions
B-363, 364 & 365, Second Floor, Nehru Ground
Opp. Post Office N.I.T. Faridabad 121001
Phone : 9899297282

HIMACHAL PRADESH

Shimla : In touch Communications
3, Regal Building, Lakkar Bazar, Shimla
Phone : 9817023000

Una : Sahiba Electronics
Near Kathuria Electronics, Nangal Road, Una, H.P.
Phone : 98161-00070

Solan : Sharma Mobile Zone
Sco 2, Anand Complex, The Mall, Solan, H.P.
Phone : 9882110000

J&K

Jammu : EL-Tronics
44, A-2, South Block, Badhu Plaza Railhead Complex
Gandhi Nagar Jammu
Phone : 09419194373

Srinagar : Kashmir Watch House
1st Floor, Kara Building, Lal Chowk Srinagar, J&K 190001
Phone : 09419008765/09419015612

JHARKHAND

Ranchi : Saraswati Enterprises
Radium Road, Opp-Kumar Market
C/o Apiteite Restraunt, 1st Floor, Ranchi 834001
Phone : 9931102629/ 9431708708

KARNATAKA

Bangalore : Radiant Distributors
Ellore Complex, #91/1, 1st Floor, J. C. Road,
Bangalore-560002
Phone : +91 9845545933

KERALA

Tirur : Cee Key Pey Agencies
5/164B, Chembra Road, Payanangadi, Tirur-676101
Phone : +91 249500000 / 04942424081 / 0494-2424081

MADHYA PRADESH

Indore : Kamal Eternity Pvt. Ltd.
104-105, Sunrise Tower, 579, M.G. Road, Indore M.P.
Phone : 9893077599

Gwalior : Maa Kailadevi Communications
Bhaskar Lane, In Front of Multan Bhavan,
Jayandra Ganj, Lashkar, Gwalior
Phone : 9826216926

Bhopal

: Meeras
1, New Market, Hanuman Mandir Lane, Bhopal-462003 M.P.
Phone : 98260-74422

Jabalpur

: Modern Electronics
4, Nigam Market, Tulram Chowk Opp. SBI Jabal Pur
Phone : 9425153383

MAHARASTRA

Pune : KC Marketing
Office No.13 symphony-C, Ashok Nagar Pune-411020
Phone : 99230 99666

MUMBAI

Navi Mumbai : A-One Agency
Shop No. 100, Chadda Crescent CHS
Sec 17, Vashi, Navi Mumbai-400703
Phone : 9819342300

Mumbai : Hitech Communication
E-101, 1st Floor, Ranjit Studio,
Dadasahb Phalke Road
Dadar, East Mumbai-400014
Phone : 9820432566

NEW DELHI

East Delhi : Kawality Telecom
1/4650, Ram Nagar Extn. Mandoli Road,
Shadhra, Delhi
Phone : 9312233236

South Delhi : SPG Distributions
1770/7, Govindpuri Extension, N.D.-110019
Phone : 09311387282

North, West & Central Delhi : Taneja Electronics
J-1/134, JJ Colony Wazirpur,
Ashok Vihar Delhi
Phone : 9953525520

ORISSA

Cuttak : Paras Commercial Corp.
Haripur Road, Kailash Bhawan,
Near Lords Hotel, Cuttak 753001
Phone : 9437023771

PUNJAB

Jalandhar : Chadha Mobile House Pvt. Ltd.
Opp. Old Police Div No. 3, Near Bhagat Singh Chowk
Phagwara Gate, Jalandhar City
Phone : 9815542798/ 9815549950

Ludhiana : Jindal Enterprises
51-E, Opposite Kips Market,
Sarabha Nagar, Ludhiana
Phone : 9814669999

Amritsar : Milen Agencies
First Floor, 77, Hall Bazar, Amritsar
Phone : 9814651501

Bhatinda : S.R. Communications
Shop No. 4693, Hospital Bazar, Bathinda
Phone : 9814600066

Zirakhpur : Vee Kay Distributor
Old Pabhat Road, Village Pabhat, Zirakpur
Phone : 9988822288

RAJASTHAN

Jaipur : Delta Prime Marketing Private Limited
244, Frontier Colony, Near Punjab National Bank
Adarsh Nagar, Jaipur-302004
Phone : 9828154545 / 9828024848

TAMILNADU

Tamilnadu : Ninth Avenue Industries (P) Ltd.
Door No.- 2, 3rd Cross, V.P. Colony, Ayanvaram
Chennai-600023
Phone : 09880399580/ 09840321330

U.P. EAST

Lucknow : Chandra Telecom
2nd Floor, Aaj Press Building, Suraj Deep Complex
Jopling Road, Lucknow U.P.
Phone : 9839212348/ 9839015845

Gorakhpur : Jaiswal Distributors
16, AVAS Vikas Colony, Betiahata Gorakhpur U.P.
Phone : 09935086070

varanasi : Shree Ranaji Sales Corporation
Sant Kabir Road, Near Bharat Petrol Pump, Varanasi U.P.
Phone : 09935319994

Meerut : Aggarwal Associates
676/2, Shastri Nagar meerut
Phone : 9837133333

Moradabad : Gupta Agenceis
Katranaz, Moradabad U.P.
Phone : 9837066100

Agra : Maa Ambuja Sales
6/260 Ram Bhawan, Barapura, Belanganj, Agra-282004
Phone : 9837005001

Bareilly : Ram Rikh Dass Khaiali Ram
22-Marwari Ganj Bareilly U.P.
Phone : 9927088557, 9219507469

Saharanpur : S.K. Marketing
Shivi Communication More Ganj Saharan Pur
Phone : 98370-39790

Noida : GNH Telecom
Tilak Bhawan, Sharma Mkt, Atta Chowk,
Sector 27, Noida - 201 301 (U.P.)
Phone : 9811220555, 0120-4322062

UTTARANCHAL

Rudrapur : Tenet Agency
Tilak Bhawan, Sharma Mkt, Atta Chowk, Sec 27, Noida
Phone : 9811220555

Dehradun : Wadhwa Traders
30, Chakrata Road, Dehradun-248001
Phone : 0135-3252991

WEST BENGAL

Silliguri : K. B. Marketing
17/65, Haren Mukherjee Road, Nera Vivekananda Club
Hakimpara, P.O. Silliguri Distt. Darjeeling, Pin-734001
Phone : 9333940584, 9832020490

Kolkotta : Saraswati Enterprises
31, Burtolla Street, Gr. Floor, Kolkotta-700007
Phone : 9831105295

BIG ON INNOVATION

Innovation is more than just a mantra at Spice. It is the spirit that has constantly inspired us to think beyond the realms of imagination and beyond the expectations of our consumers. In the past, we accomplished this with products such as India's 1st Dual SIM phones. We are determined to continue launching more of such innovative products and will be delighting you with another such innovation, the Flexi-Dual D-6666 which gives you the flexibility of both GSM+GSM and GSM+CDMA functionalities in the same phone.



D-6666
Flexi-Dual

THE BIG SERIES

At Spice we have always kept our ears to the ground and held our consumers needs at the highest. As a result of which we have launched a defining and highly competitive series of phones- the BIG SERIES. Whether it was sound, screen size, battery or even memory now Spice delivers all of these in one handset in a BIG way. The M-4580 and M-5252 are delivering the promise of BIG screen, BIG battery, BIG memory and BIG Sound across the country today and we will add even more competitive handsets to the BIG Series.





Big Sound



Big Battery

bigseries

ENTER THE NEW WORLD OF SPICE



■ S-580



■ S-5110



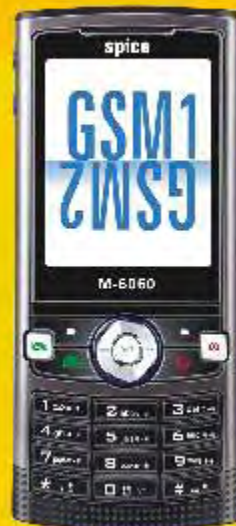
■ C-5300



■ S-707ⁿ



■ M-940ⁿ



■ M-6060



■ M-4580



■ S-5330



■ M-5252



■ S-5420



■ D-88 Gold



■ D-90



■ D-6666



■ D-1111

MANIFESTO FOR CHANGE



spice

Spice Mobiles Limited
D-1, Sector 3, Noida-201301
www.spice-mobile.com