

**spice**

# ANNUAL REPORT

2014-2015



**spice**  
smartphones

**SPICE X SERIES**

INSPIRE  
LIFE

Inpire life with the new X, intuitively designed to match your evolving life with unmatched beauty. Superpowered with a perfect balance of performance and efficiency, X will work seamlessly to deliver an experience that will be beyond imagination.

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Spice Mobility Limited

## Chairman's Statement

### Dear Shareholders,

It's a great pleasure to present our annual report to you all as we close yet another eventful year for your company.

### Mobile devices drive the next wave of growth for internet in India

Mobile handsets have always played an integral role in the socio-economic development and transformation of a country, opening new channels of communication and transaction for the general public. Reduction of handset prices and increased affordability of data services have spawned a huge mobile internet population in India, thereby opening up a parallel mobile internet economy through e-commerce and mobile apps. Apart from serving primary communication needs, mobile phones now are being used for e-commerce and banking transactions, payments, social networking, messaging and as multimedia tools.

As per a recent industry report, India is now the third largest smartphone market in the world and the fastest growing market in Asia Pacific, slated to reach 314 million mobile internet users by 2017. Currently, more than 65% of the total internet users in India access the internet through their mobiles, surpassing even China and United States' mobile internet population. Even though India has the third largest internet population globally, the overall internet penetration in the country stands at only 19%, compared to 46% in China and 86.8% in the United States. This presents a significant opportunity for growth of mobile internet, especially in the rural section of the population. This segment can

be addressed by the introduction of ultra-low cost smartphones with vernacular interfaces and content.

### Market Dynamics: Smartphones driving mobile internet economy

According to the Indian Cellular Association, the Indian handset market is projected to reach an overall volume of over 305 million handsets in 2015 and smartphone sales are projected to touch 200 million handsets by 2020. According to a mobile consumer survey conducted by Deloitte, almost 64% of the respondents are likely to purchase a smartphone over the next 12 months.

The mobile landscape in India is steadily shifting towards smartphones, aided rapidly by the availability of high quality smartphones by Indian handset manufacturers and the rollout of 3G services across India. Smartphones offer a compelling user experience through access to social media, e-commerce, multimedia content, emails and internet. Entry of smartphones has diversified the revenue streams for telecom players, enhancing their data revenues significantly over the past few years. Adoption of 3G services has increased exponentially in the country, with preparations underway for the rollout of 4G services this year.

The primary driver for the growth of smartphones in the last few quarters has been an increasing proliferation of mobile apps for social networking, instant messaging, gaming, lifestyle and e-commerce. According to a Deloitte report, about 9 million apps will be downloaded in India in 2015, more than 5 times the number of apps downloaded in

# Chairman's Statement

2012. E-commerce firms are observing more than half of their traffic being generated from mobile apps, as is also the case for aggregator services across transport, grocery delivery, healthcare etc. These fast rising internet companies are driving big valuations, confident of future market potentials aided by the forecasted increase in mobile internet penetration in the country, forming the backbone of their revenue models. According to the report, Indians are spending an average of 3 hours and 18 minutes daily on their smartphones and one third of this time is spent on mobile apps. This growing trend is likely to drive the next wave of smartphone growth across the country.

In spite of India's handset market growing at a robust rate, almost 83% of the demand is met via imports, while domestic production and manufacturing continues to lag behind the growing demand. In view of this exponential growth, it has become imperative to support local manufacturing and assembly of mobile phones in order to increase job creation and enhance savings on foreign exchange. The Government of India has launched an aggressive Make in India program to encourage domestic manufacturing and with mobile devices playing an important role in achieving the dream of Digital India, it is imperative to introduce favourable policies and taxation regimes for local manufacturing of mobile phones.

Leading VAS (Value Added Services) companies are now evolving into full-fledged internet companies from the SMS and CRBT services offered earlier. The industry is seeking to offer convenient and customized

services and spread across MCommerce, MHealth, social networking, video streaming and enterprise VAS solutions. According to an industry report, the MVAS (Mobile VAS) market is expected to almost double to USD 9.5 Billion by 2015.

## A look at last year

The company has focused strongly on increasing revenues in the past one year through various initiatives such as enhancing the product portfolio in mobiles and mobile retail, simplifying the distribution structure and enhancing reach across the country.

Spice Mobiles has focused on enhancing the smartphone portfolio in the entry level segment targeting first time smartphone buyers upgrading from feature phones to smartphones especially in Tier II and III cities. In recognition of our efforts, we were ranked the second most trusted Indian mobile brand by the Brand Equity annual survey 2014, conducted by the EconomicTimes publication and also won the prestigious Golden Peacock award in the same year.

In the last year, the company also entered into a strategic partnership with Google to launch India's first truly Hindi Android one smartphone in India - Dream Uno H, focusing on the large Hindi speaking population in India. The company is planning to focus strongly on the sub-Rs 5,000 segment to enhance its market share and target first time smartphone buyers. The company also announced its investment plans to set up a local assembly unit for mobile phones, with the company currently working on plans for setting up the same in the coming year.

## Chairman's Statement

Spice Retail continued to focus on successfully positioning itself as a key destination for smartphones, through brand partnerships with leading mobile companies. With growing proliferation of online retail in the segment, the company has decided to adopt an Omni-channel approach by being present across channels to serve customers as per their demands. The company is also actively engaging customers through visible business promotion and consumer centric activities.

Spice Digital continues to focus on growing its partnerships with leading Telco players in high growth emerging markets across India, Middle East, Africa and Latin America and has also acquired three companies in the last year to enhance its service portfolio and market share within the Telco services domain.

### **Future Outlook**

The mobility sector in India is one of the fastest growing consumer segments in the country and will continue to grow steadily over the next decade, thus offering a strong market opportunity and future outlook for Spice Mobility. With our integrated network spanning devices, distribution, modern

retail, online presence and VAS, we are well positioned in the Indian mobile landscape to grow our business and enhance revenues and profitability for our shareholders.

Experts are already predicting that India will soon become the largest mobile phone market in the world owing its growing population and young demographics. With a young and contemporary product range and expansive distribution reach, we are confident of growing the company steadily to scale new heights.

I invite you all to join our exciting journey ahead redefining the landscape of the Indian mobility segment. I would like to thank all our customers, employees, partners, and most importantly you, our shareholders for your continued support and trust in our company, and in our business and strategic undertakings. I look forward to an exciting and successful year ahead and thank you for your continued patronage.

With Best Wishes,

**Dilip Modi**  
**Chairman**

## COMPANY INFORMATION

### Spice Mobility Limited (Formerly S Mobility Limited)

#### BOARD OF DIRECTORS

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

#### Company Secretary

Mr. M. R. Bothra

#### BOARD COMMITTEES

##### I) Audit Committee

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

##### II) Nomination and Remuneration Committee

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

##### III) Stakeholders Relationship Committee

Mr. Dilip Modi – Chairman  
Mr. Subramanian Murali

##### IV) Corporate Social Responsibility Committee

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

#### Chief Executive Officer

Mr. Prashant Bindal

#### Chief Financial Officer

Mr. Madhusudan V.

**CIN:** L72900UP1986PLC008448

#### Registered Office

**S Global Knowledge Park, 19A & 19B, Sector 125,**  
Noida, District Gautam Budh Nagar, U.P.-201301  
Phone :0120-3355131  
E-mail : [complianceofficer@smobility.in](mailto:complianceofficer@smobility.in)  
Website : [www.spicemobility.in](http://www.spicemobility.in)

#### Statutory Auditors

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

#### Internal Auditors

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

#### Registrar & Share Transfer Agent MAS Services Ltd.

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

#### Bankers:

HDFC Bank Limited  
IndusInd Bank Limited

#### Symbol/Scrip ID at NSE /BSE

NSE Symbol : SPICEMOBI  
BSE Scrip ID : 517214

#### Green Initiative

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



## BOARD OF DIRECTORS



**Mr. Dilip Modi**  
Chairman

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

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

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

As Chairman and Group CEO of Spice Connect, Mr. Modi leads the group's businesses spread across Asia and Africa in the mobility space. His group companies in India include

Spice Mobiles (Leading Indian mobile manufacturer), Spice Hotspot (Mobile retailing), Spice Digital (Mobile Value Added Services arm), Sunstone Education and Sunstone Capital. Internationally, the group includes Spice Africa, Cavu Group in Singapore and Selular Group in Indonesia.

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

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

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



**Mr. Hanif Mohamed Dahya**  
Independent Director

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

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

Executive Director of Cellebrum Technologies Limited.

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

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



## BOARD OF DIRECTORS



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

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

Ms. Preeti Malhotra is the Executive Director with Smart Global Group which has investments in the Mobility, Healthcare, Financial and Entertainment

business segments.

Ms. Malhotra is an accomplished Global professional in the field of Corporate Governance and her opinion and advisory has industry wide recognition. She has been the Past President of The Institute of Company Secretaries of India (ICSI). She has been the first and is still the only woman to be elected as President amongst the Premier National Professional bodies in India. In 2009, Ms. Malhotra received the "Recognition of

Excellence" Award on behalf of the ICSI, from the Hon'ble President of India- Smt. Pratibha Devsingh Patil.

Ms. Malhotra was also a Member of the Dr. JJ Irani Expert Committee constituted by the Ministry of Corporate Affairs (MCA), Govt. of India to advise the Government on the New Company Law framed. Presently, she is the Chairperson of the National Council of Corporate Governance, CSR & Corporate Affairs of ASSOCHAM. She has also been appointed a member of the Board of Governors of the Indian Institute of Corporate Affairs- the think tank, research, service delivery & capacity building arm of the MCA.

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



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

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

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

senior positions.

Over more than 30 years of experience in industries like IT, Office automation, Telecom and Mobility, he has gained extensive knowledge and expertise in the areas of fund raising, M&As, Business restructuring, Process Re-engineering, Business turnarounds, Corporate Finance and management.

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

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

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

## BOARD OF DIRECTORS



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

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

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

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

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

Presently, he is a Legal Consultant and Senior Advisor to MAIT.

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



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

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

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

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

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

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

Presently, he holds the position of Chief Mentor at Viom Networks and is actively responsible for establishing the company's international ventures and forays into managed services. He is a Director of Viom International at both Singapore and Myanmar. He also holds the position of first Director General of TAIPA (Tower & Infrastructure Provider Association), the Industry body formed by all the tower companies.

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

## BOARD'S REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Twenty Seventh Annual Report together with the Audited Financial Statements and Accounts for the financial year ended on 31<sup>st</sup> March, 2015.

### FINANCIAL RESULTS

The consolidated and standalone financial performance of the Company for the financial year ended 31<sup>st</sup> March, 2015 is summarized below:—

(Rs.'000)

PARTICULARS	For the Nine months period ended 31.03.2015		For the Financial year ended 30.06.2014	
	Consolidated	Standalone	Consolidated	Standalone
<b>Total revenue</b>	<b>16,042,829</b>	<b>229,368</b>	21,273,407	1,017,357
<b>Earnings before interest, tax, depreciation &amp; amortization and exceptional items</b>	<b>(377,965)</b>	<b>20,566</b>	331,962	89,943
Depreciation and amortization expense	214,369	38,799	349,723	51,007
Finance costs	12,442	264	11,788	1,254
Exceptional items	2,376,514	3,346,607	203,401	13,890
<b>Profit/(Loss) before tax</b>	<b>(2,981,290)</b>	<b>(3,365,104)</b>	(232,950)	23,792
<b>Tax expenses</b>				
Current tax (Minimum Alternative Tax)	73,962	-	46,439	(23,500)
MAT Credit Entitlement for the current year	(614)	-	(1,051)	-
Deferred tax charge/ (credit)	2,373	-	(2,673)	-
Tax adjustment for earlier years	7,080	-	423	1,800
<b>Profit/(Loss) for the Period</b>	<b>(3,064,091)</b>	<b>(3,365,104)</b>	(276,088)	45,492
Share of Minority in profits / (losses)	10,370	-	5,410	-
Share in Profit of Associate companies	121	-	-	-
<b>Profit / (Loss) for the year attributable to equity shareholders</b>	<b>(3,074,340)</b>	<b>(3,365,104)</b>	(281,498)	45,492
Balance brought forward from previous year	1,621,412	1,202,048	1,896,411	1,150,057
Reversal of proposed dividend on equity shares	-	-	9,625	9,625
Reversal of corporate dividend tax	-	-	31,777	31,777
<b>Profit available for appropriation</b>	<b>(1,452,928)</b>	<b>(2,163,056)</b>	1,656,314	1,236,951
<b>Appropriations:</b>				
Interim dividend	-	-	29,833	29,833
Tax on Interim Dividend	-	-	5,070	5,070
<b>Net Surplus in the Statement of Profit &amp; Loss</b>	<b>(1,452,928)</b>	<b>(2,163,056)</b>	1,621,412	1,202,048

### PERFORMANCE REVIEW AND STATE OF THE COMPANY AFFAIRS

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

- Sale of 'Spice' branded feature and smart phones. The focus during the year has been to launch a series of low to medium end smart phones.
- Organised retail business with shops under the Brand 'Spice Hotspot' which is engaged in sale of multi-brand mobile handset and accessories.
- Value Added Service (VAS) business involving providing managed services to mobile operators in India, Africa, Bangladesh and LATAM countries.

During the period, the Company achieved a revenue of Rs.229 million for the Nine months ended 31<sup>st</sup> March, 2015 as against Rs.1,017 million for the year ended 30<sup>th</sup> June, 2014. The Company has incurred a loss of approx. Rs. 3365 million during the period ended on 31<sup>st</sup> March, 2015 as against a profit of Rs.45 million in previous year.

## BOARD'S REPORT

At the consolidated level the Company achieved a revenue of Rs. 16,043 million for the nine months period ended 31<sup>st</sup> March 2015 as against Rs.21,273 million for the year ended 30<sup>th</sup> June 2014. The loss after tax for the period ended on 31<sup>st</sup> March 2015 is Rs. 3,074 Million as against loss of Rs.282 Million for year ended on 30<sup>th</sup> June, 2014.

### DIVIDEND

In the absence of adequate profit during the year under review, your directors do not recommend any dividend to the shareholders.

### LISTING OF SECURITIES

The Equity Shares of the Company are presently listed on BSE Limited (BSE) and National Stock Exchange of India Ltd (NSE). The Annual Listing Fee for the Year 2015-16 has been paid to both the stock exchanges.

### DELISTING OF EQUITY SHARES OF THE COMPANY

The Company had received a letter of intent from Smart Ventures Private Limited (SVPL), the Holding Company and Promoters of the Company, to make a voluntary delisting offer in pursuance to SEBI (Delisting of Equity Shares) Regulations, 2009 ("Delisting Regulations") to the public shareholders of the Company for delisting the Equity Shares of the Company from BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) where the equity shares of the Company are presently listed.

The Board of Directors has, subject to the approval of the members of the Company and such other approvals/sanctions as may be required in this connection, approved the proposal received from SVPL to voluntarily delist the Equity Shares of the Company from both the Stock Exchanges.

The Company obtained the shareholders' approval for Voluntary Delisting of the Equity Shares of the Company by way of special resolution which was duly approved with the requisite majority of shareholders as prescribed under Regulation 8(1)(b) of the Delisting Regulations. The Company also obtained the in principle approval for Voluntary delisting of the Equity shares of the Company from both the Stock Exchanges.

The Company has subsequently received a letter from SVPL communicating its decision to put on hold any step in the direction of delisting of the equity shares of the Company till further notice.

### HOLDING COMPANY

During the year, the name of the Holding Company of your Company has been changed from Smart Venture Limited to Smart Ventures Private Limited as it got converted into a Private Company w.e.f. 21<sup>st</sup> August, 2014. As at 31.03.2015, the holding Company held 74.36% of the issued share capital of the Company.

### SUBSIDIARY COMPANIES, JOINT VENTURES OR ASSOCIATE COMPANIES

During the year, no Company has become or ceased to be a subsidiary of the Company. However, Spice Digital Limited, a subsidiary of the Company, has acquired 26% stake in Vavia Technologies Private Limited, 38.53% stake in Anytime Learning Private Limited and 26% stake in Creative Functionapps Labs Private Limited. Consequent to the said acquisitions, these companies have become Associate Companies of Spice Digital Limited.

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

The performance and financial position of the subsidiaries and associates are given in Form AOC-I attached to the Consolidated Financial Statements for the year ended March 31, 2015.

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

### PUBLIC DEPOSITS

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

### AUDITORS AND AUDITORS' REPORT

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

The Company has received a consent and confirmation from them to the effect that their reappointment, if made, would be within the

## BOARD'S REPORT

prescribed limits under Section 141(3) (g) of the Companies Act, 2013 and that they are not disqualified for reappointment within the meaning of Section 141 of the said Act.

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

### CASH FLOW STATEMENT

In conformity with the provisions of Clause 32 of the Listing Agreement, the Cash Flow Statement for the year ended on 31<sup>st</sup> March, 2015 is attached as a part of the Annual Accounts of the Company.

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

During the financial year ended on 31<sup>st</sup> March, 2015, four meetings of the Board of Directors were held on 27<sup>th</sup> August, 2014, 14<sup>th</sup> November, 2014, 2<sup>nd</sup> January, 2015 and 10<sup>th</sup> February, 2015. The details of number of meetings of the Board and its various committees attended by the Directors is given in Corporate Governance Report.

### DIRECTORS AND KEY MANAGERIAL PERSONNEL

On the recommendation of Nomination and Remuneration Committee, the Board has appointed Mr. Subramanian Murali, Mr. Suman Ghose Hazra and Mr. Umang Das as Additional Directors w.e.f May 7, 2015.

Mr. Subramanian Murali has been appointed as Non-Executive Director and holds office up to the date of ensuing Annual General Meeting of the Company and is eligible for appointment as Director. The resolution for appointment of Mr. Subramanian Murali as a Director liable to retire by rotation is being placed for approval of members.

Mr. Suman Ghose Hazra and Mr. Umang Das were appointed as Additional Directors in the category of Independent Director. Pursuant to the provisions of Section 149 of the Companies Act, 2013, Independent Directors are not liable to retire by rotation. The resolutions for appointment of Mr. Suman Ghose Hazra and Mr. Umang Das as Independent Directors for a term of 5 (five) years are being placed for approval of the members.

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

Mr. Saurabh Srivastava resigned as the Director of the Company w.e.f. 27<sup>th</sup> December, 2014. Subsequent to the year end, Mr. Subroto Chattopadhyay and Mr. Rajul Garg, resigned as Directors of the Company w.e.f. 15<sup>th</sup> May, 2015 and Mr. Kashi Nath Memani resigned from Directorship w.e.f 1st June, 2015. The Board of Directors places on record its sincere appreciation for guidance provided by them during their tenure as Directors of the Company.

Ms. Preeti Malhotra retires by rotation at the ensuing Annual General Meeting and being eligible offers herself for re-appointment.

As per the provisions of the Companies Act, 2013, Mr. Prashant Bindal has been appointed as Chief Executive Officer (CEO) of the Company w.e.f. August 27, 2014. Mr. Prashant Bindal, Chief Executive Officer, Mr. Madhusudan V., Chief Financial Officer and Mr. M.R. Bothra, Company Secretary are Key Managerial Personnel of the Company.

### DECLARATION OF INDEPENDENCE

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

### FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS

The Company familiarizes its directors about their role and responsibilities at the time of their appointment through a formal letter of appointment. Presentations are regularly made at the meetings of the Board and its various Committees on the relevant subjects.

The detail of programmes for familiarization of Independent directors with the Company, their roles, right, responsibility in the Company, nature of the industry in which the Company operates, business model of the Company and related matters can be accessed on the Company website at the link [http://spicemobility.net/Familiarization\\_programme.pdf](http://spicemobility.net/Familiarization_programme.pdf)

### DIRECTORS RESPONSIBILITY STATEMENT

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

- (i) in the preparation of annual accounts for the financial year ended 31<sup>st</sup> March, 2015 the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2015 and of the loss of the Company for the period ended on that date;

## BOARD'S REPORT

- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the Directors have prepared the annual accounts on a going concern basis;
- (v) the Directors have laid down proper internal financial controls to be followed by the Company and such internal financial control are adequate and were operating effectively; and
- (vi) the Directors had devised proper system to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis (MDA) Report, as required under Clause 49 of the Listing Agreement, forms an integral part of this Report.

### CORPORATE GOVERNANCE REPORT

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

### SECRETARIAL AUDIT

As required under Section 204 (1) of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the Company has appointed M/s Sanjay Grover & Associates, Practicing Company Secretaries, to conduct the Secretarial Audit for the financial year 2014-15. The Secretarial Audit Report received from them forms part of this Annual Report. The Secretarial Audit Report does not contain any qualification, reservation and adverse remark.

### AUDIT COMMITTEE

In compliance with the provisions of Section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board of Directors of the Company has reconstituted the Audit Committee. The reconstituted Committee comprises of the following Directors:

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

All the member of the Committee are financially literate and having the requisite financial management expertise. Further, all recommendation of Audit Committee were accepted by the Board of Directors.

### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

During the year, the Board of Directors of the Company has reconstituted the Corporate Social Responsibility Committee. The reconstituted CSR Committee comprises of the following members:

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

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

Accordingly, the CSR Committee has formulated and recommended to the Board CSR Policy of the Company. The Board has approved the CSR policy and as per the CSR Policy, the Company has incurred requisite expenditure on the identified activities.

As required under Companies (Corporate Social Responsibility Policy) Rule, 2014, Annual Report on Corporate Social Responsibility Activities for the year 2014 -2015 is attached (Annexure- I ).



# BOARD'S REPORT

## EXTRACT OF THE ANNUAL RETURN

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

## PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

## PARTICULAR OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

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

All related party transactions are placed before the Audit Committee for its approval. The quarterly disclosures of transactions with related parties are made to the Audit Committee for its review.

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

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

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

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

## VIGIL MECHANISM

The Company, as required under Section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement, has established "Vigil Mechanism / Whistle Blower Policy" for Directors and Employees of the Company.

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

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

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

## RISK MANAGEMENT POLICY

Your Directors have adopted a Risk Management Policy for the Company. The Audit Committee and the Board of Directors of the Company take appropriate measures to minimize risk. The Audit Committee ensures that the Policy for Risk Management is adopted across the Company in an inclusive manner.

## DIRECTORS' NOMINATION AND APPOINTMENT POLICY AND REMUNERATION POLICY

The Board of Directors, on the recommendation of the Nomination and Remuneration Committee of the Company, framed a Policy for Nomination and Appointment of Directors. The Nomination and Remuneration Committee has also recommended to the Board a Remuneration Policy for remuneration to Directors, Key Managerial Personnel and Senior Management Personnel and other employees of the Company, which was duly approved by the Board. The Policy of the Company for appointment of Directors is attached (Annexure - 3) and Remuneration Policy for Directors, Key Managerial Personnel and other employees is attached (Annexure - 4) to this Report.

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

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

A structured questionnaire has been prepared, covering various aspects of the functioning of the Board and its Committee, such as, adequacy of the constitution and composition of the Board and its Committees, discharge of role and responsibility by the Board and its Committees, frequency of the meetings, regulatory compliances and Corporate Governance, etc. Similarly, for evaluation of Individual



## BOARD'S REPORT

Director's performance, the questionnaire covers various aspects like his/ her attendance at the meeting of Board and its Committee, contribution in Board and Committee meetings, execution and performance of specific duties, obligations, regulatory compliances and governance, etc.

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

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

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

### EMPLOYEES STOCK OPTIONS DETAILS

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

### SEXUAL HARASSMENT POLICY

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

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

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

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

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

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

Pursuant to provisions of Section 134 of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 the details of Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo are attached (Annexure- 5) which forms part of this report.

### PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rules 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the details of remuneration etc. of directors, Key Managerial Personnel and employees is attached (Annexure- 6 ) which forms part of this report.

### ACKNOWLEDGEMENTS

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

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

**Date: 13<sup>th</sup> August, 2015  
Place: Noida**

**Dilip Modi  
Chairman**

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### I. INDUSTRY SCENARIO & OPPORTUNITIES

Telecom services have been acknowledged globally as an essential tool for the socio-economic development of a nation. India is currently the world's second-largest telecommunications market and has registered exceptional growth in the past few years. The Indian mobile economy is growing rapidly and is expected to contribute approximately US\$ 400 billion to India's gross domestic product (GDP) in the coming years, according to a report prepared by GSMA in collaboration with BCG. The rapid strides in the telecom sector have been facilitated by liberal policies of the Government of India that provide easy market access for telecom equipment and a fair regulatory framework for offering telecom services at affordable prices. The deregulation of foreign direct investment (FDI) norms has made the sector one of the fastest growing in the country and amongst the top five employment opportunity generators in the country. The reduction in handset prices and increased adoption of 3G services by Indian consumers has led to a phenomenal growth in data services using smartphones. More and more smartphones with better specifications are now readily available at low prices, which have presented consumers a wide variety of options.

Your company has 2 distinct business segments, Handset and Value added services. The Handset business is further divided into two units - Devices and Hotspot Retail. Devices business unit is engaged in marketing and distribution of Spice branded handsets at various price points across the country and Spice Hotspot is a multibrand chain of retail stores specializing in retailing mobile handsets and tablets, for all leading brands like Samsung, Nokia apart from Spice Mobile phones. Spice Digital Limited (including subsidiaries) provides Value Added Services on mobile platform through telecom operators and directly as well.

#### A) Handset Business Division

##### Devices Business Unit

The handset market in India has grown steadily over the past few years and with the entry of several domestic handset manufacturers in the sector, the Average Selling Price of mobile phones has been rapidly eroded. Domestic brands have redefined the market landscape, wherein high quality smartphones with superior product specifications that were available at higher price points earlier from foreign brands are now available at considerably lower prices from the domestic brands. Overall the market is showing an increasing growth trend towards smartphones over feature phones.

As per Strategy Analytics, India will overtake the US to become the world's second largest smartphone market by 2017. Global Smartphone Sales are estimated to grow from 1.5 Billion in 2015 to 1.7 Billion handsets by 2017. Total handset sales in India stands at around 120 Million in 2015 and is expected to reach 175 Million by 2017. The smartphone sales growth in India is driven by the current low smartphone penetration in the country and the growing demand for entry-level smartphones and increased buying power of the burgeoning middle class. At present, feature phone users constitute around 68% of overall mobile phone users in India. Your company is poised to grow big in the smartphone market, while at the same time consolidating its position in the feature phone market. Your company's vision is to create a strong brand among the mid-end consumers in smaller towns and cities of India. In this regard your company has transformed and simplified its distribution structure from the previous 3 layer structure to a leaner and efficient 2 layer structure covering almost 20,000 retail outlets across India. Considering the huge untapped market opportunity in the sub \$100 phone segment, your company is strongly focused on this segment and aims to become one of the biggest players in this high potential market segment.

**Exchange rate Impact:** Because of US \$ fluctuations against Indian rupee, the whole industry is trying to readjust the pricing to recover cost increases due to the volatility in Indian Rupee value. As all our handsets are imported in US \$ thereby increasing our buying costs, a moderate price increase is inevitable and a small level of margin erosion is expected. The company is aware of this risk and is trying to improve operational efficiencies to compensate some parts of this margin erosion.

**Make in India Initiative:** The Government of India has been trying to encourage domestic manufacturing of electronic goods in view of the large domestic market being serviced mainly by imports. India imported almost \$37 Billion worth of telecom instruments, computer hardware and peripherals, electronic instruments, components and consumer electronics goods in FY 2015, showing a 14% rise over FY 2014. The Government of India has also imposed a countervailing duty amounting to 12.5% on all mobile imports in the country. Your company is exploring different possibilities to set up a local assembly unit to counter the effects of this increased duty structure. This is expected to provide clear tariff advantages of 10.5% to local manufacturers.

##### Retail Business Unit

The entry of online retail in the handset retailing segment has redefined the business dynamics, with rapid availability of all products online and often at better price points than modern retail. The organized modern retail segment however offers clear advantages over online retail, such as a superior first hand product experience and improved customer service. In order to meet the changing demands of customers exposed to online retail, your company has decided to adopt an Omni-

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

channel approach to meet growing customer needs such as faster delivery times and availability of mobile accessories. About 900 handsets were launched in 2014 and more than 1700 handsets are expected to be launched in 2015, thereby enhancing the consideration set available for customers. Keeping this in mind, it will become increasingly important for customers to get first-hand experience of mobile phone products.

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

### B) Value added Service – VAS

Telecommunications is one of the prime support services needed for rapid growth and modernisation of various sectors of the economy. The growing smartphones and tablets market in India has led to an increased demand for MVAS and has opened new growth opportunities for telecom players, content related players and mobile manufacturing players in the market. Driven by increased data consumption on handheld devices, the total mobile VAS market revenue in India stood at US \$ 29.8 Billion in 2014 and is expected to reach US \$ 37 Billion in 2017, registering a compound annual growth rate (CAGR) of 5.2%, according to research firm IDC. The recent roll out of 4G technology is expected to further drive data traffic in the coming years.

We are pleased to share that your Company has expanded its reach to over 30 Countries, with 5 new countries added to our portfolio this year. We have also launched new services called Mojo voice, Learn French and Mobile Ticketing. With an objective to provide services directly to consumers, your company has launched a new Music App “Miziiki” and a Digital advertising App “FreeB” this year, enabling the company to enlarge its services portfolio.

We are pleased to share that Spice Digital has also received a semi-closed pre-paid payment wallet license from the Reserve Bank of India (RBI) on 9th April, 2015, valid up to 30th June, 2020. This will open up new opportunities for your company in the fast growing mobile wallet space in India. Spice Digital Limited has also become an active player in the Mobile Internet space showing substantial growth in the WAP business across all operators in India. We also introduced an App Distribution platform called “FreeB” which has already reached over 1 Million downloads in a short span of time since launch.

Your company has also invested in several companies in the VAS segment to enhance its service offerings. Recently, Spice Digital has acquired a 26% Equity stake in Bangalore-based start-up Vavia Technology Pvt Ltd., focused on developing internet based technology products.

In January 2015, Spice Digital also acquired a 38.53% Equity stake in Noida-based online education provider - Anytime Learning Private Limited (now known as Sunstone Education Private Limited) and consequently the company has now become an Associate Company of Spice Digital Ltd.

Spice Digital also acquired a 26% Equity stake in start-up technology firm Creative Functionapps Lab Private Limited in July 2015. The company is engaged in the development of Data and Network based products and services primarily for Telecom Operators.

## 2. Product/Service Performance

**Device Business** - The Company has enhanced its smartphone portfolio as per customer demands through a focus on offering superior product features at competitive prices for customers, wherein we have observed a 100% increase in demand over last year.

With a growing product portfolio and slew of new launches last year, your company decided to categorize smartphone in different segments. XLife series is our new Smartphone range offering extra features to customers at prices similar to competition, Champ series is our new Feature phone series offering low-cost handsets to consumers, while our Power series is a new Feature phone series offering efficient solutions for extra battery life in power-deficient regions in the country. We have observed a growing acceptance for all these products from our customers across India.

**Retail Business** - The Company focused on identifying and closing down 25 inefficient stores which could not be turned around even with new products and up-gradation, and we opened 7 new stores in more profitable locations that have shown great results. Building on our Omni-channel platform, we have integrated our supply chain with our online offerings, thus providing a unique boutique of products to consumers.

### Business Review

Spice Mobility has changed its accounting year to bring it in sync with existing norms. Thus, below mentioned business performance is for a period of 9 months.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

At Spice Mobility group level, the company achieved a Consolidated Revenue of Rs.16,043 Million for nine months ended March'15 against the revenue of Rs. 21,273 Million in the previous year (12 months ended June'14). EBITDA loss at the group level was Rs. 378 Million against profit in previous year Rs. 332 Million. Correspondingly, profit after tax came down to a loss of Rs. 3,064 Million from a loss of Rs. 276 Million for the previous year. EBITDA loss was on account of inventory pileup of devices in the last quarter; which had to be cleared at a heavy loss, a one-time distribution correction of changing the structure from credit to cash-and-carry, changing the distribution structure from a 3 layered to a 2 layered system and bringing down distributor stock levels from 1000 Million to 500 Million. This was a one-time correction and this structure will create a very strong foundation for your company to grow profitably in the future.

### Business Outlook

Smartphone sales growth in India is driven primarily by the low smartphone penetration, a growing demand for entry-level smartphones and the increased buying power of the Indian middle-class. With new product offerings in the Feature Phone segment (Champ Series and Power Series), the company is expecting to gain a significant market share in this segment. As Smartphone penetration currently stands at about 19% of the Indian population, the company will focus on offering sub INR 4,000 handsets targeting entry-level customers while offering best in class product features.

Because of the high inventory pileup of highly priced smartphones, your company has taken a lot of strategic decisions to avoid a similar situation in the future. Not only has the company brought the entire distribution channel on a cash-and-carry model, but it has also decided to focus on sub INR 4,000 smartphone segment targeting Tier-2 and Tier-3 markets. Also, the company has placed paramount importance on launching new products with the correct price and feature combination, and the new and revamped team has put in tremendous efforts and skill to launch products based on intensive consumer surveys, market research and market demand.

We have made significant changes in our team to create a strong and robust team of high performers, also realigning our focus on providing quality services to consumers and enhancing their user experience. Inventory levels at channel partners have been reduced to 21 days, which is a good standard as per existing industry norms; thus increasing channel satisfaction as well.

In VAS, we are continuing to focus on growing our successful International business and introducing new services which are non-operator based to diversify our revenue mix. The money remittance business has seen good growth this year and with a new PPI license in place, we are gearing up for enhancing our service base and achieve improvements in margins. The Enterprise segment has also shown good progress specifically in the Enterprise SMS and Call centre Services orders and our travel business has also grown significantly and is well placed for future growth.

### Sales and Distribution

As per recent changes, your Company has focused on reducing the time gap for product availability at a retailer level. In order to achieve this, we have increased our distribution channel by 300% year on year. Now, we have over 350 distributors, 200 mini distributors and coverage across approximately 20,000 retail counters slated to reach 30,000 soon.

With focus on Rajasthan, Uttar Pradesh and MP (key feature phone markets), we have enhanced our distribution reach with more than 60 distributors in place to cater to Tier-4 and beyond towns.

In the retail segment, after the ongoing closure of unviable stores, the company ended the year with 289 retail outlets. Your Company has decided to focus on the top 9 cities in India; which cater to more than 35% of the overall Smartphone market in India.

### After Sales Service

After sales service is a special focus area for us to further strengthen our support catering to customers' needs and in view of the same we have enhanced our network to cover with over 550 service centres apart from the 8 regional workshops.

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Corporate governance is always been a high priority for your Company and the company has ensured measures to give full access and visibility of all details to the independent directors. As has been the practice in the previous year, the senior most member of the Board heads the audit committee and the board gives a lot of importance to the recommendations made by the Audit committee and implementation is ensured in letter and spirit.

Evaluation of internal systems and adherence is ensured through the duly appointed internal auditors, directly reporting to the Audit Committee. The internal auditors are responsible for undertaking regular reviews and the management responses are discussed and also shared with statutory auditors.

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

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### 3. FINANCIAL PERFORMANCE

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

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

#### Technology

Keeping pace with the dynamic mobile handset market requires a robust product development process and a highly qualified team. Herein, the Company continuously invests in Product Development of new and existing products, supported by 70 employees across our various locations and business units.

#### TALENT DEVELOPMENT

Developing a robust and qualified talent pool is a critical element of the company's strategy and we are focused on hiring and retaining the best talent for all our respective companies. We continuously invest in our employee's development to upgrade their skills and enhance business performance.

A new Group CEO and Group CMO have been hired with an excellent pedigree and professional experience. Coming from IIM, Ahmedabad and FMS respectively, they have amongst them exceptional work-experience, having previously worked with leading companies such as Coca-Cola, Cadbury, Walmart, Intel and Samsung. Recently, the organization has also started Campus recruitment activities at top Management Colleges such as IIM-Kolkata and has also hired 2 Management trainees from the current batch.

There were over 1,763 employees in the Company including its subsidiaries as of 31st March, 2015.

#### Health and Safety Measures

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

### 4. CAUTIONARY STATEMENT

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



# CORPORATE GOVERNANCE REPORT

## I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

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

The Company is in complete compliance with the Corporate Governance norms and disclosures as prescribed under Clause 49 of the Listing Agreement with the Stock Exchanges. The Company believes that Corporate Governance is a tool to generate long term wealth and create values for all its stakeholders. The Company follows highest standards of Corporate Governance Practices which are driven by timely disclosures, transparent corporate policies and high levels of integrity in decision making.

## 2. BOARD OF DIRECTORS

### a) Board's Composition

The Composition of Board of Directors of the Company is in conformity with the requirements of Clause 49 of the Listing Agreement. The Chairman of the Board is a Non-Executive Director. As on 31st March 2015, the Board consisted of Six (6) Directors, all of whom are Non-Executive Directors {including Three (3) Independent directors and one (1) woman director}. The Independence of a Director is determined by the criteria stipulated under the Clause 49 of the Listing Agreement and also under Section 149 of the Companies Act, 2013. The Non-Executive Independent Directors are eminent professionals, drawn from amongst persons with expertise in business, finance, law, marketing and other key functional areas and play a critical role in enhancing balance to the Board processes besides providing the Board with valuable inputs. The Board represents an optimal mix of professionalism, knowledge and experience.

### b) Board Meetings, Other Directorship and Attendance of Directors

During the year, the Board of Directors of the Company met 4 (four) times on 27<sup>th</sup> August, 2014, 14<sup>th</sup> November, 2014, 2<sup>nd</sup> January, 2015 and 10<sup>th</sup> February, 2015. The intervening period between the Board Meetings were within the maximum time gap prescribed under Companies Act, 2013 and Clause 49 of Listing Agreement.

Necessary disclosures regarding Directorship and Committee positions in other Companies as on 31<sup>st</sup> March, 2015 have been made by the Directors. As per the disclosures received from them, none of the directors of the Company is a member of more than ten Committees or Chairman of more than five Committees across all Public Limited Companies in which he / she is a Director. None of the Directors serve as an independent director in more than seven listed Companies.

The composition of the Board during the year under review and position held by Directors on the Board / Committees of Public Limited Companies as on 31<sup>st</sup> March, 2015 along with their attendance at Board meetings and Annual General Meeting of the Company during the year under review is given below:

Name of Directors	Category	No. of Positions held as on 31 <sup>st</sup> March 2015@			Attendance at Board Meetings held during the year	Attendance at last AGM (22.12.2014)
		No. of other Directorship	Committee @@ (including the Company)			
			Membership	Chairmanship		
Mr. Dilip Modi - Chairman	Promoter Non-Executive	2	2	2	4	Yes
Ms. Preeti Malhotra	Non-Executive	4	6	2	4	Yes
Mr. Rajul Garg ^	Non-Executive	1	Nil	Nil	3	No
Mr. Kashi Nath Memani	Independent	9	7	4	3	Yes
Mr. Subroto Chattopadhyay	Independent	3	2	Nil	4	Yes
Mr. Hanif Mohamed Dahya	Independent	1	Nil	Nil	4	No
Mr. Saurabh Srivastava^^	Independent	NA	NA	NA	2	No

^ ceased to be an Independent Director of the Company w.e.f. 16.01.2015.

^^ ceased to be a Director of the Company w.e.f. 27.12.2014.

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

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

## CORPORATE GOVERNANCE REPORT

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

### c) Information supplied to the Board

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

### 3 DIRECTORS' REMUNERATION

Remuneration / Sitting fee paid to Director(s) for the financial year ended 31<sup>st</sup> March, 2015 (i.e. from 1.7.2014 to 31.3.2015) is given below:

#### a) Executive Directors:

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

#### b) Non-Executive Directors:

Till 27<sup>th</sup> August, 2014, the Independent Directors were paid sitting fees of Rs. 20,000/- per meeting for attending the meetings of the Board of Directors and Board Committees. The Board in its meeting held on 27<sup>th</sup> August, 2014 decided to increase the sitting fee to Independents Directors to Rs. 1,00,000/- and Rs. 50,000/- per meeting of the Board and Board Committees respectively. Accordingly the increased sitting fees was paid to the Independent Directors for attending the meetings of Board/ Board Committees thereafter.

The details of remuneration paid by way of sitting fees to the Non-Executive Directors for attending Board Meetings and Committees Meetings during the financial year ended 31<sup>st</sup> March, 2015 and the number of shares held by them as on 31.03.2015 is as under:

Name of Directors	Sitting Fees (Amount/Rupees)	No. of shares held
Mr. Dilip Modi	Nil	10,00,000
Ms. Preeti Malhotra	Nil	1,00,152
Mr. Kashi Nath Memani	4,60,000	Nil
Mr. Subroto Chattopadhyay	6,10,000	Nil
Mr. Rajul Garg	1,20,000	Nil
Mr. Hanif Mohamed Dahya	4,20,000	Nil
Mr. Saurabh Srivastava	1,20,000	Nil

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

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

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

### 5. COMMITTEES TO THE BOARD

#### I. Audit Committee

As a measure to good Corporate Governance and to provide assistance to the Board of Directors in its responsibility for overseeing the quality and integrity of the accounting, auditing and reporting practices of the Company, an Audit Committee has been constituted as required under Section 177 of the Companies Act, 2013 and the provisions of Clause 49 of the Listing Agreement. The Committee acts as a link between the management, the statutory and internal auditors and the Board of Directors of the Company. The Audit Committee is responsible for effective supervision of the financial reporting process, the appointment, independence, performance and remuneration of the Statutory Auditors including the performance and remuneration of Internal Auditors ensuring financial and accounting controls and ensuring compliance with the financial policies of the Company. The Committee reviews the financial statements and Quarterly and Annual Results with special emphasis on accounting policies and practices, ensuring compliance with Accounting Standards and other legal requirements concerning financial statements before they are submitted to the Board. The Internal Audit Reports on various matters



# CORPORATE GOVERNANCE REPORT

covered by the internal auditors are regularly discussed in detail in the Audit Committee meetings. It scrutinizes the inter-corporate loans and investments by the Company. It also oversees the compliance under Vigil Mechanism (Whistle Blower) Policy of the Company.

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

As on 31<sup>st</sup> March 2015, the Audit Committee comprised of four Directors out of which three are Independent Directors. The Chairman of the committee is an Independent Director. All members of the Committee are financially literate.

Members of the Audit Committee met Three (3) times during the year on 27<sup>th</sup> August, 2014, 14<sup>th</sup> November, 2014 and 9<sup>th</sup> February, 2015. The intervening period between Audit Committee Meetings was within the maximum time gap prescribed under Clause 49 of Listing Agreement. The attendance of each member at the meetings held during the year under review is as follows:

Name of Directors	Designation	Category	Attendance at the meetings held during the financial year ended March 31 <sup>st</sup> , 2015
Mr. Kashi Nath Memani	Chairman	Independent	3
Mr. Subroto Chattopadhyay	Member	Independent	3
Ms. Preeti Malhotra	Member	Non-Executive	3
Mr. Hanif Mohamed Dahya #	Member	Independent	2

# appointed as member of the committee w.e.f. 17.10.2014

The Company Secretary acts as the Secretary to the Committee.

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

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

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

## II. Stakeholders Relationship Committee

The Board has constituted a 'Stakeholders Relationship Committee' which is headed by Mr. Dilip Modi, Chairman and Non-Executive Director of the Company.

The Committee has been formed by the Board of Directors to look into the matters relating to transfer/transmission of shares and the redressal of shareholders/investors complaints and also matters relating to shareholders value enhancement. The meetings are generally held on fortnightly basis to consider the relevant matters. The Minutes of the Committee meetings are placed before the Board.

During the year, Stakeholders Relationship Committee met Eight (8) times on 14<sup>th</sup> July, 2014, 30<sup>th</sup> July, 2014, 27<sup>th</sup> August, 2014, 25<sup>th</sup> November, 2014, 6<sup>th</sup> December, 2014, 10<sup>th</sup> February, 2015, 16<sup>th</sup> March, 2015 and 31<sup>st</sup> March, 2015.

As on 31<sup>st</sup> March, 2015, the Stakeholders Relationship Committee comprised of the following members. The attendance of each member at the meetings held during the year under review is as follows:

Name of Directors	Designation	Category	Attendance at the meetings held during the financial year ended March 31 <sup>st</sup> , 2015
Mr. Dilip Modi	Chairman	Non-Executive	8
Ms. Preeti Malhotra	Member	Non –Executive	8

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

## CORPORATE GOVERNANCE REPORT

The Committee approves transfer / transmission of shares issued by the Company, issue of duplicate certificates and certificates after split /consolidation/ rematerialisation. During the year ended on 31<sup>st</sup> March, 2015 the Company has received 17 (seventeen) complaints which were properly attended and resolved to the satisfaction of the shareholders. There is no pending complaint and transfer relating to the year ended 31<sup>st</sup> March, 2015.

### III. Nomination and Remuneration Committee and Remuneration Policy

The Board has constituted Nomination and Remuneration Committee (NRC), which comprised four (4) Directors with two (2) Independent Directors and the Chairman of the NRC is an Independent Director. The terms of reference and role of the NRC includes:

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

The NRC of the Company has recommended to the Board a Remuneration Policy relating to the remuneration for the Directors, Key Managerial Personnel and other employees which has been provided as Annexure – 4 to the Board's Report forming a part of this Annual Report.

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

During the period under review, as recommended by the NRC in its meeting held on 27<sup>th</sup> August, 2014, the Company has appointed Mr. Prashant Bindal as Chief Executive Officer (CEO) of the Company.

During the year, NRC met Two (2) times on 27<sup>th</sup> August, 2014 and 9<sup>th</sup> February, 2015. As on 31<sup>st</sup> March, 2015, the NRC comprised of the following as its members. The attendance of each member at the meetings held during the year under review is as follows:

Name of Directors	Designation	Category	Attendance at the meetings held during the financial year ended March 31 <sup>st</sup> , 2015
Mr. Subroto Chattopadhyay	Chairman	Independent	2
Mr. Kashi Nath Memani	Member	Independent	2
Ms. Preeti Malhotra	Member	Non-Executive	2
Mr. Saurabh Srivastava*	Member	Independent	Nil

\*ceased to be member of the Committee w.e.f. 27.12.2014

The Company Secretary acts as Secretary to this committee.

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

### IV. Corporate Social Responsibility Committee and Corporate Social Responsibility Policy

The Board of Directors in its meeting held on 8<sup>th</sup> May, 2014 constituted a Corporate Social Responsibility Committee. The Corporate Social Responsibility Committee has formulated and recommended to the Board a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, recommended the amount of expenditure to be incurred on the activities and monitors the CSR Policy of the Company from time to time. The Board after taking into account the recommendations made by the Corporate Social Responsibility Committee approved the CSR Policy of the Company.

# CORPORATE GOVERNANCE REPORT

The Committee was reconstituted on 10<sup>th</sup> February, 2015. During the year, Corporate Social Responsibility Committee met once on 24<sup>th</sup> March, 2015. As on 31<sup>st</sup> March, 2015 the Corporate Social Responsibility Committee comprised of the following as its members:

Name of Directors	Designation	Category	Attendance at the meetings held during the financial year ended March 31 <sup>st</sup> , 2015
Mr. Dilip Modi	Chairman	Non-Executive	I
Mr. Subroto Chattopadhyay*	Member	Independent	I
Ms. Preeti Malhotra	Member	Non-Executive	I

\* appointed as member of the committee w.e.f. 10.02.2015

The Company Secretary acts as Secretary to this committee.

## V. Separate Meeting of Independent Directors:

Pursuant to the provisions of Clause 49 of the Listing Agreement and Schedule IV of the Companies Act, 2013 the independent directors are required to hold a separate meeting without the attendance of non-Independent Directors and members of management. During the year, the independent directors of the Company had a separate meeting on 30<sup>th</sup> March, 2015 to:

- review the performance of Non-Independent Directors and the Board as a whole;
- review the performance of the Chairperson of the company;
- assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

As on 31<sup>st</sup> March, 2015 the Independent Directors of the Board and the meeting attended by them during the year are as follows:

Name of Directors	Designation	Category	Attendance at the meeting held during the financial year ended March 31 <sup>st</sup> , 2015
Mr. Kashi Nath Memani	Member	Independent	I
Mr. Subroto Chattopadhyay	Member	Independent	I
Mr. Hanif Mohamed Dahya	Member	Independent	-

## 6. SUBSIDIARY COMPANY

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

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

The Company has appointed one Independent Director on the Board of Material non – listed Indian subsidiary companies. The Audit Committee regularly reviews the financial statements of subsidiary companies and also reviews the investments made by them.

## 7. RISK MANAGEMENT POLICY

In compliance with Clause 49 of the Listing Agreement, the Company has a properly defined framework for risk management. The Board of director on the recommendation of Audit Committee has adopted a Risk Management Policy to lay down the procedure to inform the Board members about the risk assessment and minimization. The Company considers ongoing risk management to be a core component of the Company and recognizes that the Company's ability to identify and mitigate the risk elements is central to achieving its corporate objectives. The Board of Directors of the Company periodically reviews and evaluates the risk management system of the Company so that the management controls the risk through properly defined networks. The Company in its Audit Committee and Board Meeting and at various levels reviews the risk assessment and minimization policy and procedures to assess the same and periodically discusses various risks associated with different businesses of the Company and the steps taken to mitigate the same.

## 8. FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS

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

## CORPORATE GOVERNANCE REPORT

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

The familiarization programme for Independent Directors in term of Clause 49 of the Listing Agreement is available at [http://spicemobility.net/Familiarization\\_programme.pdf](http://spicemobility.net/Familiarization_programme.pdf)

### 9. GENERAL BODY MEETINGS

#### I. Meeting details

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

Year	Location	Date	Time
2014	Expo Centre, A-11, Sector -62, NH-24, Noida – 201301, Uttar Pradesh	Monday 22/12/2014	10.00 A.M.
2013	Expo Centre, A-11, Sector -62, NH-24, Noida – 201301, Uttar Pradesh	Thursday 20/02/2014	10.15 A.M.
2012	'Spice World', I-2 Sector-25A, Noida-201301, Uttar Pradesh	Monday 10/12/2012	10.30 A.M.

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

**Annual General Meeting held on 22<sup>nd</sup> December, 2014** : None

**Annual General Meeting held on 20<sup>th</sup> February, 2014** : None

**Annual General Meeting held on 10<sup>th</sup> December, 2012**

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

#### II. Postal Ballot

- A)** The Company had issued Postal Ballot Notice dated 9<sup>th</sup> January, 2015 for obtaining the approval of the members by Special Resolutions for voluntary delisting of the Equity Shares of the Company from BSE Limited and National Stock Exchange of India Limited as required under SEBI (Delisting of Equity Shares) Regulation, 2009.

The results were announced on 23<sup>rd</sup> February, 2015. The summary of the Voting Pattern is as under:

Voting	No. of Equity Shares	% of total valid votes
Votes cast in Favour	21,79,36,178	99.2318
Votes cast Against	16,87,100	0.7682
Total	21,96,23,278	100.00

Result: Resolution passed with the requisite majority.

Pursuant to Regulation 8 (1) (b) of Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009, the summary of the voting exercised by public shareholders is as under:

Total Valid Votes by Public Shareholders (A)	Votes with assent by Public Shareholders (B)	Votes with Dissent by Public Shareholders (C)	Percentage of votes in favour of proposal (Approx.) B/A*100	Percentage of votes in against the proposal (Approx.) C/A*100
5,01,75,708	4,84,88,608	16,87,100	96.6376	3.3624

The number of Valid votes cast in favour of the resolution by the Public shareholders were more than two times the number of votes casted against it and thus, as per Regulation 8 (1) (b) of Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009, the Resolution as set out in the Postal Ballot Notice dated January 9, 2015 was passed with requisite majority.

#### Procedure for Postal Ballot

The procedure for Postal Ballot was carried out in accordance with the provisions of Section 110 of the Companies Act, 2013 read with the provisions of the Companies (Management and Administration) Rules, 2014 including any statutory modification(s) or amendment(s) thereto. The Company had appointed Mr. Sanjay Grover, FCS, Company Secretary in whole time practice as Scrutinizer for conducting the Postal Ballot process in a fair and transparent manner. Postal Ballot Notice

# CORPORATE GOVERNANCE REPORT

along with the Postal Ballot Form, self addressed prepaid envelopes were dispatched through Registered Post/Speed Post to the members who are holding shares as on cut-off date fixed for the purpose. The members were required to send the duly completed and signed postal ballot form to the scrutinizer on or before the closure of the last date fixed for receipt of the same. As required under Clause 35B of the Listing agreement, the Company had offered e-voting facility as an alternate to its Members to enable them to cast their votes electronically instead of voting through physical ballot. The Scrutinizer submitted his report to the Chairman of the Company on the basis of which the results were announced.

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

## 10. CEO and CFO CERTIFICATION

As required under Clause 49 of the Listing Agreement, the CEO/CFO certification for the financial year ended 31<sup>st</sup> March, 2015 is enclosed at the end of this Report.

## 11. CODE OF CONDUCT

The Company has a Revised Code of Conduct in place for all Board members and senior management personnel of the Company after including therein the duties of Independent directors as laid down in the Companies Act, 2013. A copy of the said Code of Conduct is available on the Company's website ('www.spicemobility.in').

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

## 12. CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING:

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

The Securities and Exchange Board of India (SEBI) on January 15, 2015 notified the SEBI (Prohibition of Insider Trading) Regulations, 2015 (hereinafter referred to as 'Regulations') for prohibition of Insider Trading in securities and to strengthen the legal framework thereof. These new Regulations have become effective from May 15, 2015.

Accordingly, the Board of Directors at its meeting held on 11<sup>th</sup> May, 2015 has formulated the 'Code of Practice and Procedures for Fair Disclosure of Unpublished Price Sensitive Information' and 'Code of Conduct for Prohibition of Insider Trading' to regulate, monitor and report trading by its employees and other connected persons. The Company Secretary has been appointed as the Compliance Officer for monitoring adherence to the said Regulations.

The Code lays down guidelines, procedures to be followed and disclosures to be made while dealing in the securities of the Company and cautioning on consequences of non-compliance.

## 13. DISCLOSURES

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

The Company has not entered into any transaction of material nature with the Directors or the management, subsidiaries or relatives of Directors during the year under review that have potential conflict with the interest of the Company at large. Statements in summary form of the transactions with related parties both under Companies Act, 2013 and under Accounting Standard - 18 are placed periodically before the Audit Committee. Further, the details of the related party transactions (as per AS-18) of the Company in the ordinary course of business during the year ended 31<sup>st</sup> March 2015 are given in Notes on Accounts forming part of Annual Report.

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

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

# CORPORATE GOVERNANCE REPORT

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

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

- **Whistle Blower Policy**

In accordance with the requirement of Section 177 of the Companies Act, 2013 and the Rules made thereunder and Clause 49 of the Listing agreement, the Company has formulated a 'Vigil Mechanism/Whistle Blower Policy' which provides a tool to the Directors and Employees of the Company to report Genuine Concerns including unethical behavior, actual or suspected fraud or violation of the Code of Conduct or Policy. A dedicated e-mail id i.e. [whistleblower@spicemobility.in](mailto:whistleblower@spicemobility.in) has been established for the purpose. The Policy outlines the procedures for reporting, handling investigation and deciding the cause of action to be taken in case inappropriate conduct is noticed or suspected. The Policy also provides for adequate safeguards against victimisation of Directors and employees who avail of the mechanism and direct access to the Chairperson of the Audit Committee in exceptional cases. No personnel of the Company is denied access to the Audit Committee. The Policy has been circulated to all concerned and is also available on the website of the Company. The Audit Committee periodically reviews the functioning of this Policy.

- **Details of Compliance with mandatory requirements**

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

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

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

- (1) **The Board**

A separate office is maintained for the Chairman at the Company's expenses, if any, and he is also allowed reimbursement of expenses incurred in performance of his duties.

- (2) **Shareholder Rights**

The quarterly financial results are published in the newspapers as mentioned under the heading "Means of Communication" as mentioned herein below and also displayed on the website of the Company [www.spicemobility.in](http://www.spicemobility.in). The results are not separately circulated to each of the shareholders.

- (3) **Audit qualifications**

The Company believes in maintaining its accounts in a transparent manner and the Report of auditors on the financial statements of the Company are unqualified.

- (4) **Separate post of Chairman and Chief Executive Officer**

The Company has separate persons acting as Chairman of the Company and Chief Executive Officer of the Company

- (5) **Reporting of Internal Auditors**

The Internal Auditors directly report to the Audit Committee.

## 14. MEANS OF COMMUNICATION

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

All material information about the Company and its business is promptly sent to the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) where the Equity Shares of the Company are listed so as to enable them to put the same on their website. The Company regularly updates the media and investor community about its financial as well as other organizational developments. In addition to the above, quarterly and annual results and results of postal ballots are displayed on our website at [www.spicemobility.in](http://www.spicemobility.in) for the information of all the stakeholders.

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



# CORPORATE GOVERNANCE REPORT

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

## 15. GENERAL SHAREHOLDER INFORMATION

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

b) **Annual General Meeting**

**Date** : 29<sup>th</sup> September, 2015

**Time** : 10:15 A.M

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

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

The Company's Financial Year closes on 31.03.2016. Accordingly, the current Financial Year will be of 12 months i.e. from April 1, 2015 to March 31, 2016.

Financial Year : April 2015 –March, 2016

Financial reporting for the quarter  
ending 30<sup>th</sup> June, 2015 : Mid August, 2015

Financial reporting for the quarter  
ending 30<sup>th</sup> September, 2015 : Mid November, 2015

Financial reporting for the quarter  
ending 31<sup>st</sup> December, 2015 : Mid February, 2016

Financial reporting for the quarter  
and year ending 31<sup>st</sup> March, 2016 : End of May, 2016

d) **Date of book-closure** : 23<sup>rd</sup> September, 2015 to 29<sup>th</sup> September, 2015  
(Both days inclusive)

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

f) **Listing at Stock Exchanges :**

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

**BSE Limited**

Phiroze Jeejeebhoy Towers

Dalal Street, Mumbai-400 001

**National Stock Exchange of India Limited**

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

g) **Scrip Code/Scrip Symbol of the Company as on 31.03.2015:**

**BSE Limited:**

Security ID SPICEMOBI

Scrip code 517214

**National Stock Exchange of India Limited:**

Scrip Symbol SPICEMOBI

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

The details of monthly highest and lowest quotations of the equity shares of the Company and the number of shares traded during each calendar month at the Stock Exchange(s) where the shares of the Company are listed and the relevant Index of the respective Stock Exchanges during the Financial Year ended 31<sup>st</sup> March, 2015 are as under:



## CORPORATE GOVERNANCE REPORT

### BSE Limited (BSE)

(Face Value Rs. 3/- per share)

Month	BSE Prices		Volume	BSE SENSEX	
	High Price (Rs.)	Low Price (Rs.)		High	Low
July 2014	32.00	25.25	31663	26300.17	24892.00
August 2014	28.95	25.05	30527	26674.38	25232.82
September 2014	38.30	26.05	161046	27354.99	26220.49
October 2014	42.90	27.60	205147	27894.32	25910.77
November 2014	29.75	23.40	124053	28822.37	27739.56
December 2014	36.75	20.00	468181	28809.64	26469.42
January 2015	35.10	26.30	688252	29844.16	26776.12
February 2015	32.95	26.50	161428	29560.32	28044.49
March 2015	31.15	25.50	62827	30024.74	27248.45

(source:www.bseindia.com)

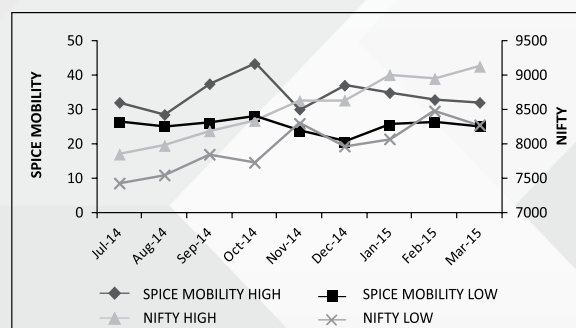
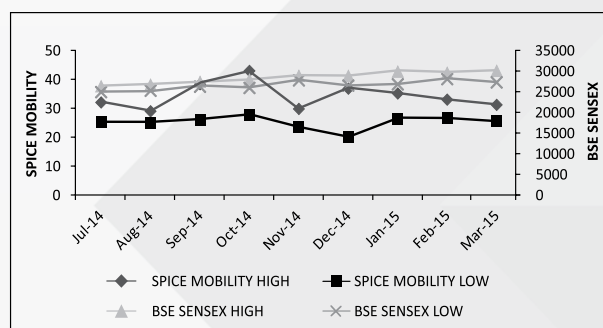
### National Stock Exchange of India Limited (NSE)

(Face Value Rs.3/- per share)

Month	NSE PRICES		Volume	NIFTY	
	High Price (Rs.)	Low Price (Rs.)		High	Low
July 2014	31.90	26.35	49858	7840.95	7422.15
August 2014	28.40	25.00	35114	7968.25	7540.10
September 2014	37.35	26.05	228544	8180.20	7841.80
October 2014	43.20	27.95	304149	8330.75	7723.85
November 2014	29.95	23.50	281276	8617.00	8290.25
December 2014	36.90	20.40	826605	8626.95	7961.35
January 2015	34.75	25.45	1620651	8996.60	8065.45
February 2015	32.75	26.25	536671	8941.10	8470.50
March 2015	31.90	25.10	286201	9119.20	8269.15

(source:www.nseindia.com)

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



#### i) Registrar and Transfer Agents:

##### MAS Services Limited

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

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

E-mail: info@masserv.com,

Contact person - Mr. Pratap Sharma.

# CORPORATE GOVERNANCE REPORT

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

## j) Share Transfer System

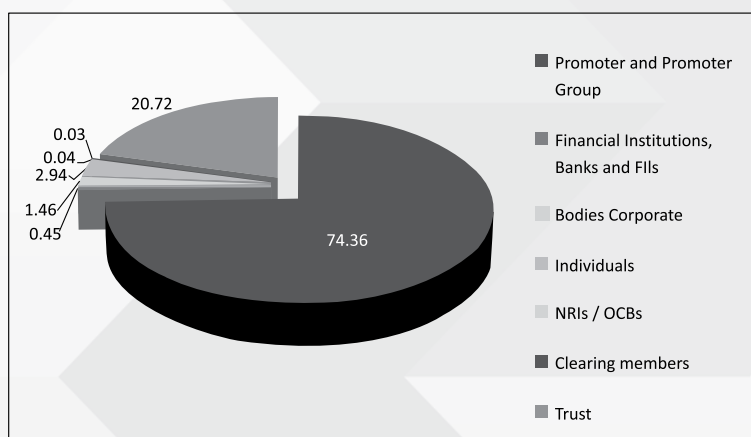
Transfers of shares in physical form are registered and sent back within the stipulated time limit from the date of their lodgment, subject to the documents being valid and complete in all respects. The Stakeholders Relationship Committee looks into the issues relating to Share Transfers and Investor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

## k) Distribution of Shareholding as on 31<sup>st</sup> March, 2015:

Share Holding of Nominal Value of Rs.3/- each	Number of Shareholders	% to Total No. of Shareholders	No. of Shares Held	Amount in Rupees	% to Total Paid-up Capital
UPTO 5,000	23203	98.139	3611039	10833117	1.585
5,001 TO 10,000	247	1.045	577799	1733397	0.254
10,001 TO 20,000	101	0.427	482658	1447974	0.212
20,001 TO 30,000	31	0.131	268335	805005	0.118
30,001 TO 40,000	15	0.063	176672	530016	0.078
40,001 TO 50,000	9	0.038	138885	416655	0.061
50,001 TO 1,00,000	15	0.063	341738	1025214	0.150
1,00,001 AND ABOVE	22	0.093	222266856	666800568	97.544
<b>Total</b>	<b>23643</b>	<b>100.000</b>	<b>227863982</b>	<b>683591946</b>	<b>100.00</b>

## Shareholding pattern as on 31<sup>st</sup> March 2015:

Category	No. of shares Held	% of total Capital
Promoter and Promoter Group	169447570	74.36
Financial Institutions, Banks and FIs	1012525	0.45
Bodies Corporate	3334817	1.46
Individuals	6702597	2.94
NRIs / OCBs	89480	0.04
Clearing members	74026	0.03
Trust	47202967	20.72
<b>Total</b>	<b>227863982</b>	<b>100.00</b>



## CORPORATE GOVERNANCE REPORT

### **l) Dematerialization of shares and Liquidity:**

The trading in equity shares of the Company is permitted compulsorily in dematerialized mode w.e.f. 29<sup>th</sup> January 2001 as per notification issued by SEBI. The International Securities Identification Number (ISIN) of the Company, as allotted by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) is INE927C01020. As on 31<sup>st</sup> March 2015, 98.71% of the Share Capital of the Company is held in dematerialized form with NSDL and CDSL. The Equity shares of the Company are regularly traded on the Stock Exchanges and any person interested in the shares of the Company can deal in the same as per the applicable Rules and Regulations.

#### **Reconciliation of Share Capital Audit**

As stipulated by SEBI, a Qualified Practicing Company Secretary carries out Reconciliation of Share Capital Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges. The Audit confirms that the total Listed and Paid-up capital is in agreement with the aggregate of the total number of shares in dematerialized form and in physical form.

### **m) Outstanding GDRs/ ADRs/ Warrants or Convertible Instruments:**

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

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

### **o) Address for correspondence:**

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

The designated E-mail id exclusively for the purpose of registering complaints by investors is [investors@smobility.in](mailto:investors@smobility.in).

The above Report has been placed before the Board at its meeting held on 13<sup>th</sup> August, 2015 and the same was approved.

# CORPORATE GOVERNANCE REPORT

## CERTIFICATE ON CORPORATE GOVERNANCE

To  
The Members,  
**Spice Mobility Limited**

(Formerly known as "S Mobility Limited")

We have examined the compliance of conditions of Corporate Governance by Spice Mobility Limited (hereinafter referred to as "the Company"), for the year ended March 31, 2015 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

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

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

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

For **SANJAY GROVER & ASSOCIATES**  
**COMPANY SECRETARIES**

**Sanjay Grover**  
**C.P. No. 3850**

Date : August 13, 2015  
Place : New Delhi

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

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

We, Prashant Bindal, CEO and Madhusudan V., CFO of Spice Mobility Limited ('the Company'), to the best of our knowledge and belief certify that:

- A. We have reviewed financial statements and the cash flow statement for the financial year ended on 31<sup>st</sup> March, 2015 and that to the best of our knowledge and belief:
  1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  2. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Company's Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the Company's Auditors and the Audit Committee:
  1. significant changes in internal control over financial reporting during the year;
  2. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  3. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place : Noida  
Date : 11.05.2015

**Madhusudan V.**  
Chief Financial Officer

**Prashant Bindal**  
Chief Executive Officer

## DECLARATION REGARDING COMPLIANCE WITH THE CODE OF CONDUCT

It is hereby declared that the Company has received affirmation from the Board Members and the Senior Management Personnel with regard to compliance of the Code of Conduct for Directors and Senior Management Personnel, in respect of the financial Year ended on 31<sup>st</sup> March, 2015.

Place : Noida  
Date : 8.05.2015

For **Spice Mobility Limited**  
**Prashant Bindal**  
Chief Executive Officer

# SECRETARIAL AUDIT REPORT

## SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2015

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

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

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

### We report that

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year started from 1<sup>st</sup> July, 2014 ended on 31<sup>st</sup> March, 2015 ("Audit Period") complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the company for the financial year ended on 31<sup>st</sup> March, 2015 according to the provisions of:

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

# SECRETARIAL AUDIT REPORT

- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- (h) \*The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

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

We have also examined compliance with the applicable clauses of the Listing Agreement entered into by the Company with BSE Limited and National Stock Exchange of India Limited

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

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

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

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

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

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

**We further report that** during the audit period there were no instances of:

- (i) Public/Rights /Preferential issue of shares/debentures/ sweat equity.
- (ii) Redemption/Buy back of securities.
- (iii) Decisions by the Members in pursuance to section 180 of the Act.
- (iv) Merger/Amalgamation/Reconstruction.
- (v) Foreign technical collaborations.

**We further report that** during the audit period, based on the proposal of the Promoters M/s Smart Ventures Private Limited (SVPL), the members of the Company through postal ballot approved on February 23, 2015 with requisite majority, the proposal to delist the equity shares of the Company from BSE Limited and National Stock Exchange of India Limited. This resolution of the members is valid for a period of one year from the date of passing of resolution by the members of the Company as per Regulation 8 of the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009. SVPL has subsequently communicated its decision to put on hold any step in the direction of proposed delisting of the equity shares of the Company till further notice.

**For Sanjay Grover & Associates  
Company Secretaries**

August 13, 2015  
New Delhi

**Sanjay Grover  
CP No.: 3850**

### THE ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES FOR THE YEAR 2014-15

#### 1. A Brief Outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken and reference to the web-link to the CSR policy and projects or programs:

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

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

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

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

The Present Composition of CSR Committee is as under:

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

#### 3. Average net profit of the Company for last three financial years: Rs. 917.56 Lacs.

#### 4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above): Rs. 18.35 Lacs

#### 5. Details of CSR Spent during the financial year

(a) Total amount to be spent for the financial year : Rs. 18.5 Lacs

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

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

1	2	3	4	5	6	7	8
S. NO	CSR Project or Activity identified	Sector in which the project is covered	Projects or programs 1 Local area or other 2 Specify the state and district where projects or programs was undertaken	Amount outlay (Budget) project or programs-wise (Rs.)	Amount spent on the projects or programs Sub heads: 1 Direct Expenditure on projects or programs 2 Over heads	Cumulative Expenditure up to the reporting period (Rs.)	Amount Spent: Direct or through implementing agency
I	Ek Soch Sandbox*	Education and Women Health	Varanasi and Jaunpur (Uttar Pradesh), Hubli (Karnataka)	18.50 Lacs	The amount has been spent through an Agency	18.50 Lacs	Implementing Agency
<b>TOTAL:</b>				18.50 Lacs		18.50 Lacs	

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



- a. Agastya Mobile Science Lab- Exposing Children and Teachers to Basic Science Experiments through a Mobile Lab and also building Community Awareness. Focus being in backward areas. The activity was carried out through a partner Agastya Science Foundation
- b. Save a Mother (Mother & Child Health Education Program): The program focuses on reduction of Maternal Mortality by educating women in various villages on the steps to be taken during pregnancy in terms of various do's & don't's, Nutrition, Personal health etc.

- **Details of Implementing Agency:** Deshpande Foundation  
Registered address: Tejas Networks Ltd, plot no. 25, JP software park,  
Electronics City, Phase-I, Hosur Road, Bangalore- 560100, India.

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

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

**Prashant Bindal**  
Chief Executive Officer

**Dilip Modi**  
Chairman - CSR Committee

**FORM NO. MGT.9**  
**EXTRACT OF ANNUAL RETURN**  
**as on the financial year ended on 31<sup>st</sup> March, 2015**  
**[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies**  
**(Management and Administration) Rules, 2014]**

**I. REGISTRATION AND OTHER DETAILS:**

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

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

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

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1.	Wholesale of telephone, mobile phone and communications equipment and parts	46524	91%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -**

[No. of Companies for which information is being filled] – 28

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

S I. No	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% Of Shares Held	Applicable Section
4	Hindustan Retail Private Limited 19A & 19-B, Sector – 125, Noida, Gautam Budh Nagar, Uttar Pradesh - 201301	U52100UP2007PTC033258	Subsidiary Company	100%	2(87)(ii)
5	Kimaan Exports Private Limited 60-D, Street No. C-5, Sainik Farms, New Delhi – 110062	U51311DL2004PTC127784	Subsidiary Company	100%	2(87)(ii)
6	S Mobility Pte. Limited 50, Collyer Quay, # 04 - 06, OUE Bayfront, Singapore – 049321	N.A.	Subsidiary Company	100%	2(87)(ii)
7	S Mobile Devices Limited S Global Knowledge Park, 19A & 19B, Sector – 125, Noida, Gautam Budh Nagar, Uttar Pradesh - 201301	U32204UP2012PLC051324	Subsidiary Company	100%	2(87)(ii)
8	S Mobility (HK) Limited Room C,21/F CMA Building, No. 64 Connaught Road Central, Hong Kong	N.A.	Subsidiary Company	100%	2(87)(ii)
9	Spice Retail Limited Village Billanwali Labana, Post Office - Baddi, Tehsil Nalagarh, Baddi, Himachal Pradesh – 173205	U32201HP1988PLC008020	Subsidiary Company	99.06%*	2(87)(ii)
10	Mobisoc Technology Private Limited D-60, Street No. C – 5, Sainik Farms, New Delhi - 110062	U72300DL2006PTC151960	Subsidiary Company	99.90%*	2(87)(ii)
11	Spice Labs Private Limited S Global Knowledge Park, 19A & 19-B, Sector – 125, Noida, Gautam Budh Nagar, Uttar Pradesh – 201301	U72300UP2009PTC037430	Subsidiary Company	99.90%*	2(87)(ii)
12	S GIC Pte Limited 152 UBI Avenue 4, Singapore - 408826	N.A.	Subsidiary Company	100%*	2(87)(ii)
13	S Retail Middle East FZE. Office No. 6WA 630, Dubai Airport Free Zone, P.O. Box 54935, Dubai, UAE	N.A.	Subsidiary Company	100%*	2(87)(ii)
14	S Retail General Trading LLC P.O. Box 440878, Dubai, UAE	N.A.	Subsidiary Company	49.00%*	2(87)(i)
15	Cellucom Retail India Private Limited B-1/628, Plot No.628, B-I Block, Pankha Road, Janakpuri - New Delhi -110058	U32202DL2006PTC153361	Subsidiary Company	100%*	2(87)(ii)

S I. No	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% Of Shares Held	Applicable Section
16	Spice Online Retail Private Limited 60-D, Street No. C-5, Sainik Farms, New Delhi – 110062	U74140DL2008PTC183856	Subsidiary Company	100%*	2(87)(ii)
17	Spice Digital Bangladesh Ltd Room No. – 14R, Meherba Plaza (14th Floor), 33 Topkhana Road, Dhaka – 1000	N.A.	Subsidiary Company	100%*	2(87)(ii)
18	Spice Vas Africa Pte Limited 152 UBI Avenue 4, Singapore – 408826	N.A.	Subsidiary Company	69.62%*	2(87)(ii)
19	Beoworld Sdn. Bhd 38D - 2A, Jalan Radin Anum, Bandar Baru Seri Petalink, 57000, Kuala Lumpur	N.A.	Subsidiary Company	100%*	2(87)(ii)
20	Spice VAS Kenya Limited Plot L. R. No. 209/65/19, 6 Ojijo Close Ojijo Road, Parklands P.O.Box 46683 Nairobi	N.A.	Subsidiary Company	100%*	2(87)(ii)
21	Spice Digital Nigeria Limited Kresta Laurel Complex (4th Floor) 376, Ikorodu Road, Maryland Lagos	N.A.	Subsidiary Company	100%*	2(87)(ii)
22	Spice VAS Uganda Limited Plot 1B, Kira Road, Kampala, P. O. Box 24544, Uganda	N.A.	Subsidiary Company	75.00%*	2(87)(ii)
23	Spice VAS Ghana Limited House no. 767/2 Omaboe Pte. Ltd Plot Oxford Street, OSU Accra, Ghana	N.A.	Subsidiary Company	100%*	2(87)(ii)
24	Spice VAS Zambia Ltd 2 <sup>nd</sup> Floor, Chanik House Cairo Road P.O. Box – 34376, Luasaka	N.A.	Subsidiary Company	100%*	2(87)(ii)
25	Spice Digital South Africa Pty Ltd 301 Framework House, 4 Boundary Road, Rouxville – 2192	N.A.	Subsidiary Company	100%*	2(87)(ii)
26	Spice VAS Tanzania Ltd Plot no: 41B, 2 <sup>nd</sup> Floor, Shopper 's Plaza Mikocheni P. O. Box 6256, Dar-es – salaam	N.A.	Subsidiary Company	100%*	2(87)(ii)
27	Vavia Technologies Private Limited No.1357, Ground Floor, 9 <sup>th</sup> Cross Road Arvind Marg, J. P. Nagar 1st Phase, Bangalore, Karnataka	U72200KA2008PTC048485	Associate Company	26.00%*	2(6)
28	Anytime Learning Private Limited 115A, 3 <sup>rd</sup> Floor, Jor Bagh, Delhi – 110003	U80221DL2011PTC21699	Associate Company	38.54%*	2(6)

\*Through Subsidiary Company

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

##### (i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
(a) Individual/ HUF	0	0	0	0	0	0	0	0	0
(b) Central Govt	0	0	0	0	0	0	0	0	0
(c) State Govt (s)	0	0	0	0	0	0	0	0	0
(d) Bodies Corp.	169447570	0	169447570	74.36	169447570	0	169447570	74.36	0
(e) Banks / FI	0	0	0	0	0	0	0	0	0
(f) Any Other....	0	0	0	0	0	0	0	0	0
<b>Sub-total (A) (1):-</b>	<b>169447570</b>	<b>0</b>	<b>169447570</b>	<b>74.36</b>	<b>169447570</b>	<b>0</b>	<b>169447570</b>	<b>74.36</b>	<b>0</b>
<b>(2) Foreign</b>									
(a) NRIs - Individuals	0	0	0	0	0	0	0	0	0
(b) Other - Individuals	0	0	0	0	0	0	0	0	0
(c) Bodies Corp.	0	0	0	0	0	0	0	0	0
(d) Banks / FI	0	0	0	0	0	0	0	0	0
(e) Any Other....	0	0	0	0	0	0	0	0	0
<b>Sub-total (A) (2):-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>169447570</b>	<b>0</b>	<b>169447570</b>	<b>74.36</b>	<b>169447570</b>	<b>0</b>	<b>169447570</b>	<b>74.36</b>	<b>0</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
(a) Mutual Funds	0	0	0	0	0	0	0	0	0
(b) Banks / FI	0	545	545	0	0	545	545	0	0
(c) Central Govt	0	0	0	0	0	0	0	0	0
(d) State Govt(s)	0	0	0	0	0	0	0	0	0
(e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
(f) Insurance Companies	0	0	0	0	0	0	0	0	0
(g) FIs	1448271	0	1448271	0.64	1011980	0	1011980	0.45	-0.19
(h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
(i) Others (specify)	0	0	0	0	0	0	0	0	0
<b>Sub-total (B)(1):-</b>	<b>1448271</b>	<b>545</b>	<b>1448816</b>	<b>0.64</b>	<b>1011980</b>	<b>545</b>	<b>1012525</b>	<b>0.45</b>	<b>-0.19</b>
<b>2. Non-Institutions</b>									
(a) Bodies Corp.									
(i) Indian	3245920	47730	3293650	1.45	3287187	47630	3334817	1.46	0.01
(ii) Overseas									
(b) Individuals									

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	2619886	1912367	4532253	1.99	3150463	1886515	5036978	2.21	0.22
(ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	817471	1000000	1817471	0.8	665619	1000000	1665619	0.73	-0.07
(c) Others (specify)									
Clearing Member	39804	0	39804	0.02	74026	0	74026	0.03	0.01
NRI/OCBs	80321	1130	81451	0.04	88350	1130	89480	0.04	0
Trusts	47202967	0	47202967	20.72	47202967	0	47202967	20.72	0
<b>Sub-total (B)(2):-</b>	<b>54006369</b>	<b>2961227</b>	<b>56967596</b>	<b>25</b>	<b>54468612</b>	<b>2935275</b>	<b>57403887</b>	<b>25.19</b>	<b>0.19</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>55454640</b>	<b>2961772</b>	<b>58416412</b>	<b>25.64</b>	<b>55480592</b>	<b>2935820</b>	<b>58416412</b>	<b>25.64</b>	<b>0</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Grand Total (A+B+C)</b>	<b>224902210</b>	<b>2961772</b>	<b>227863982</b>	<b>100</b>	<b>224928162</b>	<b>2935820</b>	<b>227863982</b>	<b>100</b>	<b>N.A.</b>

**(ii) Shareholding of Promoters**

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

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

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



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

Sl. No.	Name	Shareholding at the beginning of the year		Date	Increase/Decease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares (July 1, 2014) / end of the year (March 31, 2015)	% of total shares of the company				No. of shares (July 1, 2014 to March 31, 2015)	% of total shares of the company
1.	Mahesh Prasad - Independent Non Promoter Trust	3,53,01,215	15.49	01.07.2014	Nil	No movement during the year		
		3,53,01,215	15.49	31.03.2015			3,53,01,215	15.49
2.	Mahesh Prasad – Independent Non Promoter (Spice Employee Benefit) Trust	1,19,01,752	5.22	01.07.2014	Nil	No movement during the year		
		1,19,01,752	5.22	31.03.2015			1,19,01,752	5.22
3.	KDS Corporation Private Limited	15,34,487	0.67	01.07.2014	Nil	No movement during the year		
		15,34,487	0.67	31.03.2015			15,34,487	0.67
4.	Zinnia Tubes and Tyres Private Limited	6,59,246	0.29	01.07.2014	Nil	No movement during the year		
		6,59,246	0.29	31.03.2015			6,59,246	0.29
5.	Sparrow Asia Diversified Opportunities Fund	5,30,139	0.23	01.07.2014	Nil	No movement during the year		
		5,30,139	0.23	31.03.2015			5,30,139	0.23
6.	Passage To India Master Fund Limited	4,74,763	0.21	01.07.2014				
				17.10.2014	- 10,000	Transfer (Sold)	4,64,763	0.20
		4,64,763	0.20	31.03.2015			4,64,763	0.20
7.	Niketan Investment Private Limited	4,59,697	0.20	01.07.2014	Nil	No movement during the year	4,59,697	0.20
		4,59,697	0.20	31.03.2015				
8.	Placerngsfonden Handelsbanken Indienp*	2,46,700	0.11	01.07.2014				
				31.10.2014	- 24,833	Transfer (Sold)	2,21,867	0.10
				07.11.2014	- 6,783	Transfer (Sold)	2,15,084	0.09
				14.11.2014	- 29,485	Transfer (Sold)	1,85,599	0.08
				21.11.2014	- 29,038	Transfer (Sold)	1,56,561	0.06
				28.11.2014	- 17,294	Transfer (Sold)	1,39,267	0.06
				05.12.2014	- 68,348	Transfer (Sold)	70,919	0.03
				11.12.2014	- 15,200	Transfer (Sold)	55,719	0.02
				19.12.2014	- 1,341	Transfer (Sold)	54,378	0.02
				31.12.2014	- 54,378	Transfer (Sold)	Nil	-
		Nil	-	31.03.2015			Nil	-
9.	Alchemist Capital Limited	1,24,394	0.05	01.07.2014	Nil	No movement during the year		
		1,24,394	0.05	31.03.2015			1,24,394	0.05

Sl. No.	Name	Shareholding at the beginning of the year		Date	Increase/Decease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares (July 1, 2014) / end of the year (March 31, 2015)	% of total shares of the company				No. of shares (July 1, 2014 to March 31, 2015)	% of total shares of the company
10.	Emerging Markets Core Equity Portfolio The Portfolio of DFA Investment Dimension Group INC ( DFAIDG)*	1,05,284	0.05	01.07.2014				
				19.09.2014	-73,385	Transfer (Sold)	31,899	0.01
				14.11.2014	-31,899	Transfer (Sold)	Nil	-
		Nil	-	31.03.2015		-	Nil	-
11.	Devender Kumar***	92,000	0.04	01.07.2014	Nil	No movement during the year		
		92,000	0.04	31.03.2015			92,000	0.04
12.	SMS Holding Private Limited**	85,475	0.03	01.07.2014				
				09.01.2015	- 67,896	Transfer (Sold)	17,579	0.008
				23.01.2015	- 9,032	Transfer (Sold)	8,547	0.003
				30.01.2015	- 8,547	Transfer (Sold)	Nil	-
		Nil	-	31.03.2015			Nil	-
13.	K L Chugh**	65,709	0.03	01.07.2014				
				22.08.2014	+15,235	Transfer (Purchase)	80,944	0.03
		80,944	0.03	31.03.2015			80,944	0.03
14.	Globe Capital Market Limited***	20,533	0.009	31.12.2014				
				02.01.2015	-15,028	Transfer (Sold)	5,505	0.002
				09.01.2015	+507	Transfer (Purchase)	6,012	0.002
				16.01.2015	+63,035	Transfer (Purchase)	69,047	0.03
				23.01.2015	- 19,709	Transfer (Sold)	49,338	0.021
				30.01.2015	+21,740	Transfer (Purchase)	71,078	0.031
				13.02.2015	+1,100	Transfer (Purchase)	72,178	0.031
				20.02.2015	+8,296	Transfer (Purchase)	80,474	0.035
				27.02.2015	- 5,620	Transfer (Sold)	74,854	0.032
				13.03.2015	+9,917	Transfer (Purchase)	84,771	0.037
				20.03.2015	+54,213	Transfer (Purchase)	1,38,984	0.06
				27.03.2015	+37,354	Transfer (Purchase)	1,76,338	0.077
		1,77,974	0.07	31.03.2015	+1,636	Transfer (Purchase)	1,77,974	0.08

\*Ceased to be in the Top 10 shareholder as on March 31, 2015.

\*\*Not in the List of Top 10 shareholders as on July 1, 2014. The same has been reflected above as the shareholder was one of the Top 10 shareholders during the year and ceased to be in the Top 10 shareholders as on March 31, 2015.

\*\*\*Not in the list of Top 10 shareholders as on July 1, 2014. However, among the Top 10 shareholders as on March 31, 2015.

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

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

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

**V. INDEBTEDNESS**

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

(Amount in Rs. 000')

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	3,413	0	0	3,413
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
<b>Total (i+ii+iii)</b>	<b>3,413</b>	<b>0</b>	<b>0</b>	<b>3,413</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition	0	0	0	0
• Reduction	558	0	0	558
<b>Net Change</b>	<b>558</b>	<b>0</b>	<b>0</b>	<b>558</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	2,855	0	0	2,855
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
<b>Total (i+ii+iii)</b>	<b>2,855</b>	<b>0</b>	<b>0</b>	<b>2,855</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

(i). Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amount in Rs. 000')

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

(ii). Remuneration to other Directors:

(Amount in Rs. 000')

Sl. No.	Particulars of Remuneration	Name of Directors							Total Amount
		Mr. Kashi Nath Memani	Mr. Subroto Chattopadhyay	Mr. Saurabh Srivastava	Mr. Rajul Garg	Mr. Hanif Mohamed Dahya	-	-	
1.	Independent Directors								
	• Fee for attending board / committee meetings	460	610	120	120	420			1730
	• Commission	NIL	NIL	NIL	NIL	NIL			NIL
	• Others, please specify	NIL	NIL	NIL	NIL	NIL			NIL
	• Others, please specify								
	Total (1)	460	610	120	120	420			1730
2.	Other Non-Executive Directors						Dilip Modi	Preeti Malhotra	
	• Fee for attending board / committee meetings								
	• Commission						NIL	NIL	
	• Others, please specify								
	Total (2)						NIL	NIL	
	Total (B)=(1+2)	460	610	120	120	420	NIL	NIL	1730
	Total Managerial Remuneration	NIL	NIL	NIL	NIL	NIL	NIL	NIL	1,730
	Overall Ceiling as per the Act								

(iii) Remuneration to Key Managerial Personnel other than MD/Manager/WTD:

(Amount in Rs. 000')

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	19,626	2,758	5,016	27,400
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	22	24	NIL	46
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	NIL	NIL	NIL	NIL
2	Stock Option	NIL	NIL	NIL	NIL
3	Sweat Equity	NIL	NIL	NIL	NIL
4	Commission	NIL	NIL	NIL	NIL
	- as % of profit				
	- Others, specify...				
5	Others, please specify	NIL	NIL	NIL	NIL
	Total	19,648	2,782	5,016	27,446

#### VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty					
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment					
Compounding					

## **NOMINATION AND APPOINTMENT POLICY**

This Nomination and Appointment Policy is being formulated in compliance with Section 178 of the Companies Act, 2013 for appointment of a person as Director of the Company. This policy has been formulated by the Nomination and Remuneration Committee and has been approved by the Board of Directors of the Company.

### **Objective :**

The objective of the Policy is to identify persons who are qualified to become Directors, their appointment on the Board, Term/Tenure of a director and removal thereof on the basis of criteria laid down by the Nomination and Remuneration Committee.

### **Definitions:**

1. **Act** means the Companies Act, 2013 and Rules framed thereunder as amended time to time.
2. **Board** means Board of Directors of the Company.
3. **Directors** mean Directors of the company.
4. **Committee** means Nomination and Remuneration Committee of the Company as constituted by the Board from time to time.
5. **Independent Director** means Director appointed as such in accordance with the provisions of the Companies Act, 2013 and applicable Rules and Regulations and Clause 49 of the Listing Agreement, including amendments thereto.

### **Nomination and Selection of Directors**

1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director. A person should possess adequate qualification, expertise and experience for her/ his appointment as Director of the Company.
2. The Committee on the basis of criteria laid down by it, shall recommend to the Board, the appointment of new Director of the Company.
3. The Company shall not appoint or continue the employment of any person as whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of Seventy years with the approval of shareholders by passing a special resolution.
4. Appointment of Independent Director is subject to compliance of provisions of Section 149 of the Companies Act, 2013 read with Schedule IV and Rules thereunder and Clause 49 of the Listing Agreement.

### **Term/Tenure of a Director**

#### **1. Managing Director/Whole time Director:**

The Company shall appoint or re-appoint any person as its Managing Director or Whole time Director for a term not exceeding 5 (five) years at a time. No re-appointment shall be made earlier than 1 (one) year before the expiry of term.

#### **2. Independent Director:**

An Independent Director shall hold office for a term upto five consecutive years on the Board of the company and will be eligible for re-appointment on passing of a special resolution by the Company.

No independent Director shall hold office for more than two consecutive years, but such independent director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an independent Director shall not, during the said period of three years, be appointed with the Company in any other capacity, either directly or indirectly.

### **Evaluation**

The Committee shall carry out the evaluation of every Director at a regular interval (yearly) on the basis of criteria framed by the Committee.

### **Removal**

The Committee may recommend to the Board with reasons recorded in writing removal of Director, subject to the provisions and compliance of the Companies Act, 2013, Rules and Regulations made thereunder.

### **Retirement**

The Director shall retire as per the applicable provisions of the Act and the prevailing Policy of the Company. If permitted under law, the Board will have the discretion to retain the Director in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

### **Policy Review**

The Board may review this policy from time to time on the recommendation of Nomination and Remuneration Committee.



## REMUNERATION POLICY

### Introduction

This Remuneration Policy ('Policy') is being formulated in terms of section 178 of the Companies Act 2013 and of Clause 49 of the Listing Agreement with the Stock Exchanges which provides that all the listed companies having Nomination and Remuneration Committee shall formulate and recommend to the Board a Policy, relating to the remuneration for the directors, key managerial personnel and other employees.

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

### Applicability

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

### Guiding principles

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

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

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

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

### Definitions

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

### Policy

#### (a) Remuneration to Independent Directors

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

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

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

#### (b) Remuneration to Executive Directors

Remuneration packages for Executive Directors are designed subject to the limits laid down under the Companies Act, 2013 to remunerate them fairly and responsibly. Their remuneration shall be governed by the external competitive environment, track record, potential, individual performance and performance of the company as well as industry standards. The Executive Directors' remuneration comprises of salary, perquisites and performance based commission/ reward apart from retirement benefits like P.F.,

Superannuation, Gratuity, etc as per Rules of the Company. They shall be entitled to customary non-monetary benefits such as company cars, furnished accommodation, health care benefits, leave travel, communication facilities, etc.

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

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

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

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

**(d) Remuneration to Other employees**

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

**Disclosure**

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

## Annexure - 5

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

#### (A) Conservation of Energy:

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

#### (B) Technology Absorption

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

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

- I. **Foreign Exchange earned in term of actual inflows** : Nil
- II. **Foreign Exchange outgo in term of actual outflows:** Rs. 6.71 lacs

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

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

The company did not pay remuneration to any Director during the year 2014-15 except sitting fees to Independent Directors for attending Board and Board Committee Meetings.

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

There was no increase in remuneration of Directors during the year. Further, there was an increase of 33.3% only in the remuneration of Company Secretary of the Company.

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

The Percentage increase in the median remuneration of the employees in the FY 2014-15 was 3%.

- 4. The number of permanent employees on the rolls of company;**

There were 9 Permanent Employees on the rolls of the Company as on 31<sup>st</sup> March, 2015.

- 5. The explanation on the relationship between average increase in remuneration and company performance;**

The increments given were based, not purely on Company Performance, but, were a function of role criticality and internal and external compensation parity.

- 6. Comparison of the remuneration of the Key Managerial Personnel against the performance of the company;**

Particulars	Rs./In Lacs
Total Remuneration of KMP's during the FY 2014-15	274.03
Total Revenue (Standalone)	2293.68
Remuneration (as % of Standalone Revenue)	11.95%
Total Revenue (Consolidated)	160428.29
Remuneration (as % of Consolidated Revenue)	0.17%

- 7. Variations in the market capitalization of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies.**

S. No.	Particulars	As on 30 <sup>th</sup> June, 2014	As on 31 <sup>st</sup> March, 2015
1	*Market Capitalisation (in Rs/ Lacs)	694.98	604.98
2	Price Earning Ratio	152.50	NA
3	Percentage increase in market price quotation of the shares of the company in Comparison to the rate at which company came out with last public offer price	917%	785%

\* On the basis of closing price of NSE

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

The average increase in salaries of employees other than the managerial personnel in the last financial year was 3% and the Company did not have any Managerial Personnel in the last financial year.

**9. Comparison of the each remuneration of the Key Managerial Personnel against the performance of the company.**

(In Rs./Lacs)

Particulars	Chief Executive Officer	Chief Financial officer	Company Secretary
Remuneration	196.25	50.16	27.61
Total Revenue-Standalone	2293.68	2293.68	2293.68
Remuneration (as % of Standalone Revenue)	8.56%	2.19%	1.20%
Total Revenue-Consolidated	160428.29	160428.29	160428.29
Remuneration (as % of Consolidated Revenue)	0.12%	0.03%	0.02%

**10. The key parameters for any variable component of remuneration availed by the directors;**

Independent Directors are only paid sitting fee, hence Variable Component is not applicable.

**11. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year;**

No remuneration other than sitting fees is paid to the Director and therefore this clause is not applicable.

**12. Affirmation that the remuneration is as per the remuneration policy of the company.**

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

**13. Statement showing the particulars of employees in accordance with Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial personnel) Rules, 2014**

Sl. No.	Name	Designation	Remuneration received (01.07.2014 - 31.03.2015) in Rs.	Nature of Employment (Contractual or otherwise)	Qualifications and experience of the employee	Date of commencement of employment	Age of employee	Last employment held before joining the Company
1	Prashant Bindal	CEO	19,625,762	Permanent	PGDBM - Senior Leadership - IIM A MBA - IMT - Ghaziabad B.E.- Mechanical - Thapar Institute of Eng & Tech	27.08.2014	43 years	Senior Vice President & Head - Sales, Marketing & Operations in Walmart India Pvt. Ltd.
2	Ajeet Chauhan	Group President - HR	9,688,154	Permanent	Certificate in Business Administration from IIM, Lucknow. B.Sc (Industrial Chemistry) from D.U.	05.10.2009	44 years	Vice President - Human Resources & Training in Nirulas Hotels Ltd.
3	V. Madhusudan	CFO	5,016,253	Permanent	C.A. B.Sc (Physics)	02.02.2009	45 years	Senior Manger in HCL
4	Subramanian Murali	Group President - Finance	20,179,496	Permanent	C.A. B. Sc (Maths)	02.11.2008	56 YEARS	CFO in HCL Infinet Ltd.
5	Lokesh Gupta	General Partner	12,900,003	Permanent	B.Tech (Computer Science ) - IIT, Delhi & MBA - IIM , Ahmedabad	01.10.2013	41 years	ICICI Lumbard

# INDEPENDENT AUDITORS' REPORT

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

## **Report on the Financial Statements**

We have audited the accompanying financial statements of **Spice Mobility Limited** (formerly known as S Mobility Limited) ("the Company"), which comprise the Balance Sheet as at 31 March 2015, the Statement of Profit and Loss, the Cash Flow Statement for the period then ended, and a summary of the significant accounting policies and other explanatory information.

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

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

## **Auditor's Responsibility**

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

## **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2015, and its loss and its cash flows for the period ended on that date.

## **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by the law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.



## INDEPENDENT AUDITORS' REPORT

- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31 March 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 26 to the financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the company.

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

Chartered Accountants

ICAI Firm registration number: 301003E

per Anil Gupta

Partner

Membership no.: 87921

Place: Noida

Date: May 11, 2015

# INDEPENDENT AUDITORS' REPORT

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

**Re: Spice Mobility Limited (formerly known as S Mobility Limited) ('the Company')**

- i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year in accordance with a planned programme of verifying them once in two years which, in our opinion is reasonable having regard to the size of the Company and the nature of assets. No material discrepancies were identified on such verification.
- ii) (a) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 4(ii) of the Order are not applicable to the Company.
- iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a) and (b) of the Order are not applicable to the Company and hence not commented upon.
- iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for rendering of services. The activities of the Company do not involve purchase of inventory and the sale of goods. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- v) The Company has not accepted any deposits from the public.
- vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Companies Act, 2013, for the products/services of the Company.
- vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, value added tax, cess and other material statutory dues were outstanding, at the period end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount Rs. ('000)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Demand for excise duty including penalty	64,263	1990-91 to 1993-94	CESTAT, Delhi
Foreign Trade (Development and Regulation) Act, 1992	Penalty on account of non-fulfilment of export obligation	40,860	1991-92	High Court, Delhi
Income Tax Act, 1961	Demand for income Tax on certain disallowances and MAT Credit not considered including interest	14,235	2011-12	Commissioner of Income Tax (Appeals), Meerut
Income Tax Act, 1961	Demand for income Tax on certain disallowances including interest	108	2012-13	Commissioner of Income Tax (Appeals), Meerut
Income Tax Act, 1961	Demand for TDS and Interest on TDS	19,831	2008-09 to 2013-14	Commissioner of Income Tax (Appeals), Noida

- (d) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the company.

## INDEPENDENT AUDITORS' REPORT

- viii) The Company has no accumulated losses at the end of the financial period and it has not incurred cash losses (without considering exceptional items) in the current and immediately preceding financial year.
- ix) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a bank. The Company did not have outstanding dues to any financial institutions and did not have any outstanding debentures during the period.
- x) According to the information and explanations given to us, the Company has given guarantee for loans taken by a subsidiary company from a bank, the terms and conditions whereof, in our opinion, are not prima-facie prejudicial to the interest of the Company. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from financial institutions.
- xi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- xii) 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 period.

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

Chartered Accountants

Firm registration number: 301003E

### **per Anil Gupta**

Partner

Membership No: 87921

Place: Noida

Date: May 11, 2015

# BALANCE SHEET

as at March 31, 2015

	Notes	31-Mar-15 Rs. '000	30-Jun-14 Rs. '000
<b>Equity and liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	3	683,592	683,592
Reserves and surplus	4	1,975,965	5,341,069
		2,659,557	6,024,661
<b>Non-current liabilities</b>			
Long-term borrowings	5	2,032	2,699
Trade payables	6	13,298	11,574
Long Term Liabilities	6	9,232	-
Long-term provisions	7	788	-
		25,350	14,273
<b>Current liabilities</b>			
Trade payables	8	27,522	64,508
Other current liabilities	8	32,773	24,380
Short-term provisions	7	18,158	12,963
		78,453	101,851
<b>TOTAL</b>		2,763,360	6,140,785
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	9	668,285	721,755
Intangible assets	10	2,820	3,202
Capital work-in-progress		70,520	70,520
Non-current investments	11	947,732	1,826,107
Long-term loans and advances	12	39,349	28,671
Amount recoverable from Employee Benefit Trust	36	69,200	73,200
		1,797,906	2,723,455
<b>Current assets</b>			
Trade receivables	13.1	71,082	154,505
Cash and bank balances	14	231,820	626,738
Short-term loans and advances	12	592,964	2,572,635
Other current assets	13.2	69,588	63,452
		965,454	3,417,330
<b>TOTAL</b>		2,763,360	6,140,785
Summary of significant accounting policies	2.1		

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

As per our report of even date

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

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

Place : Noida  
Date : May 11, 2015

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

**Dilip Modi**  
Chairman  
DIN : 00029062

**Suman Ghose Hazra**  
Director  
DIN : 00012223

**Madhusudan V.**  
Chief Financial Officer

**Subramanian Murali**  
Director  
DIN : 00041261

**Prashant Bindal**  
Chief Executive Officer

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

# STATEMENT OF PROFIT AND LOSS

for period ended March 31, 2015

	Notes	31-Mar-15 Rs.'000	30-Jun-14 Rs.'000
<b>Income</b>			
Revenue from operations	15	-	681,645
Other income	16	229,368	335,712
<b>Total revenue (I)</b>		229,368	1,017,357
<b>Expenses</b>			
Purchase of traded goods		-	664,333
Employee benefits expenses	17	97,376	97,152
Other expenses	18.1	111,426	165,929
<b>Total (II)</b>		208,802	927,414
<b>Earnings before depreciation, amortization, finance cost, exceptional items and tax (EBITDA) (I) – (II)</b>		20,566	89,943
Depreciation and amortization expense	19	38,799	51,007
Finance costs	20	264	1,254
Exceptional items	18.2	3,346,607	13,890
<b>Profit / (Loss) before tax</b>		(3,365,104)	23,792
<b>Tax expenses</b>			
Current tax charge/reversal (Minimum Alternative Tax)		-	(23,500)
Tax adjustment for earlier years		-	1,800
<b>Total tax expense/income</b>		-	(21,700)
<b>Profit / (Loss) for the year</b>		(3,365,104)	45,492
<b>Earnings per equity share</b>	21	(14.77)	0.20
<b>[nominal value of share Rs. 3 (30 June 2014: Rs. 3)]</b>			
Basic and diluted (Rs.)			
Summary of significant accounting policies	2.1		

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

As per our report of even date

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

per Anil Gupta  
Partner  
Membership no.: 87921

Place : Noida  
Date : May 11, 2015

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

**Dilip Modi**  
Chairman  
DIN : 00029062

**Suman Ghose Hazra**  
Director  
DIN : 00012223

**Madhusudan V.**  
Chief Financial Officer

**Subramanian Murali**  
Director  
DIN : 00041261

**Prashant Bindal**  
Chief Executive Officer

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

# CASH FLOW STATEMENT

for the period ended March 31, 2015

	Notes	For the period ended 31-Mar-15 Rs.'000	For the year ended 30-Jun-14 Rs.'000
<b>CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES</b>			
Profit/(Loss) before taxation		(3,365,104)	23,792
Adjustments for :			
- Depreciation / amortisation		57,031	51,007
- Loss/(Profit) on disposal of fixed assets (net)		3,102	(23,450)
- Provision for diminution in the value of non-current investments		3,328,375	13,890
- Unclaimed balances written back		(511)	(930)
- Interest expense		264	1,254
- Interest income		(175,526)	(70,878)
- Dividend Income		(692)	(178,045)
- Brokerage on buy back of equity shares		-	1,355
- (Profit) on sale of current investments		-	(1,252)
- Provision for doubtful debts and advances (net)		-	(285)
<b>Operating (loss) before working capital changes</b>		<b>(153,061)</b>	<b>(183,542)</b>
<b>Movements in working capital:</b>			
Decrease / (Increase) in trade receivables		83,423	(154,504)
(Increase) in non-current loans and advances		(6,398)	(16,070)
(Increase) in current loans and advances		(3,413)	(7,704)
Decrease / (Increase) in current assets		17,297	(18,384)
Increase in trade payables and other non-current liabilities		10,956	3,670
Increase / (Decrease) in other current liabilities		8,513	(16,450)
(Decrease) / Increase in current trade payables		(36,474)	64,086
Increase in non-current provisions		788	-
Increase / (Decrease) in current provisions		5,195	(3,106)
<b>Cash (used in) operations</b>		<b>(73,176)</b>	<b>(332,004)</b>
Direct taxes paid (net of refunds)		(21,980)	(25,307)
<b>Net cash (used in) operating activities</b>	<b>(A)</b>	<b>(95,156)</b>	<b>(357,311)</b>
<b>CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES</b>			
Purchase of fixed assets (including capital work in progress and capital advances)		(7,340)	(12,199)
Proceeds from sale of fixed assets		-	96,506
Purchase of investments in subsidiaries		(2,450,000)	-
Sale of current investments		-	101,252
Loans repaid by bodies corporate		2,005,064	25,400
Receipt of slump sales consideration		-	354,000
Amount received from Employee benefit trust		4,000	52,852
Interest received		148,992	76,558
Dividend Received		692	178,045
Fixed deposits refunded by banks		1,029,732	209,020
Fixed deposits made with banks		(644,701)	-
<b>Net cash from investing activities</b>	<b>(B)</b>	<b>86,439</b>	<b>1,081,434</b>
<b>CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES</b>			
Proceeds from long term borrowings		-	3,475
Repayment of long term borrowings		(557)	(62)
Interest paid		(264)	(1,254)
Dividend paid		(349)	(319,001)



# CASH FLOW STATEMENT

for the period ended March 31, 2015

	Notes	For the period ended 31-Mar-15 Rs.'000	For the year ended 30-Jun-14 Rs.'000
Taxes on dividend paid		-	(24,324)
Buy back of shares		-	(368,503)
<b>Net cash (used in) financing activities</b>	<b>(C)</b>	<b>(1,170)</b>	<b>(709,669)</b>
Net Increase in cash and cash equivalents (A + B + C)		<b>(9,887)</b>	14,454
Cash and cash equivalents at the beginning of the period/year		<b>30,007</b>	371,172
Cash and cash equivalents transferred on Slump Sale			(355,619)
<b>Cash and cash equivalents at the end of the period/year</b>		<b>20,120</b>	<b>30,007</b>
<b>Components of cash and cash equivalents:</b>			
Cash on hand		<b>4</b>	10
With banks			
- on current accounts		<b>11,342</b>	7,911
- Deposits with original maturity of less than three months		<b>2,038</b>	15,001
- unpaid dividend accounts*		<b>6,736</b>	7,085
<b>Total cash and cash equivalents (note 14)</b>		<b>20,120</b>	<b>30,007</b>
Summary of significant accounting policies	2.1		

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

The above cash flow statement has been prepared under the 'Indirect method' as set out in Accounting Standard -3 on Cash Flow Statements notified by the Companies Accounting Standards Rules 2006 (as amended)

As per our report of even date

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

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

Place : Noida  
Date : May 11, 2015

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

**Dilip Modi**  
Chairman  
DIN : 00029062

**Suman Ghose Hazra**  
Director  
DIN : 00012223

**Madhusudan V.**  
Chief Financial Officer

**Subramanian Murali**  
Director  
DIN : 00041261

**Prashant Bindal**  
Chief Executive Officer

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

# NOTES TO FINANCIAL STATEMENTS

for period ended March 31, 2015

## 1. Nature of Operations

Spice Mobility Ltd ("the Company") is a public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on two stock exchanges in India. The Company, through its subsidiaries, is primarily engaged in the trading of Mobile handsets, IT products and their accessories and the Information and Communication Technology business providing Value Added Services to the Telecom Operators. The name of Company has been changed from S Mobility Limited to Spice Mobility Limited with effect from July 21, 2014.

## 2. Basis of preparation

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

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

### 2.1 Summary of significant accounting policies

#### Change in accounting policy

##### (a) Depreciation on fixed assets

Till the year ended June 30, 2014, Schedule XIV to the Companies Act, 1956, prescribed requirements concerning depreciation of fixed assets. From the current year, Schedule XIV has been replaced by Schedule II to the Companies Act, 2013. The applicability of Schedule II has resulted in the following changes related to depreciation of fixed assets. Unless stated otherwise, the impact mentioned for the current period is likely to hold good for future years also.

##### i) Useful lives/ depreciation rates

Till the year ended June 30, 2014, depreciation rates prescribed under Schedule XIV were treated as minimum rates and the Company was not allowed to charge depreciation at lower rates even if such lower rates were justified by the estimated useful life of the asset. Schedule II to the Companies Act 2013 prescribes useful lives for fixed assets which, in many cases, are different from lives prescribed under the erstwhile Schedule XIV. However, Schedule II allows companies to use higher/ lower useful lives and residual values if such useful lives and residual values can be technically supported and justification for difference is disclosed in the financial statements.

Considering the applicability of Schedule II, the management has re-estimated useful lives and residual values of all its fixed assets. The management believes that depreciation rates currently used by the Company fairly reflect its estimate of the useful lives and residual values of fixed assets, though these rates in certain cases are different from lives prescribed under Schedule II.

Had the Company continued to follow the earlier useful life, the depreciation expense for the period would have been lower by Rs. 18,232 thousand and loss would have been lower by Rs. 18,232 thousand and the net block of fixed assets would have been higher by Rs. 18,232 thousand.

Till year ended June 30, 2014, to comply with the requirements of Schedule XIV to the Companies Act, 1956, the Company was charging 100% depreciation on assets costing less than Rs. 5,000/- in the year of purchase. However, Schedule II to the Companies Act 2013, applicable from the current year, does not recognize such practice. Hence, to comply with the requirement of Schedule II to the Companies Act, 2013, the Company has changed its accounting policy for depreciation of assets costing less than Rs. 5,000/-. As per the revised policy, the Company is depreciating such assets over their useful life as assessed by the management. The management has decided to apply the revised accounting policy prospectively from accounting periods commencing on or after 1 July 2014.

The change in accounting for depreciation of assets costing less than Rs.5,000/- did not have any material impact on financial statements of the Company for the current year.

##### (b) Use of estimates

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

##### (c) Tangible Fixed assets

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises

# NOTES TO FINANCIAL STATEMENTS

for period ended March 31, 2015

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

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

## (d) Depreciation on Tangible Fixed assets

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

Particulars	Useful Life (Estimated by management)
Buildings	60
Plant and equipments	15
Furniture and fittings	10
Office equipments	5
Computers (excluding servers)	3
Servers (Included in Computers)	6
Vehicles	8

- ii) Leasehold improvements are depreciated on straight line basis over the primary lease period ranging from 2-9 years or its useful life whichever is lower.

## (e) Intangible Fixed assets

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

## (f) Impairment

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

## (g) Leases

*Where the Company is lessee*

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

*Where the Company is the lessor*

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

## (h) Investments

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

## (i) Income Taxes

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

# NOTES TO FINANCIAL STATEMENTS

for period ended March 31, 2015

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

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

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

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

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

## (j) Revenue recognition

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

### *Sale of goods*

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, which coincides with their delivery to the customers. The Company collects sales taxes and value added taxes (VAT) on behalf of the Government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

### *Interest*

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

### *Dividends*

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

### *Income on Fixed Maturity Plan Investments*

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

## (k) Foreign currency translation

### *Foreign currency transactions and balances*

#### (i) Initial recognition

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

#### (ii) Conversion

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

# NOTES TO FINANCIAL STATEMENTS

for period ended March 31, 2015

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

(iii) **Exchange differences**

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

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

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

**(l) Retirement and other employee benefits**

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

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

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

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

**(m) Segment reporting**

*Identification of segments*

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

*Segment accounting policies*

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

**(n) Earnings Per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the 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.

## NOTES TO FINANCIAL STATEMENTS

for period ended March 31, 2015

**(o) Provisions**

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

**(p) Contingent liabilities**

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

**(q) Cash and cash equivalents**

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

**(r) Derivative instruments**

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

**(s) Measurement of EBITDA**

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

# NOTES TO FINANCIAL STATEMENTS

for period ended March 31, 2015

## 3. Share Capital

	31-Mar-15 Rs.'000	30-Jun-14 Rs.'000
Authorized 330,000,000 (Previous year: 330,000,000) equity shares of Rs. 3 each	990,000	990,000
Issued, subscribed and fully paid-up 227,863,982 (Previous year 227,863,982) equity shares of Rs. 3 each	683,592	683,592
	683,592	683,592

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

	31-Mar-15		30-Jun-14	
	Nos.	Rs.'000	Nos.	Rs.'000
At the beginning of the period/year	227,863,982	683,592	238,086,285	714,258
Buy back during previous year	-	-	(10,222,303)	(30,666)
Outstanding at the end of the period/year	227,863,982	683,592	227,863,982	683,592

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

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

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

No dividend has been proposed during the period ended 31 March 2015 (30 June 2014: Rs 0.15 per share was distributed as interim dividend to equity shareholders).

### (c) Shares held by holding company

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

	31-Mar-15 Rs.'000	30-Jun-14 Rs.'000
<b>Holding Company</b> Smart Ventures Private Limited (Converted into private limited company w.e.f. 21.08.2014) 169,447,570 (30 June 2014: 169,447,570) equity shares of Rs. 3 each fully paid	508,343	508,343

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

	31-Mar-15 Nos.	30-Jun-14 Nos.
Equity shares allotted as fully paid-up pursuant to the Scheme of amalgamation for consideration other than cash	163,448,285	163,448,285



# NOTES TO FINANCIAL STATEMENTS

for period ended March 31, 2015

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

Name of the shareholder	As at 31 Mar 2015		As at 30 Jun 2014	
	Nos.	% holding in the class	Nos.	% holding in the class
<i>Equity shares of Rs. 3 each fully paid</i>				
Smart Ventures Private Limited (Converted into private limited company w.e.f. 21.08.2014), the holding company	169,447,570	74.36%	169,447,570	74.36%
Independent Non Promoter Trust	35,301,215	15.49%	35,301,215	15.49%
Independent Non Promoter (Spice Employee Benefit) Trust	11,901,752	5.22%	11,901,752	5.22%

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

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

## 4. Reserves and Surplus

	31-Mar-15 Rs.'000	30-Jun-14 Rs.'000
<b>Securities premium account</b>		
Balance as per the last financial statements	-	288,070
Less: Amount utilized for payment of consideration over nominal value of equity shares bought back	-	(288,070)
<b>Closing Balance</b>	-	-
<b>Capital redemption reserve</b>		
Balance as per the last financial statements	30,666	-
Transferred from General Reserve Account on cancellation of Nil (Previous year: 10,222,303) equity shares of Rs. 3 each bought back pursuant to buy back scheme	-	30,666
<b>Closing Balance</b>	30,666	30,666
<b>General reserve</b>		
Balance as per the last financial statements	4,108,355	4,187,434
Less: Amount utilized for payment of consideration over nominal value of equity shares bought back	-	(48,413)
Less: Amount utilized towards buy back of shares	-	(30,666)
<b>Closing Balance</b>	4,108,355	4,108,355
<b>Surplus in the statement of profit and loss</b>		
Balance as per last financial statements	1,202,048	1,150,057
Profit/(Loss) for the period/year	(3,365,104)	45,492
Reversal of proposed dividend on equity shares	-	9,625
Reversal of corporate dividend tax**	-	31,777
<b>Profit available for appropriation:</b>	(2,163,056)	1,236,951
Less: Appropriations		
Interim dividend (amount per share Rs. Nil (30 June 2014: Rs. 0.15))*	-	29,833
Tax on interim equity dividend	-	5,070
Total appropriations	-	34,903
<b>Net surplus in the statement of profit and loss</b>	(2,163,056)	1,202,048
<b>Total reserves and surplus</b>	1,975,965	5,341,069

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

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

# NOTES TO FINANCIAL STATEMENTS

for period ended March 31, 2015

## 5. Long-term borrowings

	31-Mar-15 Rs. '000	30-Jun-14 Rs. '000
Term loan from banks (secured)	2,855	3,413
Amount disclosed under the head other current liabilities (Refer note 8)	(823)	(714)
	2,032	2,699

Indian rupee loan from IndusInd Bank Limited amounting to Rs. 2,855 thousand (Previous year: 3,413 thousand) carries rate of interest of 11% (Previous year: 11%). This loan is repayable in 47 monthly installments of Rs. 91 thousand each beginning from 21 June 2014. The loan together with interest and other charges are secured by first charge over the assets purchased out of proceeds of the loan amount.

## 6. Long Term Liabilities & Payables

	31-Mar-15 Rs. '000	30-Jun-14 Rs. '000
Trade Payables (refer note 28 for details of dues to micro and small enterprises)	13,298	11,574
	13,298	11,574
<b>Other Long Term Liabilities</b>		
Security Deposits	9,232	-
	9,232	-
	22,530	11,574

## 7. Provisions

	Long-term		Short-term	
	31-Mar-15	30-Jun-14	31-Mar-15	30-Jun-14
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>Provision for employee benefits</b>				
Provision for gratuity (Note 22)	788	-	1,135	300
Provision for leave benefits	-	-	7,934	3,574
	788	-	9,069	3,874
<b>Other provisions</b>				
Provision for income tax	-	-	9,089	9,089
	-	-	9,089	9,089
	788	-	18,158	12,963

## 8. Trade Payable and other Current Liabilities

	31-Mar-15 Rs. '000	30-Jun-14 Rs. '000
Trade payables (including acceptances) (refer note 28 for details of dues to micro and small enterprises)	27,522	64,508
	27,522	64,508
<b>Other liabilities</b>		
Current maturities of long-term borrowings (refer note 5)	823	714
Unpaid dividend	6,736	7,085
Employee related liabilities	20,191	13,255
Creditors for capital goods	531	411
Indirect Taxes and Duties Payable	-	423
Employee Statutory Deductions	235	81
TDS payable	4,257	2,411
	32,773	24,380
	60,295	88,888

# NOTES TO FINANCIAL STATEMENTS

for period ended March 31, 2015

## 9. Tangible assets

(Rs.'000)

	Freehold Land	Buildings	Plant and Machinery	Furniture and Fittings	Office Equipments	Computers	Vehicles	Leasehold Improvements	Total
<b>Cost</b>									
<b>At 1 July 2013</b>	91,545	417,559	107,375	39,927	55,878	45,171	14,748	306,635	1,078,838
Additions	-	-	-	3,422	83	569	4,120	-	8,194
Disposals	91,545	-	-	-	-	37	-	-	91,582
Transferred to assets held for sale	-	-	(7,400)	-	-	-	-	-	(7,400)
Transfer of assets on slump sale	-	-	(53,549)	(1,682)	(6,004)	(25,980)	-	(17,564)	(104,779)
<b>At 30 June 2014</b>	-	<b>417,559</b>	<b>46,426</b>	<b>41,667</b>	<b>49,957</b>	<b>19,723</b>	<b>18,868</b>	<b>289,071</b>	<b>883,271</b>
Additions	-	1,129	-	559	628	342	-	376	3,034
<b>At 31 Mar 2015</b>	-	<b>418,688</b>	<b>46,426</b>	<b>42,226</b>	<b>50,585</b>	<b>20,065</b>	<b>18,868</b>	<b>289,447</b>	<b>886,305</b>
<b>Depreciation</b>									
<b>At 1 July 2013</b>	-	12,395	40,312	11,934	6,571	21,669	4,428	79,485	176,794
Charge for the year	-	7,081	1,942	2,344	2,341	3,049	1,438	32,147	50,342
Disposals	-	-	-	-	-	11	-	-	11
Transferred to assets held for sale	-	-	(4,298)	-	-	-	-	-	(4,298)
Transfer of assets on slump sale	-	-	(31,646)	(1,171)	(864)	(14,685)	-	(12,945)	(61,311)
<b>At 30 June 2014</b>	-	<b>19,476</b>	<b>6,310</b>	<b>13,107</b>	<b>8,048</b>	<b>10,022</b>	<b>5,866</b>	<b>98,687</b>	<b>161,516</b>
Charge for the period/year	-	5,227	2,512	3,137	16,021	3,293	2,149	24,165	56,504
<b>At 31 Mar 2015</b>	-	<b>24,703</b>	<b>8,822</b>	<b>16,244</b>	<b>24,069</b>	<b>13,315</b>	<b>8,015</b>	<b>122,852</b>	<b>218,020</b>
<b>Net Block</b>									
<b>At 30 June 2014</b>	-	<b>398,083</b>	<b>40,116</b>	<b>28,560</b>	<b>41,909</b>	<b>9,701</b>	<b>13,002</b>	<b>190,384</b>	<b>721,755</b>
<b>At 31 Mar 2015</b>	-	<b>393,985</b>	<b>37,604</b>	<b>25,982</b>	<b>26,516</b>	<b>6,750</b>	<b>10,853</b>	<b>166,595</b>	<b>668,285</b>

Note:

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

(Rs.'000)

Particulars	Gross Block		Depreciation*		Accumulated Depreciation	
	As at March 31, 2015	As at June 30, 2014	For the period ended March 31, 2015	For the year ended June 30, 2014	As at March 31, 2015	As at June 30, 2014
Buildings	125,316	-	204	-	6,672	-
Furniture and Fittings	3,165	-	25	-	1,398	-
Office Equipments	6,537	-	217	-	2,632	-
<b>GRAND TOTAL</b>	<b>135,018</b>	<b>-</b>	<b>446</b>	<b>-</b>	<b>10,702</b>	<b>-</b>

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

# NOTES TO FINANCIAL STATEMENTS

for period ended March 31, 2015

## 10. Intangible assets

(Rs. '000)

	Computer Softwares
<b>Gross block</b>	
<b>At 1 July 2013</b>	<b>50,584</b>
Addition	1,887
Transfer of assets on slump sale	(46,558)
<b>At 30 June 2014</b>	<b>5,913</b>
Addition	145
<b>At 31 Mar 2015</b>	<b>6,058</b>
<b>Amortization</b>	
<b>At 1 July 2013</b>	<b>27,044</b>
Charge for the year	665
Transfer of assets on slump sale	(24,998)
<b>At 30 June 2014</b>	<b>2,711</b>
Charge for the year	527
Transfer of assets on slump sale	-
<b>At 31 Mar 2015</b>	<b>3,238</b>
<b>Net block</b>	
At 30 June 2014	3,202
<b>At 31 Mar 2015</b>	<b>2,820</b>

## 11. Non Current Investments

	31-Mar-15 Rs. '000	30-Jun-14 Rs. '000
<b>Trade investments (valued at cost unless stated otherwise)</b>		
<b>Investment in subsidiaries (unquoted)</b>		
Spice Digital Limited		
35,470,674 (Previous year 35,470,674) equity shares of Rs.10 each fully paid up	<b>88,974</b>	88,974
Hindustan Retail Private Limited		
315,530,000 (Previous year 70,530,000) equity shares of Rs.10 each fully paid up (at cost less provision for other than temporary diminution in value Rs. 3,155,282 thousand (Previous year Nil))	-	705,282
Spice Retail Limited		
794,262 (Previous year 794,262) equity shares of Rs.10 each fully paid up (at cost less provision for other than temporary diminution in value Rs. 173,093 thousand (Previous year Nil))	-	173,093
Kimaan Exports Private Limited		
20,000 (Previous year 20,000) equity shares of Rs.10 each fully paid up	<b>456,212</b>	456,212
S Mobility (HK) Limited		
10,000 (Previous year 10,000) equity shares of HKD 1 each fully paid up	<b>64</b>	64
S Mobility Pte. Limited		
285,000 (Previous year 285,000) equity shares of SGD 1 each fully paid up* (at cost less provision for other than temporary diminution in value Rs. 11,877 thousand (Previous year 11,877))	<b>529</b>	529
S Mobile Devices Limited		
50,000 (Previous year 50,000) equity shares of Rs.10 each fully paid up	<b>500</b>	500

# NOTES TO FINANCIAL STATEMENTS

for period ended March 31, 2015

	31-Mar-15 Rs. '000	30-Jun-14 Rs. '000
<b>In a Trust (unquoted)</b>		
Interest as sole beneficiary in an Independent Non Promoter Trust **	373,798	373,798
<b>Investment in equity instruments (quoted)</b>		
Godfrey Phillips India Limited 86,500 (Previous year 17,300) equity shares of Rs.2 each (Previous year Rs. 10 each) fully paid up	24,925	24,925
Spicejet Limited 140,288 (Previous year 140,288) equity shares of Rs.10 each fully paid up* (at cost less provision for other than temporary diminution in value Rs. 5,109 thousand (Previous year Rs 5,109 thousand))	2,680	2,680
	947,682	1,826,057
<b>Non-Trade investments (valued at cost unless stated otherwise)</b>		
<b>Government and trust securities (unquoted)</b>		
5 (Previous year 5) National Saving Certificates of Rs.10,000 each (Purchased in the name of an employee of the Company and pledged with sales tax department)	50	50
	50	50
	947,732	1,826,107
Aggregate amount of quoted investments (Market value: Rs. 39,504 thousand (30 June 2014: Rs. 51,708 thousand))	27,605	27,605
Aggregate amount of unquoted investments	920,127	1,798,502
* Aggregate provision for diminution in value of investments	3,345,361	16,986

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

## 12. Loans and advances

	Non-current		Current	
	31-Mar-15 Rs. '000	30-Jun-14 Rs. '000	31-Mar-15 Rs. '000	30-Jun-14 Rs. '000
<b>Capital advances</b>				
Unsecured, considered good	4,364	84	-	-
	4,364	84	-	-
<b>Security deposits</b>				
Unsecured, considered good				
To related party (Refer Note No. 27)	10,000	10,000	-	-
To others	516	516	75	75
Unsecured, considered doubtful				
To others	-	-	210	210
	10,516	10,516	285	285
Provision for doubtful security deposits	-	-	210	210
	10,516	10,516	75	75
<b>Loans and advances to related parties (Refer Note No. 27)</b>				
Unsecured, considered good	13,333	13,333	425,693	2,430,757
<b>Advances recoverable in cash or kind</b>				
Unsecured, considered good	-	-	806	325
Unsecured, considered doubtful	-	-	490	490
	-	-	1,296	815
Provision for doubtful advances	-	-	490	490
	-	-	806	325

# NOTES TO FINANCIAL STATEMENTS

for period ended March 31, 2015

	Non-current		Current	
	31-Mar-15 Rs. '000	30-Jun-14 Rs. '000	31-Mar-15 Rs. '000	30-Jun-14 Rs. '000
<b>Other loans and advances</b>				
Unsecured, considered good				
Advance income-tax (net of provision for taxation)	-	-	160,157	138,177
Prepaid expenses	-	-	2,630	3,031
Loans to employees	9,134	2,738	3,603	270
Balances with statutory / government authorities	2,002	2,000	-	-
	11,136	4,738	166,390	141,478
<b>Total</b>	<b>39,349</b>	<b>28,671</b>	<b>592,964</b>	<b>2,572,635</b>

## 13. Trade Receivables and Other Assets

### 13.1. Trade Receivables

	Non-current		Current	
	31-Mar-15 Rs. '000	30-Jun-14 Rs. '000	31-Mar-15 Rs. '000	30-Jun-14 Rs. '000
Unsecured, considered good unless stated otherwise				
Outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, considered good	-	-	71,082	96,147
	-	-	71,082	96,147
Other receivables				
Unsecured, considered good	-	-	-	58,358
	-	-	-	58,358
	-	-	71,082	154,505

### 13.2. Other assets

	Non-current		Current	
	31-Mar-15 Rs. '000	30-Jun-14 Rs. '000	31-Mar-15 Rs. '000	30-Jun-14 Rs. '000
<b>Others</b>				
Interest accrued on fixed deposits	-	-	11,135	7,803
Interest accrued on loan to related parties (Refer Note 27)	-	-	25,555	2,353
<b>Rent and Other Receivables</b>				
From related party	-	-	5,013	21,966
From others	-	-	105	448
Receivable against fixed assets sold to related party	-	-	17,500	17,500
Fixed assets held for sale (at lower of net book value and estimated net realizable value)*	-	-	10,280	13,382
	-	-	69,588	63,452
	-	-	69,588	63,452
* Balance as per the last financial statement			13,382	26,765
Add : Transferred during the period/ year (Refer Note 9 above)			-	3,102
Less : Written off / Sold during the period/year			(3,102)	(16,485)
<b>Total**</b>			<b>10,280</b>	<b>13,382</b>

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

# NOTES TO FINANCIAL STATEMENTS

for period ended March 31, 2015

## 14. Cash and bank balances

	Non-current		Current	
	31-Mar-15 Rs. '000	30-Jun-14 Rs. '000	31-Mar-15 Rs. '000	30-Jun-14 Rs. '000
<b>Cash and cash equivalents</b>				
<i>Balances with banks:</i>				
– On current accounts			11,342	7,911
– Deposits with original maturity of less than three months			2,038	15,001
– On unpaid dividend account			6,736	7,085
Cash on hand			4	10
			20,120	30,007
<b>Other bank balances</b>				
– Margin money deposit	-	-	211,700	596,731
	-	-	211,700	596,731
	-	-	231,820	626,738

### Margin money deposits given as security

Margin money deposits with a carrying amount of Rs.211,700 thousand (30 June 2014: Rs.596,731 thousand) are subject to first charge to secure the letter of credits/ bill discounting/ overdraft facility for two step down subsidiaries of the Company.

## 15. Revenue from operations

	31-Mar-15 Rs. '000	30-Jun-14 Rs. '000
<b>Revenue from operations</b>		
Traded goods	-	681,645
Revenue from operations	-	681,645
<b>Detail of products sold</b>		
Traded goods sold		
Mobile Phones	-	671,677
Service components and spares	-	9,968
	-	681,645

## 16. Other income

	31-Mar-15 Rs. '000	30-Jun-14 Rs. '000
Interest income on		
Bank deposits	35,824	61,221
On income tax refund	-	7,077
On loan to an Employee and Bodies corporate	139,703	2,580
Dividend income on :-		
Long-term investments from others	692	692
Long-term investments from subsidiary company	-	177,353
Provision for doubtful debts and advances written back	-	285
Bad debts / advances recovered	2,000	-
Provisions and unclaimed balances written back (net)	511	930
Rent Received	50,089	60,242
Income on foreign exchange fluctuation (net)	-	630
Profit on sale of current Investments in units of mutual funds	-	1,252
Profit on disposal of fixed assets	-	23,450
Miscellaneous income	549	-
	229,368	335,712



# NOTES TO FINANCIAL STATEMENTS

for period ended March 31, 2015

## 17. Employee benefits expenses

	31-Mar-15 Rs.'000	30-Jun-14 Rs.'000
Salaries, wages and bonus	82,101	80,886
Contribution to provident and other funds	1,101	1,086
Leave encashment expenses	4,441	2,439
Gratuity expense (Refer Note No. 22)	1,594	645
Staff welfare expenses	8,139	12,096
	<b>97,376</b>	<b>97,152</b>

## 18.1 Other expenses

	31-Mar-15 Rs.'000	30-Jun-14 Rs.'000
Electricity and water	12,641	17,600
Freight and forwarding charges	-	141
Rent	26,175	33,933
Rates and taxes	2,548	6,824
Insurance	689	409
Repairs and maintenance		
-Buildings	6,198	7,474
-Others	5,631	7,827
Advertising and sales promotion	140	5,503
Travelling and conveyance	13,121	22,164
Communication costs	2,244	3,198
Printing and stationery	2,162	2,349
Legal and professional fees	11,867	29,258
Directors' sitting fees	1,946	572
Payment to statutory auditors (Refer details below)	4,462	4,892
Loss on disposal of fixed assets (net)	3,102	-
Security & Housekeeping Expenses	10,131	13,628
Bank charges	33	344
Loss on foreign exchange fluctuation (net)	10	-
Corporate Social Responsibility	1,850	-
Brokerage & Commission	1,155	1,355
Miscellaneous expenses	5,321	8,458
	<b>111,426</b>	<b>165,929</b>

### Payment to Statutory Auditors

	31-Mar-15 Rs.'000	30-Jun-14 Rs.'000
As auditor:		
Statutory Audit fees	1,910	1,796
Tax audit fees	281	365
Limited reviews	1,685	2,191
Other services (certification fees)	354	140
Reimbursement of expenses	232	400
	<b>4,462</b>	<b>4,892</b>

# NOTES TO FINANCIAL STATEMENTS

for period ended March 31, 2015

## 18.2 Exceptional items

	31-Mar-15 Rs. '000	30-Jun-14 Rs. '000
Additional Depreciation due to change of useful life	18,232	-
Provision made for diminution in the value of long term investments	3,328,375	13,890
	3,346,607	13,890

## 19. Depreciation and amortization expense

	31-Mar-15 Rs. '000	30-Jun-14 Rs. '000
Depreciation of tangible assets	38,272	50,342
Amortization of intangible assets	527	665
	38,799	51,007

## 20. Finance costs

	31-Mar-15 Rs. '000	30-Jun-14 Rs. '000
Interest Cost (including Rs Nil (Previous year: Rs. 5 thousand) on Income Tax)	264	1,254
	264	1,254

## 21. Earnings per share (EPS)

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

	31-Mar-15 Rs. '000	30-Jun-14 Rs. '000
Profit/(Loss) after tax	(3,365,104)	45,492
<b>Net profit/(Loss) for calculation of basic and diluted EPS</b>	<b>(3,365,104)</b>	<b>45,492</b>
	<b>Nos.</b>	<b>Nos.</b>
<b>Weighted average number of equity shares in calculating basic and diluted EPS</b>	<b>227,863,982</b>	<b>230,801,673</b>
Basic and diluted earning per share	(14.77)	0.20

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

### a) Defined Contribution Plan

Particulars	31-Mar-15 Rs. '000	30-Jun-14 Rs. '000
Contribution to provident fund	1,021	983
	1,021	983

### b) Details of employee benefits

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

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

# NOTES TO FINANCIAL STATEMENTS

for period ended March 31, 2015

## Statement of profit and loss

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

	Gratuity	
	31-Mar-15 Rs. '000	30-Jun-14 Rs. '000
Current service cost	925	497
Interest cost on benefit obligation	99	990
Expected return on plan assets	(86)	(798)
Net actuarial( gain) / loss recognized in the year	656	(43)
<b>Net benefit expense</b>	<b>1,594</b>	<b>645</b>
Actual return on plan assets	75	109

## Balance sheet

### Benefit asset/ liability

	Gratuity	
	31-Mar-15 Rs. '000	30-Jun-14 Rs. '000
Present value of defined benefit obligation	3,226	1,557
Fair value of plan assets	1,303	1,257
<b>Plan asset / (liability)</b>	<b>1,923</b>	<b>300</b>

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

	Gratuity	
	31-Mar-15 Rs. '000	30-Jun-14 Rs. '000
Opening defined benefit obligation	1,557	11,649
Current service cost	925	497
Interest cost	99	990
Liability transferred pursuant to slump sale	-	(8,096)
Acquisition adjustment (Out)	-	(1,554)
Benefits paid*	-	(1,197)
Actuarial losses/(gains) on obligation	645	(732)
<b>Closing defined benefit obligation</b>	<b>3,226</b>	<b>1,557</b>

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

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

	Gratuity	
	31-Mar-15 Rs. '000	30-Jun-14 Rs. '000
Opening fair value of plan assets	1,257	8,725
Expected return	86	798
Fund Management Charge	(29)	-
Assets transferred pursuant to slump sale	-	(7,448)
Benefits paid	-	(129)
Actuarial gains / (losses)	(11)	(689)
<b>Closing fair value of plan assets</b>	<b>1,303</b>	<b>1,257</b>

The Company expects to contribute Rs. 1,135 thousand to gratuity in the next year (30th June 2014: Rs. 593 thousand).

# NOTES TO FINANCIAL STATEMENTS

for period ended March 31, 2015

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

	Gratuity	
	31-Mar-15	30-Jun-14
Investments with insurer	100%	100%

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

	Gratuity	
	31-Mar-15	30-Jun-14
Discount rate	7.75%	8.50%
Expected rate of return on assets	9.15%	9.15%
Employee turnover		
- Upto 30 years	4.00%	4.00%
- 30-44 years	4.00%	4.00%
- Above 44 years	1.00%	1.00%
Mortality rate	As notified by LIC	

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

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

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

	31-Mar-15 Rs. '000	30-Jun-14 Rs. '000	30-Jun-13 Rs. '000	30-Jun-12 Rs. '000	31-Mar-11 Rs. '000
<b>Gratuity</b>					
Defined benefit obligation	3,226	1,557	11,648	10,392	9,843
Plan assets	1,303	1,257	8,725	7,589	4,837
(Surplus) / deficit	1,923	300	2,923	2,803	5,006
Experience adjustments on plan liabilities	(436)	732	1,239	2,837	764
Experience adjustments on plan assets	(11)	(689)	5	(72)	(1)

## 23. Leases

### Operating lease: Company as lessee

An office building has been obtained on operating lease. There is no contingent rent in the lease agreement. The lease term is for 9 years and can be extended on mutual consent of both the parties. There are no restrictions imposed by lease arrangements. There are subleases and all the leases are cancellable in nature. The Company has recognised lease expenses of Rs. 25,271 thousand for the period ended March 31, 2015 (Previous year Rs 33,696 thousand)

### Operating lease commitments – Company as lessor

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

Further, the Company has entered into lease of its Building in Kolkata. The lease term is three years and can be extended by mutual consent of both the parties. The lease has a lock in period of one year. The lease is cancellable after the lock in period by either party by serving a notice of atleast 3 months.

# NOTES TO FINANCIAL STATEMENTS

for period ended March 31, 2015

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

	31-Mar-15 Rs. '000	30-Jun-14 Rs. '000
Within one year	4,407	Nil
After one year but not more than five years	734	Nil
More than five years	-	Nil
	5,141	-

## 24. Segment information

*Primary segments: Business Segments*

During the period the Company did not have any business operations. During the previous year, the Company was engaged mainly in telecommunications- Mobile business which represented the business of trading of mobile handsets. The entire business was considered as a single segment in terms of Accounting Standard-17 on Segment Reporting issued by the Institute of Chartered Accountants of India.

*Secondary Segments: Geographical Segment*

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

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

Geographical Segment	31-Mar-15 Rs. '000	30-Jun-14 Rs. '000
Revenue from the Domestic market	-	681,645
Revenue from the Overseas markets	-	-
<b>Total Revenue</b>	-	681,645
Trade receivables of Domestic market	71,082	154,505
Trade receivables of Overseas markets	-	-
<b>Total Trade Receivables</b>	71,082	154,505

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

## 25. Capital & other Commitments

- Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. 4,604 thousand (Previous year Rs. Nil thousand).
- The Company has given comfort letter to its two subsidiary companies, whose net worth has been fully eroded, to provide financial support in the future to enable them to settle their obligation as and when they fall due and operate as a going concern (Refer note 33 below).

## 26. Contingent Liabilities

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

- Income Tax Demand being disputed by the Company Rs. 152,716 thousand (Previous year Rs. 150,167 thousand).\*
- Penalty under Foreign Trade (Development and Regulation) Act, 1992, on account of non fulfilment of export obligation being disputed by the Company - Rs. 40,860 thousand (Previous year Rs. 40,860 thousand).\*
- Demand raised by the Excise Authorities being disputed by the Company. The Company has deposited Rs. 2,000 thousand (Previous year Rs. 2,000 thousand) under protest and the same has been included in the note of Loans and Advances under balances with statutory / government authorities - Rs. 66,263 thousand (Previous year Rs. 66,263 thousand).\*
- The Company has given corporate guarantee and pledged fixed deposits of Rs. 180,562 thousand (Previous year Rs. 566,731 thousand in respect of letter of credit/ bill discounting facility taken by a subsidiary company to the extent of Rs. 2,050,000 thousand where the Company is jointly and severally liable. Further, the Company has an equitable mortgage of its property situated at B1 101, 106 and 107, Boomerang, Plot No. 4A and 4B, Sakivali Village, Chandivali farm road, Kurla (W), Mumbai in respect of letter of credit facility (included in the above amount) taken by subsidiary company to the extent of Rs. 450,000 thousand, where the Company is jointly and severally liable.
- The Company has pledged its fixed deposit of Rs. 31,138 thousand (Previous year Rs. 30,000 thousand) in respect of the overdraft facility taken by subsidiary of a subsidiary company

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

# NOTES TO FINANCIAL STATEMENTS

for period ended March 31, 2015

## 27. Related Parties

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

Ultimate Holding Company	Smart Global Corporate Holding Private Limited (Formerly known as Spice Global Investments Private Limited)
Holding Company	Smart Ventures Private Limited (Converted into private limited company w.e.f. 21.08.2014)
Subsidiary including step down subsidiaries companies	Spice Digital Limited Spice Retail Limited Hindustan Retail Private Limited Kimaan Exports Private Limited Spice Labs Private Limited Cellucom Retail India Private Limited S Retail Middle East FZE Spice Online Retail Private Limited Mobisoc Technology Private Limited S GIC Pte Ltd. Spice VAS (Africa) Pte. Ltd. Spice Digital Nigeria Limited Beoworld Sdn. Bhd Spice VAS Uganda Ltd. Spice VAS Kenya Limited S Mobility (HK) Ltd. S Mobile Devices Ltd. S Mobility Pte Ltd. Spice VAS Ghana Ltd. Spice VAS Zambia Ltd. Spice Digital South Africa (Pty) Ltd. Spice VAS Tanzania Limited Spice Digital (Bangladesh) Limited S Retail General Trading LLC

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

Individual having significant influence on the Company and relatives or such individuals	Mr. Dilip Modi - Chairman
Enterprises directly or indirectly through one or more intermediaries are under common control with the Company	Smart Entertainment Pvt Ltd (formerly known as Spice Entertainment Limited) Wall Street Finance Limited Smartvalue Ventures Private Limited (Formerly Spice Investments & Finance Advisors Pvt. Ltd.) Spice Innovative Technologies Private Ltd. IO Systems Limited Smart Global Ventures Private Limited
Key Management Personnel	Mr. Subramanian Murali – President Finance Mr. Prashant Bindal – CEO (w.e.f. 27.08.2014) Mr. R.S. Desikan - CEO (till 30.06.2014)
Relatives of key management personnel	Mrs. Sonia Bindal (w.e.f. 27.08.2014) Mrs. Janaki Desikan (till 30.06.2014)
Enterprises over which individuals having significant influence over the Company is able to exercise significant influence	PT Selular Media Infotama Plus Paper Foodpac Ltd. Bharat IT Services Limited V Corp Merchantile Private Limited Saket City Hospitals Pvt. Ltd. (Formerly G M Modi Hospitals Corporation Pvt. Ltd.)

# NOTES TO FINANCIAL STATEMENTS

for period ended March 31, 2015

## Details of related party transactions

(Rs. in '000)

		Ultimate Holding Company	Holding Company	Subsidiary							
		Smart Global Corporate Holding Private Limited	Smart Ventures Private Limited	Spice Digital Limited	Mobisoc Technology Private Limited	Spice Retail Limited	Hindustan Retail Private Limited	Kimaan Exports Private Limited	Spice Labs Private Limited	S Mobility Pte. Limited Singapore	Spice Online Retail Private Limited
<b>Transactions during the period</b>											
Sales of Goods	March 31, 2015	-	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	681,645	-	-	-	-	-
Slump Sale of Business	March 31, 2015	-	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	354,000	-	-	-	-	-
Interest Expense	March 31, 2015	-	-	-	-	-	-	-	-	-	-
	June 30, 2014	1,216	-	-	-	-	-	-	-	-	-
Interest Income	March 31, 2015	-	-	-	-	28,395	108,977	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	-	-
Remuneration	March 31, 2015	-	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	-	-
Security Received	March 31, 2015	-	500	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	-	-
Security Returned	March 31, 2015	-	500	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	-	-
Security Paid	March 31, 2015	-	-	200	-	-	200	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	-	-
Security Received back	March 31, 2015	-	-	200	-	-	200	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	-	-
Advertisement and sales promotion	March 31, 2015	-	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	-	-
Miscellaneous Expenses	March 31, 2015	-	-	5,070	-	-	-	124	-	-	-
	June 30, 2014	-	-	4,387	-	257	-	-	-	-	-
Provision in the value of Investments made	March 31, 2015	-	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	11,877	-
Rent Expense	March 31, 2015	-	-	-	-	-	-	23,547	-	-	-
	June 30, 2014	-	-	-	-	-	-	30,026	-	-	-
Rent Income	March 31, 2015	336	294	13,665	4,872	23,898	-	-	3,024	-	3,066
	June 30, 2014	1,596	812	15,918	6,608	26,040	-	-	4,158	-	3,850
Dividend paid	March 31, 2015	-	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	279,588	-	-	-	-	-	-	-	-
Dividend received	March 31, 2015	-	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	177,353	-	-	-	-	-	-	-
Advance for Fixed Assets	March 31, 2015	-	-	-	-	-	-	-	-	-	-
	June 30, 2014	100,000	-	-	-	-	-	-	-	-	-
Advance for Fixed Assets returned	March 31, 2015	-	-	-	-	-	-	-	-	-	-
	June 30, 2014	100,000	-	-	-	-	-	-	-	-	-
Loans/advance given during the period	March 31, 2015	-	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	15,000	40,125	-	-	-	-
Loans/advance repaid during the period	March 31, 2015	-	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	-	-
Sale of Fixed Assets	March 31, 2015	-	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	-	-
Loan received back during the period/ adjusted	March 31, 2015	-	-	-	-	89,300	1,919,715	-	-	-	-
	June 30, 2014	-	-	-	-	12,625	24,000	-	-	-	-
Reimbursement of Expenses (recovered)	March 31, 2015	-	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	62	31	1,025	-	-	31	-	-
Reimbursement of Expenses (provided)	March 31, 2015	-	-	-	-	14,514	-	-	-	-	-
	June 30, 2014	-	-	-	-	737	-	-	-	-	-
<b>Outstanding balances at the end of period</b>											
Receivables Considered Good	March 31, 2015	-	-	-	-	71,082	-	-	-	-	-
	June 30, 2014	-	-	-	-	154,505	-	-	-	-	-
Payables	March 31, 2015	3,008	-	3,984	-	-	-	8,119	-	-	-
	June 30, 2014	3,008	-	2,066	-	-	-	32,895	-	-	-
Security Deposits	March 31, 2015	-	-	-	-	-	-	10,000	-	-	-
	June 30, 2014	-	-	-	-	-	-	10,000	-	-	-
Loan/advances receivable	March 31, 2015	-	-	-	-	415,075	-	-	-	-	-
	June 30, 2014	-	-	-	-	504,375	1,919,715	-	-	-	-
Provision in the value of Investments	March 31, 2015	-	-	-	-	-	-	-	-	11,877	-
	June 30, 2014	-	-	-	-	-	-	-	-	11,877	-
Other Receivable	March 31, 2015	-	47	-	-	4,128	-	-	-	-	-
	June 30, 2014	-	-	528	-	16,428	-	-	344	-	659
Interest Receivable	March 31, 2015	-	-	-	-	25,555	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	-	-

### Notes:

- No amount has been provided as doubtful debts or advances / written off or written back in respect of debts due from / to above parties except as disclosed above.
- The Company has given corporate guarantee and pledged fixed deposits of Rs. 180,562 thousand (Previous year Rs. 566,731 thousand) in respect of letter of credit/ bill discounting facility taken by a subsidiary company to the extent of Rs. 2,050,000 thousand where the company is jointly and severally liable. Further, the Company has an equitable mortgage of its property situated at B1 101, 106 and 107, Boomerang, Plot No. 4A and 4B, Sakivali Village, Chandivali farm road, Kurla (W), Mumbai in respect of letter of credit facility (included in the above amount) taken by subsidiary company to the extent of Rs. 450,000 thousand, where the company is jointly and severally liable.
- The Company has given comfort letter to its two subsidiary companies, whose net worth has been fully eroded, to provide financial support in the future to enable them to settle their obligation as and when they fall due and operate as a going concern.
- The Company has pledged its fixed deposit of Rs. 31,138 thousand (Previous year Rs. 30,000 thousand) in respect of the overdraft facility taken by subsidiary of a subsidiary company



# NOTES TO FINANCIAL STATEMENTS

for period ended March 31, 2015

## Details of related party transactions

(Rs. in '000)

		Enterprises directly or indirectly through one or more intermediaries are under common control with the Company						KMP		
		Smartvalue Ventures Pvt Ltd (Formerly Spice Investments & Finance Advisors Private Limited.)	Spice Innovative Technologies Private Limited	Smart Entertainment Pvt Ltd (formerly known as Spice Entertainment Limited)	Smart Global Ventures Pvt. Ltd.	IO system Limited	Wall Street Finance Limited	Mr. Prashant Bindal	Mr. R S Desikan	Mr. Subramanian Murali
<b>Transactions during the period</b>										
Sales of Goods	March 31, 2015	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	-
Slump Sale of Business	March 31, 2015	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	-
Interest Expense	March 31, 2015	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	-
Interest Income	March 31, 2015	-	-	-	-	-	-	-	-	1,576
	June 30, 2014	-	-	-	-	-	-	-	-	466
Remuneration	March 31, 2015	-	-	-	-	-	-	19,626	-	20,179
	June 30, 2014	-	-	-	-	-	-	-	5,480	25,626
Security Received	March 31, 2015	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	-
Security Returned	March 31, 2015	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	-
Security Paid	March 31, 2015	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	-
Security Received back	March 31, 2015	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	-
Advertisement and sales promotion	March 31, 2015	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	4,949	-	-	-	-	-	-
Miscellaneous Expenses	March 31, 2015	-	-	-	-	-	513	2	-	2
	June 30, 2014	-	-	-	-	-	2,075	-	-	-
Provision in the value of Investments made	March 31, 2015	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	-
Rent Expense	March 31, 2015	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	-
Rent Income	March 31, 2015	42	84	168	-	42	-	-	-	-
	June 30, 2014	126	336	168	84	168	-	-	-	-
Dividend paid	March 31, 2015	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	1	-
Dividend received	March 31, 2015	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	-
Advance for Fixed Assets	March 31, 2015	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	-
Advance for Fixed Assets returned	March 31, 2015	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	-
Loans/advance given during the period	March 31, 2015	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	20,000
Loans/advance repaid during the period	March 31, 2015	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	-
Sale of Fixed Assets	March 31, 2015	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	-
Loan received back during the period/ adjusted	March 31, 2015	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	-
Reimbursement of Expenses (recovered)	March 31, 2015	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	-
Reimbursement of Expenses (provided)	March 31, 2015	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	-
<b>Outstanding balances at the end of period</b>										
Receivables Considered Good	March 31, 2015	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	-
Payables	March 31, 2015	-	-	-	-	-	379	2	-	-
	June 30, 2014	-	-	4,949	-	-	58	-	-	-
Security Deposits	March 31, 2015	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	-
Loan/advances receivable	March 31, 2015	-	-	-	-	-	-	-	-	20,000
	June 30, 2014	-	-	-	-	-	-	-	-	20,000
Provision in the value of Investments	March 31, 2015	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	-
Other Receivable	March 31, 2015	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	-
Interest Receivable	March 31, 2015	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	466

# NOTES TO FINANCIAL STATEMENTS

for period ended March 31, 2015

## Details of related party transactions

(Rs. in '000)

		Individuals having significant influence over the company and their relatives	Relatives of key management personnel		Enterprises over which individual having significant influence over the Company is able to exercise significant influence					Total
		Mr. Dilip Modi	Mrs. Janaki Desikan	Mrs. Sonia Bindal	Plus Paper Foodpac Limited	Bharat IT Services Limited	PT Selular Media Infotama	V Corp Merchantile Private Limited	Saket City Hospitals Pvt. Ltd.	
<b>Transactions during the period</b>										
Sales of Goods	March 31, 2015	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	681,645
Slump Sale of Business	March 31, 2015	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	354,000
Interest Expense	March 31, 2015	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	1,216
Interest Income	March 31, 2015	-	-	-	-	-	-	-	-	138,948
	June 30, 2014	-	-	-	-	2,096	-	-	-	2,562
Remuneration	March 31, 2015	-	-	-	-	-	-	-	-	39,805
	June 30, 2014	-	-	-	-	-	-	-	-	31,106
Security Received	March 31, 2015	-	-	-	-	-	-	-	-	500
	June 30, 2014	-	-	-	-	-	-	-	-	-
Security Returned	March 31, 2015	-	-	-	-	-	-	-	-	500
	June 30, 2014	-	-	-	-	-	-	-	-	-
Security Paid	March 31, 2015	-	-	-	-	-	-	-	-	400
	June 30, 2014	-	-	-	-	-	-	-	-	-
Security Received back	March 31, 2015	-	-	-	-	-	-	-	-	400
	June 30, 2014	-	-	-	-	-	-	-	-	-
Advertisement and sales promotion	March 31, 2015	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	4,949
Miscellaneous Expenses	March 31, 2015	-	-	108	-	-	-	19	-	5,838
	June 30, 2014	-	301	-	-	18	-	2,392	17	9,447
Provision in the value of Investments made	March 31, 2015	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	11,877
Rent Expense	March 31, 2015	-	-	-	-	-	-	-	-	23,547
	June 30, 2014	-	-	-	-	-	-	-	-	30,026
Rent Income	March 31, 2015	-	-	-	-	-	-	-	-	49,491
	June 30, 2014	-	-	-	-	-	-	-	-	59,864
Dividend paid	March 31, 2015	-	-	-	-	-	-	-	-	-
	June 30, 2014	1,650	-	-	-	-	-	-	-	281,239
Dividend received	March 31, 2015	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	177,353
Advance for Fixed Assets	March 31, 2015	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	100,000
Advance for Fixed Assets returned	March 31, 2015	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	100,000
Loans/advance given during the period	March 31, 2015	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	75,125
Loans/advance repaid during the period	March 31, 2015	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	43,900	-	-	-	43,900
Sale of Fixed Assets	March 31, 2015	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	35,000	-	-	-	-	35,000
Loan received back during the period/ adjusted	March 31, 2015	-	-	-	-	-	-	-	-	2,009,015
	June 30, 2014	-	-	-	-	-	-	-	-	36,625
Reimbursement of Expenses (recovered)	March 31, 2015	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	3,168	-	-	-	4,317
Reimbursement of Expenses (provided)	March 31, 2015	-	-	-	-	783	-	-	-	15,297
	June 30, 2014	-	-	-	-	-	-	-	-	737
<b>Outstanding balances at the end of period</b>										
Receivables Considered Good	March 31, 2015	-	-	-	-	-	-	-	-	71,082
	June 30, 2014	-	-	-	-	-	-	-	-	154,505
Payables	March 31, 2015	-	-	-	-	-	-	-	-	15,491
	June 30, 2014	-	50	-	-	-	-	-	-	43,026
Security Deposits	March 31, 2015	-	-	-	-	-	-	-	-	10,000
	June 30, 2014	-	-	-	-	-	-	-	-	10,000
Loan/advances receivable	March 31, 2015	-	-	-	-	-	3,951	-	-	439,026
	June 30, 2014	-	-	-	-	-	-	-	-	2,444,090
Provision in the value of Investments	March 31, 2015	-	-	-	-	-	-	-	-	11,877
	June 30, 2014	-	-	-	-	-	-	-	-	11,877
Other Receivable	March 31, 2015	-	-	-	18,338	-	-	-	-	22,513
	June 30, 2014	-	-	-	18,338	-	3,168	-	-	39,465
Interest Receivable	March 31, 2015	-	-	-	-	-	-	-	-	25,555
	June 30, 2014	-	-	-	-	1,887	-	-	-	2,353

# NOTES TO FINANCIAL STATEMENTS

for period ended March 31, 2015

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

Particulars	31-Mar-15	30-Jun-14
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
-Principal amount due to micro and small enterprises	NIL	NIL
-Interest due on above	NIL	NIL
The amount of interest paid by the buyer in terms of Section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	NIL	NIL
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	NIL	NIL
The amount of interest accrued and remaining unpaid at the end of each accounting year	NIL	NIL
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act 2006	NIL	NIL

## 29. Value of imports calculated on CIF basis

	31-Mar-15 Rs.'000	30-Jun-14 Rs.'000
Traded goods and Service components and spares	-	664,333
<b>Total</b>	-	664,333

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

	31-Mar-15 Rs.'000	30-Jun-14 Rs.'000
Travelling and Conveyance	671	2,820
	671	2,820

## 31. Remuneration to Directors/Manager

Particulars	31-Mar-15	30-Jun-14
<b>Manager*</b>		
Salaries	-	5,439
Contribution to Provident Fund	-	9
Perquisites Value (Actual paid / or evaluated as per Income Tax Rules, 1962)	-	32
<b>Total</b>	-	5,480

\* Relates to Mr. R S Desikan in previous year

Note: As the liabilities for gratuity and leave encashment were provided on an actuarial basis for the Company as a whole, the amounts pertaining to the Manager was not included above.

## 32. Net dividend remitted in foreign exchange

	31-Mar-15		30-Jun-14	
			Final Dividend#	Interim Dividend##
Period to which it relates	-	-	July 1, 2012 to June 30, 2013	July 1, 2013 to June 30, 2014
- Number of non-resident shareholders	-	-	80	80
- Number of equity shares held on which dividend was due	-	-	1,528,110	7,782,226
- Amount remitted in foreign exchange (Rs. in thousand)*	-	-	Nil	Nil
<b>- Currency in which dividend was remitted</b>	-	-	Not Applicable	

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

# NOTES TO FINANCIAL STATEMENTS

for period ended March 31, 2015

# The final dividend was paid to the shareholders in Feb'14 and pertained to FY 2012-13.

### The interim dividend was paid to the shareholders in Nov'13 and pertained to FY 2013-14.

33. The Company has over the years invested Rs.3,328,375 thousand in its Multi brand Mobile Retail Store Business as investment in the equity share capital of two subsidiaries and the same was being carried in its books at cost. In view of the continuing losses of the said business and as a prudent accounting practice, the Company has taken a decision to provide fully for the said investment as diminution in value. The provision for diminution in the value of investments has been shown under exceptional items in the financial statements. However, the management continues to focus on growing the retail business and making it profitable on an ongoing basis.

The Company also has receivable by way of loans of Rs. 440,630 thousand (including interest of Rs.25,555 thousand) (Previous year Rs 2,424,090), trade receivables and advances of Rs. 75,210 thousand (Previous year Rs. 170,933 thousand) from these companies. The management is hopeful of realising the above amounts and accordingly no provision has been made there against.

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

Name of the Company	Balance as on March 31, 2015 (Rs.'000)	Balance as on June 30, 2014 (Rs.'000)	Maximum amount outstanding during the year ended March 31, 2015 (Rs.'000)	Maximum amount outstanding during the year ended June 30, 2014 (Rs.'000)
Hindustan Retail Private Limited	-	1,919,715	1,919,715	1,931,265
Spice Retail Limited	415,075	504,375	504,375	505,895

**Note:** Loans are repayable on demand.

36. Independent Non-Promoter (Spice Employee Benefit) Trust ('Trust') holds 11,901,752 (Previous year 11,901,752) Equity Shares of the Company as on 31st March, 2015, for the benefit of the employees of the Company, its associates and subsidiaries. These equity shares were transferred to the Trust pursuant to the Scheme of amalgamation of Spice Televentures Private Limited ('STPL'), at a value at which these equity shares were held in the books of STPL and the same was recorded as receivable from the Trust in the books of the Company. Amount recoverable from Employee Benefit Trust is in respect of these shares (net of amount received till date) as on March 31, 2015, Rs. 69,200 (Previous Year Rs. 73,200).

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

37. **Disclosure required under Sec 186(4) of the Companies Act 2013**

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

Name of the loanee	Rate of Interest	Due date	Secured/ Unsecured	30-Jun-14 Rs.'000	Loan Given Rs.'000	Loan Repaid Rs.'000	31-Mar-15 Rs.'000
Hindustan Retail Private Limited	8%(Previous Year Nil)	Refer Below	Unsecured	1,919,715	-	1,919,715	-
Spice Retail Limited	8%(Previous Year Nil)	Refer Below	Unsecured	504,375	-	89,300	415,075

The loan given to Spice Retail Limited is for business purposes. The loan is repayable till June 30, 2015 or earlier as and when demanded by the Company.

# NOTES TO FINANCIAL STATEMENTS

for period ended March 31, 2015

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

Particulars	30-Jun-14 Rs. '000	Guarantees Given Rs. '000	Guarantees Withdrawn Rs. '000	31-Mar-15 Rs. '000
Spice Retail Limited	2,050,000	-	-	2,050,000

The Company has given corporate guarantee in respect of letter of credit/ bill discounting facility taken by a subsidiary company to the extent of Rs. 2,050,000 thousand where the company is jointly and severally liable.

## Details of Investments made (At cost):

Particulars	Opening Investments Rs. '000	Investments made Rs. '000	Closing Investments Rs. '000
Spice Digital Limited 35,470,674 (Previous year 35,470,674) equity shares of Rs.10 each fully paid up	88,974	-	88,974
Hindustan Retail Private Limited 315,530,000 (Previous year 70,530,000) equity shares of Rs.10 each fully paid up	705,282	2,450,000	3,155,282
Spice Retail Limited 794,262 (Previous year 794,262) equity shares of Rs.10 each fully paid up	173,093	-	173,093
Kimaan Exports Private limited 20,000 (Previous year 20,000) equity shares of Rs.10 each fully paid up	456,212	-	456,212
S Mobility (HK) Limited 10,000 (Previous year 10,000) equity shares of HKD 1 each fully paid up	64	-	64
S mobility Pte. Limited 285,000 (Previous year 285,000) equity shares of SGD 1 each fully paid up*	12,406	-	12,406
S Mobility Devices Limited 50,000 (Previous year 50,000) equity shares of Rs.10 each fully paid up	500	-	500
Godfrey Phillips India Limited 86,500 (Previous year 17,300) equity shares of Rs.2 each (Previous year Rs. 10 each) fully paid up	24,925	-	24,925
Spicejet Limited 140,288 (Previous year 140,288) equity shares of Rs.10 each fully paid up*	7,789	-	7,789
	1,469,245	2,450,000	3,919,245

38. Current year's accounts are prepared for the nine months period from July 1, 2014 to March 31, 2015. Previous year accounts were for the full year, i.e., from July 1, 2013 to June 30, 2014. Hence, current period's figures are not comparable with those of the previous year. Previous year's figures have been regrouped / reclassified wherever considered necessary to confirm to current period's figures.

As per our report of even date

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

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

Place : Noida  
Date : May 11, 2015

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

**Dilip Modi**  
Chairman  
DIN : 00029062

**Suman Ghose Hazra**  
Director  
DIN : 00012223

**Madhusudan V.**  
Chief Financial Officer

**Subramanian Murali**  
Director  
DIN : 00041261

**Prashant Bindal**  
Chief Executive Officer

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

# INDEPENDENT AUDITOR'S REPORT

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

## **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of **Spice Mobility Limited** (formerly known as S Mobility Limited) (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associates, comprising of the consolidated Balance Sheet as at March 31, 2015, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the period then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated financial statements').

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

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

## **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph (a) of the Other Matters below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

## **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of consolidated the state of affairs of the Group and its associates as at March 31, 2015, of their consolidated loss and their consolidated cash flows for the year ended on that date.

## **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditor's report of the Holding company, its subsidiaries and associate companies incorporated in India, to whom the Order applies, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable. The consolidated financial statements include parent company's share of profit of its two associates, incorporated in India, whose financial statements, other financial information have not been audited, hence relevant information for these associates have not been included in the said annexure.
2. As required by Section 143(3) of the Act, to the extent applicable, we report that:
  - (a) We/ other auditors whose reports we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;



## INDEPENDENT AUDITOR'S REPORT

- (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept by the Company so far as appears from our examination of those books and the reports of the other auditors;
- (c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss, and consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2015 taken on record by the Board of Directors of the Holding Company and the reports of the auditors who are appointed under Section 139 of the Act, and of its subsidiary companies incorporated in India, none of the directors of the Group's companies incorporated in India are disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group and its associates – Refer Note 34 to the consolidated financial statements;
  - ii. The Group and its associates did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Holding Company. There were no amounts which were required to be transferred to the Investor Education and Protection fund by the Covered entities.

### Other Matter

- (a) The accompanying consolidated financial statements include total assets of Rs 386,907 thousands as at March 31, 2015 and total revenues of Rs 750,995 thousands for the period ended on that date, in respect of 7 subsidiaries, which have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries entities, is based solely on the report(s) of such other auditors.
- (b) The accompanying consolidated financial statements include total assets of Rs 595,089 thousands thousands as at March 31, 2015, and total revenues of Rs 406,313 thousands for the period ended on that date, in respect of 14 subsidiaries, which have not been audited, which unaudited financial statements and other unaudited financial information have been furnished to us. The consolidated financial statements also include the Company's share of net profit of Rs. 121 thousand for the period ended March 31, 2015, as considered in the consolidated financial statements, in respect of 2 associates, whose financial statements, other financial information have not been audited and whose unaudited financial statements, other unaudited financial information have been furnished to us by the Management. Our opinion, in so far as it relates amounts and disclosures included in respect of these subsidiaries and associates, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries and associates, is based solely on such unaudited financial statement and other unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements and other financial information are not material to the Group.

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

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

Chartered Accountants

ICAI Firm Registration Number: 301003E

### per Anil Gupta

Partner

Membership Number: 087921

Place of Signature: Noida

Date: May 11, 2015



## INDEPENDENT AUDITOR'S REPORT

### **Annexure referred to in paragraph I under the heading “Report on other Legal and Regulatory requirements” of our report of even date**

The Group, comprising Spice Mobility Limited (formerly known as S Mobility Limited) ('Holding Company') and its subsidiaries incorporated in India and to whom the provisions of the Order apply (together referred to as “the Covered entities” in this report)

#### **Re: Spice Mobility Limited (formerly known as S Mobility Limited) (the Company)**

- (i) (a) The Holding company and covered entities of the Group have maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets are physically verified by the management of the Holding Company and some covered entity during the year in accordance with a planned programme of verifying them once in two years, in case of a covered entity, fixed assets are physically verified by the management during the previous year in accordance with a planned programme of verifying them once in three years and in case of other covered entities, the fixed assets were physically verified by the management at reasonable intervals. No discrepancies were observed on such verification as compared to the book records. In our opinion, the frequency of physical verification is reasonable having regard to the size of the Holding Company and the nature of the assets.
- (ii) (a) The business of the Holding Company and few Covered entities of the Group does not involve inventories and, accordingly, the requirements under paragraph 4(ii) of the Order are not applicable to the Holding Company and few Covered entities of the Group. In case of other Covered entities of the Group, management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the covered entities of the group and the nature of their business.
- (c) The covered entities of the group are maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) The Holding Company and the covered entities of the Group have not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a) and (b) of the Order are not applicable to the Holding Company and the Covered entities of the Group and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us and as reported by the other auditors who audited the financial statements / financial information of certain entities of the Group having regard to the explanations that some items purchased are of unique and specialized nature and suitable alternative sources for obtaining comparable quotations are not readily available, there are adequate internal control system commensurate with the size of the Holding company and the Covered entities of the Group and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services, to the extent applicable to the nature of business of the Group. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Holding company and the covered entities of the Group in respect of these areas.
- (v) The Holding Company and the Covered entities of the Group have not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained and as reported by the other auditors who audited the financial statements / financial information of certain covered entities of the Group, the Central Government has not specified the maintenance of cost records under clause 148(I) of the Companies Act, 2013, for the products/services of the Holding Company and the Covered entities of the Group.
- (vii) (a) The Holding Company and the Covered entities of the Group are generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues applicable to it, however there is a slight delay in few cases in respect of a covered entity.
- (b) According to the information and explanations given to us, no undisputed amount payable in respect provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues applicable to it were outstanding at the year end, for a period of more than six months from the date they became payable for the Group except for an amount of Rs. 546 thousand in respect of Chattisgarh entry tax payable for the years 2006-07 to 2007-08 (excluding Rs. 2,475 thousand for the years from 2008-09 to 2010-11 against which Covered entity has filed appeal with Deputy Commissioner of Commercial taxes (Appeals), Raipur);

## INDEPENDENT AUDITOR'S REPORT

- (c) According to the records of the Holding company and the Covered entities of the Group, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added 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
Finance Act, 1944	Service tax demand on Short Message Peer to Peer Service	23,846	July 1, 2004 to May 15, 2008	Pending with Appellate Tribunal, Delhi
Finance Act, 1944	Service tax demand in respect of non-registration of corporate office as an input service distributor and availment of input service CENVAT credit.	10,129	April 1, 2007 to March 31, 2009	Pending with Appellate Tribunal, Delhi
Finance Act, 1944	Demand in respect of wrong availment of input service tax credit on various expenses.	2,068	April 1, 2006 to March 31, 2007	Pending with Commissioner (Appeals), Chandigarh
Central Excise Act, 1944	Demand for excise duty including penalty	64,263	1990-91 to 1993-94	CESTAT, Delhi
Foreign Trade (Development and Regulation) Act, 1992	Penalty on account of non-fulfilment of export obligation	40,860	1991-92	High Court, Delhi
Income Tax Act, 1961	Demand for income Tax on certain disallowances and MAT Credit not considered including interest	14,235	2011-12	Commissioner of Income Tax (Appeals), Meerut
Income Tax Act, 1961	Demand for income Tax on certain disallowances including interest	108	2012-13	Commissioner of Income Tax (Appeals), Meerut
Income Tax Act, 1961	Demand for TDS and Interest on TDS	19,831	2008-09 to 2013-14	Commissioner of Income Tax (Appeals), Noida
Tamil Nadu General Sales Tax Act, 1959	Tax on transfer / replacement of material under Annual Maintenance Contract	814	1993-94 1996-97	High Court, Chennai
West Bengal Sales Tax Act, 1956	Demand for Local Sales Tax	6,924	2005-06 2007-08	Joint Commissioner of Commercial Taxes, Kolkata
Central Sales Tax Act, 1956	Demand for Central Sales Tax	737	2005-06	Joint Commissioner of Commercial Taxes, Kolkata
Central Sales Tax Act, 1956 read with the Delhi Sales Tax Act, 1975	Demand against non-submission of Sales Tax forms	4,864	2002-03 2003-04 2004-05	Additional Commissioner Appeals, Delhi
Central Sales Tax Act, 1956	Demand against Sales Tax	3,931	2006-07 2008-11	Joint Commissioner of Commercial Taxes, Patna
Entry Tax Act, 1976	Demand for Entry Tax	2,475	2008-09 2010-11	Deputy Commissioner of Commercial Taxes (Appeals), Raipur
Entry Tax Act, 1976	Demand for Entry Tax	4,523	2011-12 2012-13	Hon'ble High Court of Himachal Pradesh, Shimla
Income Tax Act, 1961	Demand for TDS	351	2011-12	Assistant Commissioner of Income Tax
TNVAT Act 2006	Demand for VAT	473	2007-08 2008-09 2009-10	Appellate Deputy Commissioner (CT-III), Chennai
West Bengal VAT Act 2003	Demand for VAT	254,304	2009-10 2010-11 2011-12	Senior Joint Commissioner of Commercial Taxes

## INDEPENDENT AUDITOR'S REPORT

Central Sales Tax Act, 1956	Demand against wrongly issued of Form C instead of Form F	5,100	2009-10	Tribunal of Commercial Taxes –Gujarat
Rajasthan VAT Act, 2003	Demand raised for differential VAT	42,067	2009-10 2010-11 2011-12 2012-13	Deputy Commissioner of Commercial Taxes (Appeals II) Rajasthan
West Bengal VAT Act, 2003	Demand for Local Sales Tax	30,004	2010-11 2011-12	Jt. Commissioner of Commercial Taxes -South Circle, Kolkata
Central Sales Tax Act, 1956	Demand for Non-furnishing of Form F	13,059	2011-12	Jt. Commissioner of Commercial Taxes -South Circle, Kolkata
Maharashtra VAT Act, 2002	Demand for VAT	1,488	2006-07	Deputy Commissioner of Sales Tax, Appeal-5, Mumbai.
Income Tax Act, 1961	Demand for TDS	28	2010-11	Commissioner of Income Tax (Appeals), Delhi

- (d) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Group.
- (viii) The Holding Company has no accumulated losses at the end of the financial period and it has not incurred cash losses (without considering exceptional items) in the current and immediately preceding financial year. In case of some covered entities there are no accumulated losses at the end of the financial year and have not incurred cash losses in the current and immediately preceding financial year. In case of some Covered entities of the Group, accumulated losses at the end of the financial year are more than fifty percent of its net worth and the Covered entities have incurred cash losses in the current and immediately preceding financial year. In case of some covered entities, accumulated losses at the end of financial year are not more than fifty percent of its net worth and the covered entities have not incurred cash losses in the current and immediately preceding financial year. In case of a covered entity, accumulated losses at the end of financial year are more than fifty percent of its net worth and the covered entity has incurred cash loss in the current year and has not incurred cash loss in the immediately preceding financial year.
- (ix) Based on our audit procedures and as per the information and explanations given by the management, and as reported by the other auditor who audited the Financial Statements of other covered entities of the group, we are of the opinion that the holding company and other covered entities of the Group have not defaulted in the repayment of dues to any bank. The group did not have any outstanding dues from any financial institution or debenture holders.
- (x) According to the information and explanations given to us, the Holding Company has given guarantee for loans taken by a subsidiary company from a bank, the terms and conditions whereof, in our opinion, are not prima-facie prejudicial to the interest of the Company. According to the information and explanations given to us, the Group has not given any guarantee for loans taken by others from financial institutions. The covered entities of the Group have not given any guarantee for loans taken by others from bank.
- (xi) Based on the information and explanations given to us by the management, term loans obtained by the Holding Company were applied for the purpose for which the loans were obtained and the other covered entities of the Group did not have any term loans outstanding during the year.
- (xii) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the consolidated financial statements and as per the information and explanations given by the management and reports of the other auditors who audited the financial statements / financial information of other Covered entities of the group, which we have relied upon, we report that no fraud on or by the Holding Company has been noticed or reported during the year except in case of a covered entity, we have been informed that two employees of a covered entity had misappropriated funds amounting to Rs.927 thousand during preceding year and the period under audit. Investigations are in progress. That Covered entity is also adequately covered by fidelity insurance cover and has received claims of Rs.520 thousand till March 31, 2015 from the insurance company.

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

**per Anil Gupta**  
Partner  
Membership Number: 87921  
Place: Noida  
Date: May 11, 2015

## CONSOLIDATED BALANCE SHEET

as at March 31, 2015

	Notes	31-Mar-15 Rs. 000	30-Jun-14 Rs. 000
<b>Equity and liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	4	683,592	683,592
Reserves and surplus	5	3,053,988	6,156,561
		3,737,580	6,840,153
<b>Minority Interest</b>	6	330,933	325,982
<b>Non-current liabilities</b>			
Long-term borrowings	7	2,032	2,699
Trade payables	8	313	401
Long-term liabilities	8	61,526	62,850
Long-term provisions	9	28,469	26,347
Deferred tax liabilities (net)	15.1	9,185	8,148
		101,525	100,445
<b>Current liabilities</b>			
Short-term borrowings	10	144,455	136,349
Trade payables	11	3,320,325	2,633,543
Other current liabilities	11	522,684	427,444
Short-term provisions	9	266,445	268,209
		4,253,909	3,465,545
<b>TOTAL</b>		8,423,947	10,732,125
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	12	1,286,939	1,406,507
Intangible assets	13	100,971	99,737
Capital work-in-progress		102,785	79,989
Goodwill on Consolidation		527,295	2,478,497
Non-current investments	14	492,312	401,453
Deferred tax assets (net)	15.2	-	1,336
Long-term loans and advances	16	393,838	332,987
Amount recoverable from Employee Benefit Trust	42	69,200	73,200
Other non-current assets	17.2	3,610	1,678
		2,976,950	4,875,384
<b>Current assets</b>			
Current investments	18	236,595	425,344
Inventories	19	1,142,665	913,665
Trade receivables	17.1	1,307,415	1,302,449
Cash and bank balances	20	1,373,949	1,840,026
Short-term loans and advances	16	1,007,541	999,333
Other current assets	17.2	378,832	375,924
		5,446,997	5,856,741
<b>TOTAL</b>		8,423,947	10,732,125
Summary of significant accounting policies	3.1		

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

As per our report of even date

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

per Anil Gupta  
Partner  
Membership no.: 87921

Place : Noida  
Date : May 11, 2015

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

**Dilip Modi**  
Chairman  
DIN : 00029062

**Suman Ghose Hazra**  
Director  
DIN : 00012223

**Madhusudan V.**  
Chief Financial Officer

**Subramanian Murali**  
Director  
DIN : 00041261

**Prashant Bindal**  
Chief Executive Officer

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

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the nine months period ended March 31, 2015

	Notes	For the nine months ended March 31, 2015 (Rs. '000)	For the year ended June 30, 2014 (Rs. '000)
<b>Income</b>			
Revenue from operations (gross)	21	15,872,371	21,106,368
Less: excise duty		-	-
<b>Revenue from operations (net)</b>		15,872,371	21,106,368
Other income	22	170,458	167,039
<b>Total revenue (I)</b>		16,042,829	21,273,407
<b>Expenses</b>			
Purchase of traded goods		13,182,596	16,528,650
(Increase) in inventories	23	(229,000)	(62,103)
Employee benefits expenses	24	967,348	1,124,179
Connectivity and content cost	25	473,700	674,029
Other expenses	26.1	2,026,150	2,676,690
<b>Total (II)</b>		16,420,794	20,941,445
<b>Earnings before depreciation, amortization, finance costs, tax and exceptional items (EBITDA) (I) – (II)</b>		(377,965)	331,962
Depreciation and amortization expense	27	214,369	349,723
Finance costs	28	12,442	11,788
Exceptional items	26.2	2,376,514	203,401
<b>(Loss) before tax</b>		(2,981,290)	(232,950)
<b>Tax expenses</b>			
- Current Income Tax		73,962	46,439
- MAT Credit Entitlement for the current period/year		(614)	(1,051)
- Income tax adjustments for earlier years (net)		7,080	423
- Deferred tax charge/(credit)		2,373	(2,673)
<b>Total tax expense</b>		82,801	43,138
<b>(Loss) for the period/year</b>		(3,064,091)	(276,088)
Share of Minority in profits		10,370	5,410
Share in Profit of Associate companies		121	-
(Loss) for the period/year attributable to equity shareholders		(3,074,340)	(281,498)
<b>Earnings per equity share [nominal value of share Rs. 3 (30 June 2014: Rs. 3)]</b>	29		
<b>Basic and diluted (Rs.)</b>		(13.49)	(1.22)
Summary of significant accounting policies	3.1		

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

As per our report of even date

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

per Anil Gupta  
Partner  
Membership no.: 87921

Place : Noida  
Date : May 11, 2015

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

**Dilip Modi**  
Chairman  
DIN : 00029062

**Suman Ghose Hazra**  
Director  
DIN : 00012223

**Madhusudan V.**  
Chief Financial Officer

**Subramanian Murali**  
Director  
DIN : 00041261

**Prashant Bindal**  
Chief Executive Officer

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

## CONSOLIDATED CASH FLOW STATEMENT

for the nine months period ended March 31, 2015

	Notes	For the nine months ended March 31, 2015 (Rs. '000)	For the year ended June 30, 2014 (Rs. '000)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net (Loss) before taxation		(2,981,290)	(232,950)
Adjustment for :			
- Depreciation / amortization		242,673	379,390
- (Profit) / Loss on disposal of fixed assets (net)		1,921	(15,882)
- Interest expense		12,443	11,788
- Interest income		(108,296)	(113,968)
- Dividend Income		(6,448)	(9,607)
- Provision and unclaimed balances written back (net)		(8,823)	-
- Unclaimed balances written back (net)		(2,987)	-
- Bad Debts Recovered		(4,106)	-
- Income from Investment in fixed maturity plan investments		(8,489)	(5,631)
- Brokerage on buy back of equity shares		-	1,355
- Impairment of Goodwill		1,948,210	141,118
- Reversal of provision for diminution in the value of current investments		(4,823)	-
- Diminution in the value of non-current investments		-	2,013
- Diminution in the value of current investments		-	4,360
- (Profit)/Loss from sale of Units in Mutual Funds (net)		(11,002)	1,383
- Provision for doubtful debts and advances (net)		-	1,031
- Loss on Liquidation of Investment		-	3,016
- Bad debts and advances written off		-	515
<b>Operating (Loss)/profit before working capital changes</b>		<b>(931,017)</b>	<b>167,931</b>
<b>Movements in working capital:</b>			
(Increase) in inventories		(229,000)	(62,104)
Decrease / (Increase) in trade receivables		31,970	(366,420)
Decrease / (Increase) in loans and advances		(10,372)	194,890
Decrease in other current assets		34,048	90,007
Increase in long term / current liabilities		787,777	484,997
Increase in provisions		27,778	66,667
<b>Cash generated (used in)/from Operations</b>		<b>(288,816)</b>	<b>575,968</b>
Direct taxes paid (net of refunds)		(182,900)	(207,581)
<b>Net cash (used in)/from operating activities</b>	<b>(A)</b>	<b>(471,716)</b>	<b>368,387</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of fixed assets (including capital work in progress and capital advances)		(179,441)	(138,389)
Proceeds from sale of fixed assets		1,940	118,310
Purchase of investments		(40,877)	(335,860)
Redemption of Investment		246,132	364,430
Investment in equity instruments (Unquoted)		(125)	-
Investment in Fully paid up Cumulative Compulsory Convertible Preference Shares (Unquoted)		(2,625)	-
Investment in Associate company		(87,987)	-
Amount received from Employee Benefit Trust		4,000	52,852



# CONSOLIDATED CASH FLOW STATEMENT

for the nine months period ended March 31, 2015

	Notes	For the nine months ended March 31, 2015 (Rs.'000)	For the year ended June 30, 2014 (Rs.'000)
Interest received		75,860	120,539
Dividend Received		6,633	9,421
Fixed Deposit refunded with banks		1,012,401	1,739,065
Fixed deposits made with banks (including those pledged with banks and others)		(645,278)	(1,733,648)
<b>Net cash from / (used in) investing activities</b>	<b>(B)</b>	<b>390,633</b>	<b>196,720</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds from Long Term Borrowings		-	3,474
Repayment of Long term Borrowings		(558)	(62)
Proceeds from Short Term Borrowings		19,067	104,699
Repayment of Short term Borrowings		(10,961)	-
Buy Back of Shares by Parent Company		-	(368,503)
Additional Equity Contribution by minority shareholder		-	7,879
Interest paid		(12,443)	(11,789)
Dividend paid		(349)	(340,503)
Taxes on dividend paid		-	(58,119)
<b>Net cash (used in) financing activities</b>	<b>(C)</b>	<b>(5,244)</b>	<b>(662,924)</b>
Net (decrease) in cash and cash equivalents (A + B + C)		<b>(86,327)</b>	<b>(97,817)</b>
Foreign Currency Translation reserve		<b>(10,745)</b>	<b>11,463</b>
Cash and cash equivalents at the beginning of the year		<b>609,295</b>	<b>695,649</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>512,223</b>	<b>609,295</b>
Components of cash and cash equivalents:			
Cash on hand		<b>8,573</b>	<b>15,734</b>
Cheques on hand		<b>1,523</b>	<b>2,220</b>
Balances with scheduled banks:			
On current accounts		<b>481,383</b>	<b>554,180</b>
On Deposits with original maturity of less than three months		<b>14,008</b>	<b>30,076</b>
On unpaid dividend accounts*		<b>6,736</b>	<b>7,085</b>
		<b>512,223</b>	<b>609,295</b>

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

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

Note:

The above cash flow statement has been prepared under the 'Indirect method' as set out in Accounting Standard -3 on Cash Flow Statements notified by the Companies Accounting Standards Rules 2006 (as amended)

As per our report of even date

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

per Anil Gupta  
Partner  
Membership no.: 87921

Place : Noida  
Date : May 11, 2015

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

**Dilip Modi**  
Chairman  
DIN : 00029062

**Suman Ghose Hazra**  
Director  
DIN : 00012223

**Madhusudan V.**  
Chief Financial Officer

**Subramanian Murali**  
Director  
DIN : 00041261

**Prashant Bindal**  
Chief Executive Officer

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



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the nine months period ended March 31, 2015

## I. Nature of Operations

The Group is primarily engaged in the trading of Mobile handsets, IT products and their accessories and the Information and Communication Technology business providing Value Added Services to the Telecom Operators. It also undertakes development and sale of telecom related software. Based on license from Indian Railway Catering and Tourism Corporation, the Group has appointed agents for booking of railway tickets all over India. Besides railway tickets, agents also book air tickets, hotels and provides other travel needs through the platform provided by the Group. During the period, the Group has also entered into the business of direct money transfer through agents. The Group gets one-time fee from the agents and also receives service charges on booking of tickets, hotels, direct money transfer etc.

The name of the Parent Company has been changed from S Mobility Limited to Spice Mobility Limited w.e.f. July 21, 2014.

## 2. Principles of Consolidation

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

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

- (i) The financial statements of the Parent Company and its subsidiary companies have been consolidated on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating intra group balances, intra group transactions and unrealized profits or losses, if any, as per Accounting Standard – 21, Consolidated Financial Statements notified under Section 133 of the Companies Act 2013, read together with Rule 7 of the Companies (Accounts) Rules 2014.
- (ii) The subsidiary companies which are included in the consolidation and the Parent Company's holding therein are as under:

S. No.	Name	Country Name	Holding %	
			As at March 31, 2015	As at June 30, 2014
1	Spice Digital Limited	India	89.19%	89.19%
2	Spice Retail Limited (Refer (a))	India	100.00%	100.00%
3	Mobisoc Technology Private Limited (Refer (b))	India	99.90%	99.90%
4	Spice Labs Private Limited (Refer (b))	India	99.90%	99.90%
5	Spice Digital Bangladesh Limited (Refer (b) and (e))	Bangladesh	99.99%	99.99%
6	Kimaan Exports Private Limited	India	100.00%	100.00%
7	Hindustan Retail Private Limited	India	100.00%	100.00%
8	Cellucom Retail India Private Limited (Refer (a))	India	100.00%	100.00%
9	Spice Online Retail Private Limited (Refer (a))	India	100.00%	100.00%
10	S Mobile Devices Ltd (Refer (e))	India	100.00%	100.00%
11	S GIC Pte Limited (Refer (b) and (e))	Singapore	100.00%	100.00%
12	Spice VAS (Africa) Pte Limited (Refer (c) and (e))	Africa	69.62%	69.62%
13	Beoworld Sdn.Bhd (Refer (c) and (e))	Republic of Malaysia	100.00%	100.00%
14	Spice VAS Kenya Limited (Refer (d), (e) and (g))	Republic of Kenya	100.00%	100.00%
15	Spice Digital Nigeria Limited (Refer (d) and (e))	Nigeria	100.00%	100.00%
16	Spice VAS Uganda Limited (Refer (d) and (e))	Uganda	75.00%	75.00%
17	Spice VAS Ghana Limited (Refer (d) and (f))	Ghana	100.00%	100.00%
18	S Mobility Pte. Limited (Refer (e))	Singapore	100.00%	100.00%
19	S Mobility (HK) Limited (Refer (e))	Hong Kong	100.00%	100.00%
20	S Retail Middle East FZE (Refer (a), (e) and (j))	U.A.E	100.00%	100.00%
21	S Retail General Trading LLC (Refer (a), (e), (i) and (j))	U.A.E	49.00%	49.00%
22	Spice VAS Zambia Limited (Refer (d) and (e))	Zambia	100.00%	100.00%
23	Spice VAS Tanzania Limited (Refer (d), (e) and (h))	Tanzania	100.00%	100.00%
24	Spice Digital South Africa Pty Ltd (Refer (d) and (f))	South Africa	100.00%	100.00%

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for the nine months period ended March 31, 2015

- (a) Subsidiary through Hindustan Retail Private Limited
- (b) Subsidiary through Spice Digital Limited
- (c) Subsidiary through S GIC Pte Ltd.
- (d) Subsidiary through Spice VAS (Africa) Pte Limited
- (e) Management financial statements (unaudited) have been considered for consolidation.
- (f) Financial statements for the nine months period ended March 31, 2015 considered for consolidation have been derived by deducting three months period figures of reviewed financial statements for the quarter ended June 30, 2014 to the figures of twelve months audited financial statement of the entities for the year ended March 31, 2015.
- (g) An equity interest of 20% in the Company is held by a third party on behalf of Spice VAS (Africa) Pte Limited
- (h) An equity interest of 35% in the Company is held by a third party on behalf of Spice VAS (Africa) Pte Limited
- (i) Majority composition of the Board of Directors is with the Group, hence, the company has been consolidated as subsidiary company.
- (j) These companies are under liquidation.
- (iii) The difference of the cost to the Parent Company of its investment in Subsidiaries over its proportionate share in the equity of the investee company as at the date of acquisition of stake is recognized in the financial statements as Goodwill or Capital Reserve, as the case may be.
- (iv) In case of foreign subsidiaries, being non integral foreign operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognized in the Foreign Currency Translation Reserve.
- (v) Minority Interest's share of net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Group's shareholders.
- (vi) Minorities' interest in net profit / loss of consolidated subsidiaries for the period has been identified and adjusted against the profits in order to arrive at the net profits attributable to the shareholders of the Parent Company. Their share of net assets has been identified and presented in the Consolidated Balance Sheet separately. Where accumulated losses attributable to the minorities are in excess of their equity, in the absence of the contractual obligation on the minorities, the same have been accounted for by the Parent Company.
- (vii) As far as possible, the Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Parent Company's separate financial statements. Differences in the accounting policies, if any, are disclosed separately.
- (viii) The financial statements of the group entities used for the purpose of consolidation are drawn up to same reporting date as that of the Parent Company i.e. nine months period ended March 31, 2015.
- (ix) Investments in associate companies have been accounted for by using the equity method of accounting whereby the investment is initially recorded at cost, identifying any goodwill/capital reserve arising at the time of acquisition. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the investor's share of net assets of the investee.

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

S. No	Name of Associate Company	Country name	Holding %	
			As at March 31, 2015	As at June 30, 2014
1	Vavia Technologies Private Limited*	India	26.00%	-
2	Anytime Learning Private Limited *	India	38.53%	-

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

### 3. Basis of preparation

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

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the nine months period ended March 31, 2015

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

## 3.1 Summary of significant accounting policies

### Change in accounting policy

#### (a) Depreciation on fixed assets

Till the year ended June 30, 2014, Schedule XIV to the Companies Act, 1956, prescribed requirements concerning depreciation of fixed assets. From the current year, Schedule XIV has been replaced by Schedule II to the Companies Act, 2013. The applicability of Schedule II has resulted in the following changes related to depreciation of fixed assets. Unless stated otherwise, the impact mentioned for the current period is likely to hold good for future years also.

##### i) Useful lives/ depreciation rates

Till the year ended June 30, 2014, depreciation rates prescribed under Schedule XIV were treated as minimum rates and the Company was not allowed to charge depreciation at lower rates even if such lower rates were justified by the estimated useful life of the asset. Schedule II to the Companies Act 2013 prescribes useful lives for fixed assets which, in many cases, are different from lives prescribed under the erstwhile Schedule XIV. However, Schedule II allows companies to use higher/ lower useful lives and residual values if such useful lives and residual values can be technically supported and justification for difference is disclosed in the financial statements.

Considering the applicability of Schedule II, the management has re-estimated useful lives and residual values of all its fixed assets. The management believes that depreciation rates currently used by the Group fairly reflect its estimate of the useful lives and residual values of fixed assets, though these rates in certain cases are different from lives prescribed under Schedule II. Had the Group continued to follow the earlier useful life, the depreciation expense for the period would have been lower by Rs. 28,304 thousand and loss would have been lower by Rs. 28,304 thousand and the net block of fixed assets would have been higher by Rs. 28,304 thousand.

Till year ended June 30, 2014, to comply with the requirements of Schedule XIV to the Companies Act, 1956, the Group was charging 100% depreciation on assets costing less than Rs. 5,000/- in the year of purchase. However, Schedule II to the Companies Act 2013, applicable from the current year, does not recognize such practice. Hence, to comply with the requirement of Schedule II to the Companies Act, 2013, the Group has changed its accounting policy for depreciation of assets costing less than Rs. 5,000/-. As per the revised policy, the Group is depreciating such assets over their useful life as assessed by the management. The management has decided to apply the revised accounting policy prospectively from accounting periods commencing on or after 1 July 2014.

The change in accounting for depreciation of assets costing less than Rs.5,000/- did not have any material impact on financial statements of the Group for the current year.

#### (b) Use of estimates

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

#### (c) Tangible Fixed assets

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

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

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

#### (d) Intangible Fixed assets

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

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the nine months period ended March 31, 2015

assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the period in which the expenditure is incurred.

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

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

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

In case of a subsidiary, which is engaged in developing computer / mobile softwares for use by mobile / Internet Users, the cost of softwares, developed during the current financial year of Rs 8,357 thousand (Previous year Rs. 123 thousand ) has been capitalised as Intangible Asset as per Accounting Standard-26 on Intangible Assets notified by Companies Accounting Standard Rules, 2006 (as amended) when the Company can demonstrate all the following :-

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

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

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

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

## (e) Goodwill

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

## (f) Depreciation on fixed assets and amortisation on intangible fixed assets

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

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the nine months period ended March 31, 2015

- iv) In respect of three subsidiaries, accelerated depreciation on leasehold improvements/ furnitures and fixtures related to stores/ warehouses under closure is calculated over the notice period of respective lease of the leased premises.
- v) Intellectual Property Rights and computer software and hardware installed at site by some of the subsidiaries (including step subsidiaries) are amortised over a period of five years.
- vi) Costs incurred towards in-house Software Development are charged to Statement of Profit and Loss as and when incurred except in case of two subsidiary where it is recognized and capitalized in the books of account as "Intangible Assets". The cost of developed software is determined on the basis of actual time spent by the technical persons on each software and capitalized on technical/marketing evaluation basis. Such in-house developed software are amortised on straight line basis over a period of three years. (7.14% (previous year Nil%) of net block of intangible assets at Spice Group as at March 31, 2015 and 3.53% (previous year 39.21%) of total amortization expense for the Spice Group for the period ended March 31, 2015)
- vii) Depreciation on all fixed assets other than leasehold land, by one subsidiary is provided on written down value basis as per the useful lives of the assets estimated by the management which are equal to the rates prescribed under Schedule II of the Companies Act, 2013. (4.85% (previous year 4.61%) of total Net Block of tangible fixed assets at Spice Group as at March 31, 2015 and 1.19% (previous year 1.13%) of total depreciation expenses for the Spice Group for the period ended March 31, 2015).
- viii) Except in case of one subsidiary as mentioned in (viii) above, depreciation on all other assets is provided using the straight line method as per the useful lives of the assets estimated by the management, or at the rates prescribed under Schedule II of the Companies Act, 2013, whichever is higher.
- ix) In respect of Hindustan Retail Private Limited and its subsidiaries, depreciation is provided on straight line method as per the useful lives of the assets estimated by the management, which are as follows.

Asset Class	Rates (SLM)
Plant and Machinery	6.33%
Computers (other than servers etc)	31.67%
Servers	15.84%
Furniture and Fittings	9.5% - 11.88%*
Office Equipments	19.00%
Mobile Handsets (included under office equipments)	50%*

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

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

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

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

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

## (g) Impairment

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use.



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future, cash flows are discounted to their present value using a pre-tax discount rate that reflects current market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

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

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

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

## (h) Leases

*Where the Spice Group is lessee*

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

*Where the Spice Group is the lessor*

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

## (i) Investments

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

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

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

## (j) Borrowing Costs

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

## (k) Inventories

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

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for the nine months period ended March 31, 2015

Traded Goods are valued at lower of cost and net realizable value. Cost is determined on transaction moving weighted average method. In case of a subsidiary company, cost is determined on first in first out basis. (0.22% (previous year 0.48%) of total inventories of traded goods at Spice Group as at March 31, 2015).

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.

## (l) Revenue recognition

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

### **Sale of goods**

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, which coincides with their delivery to the customers. The Group collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Group. Hence, they are excluded from revenue. Excise duty deducted from revenue (gross) is the amount that is included in the revenue (gross) and not the entire amount of liability arising during the year.

### **Sale of Telecom Related Software**

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

### **Income from Services**

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

### **Interest**

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

### **Dividend**

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

### **Income on Fixed Maturity Plan Investments**

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

## (m) Foreign currency translation

*Foreign currency transactions and balances*

### (i) Initial recognition

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

### (ii) Conversion

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

### (iii) Exchange differences

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

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

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



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

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

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

The assets and liabilities of a non-integral foreign operation are translated into the reporting currency at the exchange rate prevailing at the reporting date. Their statement of profit and loss are translated at exchange rates prevailing at the dates of transactions or weighted average weekly rates, where such rates approximate the exchange rate at the date of transaction. The exchange differences arising on translation are accumulated in the foreign currency translation reserve. On disposal of a non-integral foreign operation, the accumulated foreign currency translation reserve relating to that foreign operation is recognized in the statement of profit and loss.

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

## (n) Retirement and other employee benefits

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

- (i) In respect of the Group, retirement benefit in the form of gratuity is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred.

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

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

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

## (o) Income Taxes

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

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

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

In the situations where the Group is entitled to a tax holiday under the Income Tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of

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for the nine months period ended March 31, 2015

timing differences which reverse during the tax holiday period, to the extent the Group's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognised in the year in which timing differences originate. However, the Group restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred assets can be realized. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

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

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

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

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

## (p) Earnings Per Share

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

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

## (q) 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.

## (r) Warranty

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

## (s) Segment reporting

### *Identification of segments*

The Spice Group's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on geographical location of the customers.

### *Intersegment Transfers*

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

### *Allocation of common costs*

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

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the nine months period ended March 31, 2015

## **Unallocated items**

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

## **(t) Contingent liabilities**

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

## **(u) 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.

## **(v) Derivative instruments**

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

## **(w) Government Grants and Subsidies**

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

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

## **(x) Measurement of EBITDA**

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

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the nine months period ended March 31, 2015

## 4. Share Capital

	31-Mar-15 (Rs. '000)	30-Jun-14 (Rs. '000)
<b>Authorized</b>		
330,000,000 (Previous year: 330,000,000) equity shares of Rs. 3 each	990,000	990,000
<b>Issued, subscribed and fully paid-up</b>		
227,863,982 (Previous year: 227,863,982) equity shares of Rs. 3 each	683,592	683,592
<b>Total issued, subscribed and fully paid-up</b>	<b>683,592</b>	<b>683,592</b>

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

Equity shares

	31-Mar-15		30-Jun-14	
	Nos.	(Rs. '000)	Nos.	(Rs. '000)
At the beginning of the period/year	227,863,982	683,592	238,086,285	714,259
Buy back during the previous year			(10,222,303)	(30,667)
Outstanding at the end of the period/year	227,863,982	683,592	227,863,982	683,592

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

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

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

No dividend has been proposed during the period ended 31 March 2015 (30 June 2014: Rs 0.15 per share was distributed as interim dividend to equity shareholders).

### (c) Shares held by holding company

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

	31-Mar-15 (Rs. '000)	30-Jun-14 (Rs. '000)
<b>Holding Company</b>		
Smart Ventures Private Limited (Converted into private limited company w.e.f. 21.08.2014)		
169,447,570 (30 June 2014: 169,447,570) equity shares of Rs. 3 each fully paid	508,343	508,343

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

	31-Mar-15 Nos.	30-Jun-14 Nos.
Equity shares allotted as fully paid-up pursuant to the Scheme of amalgamation for consideration other than cash	163,448,285	163,448,285

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the nine months period ended March 31, 2015

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

Name of the shareholders	As at 31 March 2015		As at 30 June 2014	
	Nos.	% holding in the class	Nos.	% holding in the class
Equity shares of Rs. 3 each fully paid up				
Smart Ventures Private Limited (Converted into private limited company w.e.f. 21.08.2014), the holding company	169,447,570	74.36%	169,447,570	74.36%
Independent Non Promoter Trust	35,301,215	15.49%	35,301,215	15.49%
Independent Non Promoter (Spice Employee Benefit) Trust	11,901,752	5.22%	11,901,752	5.22%

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

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

## 5. Reserves and Surplus

	31-Mar-15 (Rs. '000)	30-Jun-14 (Rs. '000)
<b>Securities premium account</b>		
Balance as per the last financial statements	177,080	465,150
Less: Amount utilized for payment of consideration over nominal value of equity shares bought back	-	(288,070)
<b>Closing Balance</b>	<b>177,080</b>	<b>177,080</b>
<b>Capital Redemption Reserve</b>		
Balance as per the last financial statements	30,666	-
Transferred from General Reserve Account on cancellation of Nil (Previous year: 10,222,303) equity shares of Rs. 3 each bought back pursuant to buy back scheme	-	30,666
<b>Closing Balance</b>	<b>30,666</b>	<b>30,666</b>
<b>General reserve</b>		
Balance as per the last financial statements	4,165,298	4,244,377
Less: Amount utilized for payment of consideration over nominal value of equity shares bought back	-	(48,413)
Less: Amount utilized towards buy back of shares	-	(30,666)
<b>Closing Balance</b>	<b>4,165,298</b>	<b>4,165,298</b>
<b>Foreign Currency Translation Reserve</b>		
Balance as per last financial statements	112,211	99,750
Add: Created during the period/year	(28,233)	12,461
	<b>83,978</b>	<b>112,211</b>
<b>Capital Reserve</b>		
On consolidation		
Balance as per last financial statements	47,219	47,219
	<b>47,219</b>	<b>47,219</b>
Capital Investment Subsidy		
Balance as per last financial statements	2,675	2,675
	<b>2,675</b>	<b>2,675</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the nine months period ended March 31, 2015

	31-Mar-15 (Rs. '000)	30-Jun-14 (Rs. '000)
<b>Surplus in the statement of profit and loss</b>		
Balance as per last financial statements	1,621,412	1,896,411
(Loss) for the period/ year	(3,074,340)	(281,498)
Reversal of proposed dividend on equity shares	-	9,625
Reversal of corporate dividend tax*	-	31,777
<b>Profit available for appropriation:</b>	<b>(1,452,928)</b>	<b>1,656,314</b>
Less: Appropriations		-
Interim dividend (amount per share Rs. Nil (30 June 2014: Rs. 0.15))**	-	29,833
Tax on interim dividend	-	5,070
Total appropriations	-	34,903
Net surplus in the statement of profit and loss	<b>(1,452,928)</b>	<b>1,621,412</b>
<b>Total reserves and surplus</b>	<b>3,053,988</b>	<b>6,156,561</b>

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

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

## 6. Minority Interest

	31-Mar-15 (Rs. '000)	30-Jun-14 (Rs. '000)
<b>Share in :</b>		
Equity Share Capital	97,496	97,496
Securities Premium Account	5,947	5,947
General Reserve	13,729	13,729
Foreign Currency Translation Reserve	13,508	18,926
Capital Investment Subsidy	324	324
Statement of Profit and Loss	199,929	189,560
	<b>330,933</b>	<b>325,982</b>

## 7. Long-term borrowings

	31-Mar-15 (Rs. '000)	30-Jun-14 (Rs. '000)
Term loan from banks (secured)	2,855	3,413
Amount disclosed under the head other current liabilities (Refer note 11)	(823)	(714)
	<b>2,032</b>	<b>2,699</b>

Indian rupee loan from IndusInd Bank Limited amounting to Rs.2,855 thousand (Previous year:3,413 thousand) carries rate of interest of 11% (Previous year: 11%). This loan is repayable in 47 monthly installments of Rs. 91 thousand each beginning from 21 June 2014. The loan together with interest and other charges are secured by first charge over the assets purchased out of proceeds of the loan amount .

## 8. Trade Payables and Other Long Term Liabilities

	31-Mar-15 (Rs. '000)	30-Jun-14 (Rs. '000)
Trade payables (including acceptances)	313	401
	<b>313</b>	<b>401</b>
<b>Other liabilities</b>		
Security deposits	61,526	62,850
	<b>61,526</b>	<b>62,850</b>
	<b>61,839</b>	<b>63,251</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the nine months period ended March 31, 2015

## 9. Provisions

	Long-term		Short-term	
	31-Mar-15 (Rs. '000)	30-Jun-14 (Rs. '000)	31-Mar-15 (Rs. '000)	30-Jun-14 (Rs. '000)
<b>Provision for employee benefits</b>				
Provision for gratuity (Note 30)	24,922	21,478	23,889	16,072
Provision for leave benefits	-	-	44,069	37,551
	24,922	21,478	67,958	53,623
<b>Other provisions</b>				
Provision for warranties	3,547	4,869	186,876	175,556
Provision for Income Tax	-	-	11,611	39,030
	3,547	4,869	198,487	214,586
	28,469	26,347	266,445	268,209

### Provision for warranties

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

	31-Mar-15 (Rs. '000)	30-Jun-14 (Rs. '000)
At the beginning of the period/year	180,425	117,995
Arising during the period/year	302,950	376,278
Utilized during the period/year	292,951	313,848
<b>At the end of the period/year</b>	<b>190,423</b>	<b>180,425</b>
Current portion	186,876	175,556
Non-current portion	3,547	4,869

## 10. Short-term borrowings

	31-Mar-15 (Rs. '000)	30-Jun-14 (Rs. '000)
Loan From Bank (Secured)*	123,766	104,699
Interest free loan and advances from others repayable on demand (unsecured)	20,689	31,650
	144,455	136,349
<b>The above amount includes</b>		
Unsecured borrowings	20,689	31,650
Secured borrowings	123,766	104,699

\* Includes :-

- Rs 100,000 thousand pertaining to bill discounting facility obtained by a subsidiary company from HDFC Bank, the tenor for which is 60 days and the rate of interest charged by the bank is 11.5% p.a. The facility has been secured by way of:
  - Exclusive charge over present and future movable fixed assets and current assets of the subsidiary company.
  - Equitable mortgage of B1 101, 106 and 107, Boomerang, Plot No. 4A and 4B, Sakivali Village, Chandivali farm road, Kurla (W), Mumbai, owned by the Parent Company.
  - Corporate Guarantee of the Parent Company.
  - 4 PDCs of Rs. 25,000 thousand each from the Company.
- Rs 23,766 thousand pertaining to overdraft facility availed by a subsidiary company by pledging fixed deposits receipt of Rs 30,000 thousand of Parent Company, the tenor for which is 365 days and the rate of interest charged by the bank is 10.5%.



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the nine months period ended March 31, 2015

## 11. Trade Payables and Other Current Liabilities

	31-Mar-15 (Rs. '000)	30-Jun-14 (Rs. '000)
Trade payables (including acceptances)	3,320,325	2,633,543
	3,320,325	2,633,543
<b>Other liabilities</b>		
Current maturities of long-term borrowings (refer note 7)	823	714
Unpaid dividend	6,736	7,085
Unaccrued Revenue	7,860	772
Advances from customers and their credit balances	179,691	139,515
Forward contract payable	539	-
Creditors for Capital Goods	11,897	15,837
Employee Related Liabilities	176,455	138,059
Indirect Taxes and Duties Payable	67,107	80,832
Employee Statutory Deductions	8,922	7,238
TDS payable	45,468	37,311
Others	17,186	81
	522,684	427,444
	3,843,009	3,060,987

## 12. Tangible Assets

(Amount in Rs. '000)

Particulars	Freehold Land	Leasehold Land	Building	Plant and Machinery	Furniture and Fittings	Office Equipments	Computers	Vehicles	Leasehold Improvements	Total
<b>Gross Block:</b>										
At July 1, 2013	91,545	87,629	666,641	112,446	174,703	210,515	760,235	24,737	583,436	2,711,887
Foreign Currency Translation Reserve	-	-	1,216	-	(271)	(6)	(6,163)	(491)	-	(5,715)
Additions	-	-	14,544	480	15,245	10,763	81,062	4,730	24,491	151,315
Disposals	91,545	-	-	-	32,691	49,516	66,019	3,215	77,651	320,637
Transferred to assets held for sale	-	-	-	(7,400)	-	-	-	-	-	(7,400)
<b>At June 30, 2014</b>	-	87,629	682,401	105,526	156,986	171,756	769,115	25,761	530,276	2,529,450
Foreign Currency Translation Reserve	-	-	(3,565)	-	(531)	(102)	(37,061)	(526)	-	(41,785)
Additions	-	-	4,412	1,675	14,114	10,931	47,487	3,053	27,811	109,483
Disposals	-	-	-	-	9,361	3,770	6,723	-	27,643	47,497
<b>At March 31, 2015</b>	-	87,629	683,248	107,201	161,208	178,815	772,818	28,288	530,444	2,549,651
<b>Depreciation:</b>										
At July 1, 2013	-	14,893	54,610	42,298	81,595	94,344	460,406	6,763	289,763	1,044,672
Foreign Currency Translation Reserve	-	-	(1)	-	(96)	4	(4,899)	(84)	-	(5,076)
Charge for the year	-	2,886	17,660	17,012	31,438	49,163	102,319	2,321	82,040	304,839
Disposals	-	-	-	-	32,154	44,257	62,033	1,099	77,651	217,194
Transferred to assets held for sale	-	-	-	(4,298)	-	-	-	-	-	(4,298)
<b>At June 30, 2014</b>	-	17,779	72,269	55,012	80,783	99,254	495,793	7,901	294,152	1,122,943
Foreign Currency Translation Reserve	-	-	(185)	-	(296)	(84)	(21,096)	(139)	-	(21,800)
Charge for the period	-	2,166	13,235	4,055	18,775	30,776	80,531	2,822	55,948	208,308
Disposals	-	-	-	-	9,164	3,396	6,538	-	27,641	46,739
<b>At March 31, 2015</b>	-	19,945	85,319	59,067	90,098	126,550	548,690	10,584	322,459	1,262,712
<b>Net Block:</b>										
<b>At June 30, 2014</b>	-	69,850	610,132	50,514	76,203	72,502	273,322	17,860	236,124	1,406,507
<b>At March 31, 2015</b>	-	67,684	597,929	48,134	71,110	52,265	224,128	17,704	207,985	1,286,939

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the nine months period ended March 31, 2015

Notes:

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

(Amount in Rs.'000)

Particulars	Gross Block		Depreciation*		Accumulated Depreciation	
	As at March 31, 2015	As at June 30, 2014	For the nine months period ended March 31, 2015	For the year ended June 30, 2014	As at March 31, 2015	As at June 30, 2014
Leasehold Land	8,596	8,596	359	478	3,303	2,945
Building	210,971	18,859	1,851	1,050	17,422	6,291
Furniture and Fittings	3,165	-	25	-	1,398	-
Office Equipments	6,537	-	217	-	2,632	-
<b>Total</b>	<b>229,269</b>	<b>27,455</b>	<b>2,452</b>	<b>1,528</b>	<b>24,755</b>	<b>9,236</b>

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

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

## 13. Intangible Assets

(Amount in Rs.'000)

Particulars	Computer Softwares	Intellectual Property Right	Web site Development Cost	Trade mark	Goodwill	Total
<b>Gross Block:</b>						
At July 1, 2013	523,795	2,901	9,086	10,764	15,000	561,546
Additions	32,484	8,731	393	-	-	41,608
<b>At June 30, 2014</b>	<b>556,279</b>	<b>11,632</b>	<b>9,479</b>	<b>10,764</b>	<b>15,000</b>	<b>603,154</b>
Additions	23,186	11,123	1,218	-	-	35,527
<b>At March 31, 2015</b>	<b>579,465</b>	<b>22,755</b>	<b>10,697</b>	<b>10,764</b>	<b>15,000</b>	<b>638,681</b>
<b>Amortisation:</b>						
At July 1, 2013	397,938	610	4,554	10,764	15,000	428,866
Charge for the year	70,647	2,232	1,672	-	-	74,551
<b>At June 30, 2014</b>	<b>468,585</b>	<b>2,842</b>	<b>6,226</b>	<b>10,764</b>	<b>15,000</b>	<b>503,417</b>
Foreign Currency Translation Reserve	(72)	-	-	-	-	(72)
Charge for the period	31,157	1,730	1,478	-	-	34,365
<b>At March 31, 2015</b>	<b>499,670</b>	<b>4,572</b>	<b>7,704</b>	<b>10,764</b>	<b>15,000</b>	<b>537,710</b>
<b>Net Block:</b>						
<b>At June 30, 2014</b>	<b>87,694</b>	<b>8,790</b>	<b>3,253</b>	<b>-</b>	<b>-</b>	<b>99,737</b>
<b>At March 31, 2015</b>	<b>79,795</b>	<b>18,183</b>	<b>2,993</b>	<b>-</b>	<b>-</b>	<b>100,971</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the nine months period ended March 31, 2015

## 14. Non Current Investments

	31-Mar-15 (Rs.'000)	30-Jun-14 (Rs.'000)
<b>Trade investments (valued at cost unless stated otherwise)</b>		
<b>Investment in equity instruments (quoted)</b>		
Godfrey Phillips India Limited 86,500 (Previous year 17,300) equity shares of Rs.2 each (Previous year Rs. 10 each) fully paid up	24,925	24,925
Spicejet Limited 140,288 (Previous year 140,288) equity shares of Rs.10 each fully paid up* (at cost less provision for other than temporary diminution in value Rs. 5,109 thousand (Previous year Rs 5,109 thousand))	2,680	2,680
<b>Investment in equity instruments (unquoted)</b>		
Riot Labz Private Limited 200 (Previous year Nil) fully paid up Equity shares of Rs. 10 each	125	-
911 India Healthcare Private Limited 1 (Previous year Nil) fully paid up Equity shares of Rs. 10 each	0	-
<b>Investment in Fully paid up Cumulative Compulsory Convertible Preference Shares (unquoted)</b>		
Riot Labz Private Limited 1800 (Previous year Nil) fully paid up Cumulative Compulsory Convertible Preference Shares of Rs. 10 each	1,125	-
911 India Healthcare Private Limited 5999 (Previous year Nil) fully paid up Cumulative Compulsory Convertible Preference Shares of Rs. 10 each	1,500	-
<b>Investment in Associates</b>		
Varia Technologies Private Limited 3,514 (Previous year Nil) equity shares of Rs10 each (including goodwill of Rs. 12,694 thousand (Previous year Nil))	10,772	-
Investment made during the period : Rs 10,000 thousand		
Add: Share in profits/(losses) for the current period : Rs 772 thousand		
Anytime Learning Private Limited 83,636 (Previous year Nil) equity shares of Re 1 each (including goodwill of Rs. 68,902 thousand (Previous year Nil))	77,337	-
Investment made during the period : Rs 77,987 thousand		
Add: Share in profits/(losses) for the current period : Rs (650) thousand		
<b>In a Trust</b>		
Interest as sole beneficiary in an Independent Non Promoter Trust **	373,798	373,798
	492,262	401,403
<b>Non Trade investments (unquoted)</b>		
<b>(valued at cost unless stated otherwise)</b>		
<b>In Government Security</b>		
5 (Previous year 5) National Saving Certificates of Rs.10,000 each (Purchased in the name of an employee of the Company and pledged with sales tax department)	50	50
	50	50
	492,312	401,453
Aggregate amount of quoted investments (Market value: Rs. 39,504 thousand (30 June 2014: Rs. 51,708 thousand))	27,604	27,605
Aggregate amount of unquoted investments	464,707	373,848
* Aggregate provision for diminution in value of investments	5,109	5,109

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

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the nine months period ended March 31, 2015

## 15.1 Deferred tax liabilities (net)

	31-Mar-15 (Rs. '000)	30-Jun-14 (Rs. '000)
<b>Deferred tax liabilities</b>		
- Differences in depreciation / amortisation and other differences in block of fixed assets as per tax books and financial books	22,901	8,148
- Impact of income recognised in the statement of profit and loss in the current period / earlier years but chargeable to tax in subsequent years	4,319	-
<b>Gross deferred tax liabilities</b>	27,220	8,148
<b>Deferred tax assets</b>		
- Effect of expenditure debited to Statement of Profit and Loss in the current period / earlier periods but allowable for tax purposes in following years	11,735	-
- Provision for doubtful debts and advances	6,300	-
<b>Gross deferred tax assets</b>	18,035	-
<b>Deferred tax liabilities (net)</b>	9,185	8,148

## 15.2 Deferred tax assets (net)

	31-Mar-15 (Rs. '000)	30-Jun-14 (Rs. '000)
<b>Deferred tax assets</b>		
- Provision for doubtful debts and advances	-	16,542
- Effect of expenditure debited to Statement of Profit and Loss in the current period / earlier periods but allowable for tax purposes in following years	-	6,954
<b>Gross deferred tax assets</b>	-	23,496
<b>Deferred tax liabilities</b>		
- Differences in depreciation / amortisation and other differences in block of fixed assets as per tax books and financial books	-	22,160
<b>Gross deferred tax liabilities</b>	-	22,160
<b>Deferred tax assets (net)</b>	-	1,336

## 16. Loans and advances

	Non-current		Current	
	31-Mar-15 (Rs. '000)	30-Jun-14 (Rs. '000)	31-Mar-15 (Rs. '000)	30-Jun-14 (Rs. '000)
<b>Capital advances</b>				
Unsecured, considered good	13,018	5,322	-	-
	13,018	5,322	-	-
<b>Security deposits</b>				
Unsecured, considered good	105,656	126,700	40,140	16,101
Unsecured, considered doubtful	-	-	773	390
	105,656	126,700	40,913	16,491
Provision for doubtful security deposits	-	-	773	390
	105,656	126,700	40,140	16,101
<b>Loan and advances to related parties (note 35)</b>				
Unsecured, considered good	13,333	13,333	11,443	6,667
Unsecured, considered doubtful	-	-	6,615	6,615
	13,333	13,333	18,058	13,282
Provision for doubtful advances	-	-	6,615	6,615
	13,333	13,333	11,443	6,667

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the nine months period ended March 31, 2015

	Non-current		Current	
	31-Mar-15 (Rs. '000)	30-Jun-14 (Rs. '000)	31-Mar-15 (Rs. '000)	30-Jun-14 (Rs. '000)
<b>Advances recoverable in cash or kind</b>				
Unsecured considered good	-	-	185,303	199,755
Unsecured, considered doubtful	-	-	34,451	9,729
	-	-	219,754	209,484
Provision for doubtful advances	-	-	34,451	9,729
	-	-	185,303	199,755
<b>Other loans and advances</b>				
Unsecured, considered good				
Advance income-tax (net of provision for taxation)	-	-	621,536	532,347
Prepaid expenses	1,468	1,215	38,585	31,235
MAT Credit Entitlement (note 40)	166,685	180,822	-	-
Loans to body corporate	80,000	-	-	-
Loans to employees	11,661	3,580	9,077	4,244
Balances with statutory / government authorities	2,017	2,015	101,457	208,984
	261,831	187,632	770,655	776,810
	393,838	332,987	1,007,541	999,333

### 17. Trade Receivables and Other Assets

#### 17.1. Trade Receivables\*

	Non-current		Current	
	31-Mar-15 (Rs. '000)	30-Jun-14 (Rs. '000)	31-Mar-15 (Rs. '000)	30-Jun-14 (Rs. '000)
<b>Unsecured, considered good unless stated otherwise</b>				
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>				
Secured, considered good	-	-	18,205	23,800
Unsecured, considered good	-	-	216,145	145,983
Unsecured, considered doubtful	-	-	50,720	80,916
	-	-	285,070	250,699
Provision for doubtful receivables	-	-	50,720	80,916
	-	-	234,350	169,783
<b>Other receivables</b>				
Secured, considered good	-	-	2,112	6,704
Unsecured, considered good	-	-	1,070,953	1,125,962
Unsecured, considered doubtful	-	-	372	7,112
	-	-	1,073,437	1,139,779
Provision for doubtful receivables	-	-	372	7,112
	-	-	1,073,065	1,132,666
	-	-	1,307,415	1,302,449

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the nine months period ended March 31, 2015

## 17.2. Other assets

	Non-current		Current	
	31-Mar-15 (Rs. '000)	30-Jun-14 (Rs. '000)	31-Mar-15 (Rs. '000)	30-Jun-14 (Rs. '000)
<b>Unsecured, considered good</b>				
<b>Non-current bank balances (note 20)</b>	<b>3,559</b>	1,678	-	-
<b>Unamortized expenditure</b>				
Unamortized premium on forward contract*	-	-	237	5,795
	-	-	237	5,795
<b>Others</b>				
Interest accrued on fixed deposits with banks	51	-	18,071	12,270
Interest receivable on Income Tax/ VAT Refund	-	-	31,634	-
Interest accrued on loan to others	-	-	2,248	7,297
Receivable against forward contract	-	-	-	1,520
Income accrued on Fixed Maturity Plan Investments	-	-	13,451	5,644
Dividend receivable on current investments	-	-	-	185
Unbilled Revenue	-	-	270,683	285,899
Incentive Receivable on purchases	-	-	4,248	12,066
Rent Receivable	-	-	2,015	4,611
Receivable against Ticketing	-	-	8,453	8,520
Inventory of Promotional items	-	-	-	1,235
Receivable against fixed assets sold	-	-	17,500	17,500
Fixed assets held for sale (at lower of net book value and estimated net realizable value)**	-	-	10,280	13,382
Others	-	-	12	-
	<b>51</b>	-	<b>378,595</b>	370,129
	<b>3,610</b>	1,678	<b>378,832</b>	375,924
*The unamortised foreign exchange premium on outstanding forward exchange contracts is being carried forward to be charged to the Statement of Profit and Loss of subsequent year.				
** Balance as per the last financial statement			13,382	26,765
Add : Transferred during the period/year (Refer Note 12 above)			-	3,102
Less : Discarded during the period/year			(3,102)	(16,485)
Total***			<b>10,280</b>	13,382

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the nine months period ended March 31, 2015

### 18. Current investments

	31-Mar-15 (Rs. '000)	30-Jun-14 (Rs. '000)
<b>Current investments (unquoted) (non trade) (valued at lower of cost and fair value, unless stated otherwise)</b>		
<b>Units in Mutual Funds of Rs. 10 each</b>		
Nil (Previous year 3,045,814) ICICI Prudential Regular Saving Fund Quarterly Dividend*	-	36,432
344,328 (Previous year 1,314,328) ICICI Prudential Income Regular Plan Growth	12,634	49,634
Nil (Previous year 1,671,039) SBI Magnum Income-Fund Dividend	-	19,216
Nil (Previous year 653,829) SBI Magnum Income-Fund Regular Plan Growth	-	20,000
2,922,144 (Previous year 3,583,934) IDFC Super Saver Income Fund- Quarterly dividend Regular Plan	32,587	39,911
934,520 (Previous year Nil) IDFC Super Saver Income Fund-Growth Regular Plan	30,000	-
Nil (Previous year 801,231) SBI Magnum Fund-Regular Plan Quarterly dividend*	-	9,529
948,872 (Previous year 877,618) ICICI Prudential Income Regular Plan Growth Quarterly Dividend Reinvestment*	11,374	10,497
Nil (Previous year 731,133) ICICI Prudential Income Regular Plan Growth Interval Direct Growth	-	10,000
369,464 (Previous year Nil) HDFC Short Term Plan - Growth	10,000	-
<b>Units in Mutual Funds of Rs. 1000 each</b>		
Nil (Previous year 16,420) Reliance Liquid Fund Treasury Plan -Direct Growth Plan	-	50,125
<b>Current portion of long-term investments (unquoted)</b>		
<b>Units in Mutual Funds of Rs. 10 each</b>		
5,000,000 (Previous year 5,000,000) Birla Sun Life Fixed Term Plan-Series KJ- Growth Regular	50,000	50,000
3,000,000 (Previous year 3,000,000) TATA Fixed Maturity Plan-Series 47 Scheme D-Plan A-Growth	30,000	30,000
5,000,000 (Previous year 5,000,000) DWS Fixed Maturity Plan Series 53-Regular Plan Growth	50,000	50,000
Nil (Previous year 2,000,000) ICICI Prudential FMP - Series 73 - 369 Days - Plan P - Growth	-	20,000
1,000,000 (Previous year 1,000,000) ICICI Prudential FMP - Series 73 - 376 Days - Plan Q - Growth	10,000	10,000
Nil (Previous year 1,000,000) Sundram Fixed Term Plan 366 days Regular Growth	-	10,000
Nil (Previous year 1,000,000) IDFC Fixed Term Plan - Series 35 - Regular - Quarterly Dividend	-	10,000
	236,595	425,344
Aggregate amount of unquoted investments in units of Mutual Funds [Net Asset Value Rs. 255,034 thousand, (Previous year Rs.384,048 thousand)]	236,595	425,344
* Aggregate provision for diminution in the value of investments	300	5,148

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

	31-Mar-15 (Rs. '000)	30-Jun-14 (Rs. '000)
Traded goods (Including stock in transit Rs. 26,473 thousand, Previous year Nil)	1,044,249	840,894
Service components and spares (Including stock in transit Rs.790 thousand , Previous year Rs. 350 thousand)	98,416	72,771
	1,142,665	913,665



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the nine months period ended March 31, 2015

## 20. Cash and bank balances

	Non-current		Current	
	31-Mar-15 (Rs.'000)	30-Jun-14 (Rs.'000)	31-Mar-15 (Rs.'000)	30-Jun-14 (Rs.'000)
<b>Cash and cash equivalents</b>				
<i>Balances with banks:</i>				
– On current accounts	-	-	481,383	554,180
– Deposits with original maturity of less than three months	-	-	14,008	30,076
– On unpaid dividend account	-	-	6,736	7,085
Cheques/ drafts on hand	-	-	1,523	2,220
Cash on hand	-	-	8,573	15,734
	-	-	512,223	609,295
<b>Other bank balances</b>				
– Deposits with original maturity for more than 12 months	-	-	9,226	66,776
– Deposits with original maturity for more than 3 months but less than 12 months	-	-	40,602	62,140
– Margin money deposit	3,559	1,678	811,898	1,101,815
	3,559	1,678	861,726	1,230,730
Amount disclosed under non-current assets (note 17.2)	(3,559)	(1,678)		
	-	-	1,373,949	1,840,026

### Margin money deposits given as security

Margin money deposits with a carrying amount of Rs. 816,034 thousand (Previous year Rs. 1,101,173 thousand) are subject to first charge to secure the letter of credits/ bill discounting/ overdraft facility for two subsidiaries of the Company (including one subsidiary of a subsidiary company).

## 21. Revenue from operations

	31-Mar-15 (Rs.'000)	30-Jun-14 (Rs.'000)
<b>Revenue from operations</b>		
Sales of traded goods	14,404,156	19,161,021
Sale of telecom related software	38,806	16,023
Value Added Service Revenue	1,297,231	1,758,792
Income from other services	132,178	170,532
<b>Revenue from operations</b>	<b>15,872,371</b>	<b>21,106,368</b>

## 22. Other income

	31-Mar-15 (Rs.'000)	30-Jun-14 (Rs.'000)
<b>Interest income on</b>		
Bank deposits	71,511	99,354
Loan to employees and bodies corporates	4,745	2,959
Income tax and VAT refunds	32,041	11,654
Income on Long-term investments in Fixed maturity plan (other than trade)	8,489	5,631

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the nine months period ended March 31, 2015

	31-Mar-15 (Rs. '000)	30-Jun-14 (Rs. '000)
Dividend income on		
Current investments (non- trade)	5,756	8,915
Long-term investments (trade)	692	692
Bad Debts Recovered	4,106	5,033
Provisions for doubtful debts and advances written back (net)	8,823	-
Unclaimed balances written back (net)	2,987	-
Rent Received	6,079	7,220
Profit on sale of Current Investments in units of mutual funds (other than trade) (net)	11,002	-
Profit on disposal of Fixed Assets (net)	-	15,882
Reversal of provision for diminution in the value of current investments	4,823	-
Miscellaneous income	9,404	9,699
	<b>170,458</b>	<b>167,039</b>

### 23. (Increase) in inventories

	31-Mar-15 (Rs. '000)	30-Jun-14 (Rs. '000)	(Increase) / decrease
Inventories at the end of the period/year			<b>31-Mar-15</b>
Traded goods	1,044,249	840,894	<b>(203,355)</b>
Service components and spares	98,416	72,771	<b>(25,645)</b>
	<b>1,142,665</b>	<b>913,665</b>	<b>(229,000)</b>
Inventories at the beginning of the period/year			<b>30-Jun-14</b>
Traded goods	840,894	801,012	<b>(39,882)</b>
Service components and spares	72,771	50,550	<b>(22,221)</b>
	<b>913,665</b>	<b>851,562</b>	<b>(62,103)</b>
	<b>(229,000)</b>	<b>(62,103)</b>	

### 24. Employee benefit expenses

	31-Mar-15 (Rs. '000)	30-Jun-14 (Rs. '000)
Salaries, wages and bonus	844,161	994,206
Contribution to provident and other funds	42,319	49,312
Leave encashment	20,447	15,798
Gratuity expense (note 30)	16,391	11,362
Staff welfare expenses	44,030	53,501
	<b>967,348</b>	<b>1,124,179</b>

### 25. Connectivity and content cost

	31-Mar-15 (Rs. '000)	30-Jun-14 (Rs. '000)
Value added service charges	473,700	674,029
	<b>473,700</b>	<b>674,029</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the nine months period ended March 31, 2015

## 26.1 Other expenses

	31-Mar-15 (Rs. '000)	30-Jun-14 (Rs. '000)
Rent	294,620	398,317
Warehouse Management Charges	14,865	18,407
Rates and taxes	73,066	63,537
Insurance	17,842	15,559
Repairs and maintenance		
- Buildings	6,602	7,645
- Others	55,547	90,999
Freight and forwarding charges	78,400	101,437
Advertisement and sales promotion	561,815	783,497
Commission on sales - other than sole selling agent	45,075	48,003
Travelling and conveyance	155,233	195,601
Directors' sitting fees	2,665	734
Payment To Auditors (Refer details below)	21,895	23,257
Legal and professional expenses	145,855	176,368
Customer service expenses	302,950	376,278
Donation and contributions to charitable institutions	128	149
Provision for doubtful debts and advances	-	1,031
Irrecoverable balances written off (net)	-	515
Exchange difference (net)	15,535	81,681
Diminution in the value of current investments	-	4,360
Loss on disposal of fixed assets (net)	1,921	-
Loss on sale of Current Investments	-	1,383
Credit Card Charges	38,584	51,865
Bank charges	16,580	16,906
Corporate Social Responsibility	7,350	-
Miscellaneous expenses	169,622	219,161
	2,026,150	2,676,690

### Payment to statutory auditors

	31-Mar-15 (Rs. '000)	30-Jun-14 (Rs. '000)
As auditor:		
Statutory Audit fee	11,678	12,462
Tax audit fee	2,268	1,875
Audit of tax accounts	701	808
Limited review	5,341	6,262
Other services (certification fees)	1,338	998
Reimbursement of expenses	569	852
	21,895	23,257

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the nine months period ended March 31, 2015

## 26.2 Exceptional items

	31-Mar-15 (Rs. '000)	30-Jun-14 (Rs. '000)
Increase in Depreciation due to Change in Accounting estimate	28,304	29,667
Provision for diminution in value of Long term investments	-	2,013
Reversal of revenue pertaining to earlier periods	-	27,587
Loss on Liquidation of Investment	-	3,016
Impairment of Goodwill (Refer Note 38 )	1,948,210	141,118
Brand Sub-Licensing disbanding Compensation (Refer Note 39)	400,000	-
	2,376,514	203,401

## 27. Depreciation and amortization expense

	31-Mar-15 (Rs. '000)	30-Jun-14 (Rs. '000)
Depreciation of tangible assets	180,004	275,173
Amortization of intangible assets	34,365	74,551
	214,369	349,723

## 28. Finance costs

	31-Mar-15 (Rs. '000)	30-Jun-14 (Rs. '000)
Interest Cost (including Rs. 56 thousand (Previous year Rs. 135 thousand) on Income Tax)	982	8,854
Bill discounting charges	8,570	2,934
Finance Charges	2,890	-
	12,442	11,788

## 29. Earnings per share (EPS)

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

	31-Mar-15 (Rs. '000)	30-Jun-14 (Rs. '000)
<b>Total operations for the period/year</b>		
(Loss) after tax	(3,074,340)	(281,498)
	-	-
<b>Net profit/(loss) for calculation of basic and diluted EPS</b>	(3,074,340)	(281,498)
	Nos.	Nos.
Weighted average number of equity shares in calculating basic EPS	227,863,982	230,801,673
<b>Weighted average number of equity shares in calculating diluted EPS</b>	227,863,982	230,801,673

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

### a) Defined Contribution Plan

Particulars	31-Mar-15 (Rs. '000)	30-Jun-14 (Rs. '000)
Contribution to provident fund	33,069	36,270
Contribution to National Pension Scheme	857	787
	33,925	37,057

### b) Details of employee benefits

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

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

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the nine months period ended March 31, 2015

## Statement of profit and loss

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

	Gratuity	
	31-Mar-15 (Rs.'000)	30-Jun-14 (Rs.'000)
Current service cost	9,599	10,681
Interest cost on benefit obligation	3,216	4,645
Expected return on plan assets	(964)	(2,062)
Net actuarial( gain) / loss recognized in the period/year*	4,648	(1,565)
<b>Net benefit expense</b>	<b>16,500</b>	<b>11,699</b>
Actual return on plan assets	883	1,206

\*Excluding reversal of provision in respect of left employees of Rs. 109 thousand (Previous year: Rs. 337 thousand).

## Balance sheet

### Detail of Provision for Gratuity - Funded

	Gratuity	
	31-Mar-15 (Rs.'000)	30-Jun-14 (Rs.'000)
Present value of defined benefit obligation	41,795	34,552
Fair value of plan assets	10,973	14,019
<b>Plan asset / (liability)*</b>	<b>(30,823)</b>	<b>(20,533)</b>

\* Net of Gratuity Recoverable of Rs. 523 thousand (Previous year Rs. 438 thousand )in a subsidiary company, included under loans and advances in Note 16.

### Detail of Provision for Gratuity - Non Funded

	Gratuity	
	31-Mar-15 (Rs.'000)	30-Jun-14 (Rs.'000)
Present value of defined benefit obligation	17,466	16,579
<b>Plan asset / (liability)</b>	<b>(17,466)</b>	<b>(16,579)</b>

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

	Gratuity	
	31-Mar-15 (Rs.'000)	30-Jun-14 (Rs.'000)
Opening defined benefit obligation	51,131	48,074
Current service cost	9,599	10,681
Interest cost	3,216	4,645
Benefits paid	(9,251)	(9,846)
Actuarial (gains) on obligation	4,566	(2,423)
<b>Closing defined benefit obligation</b>	<b>59,261</b>	<b>51,131</b>

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

	Gratuity	
	31-Mar-15 (Rs.'000)	30-Jun-14 (Rs.'000)
Opening fair value of plan assets	14,019	15,121
Expected return	964	2,062
Fund Management Charge	(29)	
Benefits paid	(3,900)	(2,307)
Actuarial (losses)/ gains	(81)	(857)
<b>Closing fair value of plan assets</b>	<b>10,972</b>	<b>14,019</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the nine months period ended March 31, 2015

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

	Gratuity	
	31-Mar-15	30-Jun-14
Investments with insurer	100%	100%

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

	Gratuity	
	31-Mar-15	30-Jun-14
Discount rate	7.75%	8.50%
Expected rate of return on assets	8% - 9.15%	8% - 9.25%
Rate of Escalation in salary	8%	8%
Employee turnover		
- Upto 30 years	4% - 35%	4% - 35%
- 30-44 years	4% - 35%	4% - 35%
- Above 44 years	1% - 35%	1% - 35%
Mortality rate	IALM ( 2006-08 ) duly modified	IALM ( 2006-08 ) duly modified

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

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

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

	31-Mar-15 Rs.'000	30-Jun-14 Rs.'000	30-Jun-13 Rs.'000	30-Jun-12 Rs.'000	31-Mar-11 Rs.'000
<b>Gratuity</b>					
Defined benefit obligation	59,261	51,131	48,075	46,264	52,033
Plan assets	10,972	14,019	15,121	18,514	10,812
Surplus / (deficit)	(48,289)	(37,112)	(32,954)	(27,750)	(41,221)
Experience adjustments on plan liabilities	(2,677)	2,015	(662)	10,536	3,975
Experience adjustments on plan assets	209	(379)	831	(76)	77

## 31. Leases

### Assets taken under Operating Leases

Office premises and office equipments are obtained on operating lease. There are no contingent rents in the lease agreements. The lease terms are for 1-9 years and renewable by mutual agreement of both the parties. There is no escalation clause in the lease agreements. There are no restrictions imposed by lease arrangements. The Group has recognised lease expenses of Rs. 294,620 thousand (Previous year Rs.398,317 thousand).

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

	31-Mar-15 (Rs.'000)	30-Jun-14 (Rs.'000)
Within one year	9,418	12,909
After one year but not more than five years	1,420	8,230
More than five years	-	-
	10,838	21,139

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the nine months period ended March 31, 2015

## Assets given on Operating Leases

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

Further, the Parent Company has entered into lease of its Building in Kolkata. The lease term is three years and can be extended by mutual consent of both the parties. The lease has a lock in period of one year. The lease is cancellable after the lock in period by either party by serving a notice of atleast 3 months.

	31-Mar-15 (Rs. '000)	30-Jun-14 (Rs. '000)
Sub-lease payments received during the period/year	6,079	7,220
	6,079	7,220

## 32. Segment information

### Primary segments: Business Segments

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

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

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

### Secondary Segments: Geographical Segment

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

### Segment Information

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

Amount in Rs. 000

Business Segments	Devices		Value Added Services		Consolidated Total	
	Mar'15	Jun'14	Mar'15	Jun'14	Mar'15	Jun'14
<b>Revenue</b>						
External Revenue / Sales*	14,469,092	19,198,554	1,464,124	1,984,523	15,933,216	21,183,077
Less : Inter Segment Revenue / Sales					38,595	61,979
Net Revenue	14,469,092	19,198,554	1,464,124	1,984,523	15,894,621	21,121,098
Unallocated Corporate Revenue					148,208	152,308
Total Revenue					16,042,829	21,273,407
<b>Results</b>						
Segment result	(1,085,843)	(159,058)	113,076	156,530	(972,767)	(2,528)
Unallocated Corporate Revenue/ (Expenses) (net)					(2,135,139)	(363,722)
Operating (Loss)					(3,107,906)	(366,250)
Interest Income					108,296	113,968
Dividend					6,448	9,607
Reversal of provision for diminution in the value of current investments					4,823	-
Income from Investments in Mutual Fund units (net)					19,491	5,631
Profit on disposal of Fixed Assets (net)					-	15,882
Interest Expenses					(12,442)	(11,788)
Net (Loss) Before Tax					(2,981,290)	(232,950)
Income Tax (Expense)					(80,428)	(45,811)



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the nine months period ended March 31, 2015

Business Segments	Devices		Value Added Services		Consolidated Total	
	Mar'15	Jun'14	Mar'15	Jun'14	Mar'15	Jun'14
Deferred Tax Credit/(Charge)					(2,373)	2,673
Net (Loss) after Tax					(3,064,091)	(276,088)
<b>Other Information</b>						
Segment Assets	2,561,452	4,531,502	1,846,694	1,822,697	4,408,146	6,354,199
Unallocated Corporate Assets					4,015,801	4,377,926
Total Assets					8,423,947	10,732,125
Segment Liabilities	3,655,290	2,916,482	465,279	399,554	4,120,569	3,316,036
Unallocated Corporate Liabilities					565,798	575,937
Total Liabilities					4,686,367	3,891,973
Capital Expenditure	179,441	56,271	-	82,118	179,441	138,389
Depreciation/ amortization	95,953	150,847	105,218	173,756	201,171	324,603
Unallocated Depreciation/ amortization					41,502	54,787
<b>Other Non Cash Expenses</b>						
Provision for Doubtful debts and advances	25,807	14,714	(34,630)	(13,683)	(8,823)	1,031
Bad Debts and Advances Written off (net)	-	(3,105)	-	3,620	-	515

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

### Secondary Segment Reporting (by Geographical Segments)

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

Geographical Segment	31-Mar-15 (Rs. '000)	30-Jun-14 (Rs. '000)
Revenue from the Domestic market	15,232,754	20,122,524
Revenue from the Overseas markets	639,617	983,844
<b>Total Revenue</b>	<b>15,872,371</b>	<b>21,106,368</b>
Trade Receivables of Domestic market	1,033,054	1,052,670
Trade Receivables of Overseas markets	325,454	337,807
<b>Total Trade Receivables</b>	<b>1,358,508</b>	<b>1,390,477</b>

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

Geographical Segment	31-Mar-15 (Rs. '000)	30-Jun-14 (Rs. '000)
<b>Carrying amount of tangible and intangible fixed assets*</b>		
Domestic market	1,236,025	1,308,115
Overseas markets	254,670	278,118
	<b>1,490,695</b>	<b>1,586,233</b>
<b>Additions to tangible and intangible fixed assets</b>		
Domestic market	116,685	121,744
Overseas markets	28,325	71,180
<b>Total</b>	<b>145,010</b>	<b>192,924</b>

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

### 33. Capital and other Commitments

	31-Mar-15 (Rs. '000)	30-Jun-14 (Rs. '000)
Estimated amount of contracts (Net of advances) remaining to be executed on capital account and not provided for.	9,929	16,771

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the nine months period ended March 31, 2015

## 34. Contingent Liabilities

Particulars	31-Mar-15 (Rs. '000)	30-Jun-14 (Rs. '000)
<b>Demand and claims from Government Authorities*</b>		
<b>Demand from Excise/ Service Tax Authorities</b>		
a) Demand raised by the Excise Authorities. The Parent Company has deposited Rs. 2,000 thousand (Previous year Rs. 2,000 thousand) under protest and the same has been included in note no. 16 under balances with statutory/ government authorities.	66,263	66,263
b) Demand in respect of non charging the service tax on the Short messaging peer-to-peer service including penalty thereon, (including Rs 8,600 thousand (previous year Rs. 8,600 thousand) paid under protest which is appearing in note no. 16 under balances with statutory/ government authorities.)  The management is of the view that it is an 'information technology service' and thus is exempt from the service tax. Based on discussions with the solicitors, the management believes that the Company has a good chance of success in the above mentioned case and hence, no provision there against is considered necessary.	105,026	102,639
c) Demand in respect of non-registration of corporate office as a input service distributor and availment of input service CENVAT credit.  The management is of the view that since it is having central registration so there is no requirement for separately registering the corporate office as input service distributor.	28,296	26,873
d) Show cause notice in respect of non-payment of service tax on unbilled revenue  The subsidiary company is of the view that the service tax liability becomes payable only on the actual billing i.e. on actualization of the unbilled revenue.	58,430	58,430
e) Show cause notice in respect of wrong availment of input service tax credit on various expenses  The subsidiary company is of the view that the service tax are in relation to the output services provided and service tax paid hence can be availed.	5,666	5,666
<b>Demand from Sales Tax Authorities *</b>		
a) Various Sales Tax Demands	339,304	103,554
b) The Hon'ble Supreme Court of India vide its order dated December 17, 2014 on the judgment in case of State of Punjab Vs. Nokia India Pvt. Ltd. has held that sales tax on battery charger sold along with mobile phone should be charged at sales tax rate applicable to chargers, which is higher than the sales tax rate applicable to mobile phones in few states. A subsidiary of the Company has received a demand towards differential sales tax from one of the state, no effect has been given on the financial statements on account of above judgment. The Group is currently evaluating the above judgment, since the reliable estimate of the liability cannot be made.	<b>Amount unascertainable</b>	-
<b>Demand from Income Tax Department *</b>		
Income Tax Demand being disputed by the Parent Company. The Income Tax Department has adjusted refund of subsequent year with the demanded amount.	152,716	150,167
Income Tax Demand in subsidiaries companies	636	1,815
Penalty under Foreign Trade (Development and Regulation) Act, 1992, on account of non fulfillment of export obligation *	40,860	40,860
Various other claims against the Parent Company and a subsidiary not acknowledged as debts *	13,910	11,443

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

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the nine months period ended March 31, 2015

## 35. Related Parties

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

Ultimate Holding Company	Smart Global Corporate Holding Private Limited (Formerly known as Spice Global Investments Private Limited)
Holding Company	Smart Ventures Private Limited (Converted into private limited company w.e.f. 21.08.2014)

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

Individual having significant influence on the Company and relatives of such individuals	Mr. Dilip Modi - Chairman
Enterprises directly or indirectly through one or more intermediaries are under common control with the Company	Smart Entertainment Pvt Ltd (formerly known as Spice Enfortainment Limited) Wall Street Finance Limited Smartvalue Ventures Private Limited (Formerly Spice Investments & Finance Advisors Pvt. Ltd.) Spice Innovative Technologies Private Ltd. Sterea Infratech Limited Bougainvillea Multiplex & Entertainment Center Private Limited Smart Global Ventures Private Limited IO Systems Limited Goldman Securities Private Limited
Key Management Personnel	Mr. Subramanian Murali – President Finance Mr. Prashant Bindal – CEO (w.e.f. 27.08.2014) Mr. R.S. Desikan - CEO (till 30.06.2014) Mr. Saket Agarwal (CEO) (Spice Digital Limited) Mr. Vikram Dheer (Director) (w.e.f. July 6, 2012) (till August 2013) (Spice Digital Limited) Mr. Shezad Azad (Director) (w.e.f. July 4, 2012) (till August 2013) (Spice Digital Limited) Mr. Sunil Kapoor (Director w.e.f. July 6, 2012, till August 2013 and Manager for the period from October 31, 2013 till June 30, 2014) (Spice Digital Limited) Mr. Palakkal Krishna Kumar (CEO) (w.e.f. 27th Aug'14 ) and (Director) (w.e.f. 2nd July 2012 till August 2013) (Spice Retail Limited) Mr. Subhasish Mohanty (Director ) (w.e.f 2nd July 2012) (till August 2013) (Spice Retail Limited) Mr. Rajneesh Arora (Director) ( w.e.f 2nd July 2012) (till August 2013) (Spice Retail Limited)
Relatives of Key Management Personnel	Mrs. Sonia Bindal (w.e.f. 27.08.2014) Mrs. Janaki Desikan (till 30.06.2014) Mrs. Rupali Dheer (till August 2013) Mrs. Farhat Azad (till August 2013) Mr. Kuldeep Chand Kapoor Ms. Priya (till August 2013) Ms. Anjali Patnaik (till August 2013) Ms. Anu Arora (till August 2013)
Enterprises over which individuals having significant influence over the Company is able to exercise significant influence	Plus Paper Foodpac Ltd. S i2i Limited PT Selular Media Infotama Bharat IT Services Limited V Corp Merchantile Limited Saket City Hospitals Pvt. Ltd. (Formerly G M Modi Hospitals Corporation Pvt. Ltd.)

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the nine months period ended March 31, 2015

## Details of Consolidated related party transactions

(Rs. in '000)

		Ultimate Holding Company	Holding Company	Enterprises directly or indirectly through one or more intermediaries are under common control with the Company										Key Management Personnel		
		Smart Global Corporate Holding Private Limited	Smart Ventures Private Limited	Goldman Securities Private Limited	Smartvalue Ventures Private Limited	Spice Innovative Technologies Private Limited	Smart Entertainment Pvt Ltd	Sterea Infratech Limited	IO Systems Limited	Wall Street Finance Limited	Smart Global Ventures Private Limited	Bougainvillea Multiplex & Entertainment Center Private Limited		Mr. R S Desikan	Mr. Prashant Bindal	Mr. Subramanian Murali
<b>Transactions during the period</b>																
Sales of Goods	March 31, 2015	-	58	-	-	-	11	-	-	-	-	-	-	-	-	-
	June 30, 2014	268	46	-	-	-	-	-	-	-	-	-	-	-	-	-
Revenue from Value Added Services	March 31, 2015	-	75	-	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sales of Fixed Assets	March 31, 2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Fixed Assets	March 31, 2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	14,824	-	-	-	-	-	-	-	-
Interest Expense	March 31, 2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2014	1,216	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Income	March 31, 2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,576
	June 30, 2014	-	-	-	172	-	-	-	-	-	-	-	-	-	-	466
Direct Income (Travel Commission)	March 31, 2015	-	-	-	208	-	360	-	-	-	-	22	-	-	-	-
	June 30, 2014	19	641	-	14	-	2	2	-	-	-	68	-	-	-	-
Remuneration paid	March 31, 2015	-	-	-	-	-	-	-	-	-	-	-	-	-	19,626	20,179
	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	5,480	-	-	25,626
Security Received	March 31, 2015	-	500	-	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security Returned	March 31, 2015	-	500	-	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal and Professional charges	March 31, 2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Advertisement and sales promotion	March 31, 2015	-	-	-	-	-	435,418	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	42,370	-	-	-	-	-	-	-	-	-
Miscellaneous Expenses	March 31, 2015	-	-	-	-	-	-	-	-	1,009	-	-	-	-	2	2
	June 30, 2014	-	-	-	-	-	-	-	-	2,239	-	3	-	-	-	-
Rent Income	March 31, 2015	336	294	356	42	84	168	-	42	2,450	-	-	-	-	-	-
	June 30, 2014	1,596	812	433	126	336	168	-	168	3,119	84	-	-	-	-	-
Dividend paid	March 31, 2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	279,588	-	-	-	-	-	-	-	-	-	1	-	-	-
Employee Advance Transferred from	March 31, 2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2014	3,008	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loans/advance given during the year	March 31, 2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	30,000	-	-	-	-	-	-	-	-	-	-	-	-	20,000
Loans/advance repaid during the year	March 31, 2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	30,000	-	-	-	-	-	-	-	-	-	-	-	-	-
Provision on doubtful advances taken	March 31, 2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Advance for Fixed Assets	March 31, 2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2014	100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Advance for Fixed Assets returned	March 31, 2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2014	100,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of investments	March 31, 2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reimbursement of Expenses (recovered)	March 31, 2015	-	2,397	44	-	-	-	-	-	1,414	-	-	-	-	-	-
	June 30, 2014	303	6,685	-	231	-	27	50	-	-	-	1,120	-	-	-	-
Reimbursement of Expenses (provided)	March 31, 2015	-	-	-	-	-	-	-	-	5	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Outstanding balances at the end of period</b>																
Receivables Considered Good	March 31, 2015	-	-	-	-	-	-	-	-	2,742	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payables	March 31, 2015	3,008	-	-	-	-	-	-	-	452	-	-	-	-	2	-
	June 30, 2014	3,008	-	-	-	-	21,502	-	-	438	-	-	-	-	-	-
Loan/advances receivable	March 31, 2015	-	-	-	-	-	-	-	-	825	-	-	-	-	-	20,000
	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-	20,000
Provision for doubtful advances	March 31, 2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	March 31, 2015	-	454	-	-	-	2,419	52	-	-	-	231	-	-	-	-
	June 30, 2014	-	3,362	5	-	-	-	52	-	135	-	24	-	-	-	-
Other Receivable	March 31, 2015	-	47	-	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Receivable	March 31, 2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	155	-	-	-	-	-	-	-	-	-	-	-	-	466

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

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the nine months period ended March 31, 2015

## Details of Consolidated related party transactions

(Rs. in '000)

		Key Management Personnel							Relatives of Key Management Personnel							
		Mr. Saket Agarwal	Mr.Vikram Dheer	Mr.Shezad Azad	Mr.Sunil Kapoor	Mr. Palakkal Krishna Kumar	Mr. Subhashish Mohanty	Mr. Rajneesh Arora	Mrs. Janaki Desikan	Mrs. Sonia Bindal	Mr. Kuldeep Chand Kapoor	Mrs. Rupali Dheer	Mrs. Farhat Azad	Ammu M Kutty	Mrs.Anjali Patnaik	Mrs.Anu Arora
Transactions during the period																
Sales of Goods	March 31, 2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Revenue from Value Added Services	March 31, 2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sales of Fixed Assets	March 31, 2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Fixed Assets	March 31, 2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Expense	March 31, 2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Income	March 31, 2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Direct Income (Travel Commission)	March 31, 2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Remuneration paid	March 31, 2015	12,587	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2014	16,182	406	1,133	1,967	875	312	1,657	-	-	-	-	-	-	-	-
Security Received	March 31, 2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Security Returned	March 31, 2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal and Professional charges	March 31, 2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Advertisement and sales promotion	March 31, 2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Expenses	March 31, 2015	-	-	-	-	-	-	-	-	108	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	301	-	161	54	17	23	26	70
Rent Income	March 31, 2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend paid	March 31, 2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Employee Advance Transferred from	March 31, 2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loans/advance given during the year	March 31, 2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loans/advance repaid during the year	March 31, 2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Provision on doubtful advances taken	March 31, 2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Advance for Fixed Assets	March 31, 2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Advance for Fixed Assets returned	March 31, 2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of investments	March 31, 2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reimbursement of Expenses (recovered)	March 31, 2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reimbursement of Expenses (provided)	March 31, 2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Outstanding balances at the end of period																
Receivables	March 31, 2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Considered Good	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Payables	March 31, 2015	3,877	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2014	1,731	-	-	541	-	-	-	50	-	-	-	-	-	-	-
Loan/advances receivable	March 31, 2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Provision for doubtful advances	March 31, 2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	March 31, 2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2014	225	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Receivable	March 31, 2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Receivable	March 31, 2015	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the nine months period ended March 31, 2015

## Details of Consolidated related party transactions

(Rs. in '000)

		Individuals having significant influence over the company and their relatives	Enterprises over which individual having significant influence over the Company is able to exercise significant influence						Total
		Mr. Dilip Modi	V Corp Mercantile Private Limited	Plus Paper Foodpac Limited	Bharat IT Services Ltd.	PT Selular Media Infotama	Saket City Hospitals Private Limited	S i2i Limited	
Transactions during the period									
Sales of Goods	March 31, 2015	-	-	-	-	-	-	-	69
	June 30, 2014	-	-	-	-	-	-	45	358
Revenue from Value Added Services	March 31, 2015	-	-	-	-	-	-	-	75
	June 30, 2014	-	-	-	-	-	-	-	-
Sales of Fixed Assets	March 31, 2015	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	35,000	-	-	-	-	35,000
Purchase of Fixed Assets	March 31, 2015	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	14,824
Interest Expense	March 31, 2015	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	1,216
Interest Income	March 31, 2015	-	-	-	-	-	-	-	1,576
	June 30, 2014	-	-	-	2,096	-	-	-	2,734
Direct Income (Travel Commission)	March 31, 2015	-	-	-	-	-	160	-	750
	June 30, 2014	-	-	-	-	-	20	-	766
Remuneration paid	March 31, 2015	-	-	-	-	-	-	-	52,392
	June 30, 2014	-	-	-	-	-	-	-	53,637
Security Received	March 31, 2015	-	-	-	-	-	-	-	500
	June 30, 2014	-	-	-	-	-	-	-	-
Security Returned	March 31, 2015	-	-	-	-	-	-	-	500
	June 30, 2014	-	-	-	-	-	-	-	-
Legal and Professional charges	March 31, 2015	-	-	-	-	-	-	23,186	23,186
	June 30, 2014	-	-	-	-	-	-	20,490	20,490
Advertisement and sales promotion	March 31, 2015	-	-	-	-	-	-	-	435,418
	June 30, 2014	-	-	-	-	-	-	-	42,370
Miscellaneous Expenses	March 31, 2015	-	512	-	1,216	-	-	-	2,848
	June 30, 2014	-	2,392	-	18	-	-	-	5,303
Rent Income	March 31, 2015	-	-	-	-	-	-	-	3,773
	June 30, 2014	-	-	-	-	-	-	-	6,842
Dividend paid	March 31, 2015	-	-	-	-	-	-	-	-
	June 30, 2014	1,650	-	-	-	-	-	-	281,239
Employee Advance Transferred from	March 31, 2015	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	3,008
Loans/advance given during the year	March 31, 2015	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	6,615	56,615
Loans/advance repaid during the year	March 31, 2015	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	43,900	-	-	-	73,900
Provision on doubtful advances taken	March 31, 2015	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	6,615	6,615
Advance for Fixed Assets	March 31, 2015	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	100,000
Advance for Fixed Assets returned	March 31, 2015	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	100,000
Purchase of investments	March 31, 2015	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	-	-	-	-	-
Reimbursement of Expenses (recovered)	March 31, 2015	-	-	-	-	-	2,982	-	6,837
	June 30, 2014	-	-	-	-	3,168	158	-	11,742
Reimbursement of Expenses (provided)	March 31, 2015	-	-	-	-	783	-	-	789
	June 30, 2014	-	-	-	-	-	-	-	-
Outstanding balances at the end of period									
Receivables Considered Good	March 31, 2015	-	-	-	-	-	-	-	2,742
	June 30, 2014	-	-	-	-	-	-	-	-
Payables	March 31, 2015	-	-	-	2	-	-	29,926	37,267
	June 30, 2014	-	-	-	-	-	-	17,393	44,663
Loan/advances receivable	March 31, 2015	-	-	-	-	3,951	-	6,615	31,391
	June 30, 2014	-	-	-	-	-	-	6,615	26,615
Provision for doubtful advances	March 31, 2015	-	-	-	-	-	-	6,615	6,615
	June 30, 2014	-	-	-	-	-	-	6,615	6,615
Other Assets	March 31, 2015	-	-	-	-	-	2,328	-	5,484
	June 30, 2014	-	-	-	-	-	-	-	3,803
Other Receivable	March 31, 2015	-	-	18,338	-	-	-	162	18,548
	June 30, 2014	-	-	18,338	-	3,168	-	162	21,669
Interest Receivable	March 31, 2015	-	-	-	-	-	-	-	-
	June 30, 2014	-	-	-	1,887	-	-	-	2,508

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the nine months period ended March 31, 2015

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

(A)

Particulars of Derivatives	Purpose
Forward contract outstanding as at Balance Sheet date	
Sell	
US \$ 1,634,728 (Previous year US\$ 15,979,470)	Hedge of Import Creditors / pending purchase commitments

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

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



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the nine months period ended March 31, 2015

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

37. Consequent to the adoption of the Accounting Standard 22 'Accounting for taxes on Income', the Parent Company and some of the subsidiary companies have a net deferred tax asset comprising of carry forward of losses and unabsorbed depreciation under tax laws. However, as the subsequent realization of such asset is not virtually certain in the near future, the management is of the view that it is prudent not to recognize deferred tax assets. Accordingly, no deferred tax asset has been recognised by these entities.
38. The consolidated financial statements carried a goodwill of Rs. 1,948,210 thousand pertaining to retail business of devices segment. In view of the continuing losses by the said retail business, the Board of Directors in its meeting held on February 10, 2015 had taken a decision to impair the said goodwill. The said amount of impairment has been shown under exceptional items in the consolidated financial results. However, the management continues to focus on growing the retail business and making it profitable on an ongoing basis.
39. During the period ended March 31, 2015, a subsidiary of the Company, has paid a sum of Rs.400,000 thousand as one time compensation for Disbanding the Brand Sub License agreement entered into with Spice Entertainment Ltd in April 2010 for use of certain brand logo(s) against which it was paying Brand Fee. The above amount has been shown as part of exceptional items.
40. The asset of Rs. 166,685 thousand (Previous Year Rs. 180,822 thousand) recognized by some of the subsidiaries of the Company as 'MAT Credit Entitlement' under 'Loans and Advances', in respect of MAT payment for earlier years, represents that portion of MAT liability which can be recovered and set off in subsequent periods based on the provisions of Section 115JAA of the Income Tax Act, 1961. The management based on the present trend of profitability and also the future profitability projections, is of the view that there would be sufficient taxable income in foreseeable future, which will enable the respective group companies to utilize MAT credit assets.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the nine months period ended March 31, 2015

41. Additional information pursuant to Schedule III of Companies Act, 2013, "General instructions for the preparation of consolidated financials statements" for financial year 2014-15

S. No.	Name of the Entity	Net Assets, i.e., total assets minus total liabilities as at March 31, 2015		Share in Profit or (Loss) for the period ended March 31, 2015		Net Assets, i.e., total assets minus total liabilities as at June 30, 2014		Share in Profit or (Loss) for the year ended June 30, 2014	
		As % of consolidated net assets	Amount Rs. 000	As % of consolidated profit or (loss)	Amount Rs. 000	As % of consolidated net assets	Amount Rs. 000	As % of consolidated profit or (loss)	Amount Rs. 000
<b>1</b>	<b>Parent</b>								
	Spice Mobility Limited	71.16%	2,659,557	-109.46%	(3,365,104)	88.08%	6,024,661	16.16%	45,492
<b>2</b>	<b>Indian Subsidiaries</b>								
i	Spice Digital Limited	76.41%	2,856,050	4.17%	128,349	39.88%	2,727,701	56.94%	160,297
ii	Spice Retail Limited	-31.48%	(1,176,662)	-49.74%	(1,529,271)	-0.69%	(47,391)	-48.08%	(135,346)
iii	Mobisoc Technology Private Limited	2.45%	91,636	-0.13%	(4,081)	1.40%	95,717	1.08%	3,051
iv	Spice Labs Private Limited	1.77%	66,170	0.13%	4,075	0.91%	62,095	0.44%	1,240
v	Kimaan Exports Private Limited	1.08%	40,477	0.37%	11,411	0.42%	29,067	4.84%	13,633
vi	Hindustan Retail Private Limited	0.47%	17,499	-99.23%	(3,050,594)	9.04%	618,093	-25.58%	(72,004)
vii	Cellucom Retail India Private Limited	-3.55%	(132,780)	-1.09%	(33,375)	-5.84%	(399,405)	-5.62%	(15,831)
viii	Spice Online Retail Private Limited	0.01%	319	-0.11%	(3,428)	-1.10%	(75,253)	-1.27%	(3,574)
ix	S Mobile Devices Limited	0.01%	404	0.00%	(27)	0.01%	431	-0.01%	(15)
<b>3</b>	<b>Foreign Subsidiaries</b>								
i	Spice Digital Bangladesh Limited	0.45%	16,653	0.57%	17,506	-0.01%	(366)	-1.13%	(3,186)
ii	S GIC Pte Limited	12.25%	457,810	-0.71%	(21,680)	7.37%	504,261	-4.53%	(12,761)
iii	Spice VAS (Africa) Pte Limited	7.82%	292,168	0.39%	11,850	4.36%	298,130	15.04%	42,333
iv	Beoworld Sdn.Bhd	0.39%	14,580	0.00%	116	0.23%	16,029	2.96%	8,320
v	Spice VAS Kenya Limited	-1.22%	(45,596)	0.57%	17,596	-0.93%	(63,301)	3.44%	9,684
vi	Spice Digital Nigeria Limited	-0.68%	(25,517)	-0.57%	(17,493)	-0.17%	(11,927)	0.46%	1,302
vii	Spice VAS Uganda Limited	0.39%	14,658	0.06%	1,946	0.21%	14,296	-1.59%	(4,468)
viii	Spice VAS Ghana Limited	0.18%	6,608	0.15%	4,652	0.04%	2,728	1.79%	5,026
ix	Spice VAS Zambia Limited	-0.05%	(1,736)	-0.26%	(8,141)	0.09%	6,113	-0.78%	(2,202)
x	Spice VAS Tanzania Limited	0.44%	16,304	1.36%	41,844	-0.35%	(23,791)	-13.06%	(36,772)
xi	Spice Digital South Africa Pty Ltd	-4.17%	(155,932)	-2.11%	(64,808)	-1.52%	(103,908)	-13.87%	(39,048)
xii	S Mobility Pte. Limited	0.00%	(157)	-0.01%	(365)	0.00%	201	-0.18%	(495)
xiii	S Mobility (HK) Limited	0.10%	3,677	-0.14%	(4,281)	0.11%	7,563	0.32%	897
xiv	S Retail Middle East FZE	-1.27%	(47,511)	0.00%	(3)	-0.70%	(47,661)	-5.02%	(14,129)
xv	S Retail General Trading LLC	-0.17%	(6,234)	0.00%	-	-0.09%	(6,077)	-0.22%	(609)
<b>4</b>	<b>Minority Interests in subsidiaries</b>								
i	Spice Digital Limited	-7.77%	(290,485)	-0.45%	(13,850)	-4.10%	(280,108)	-5.70%	(16,055)
ii	Mobisoc Technology Private Limited	0.00%	(92)	0.00%	4	0.00%	(96)	0.00%	(3)
iii	Spice Vas (Africa) Pte. Limited	-0.97%	(36,395)	0.13%	3,962	-0.62%	(42,097)	3.39%	9,531

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the nine months period ended March 31, 2015

S. No.	Name of the Entity	Net Assets, i.e., total assets minus total liabilities as at March 31, 2015		Share in Profit or (Loss) for the period ended March 31, 2015		Net Assets, i.e., total assets minus total liabilities as at June 30, 2014		Share in Profit or (Loss) for the year ended June 30, 2014	
		As % of consolidated net assets	Amount Rs. 000	As % of consolidated profit or (loss)	Amount Rs. 000	As % of consolidated net assets	Amount Rs. 000	As % of consolidated profit or (loss)	Amount Rs. 000
iv	Spice VAS Uganda Limited	-0.11%	(3,961)	-0.02%	(486)	-0.05%	(3,681)	0.40%	1,117
<b>5</b>	<b>Associates</b>								
i	Vavia Technologies Private Limited	0.00%	-	0.03%	772	0.00%	-	0.00%	-
ii	Anytime Learning Private Limited	0.00%	-	-0.02%	(650)	0.00%	-	0.00%	-
<b>6</b>	<b>Eliminations and adjustments due to consolidation</b>	-23.92%	(893,932)	156.11%	4,799,216	-35.99%	(2,461,873)	-80.61%	(226,921)
	<b>Total</b>	<b>100.00%</b>	<b>3,737,580</b>	<b>100.00%</b>	<b>(3,074,340)</b>	<b>100.00%</b>	<b>6,840,153</b>	<b>100.00%</b>	<b>(281,498)</b>

42. Independent Non-Promoter (Spice Employee Benefit) Trust ('Trust') holds 11,901,752 (Previous year 11,901,752) Equity Shares of the Parent Company as on 31st March, 2015, for the benefit of the employees of the Parent Company, its associates and subsidiaries. These equity shares were transferred to the Trust pursuant to the Scheme of amalgamation of Spice Televentures Private Limited ('STPL'), at a value at which these equity shares were held in the books of STPL and the same was recorded as receivable from the Trust in the books of the Company. Amount recoverable from Employee Benefit Trust is in respect of these shares (net of amount received till date) as on 31st March, 2015 Rs. 69,200 (Previous year Rs. 73,200). Trust has framed Share Reward Rules whereby certain shares held by the Trust may be transferred to eligible employees. The Parent Company has been legally opined that the Share Reward Rules framed by the Trust are not covered under the ambit of employee welfare schemes of the Parent Company as the said Rules have been framed by the Trust and not by the Parent Company. Hence, the disclosure requirement under the Guidance Note on Accounting for Employee Share based payments issued by the Institute of the Chartered Accountants of India is not applicable to the Parent Company.
43. A fraud has been committed in one of the step down overseas subsidiary of the Company, estimated amount being Rs. 28,057 thousand against which, as a matter of prudence, a provision of Rs. 9,352 thousand has been taken in the financials. The matter has already been taken up with the concerned agency for recovery.
44. Current year's accounts are prepared for the nine months period from July 1, 2014 to March 31, 2015. Previous year accounts were for the full year, i.e., from July 1, 2013 to June 30, 2014. Hence, current period's figures are not comparable with those of the previous year. Previous year's figures have been regrouped / reclassified wherever considered necessary to confirm to current period's figures.

As per our report of even date

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

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

Place : Noida  
Date : May 11, 2015

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

**Dilip Modi**  
Chairman  
DIN : 00029062

**Suman Ghose Hazra**  
Director  
DIN : 00012223

**Madhusudan V.**  
Chief Financial Officer

**Subramanian Murali**  
Director  
DIN : 00041261

**Prashant Bindal**  
Chief Executive Officer

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

# FORM AOC - I

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

Part "A" : Subsidiaries															
Sl. No.	Name of Subsidiary Company	Reporting period for the subsidiary*	Reporting Currency	Exchange Rate(Rs.)	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Details of Investments (Except Investment in case of Subsidiary Company)	Turnover/ Total Income	Profit/ (Loss) Before Taxation	Provision For Taxation	Profit/ (Loss) After Taxation	Proposed Dividend	(Rs. '000) % of shareholding#
1	Spice Digital Limited	1st July'2014 to 31st March'2015	INR		397,710	2,458,340	3,140,978	3,140,978	165,587	1,057,100	186,074	57,725	128,349	-	89.19%
2	Hindustan Retail Private Limited	1st July'2014 to 31st March'2015	INR		3,155,300	(3,137,801)	141,840	141,840	-	8,231	(3,050,421)	173	(3,050,594)	-	100.00%
3	Kimaan Export Private Limited	1st July'2014 to 31st March'2015	INR		200	40,277	102,510	102,510	-	24,012	15,038	3,602	11,411	-	100.00%
4	S Mobility Pte. Limited	1st July'2014 to 30th June'2015	SGD	45.50	12,406	(12,563)	121	121	-	-	(365)	-	(365)	-	100.00%
5	S Mobile Devices Limited	1st July'2014 to 31st March'2015	INR		500	(96)	436	436	-	-	(27)	-	(27)	-	100.00%
6	S Mobility (HK) Limited	1st July'2014 to 30th June'2015	USD	62.51	64	3,612	8,226	8,226	-	4,806	(4,281)	-	(4,281)	-	100.00%
7	Spice Retail Limited	1st July'2014 to 31st March'2015	INR		847,174	(2,023,836)	3,281,254	3,281,254	-	13,943,701	(1,529,271)	-	(1,529,271)	-	100.00%
8	Mobisoc Technology Private Limited	1st July'2014 to 31st March'2015	INR		100,100	(8,464)	106,092	106,092	49,634	114,447	(4,081)	-	(4,081)	-	99.90%
9	Spice Labs Private Limited	1st July'2014 to 31st March'2015	INR		100,500	(34,330)	74,338	74,338	21,374	32,541	4,075	-	4,075	-	99.90%
10	S GIC Pte Limited	1st July'2014 to 31st March'2015	SGD	45.50	715,946	(258,136)	457,017	457,017	-	15,078	(21,636)	44	(21,680)	-	100.00%
11	S RETAIL FZE.	1st July'2014 to 30th June'2015	AED	16.74	13,160	(60,671)	6,234	6,234	-	-	(3)	-	(3)	-	100.00%
12	S RETAIL LLC	1st July'2014 to 30th June'2015	AED	16.74	4,895	(11,129)	-	-	-	-	-	-	-	-	49.00%
13	Cellucom Retail India Private Limited	1st July'2014 to 31st March'2015	INR		500,000	(632,780)	143,466	143,466	-	681,623	(33,375)	-	(33,375)	-	100.00%
14	Spice Online Retail Private Limited	1st July'2014 to 31st March'2015	INR		99,100	(98,781)	62,535	62,535	-	674,801	(3,428)	-	(3,428)	-	100.00%
15	Spice Digital Bangladesh Limited	1st July'2014 to 30th June'2015	BDT	0.79	3,056	13,597	80,317	80,317	-	68,761	17,506	-	17,506	-	99.99%
16	Spice Vas (Africa) Pte Limited	1st July'2014 to 31st March'2015	SGD	45.50	196,693	95,475	353,908	353,908	-	116,855	29,100	17,249	11,850	-	69.62%
17	Beoworld Sdn.Bhd	1st April'2014 to 31st March'2015	MYR	16.84	5,842	8,737	14,735	14,735	-	15	116	-	116	-	100.00%
18	Spice VAS Kenya Limited	1st April'2014 to 31st March'2015	KSH	0.66	66	(45,663)	(36,254)	(36,254)	-	38,034	17,596	-	17,596	-	100.00%
19	Spice Digital Nigeria Limited	1st April'2014 to 31st March'2015	Naira	0.31	3,108	(28,625)	(5,832)	(5,832)	-	86,784	(17,493)	-	(17,493)	-	100.00%
20	Spice VAS Uganda Limited	1st April'2014 to 31st March'2015	UGX	0.02	21	14,638	25,296	25,296	-	11,407	196	(1,749)	1,946	-	75.00%
21	Spice VAS Ghana Limited	1st April'2014 to 31st March'2015	GHS	16.46	1,235	5,373	15,447	15,447	-	31,252	6,070	1,418	4,652	-	100.00%
22	Spice VAS Zambia Limited	1st April'2014 to 31st March'2015	ZMW	8.20	41	(1,777)	16,972	16,972	-	60,697	(7,175)	965	(8,141)	-	100.00%
23	Spice VAS Tanzania Limited	1st April'2014 to 31st March'2015	TZS	0.03	6,628	9,675	36,694	36,694	-	83,940	45,217	3,373	41,844	-	100.00%
24	Spice Digital South Africa Pty Limited	1st April'2014 to 31st March'2015	ZAR	5.17	1	(155,932)	(141,755)	(141,755)	-	8,468	(64,808)	-	(64,808)	-	100.00%

\* Subsidiaries whose reporting period is different from that of the Parent Company, financial statement used for the purpose of consolidation are drawn up to the same reporting date as that of the Parent Company i.e nine months period ended March 31, 2015.

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

## FORM AOC - I

### Part "B": Associates companies

Name of Associates		Vavia Technologies Private Limited	Anytime Learning Private Limited	(Rs. '000)
1	Latest audited Balance Sheet Date*	Unaudited	Unaudited	
2	Shares of Associate company held by the company on the year end			
	No.	3,514		83,636
	Amount of Investment in Associates	10,000		77,988
	Extent of Holding%	26%		39%
3	Description of how there is significant influence			
4	Reason why the associate company is not consolidated	NA	NA	NA
5	Networth attributable to Shareholding as per latest audited Balance Sheet*	678		10,268
6	Profit / (Loss) for the year	-		-
(i)	Considered in Consolidation	772		(650)
(ii)	Not Considered in Consolidation	1,165		(19,781)

\*Figures were taken from Un-audited Financials Statements as on 31 March, 2015, as last Audited Financials available were of a date prior to the date of investments made by the Company.

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

**Dilip Modi**  
Chairman  
DIN : 00029062

**Subramanian Murali**  
Director  
DIN : 00041261

**Suman Ghose Hazra**  
Director  
DIN : 00012223

**Prashant Bindal**  
Chief Executive Officer

Place : Noida  
Date : May 11, 2015

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

## NOTES

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

# android one

## ड्रीम उनो H

Spice and Google collaborated to launch India's first Android One Hindi smartphone – Spice Dream Uno H Android One Phone, focusing on the large Hindi speaking population in the country. The Spice Dream Uno H featured for the first time ever a complete Hindi keyboard, voice input along with Hindi versions of popular Google products such as Android OS, Chrome, Search, YouTube and Google Maps.



## SPICE X SERIES

## X LIFE

Spice launched its new X Life series of smartphones, targeted at first time smartphone buyers in Tier II and Tier III cities. Under X Life series, the company has launched a new revolutionary range of smartphones offering superior technology features at very attractive price points, especially designed for consumers seeking an exciting combination of innovation and great design.





Selfie  
made  
simple



X LIFE 511  
Pro



COMES WITH  
SELFIE  
STICK





NEW

## X LIFE 431Q Lite

FREE  
Flip  
Cover

- 10.16 cm (4.0) WVGA display
- 4GB ROM + 512MB RAM
- 3.2MP Rear with LED flash & 1.3MP front Camera
- 1750 mAh Battery
- 1.2 GHz Quad Core Processor
- 3G Capable device

## X LIFE 480Q

- 11.43 cm(4.5) FWGA Display
- 8 GB ROM + 1 GB RAM
- 5.0MP with LED Flash & 1.3MP Front Camera

- 1750 mAh Battery
- 1.2 GHz Quad Core Processor
- 3G Capable Device



NEW

Sandstone  
Cover+Free  
Flip  
Cover



NEW

## X LIFE 511Pro

FREE  
Selfie  
Stick

- 12.7 cm(5.0) FWVGA Display
- 8GB ROM + 1GB RAM
- 8.0MP with LED Flash & 3.2MP Front Camera

- 1750 mAh Battery
- 1.2 GHz Quad Core Processor
- 3G Capable Device

## X LIFE 512

- 12.7 cm(5.0) FWVGA Display
- 4GB ROM + 512 MB RAM
- 8MP with Dual LED Flash & 2MP Front Camera

- 2000 mAh
- 1 GHz Dual Core Processor
- 3G Capable Device



NEW

Sandstone  
Cover+Free  
Flip  
Cover

# spice

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

## SPICE MOBILITY LIMITED

(Formerly S Mobility Limited)

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

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

CIN: L72900UP1986PLC008448

Tel.: 0120- 3355131; Email: [complianceofficer@smobility.in](mailto:complianceofficer@smobility.in)

Website: [www.spicemobility.in](http://www.spicemobility.in)

## NOTICE

Notice is hereby given that the Twenty-Seventh Annual General Meeting of Spice Mobility Limited will be held on Tuesday, the 29<sup>th</sup> day of September, 2015 at 10:15 A.M. at Expo Centre, A-11, Sector -62, NH-24, Noida – 201301 (U.P.) to transact the following business:

### ORDINARY BUSINESS:

- I. To receive, consider and adopt:
  - i. the Audited Financial Statement for the financial year ended 31<sup>st</sup> March, 2015 along with the Board of Directors' and Auditors' Report thereon.
  - ii. the Audited Consolidated Financial Statement of the Company for the financial year ended 31<sup>st</sup> March, 2015 and the Auditors' Report thereon.
2. To consider and appoint a Director in place of Ms. Preeti Malhotra (DIN: 00189958), who retires by rotation and being eligible, offers herself for re – appointment.
3. To consider and appoint Statutory Auditors to hold office from the conclusion of this Meeting until the conclusion of next Annual General Meeting and to fix their remuneration. M/s S.R. Batliboi & Co. LLP, Chartered Accountants, (Firm Regn. No. 301003E), the retiring auditors, being eligible, offer themselves for re-appointment.

### SPECIAL BUSINESS:

#### 4. To appoint Mr. Suman Ghose Hazra (DIN 00012223) as an Independent Director of the Company

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

“Resolved that pursuant to the provisions of Sections 149, 152, 161 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement (as amended from time to time), Mr. Suman Ghose Hazra (DIN: 00012223) who was appointed as Additional Director and holds office upto the date of this Annual General Meeting and who meets the criteria of independence as provided in Section 149(6) of the Act and Clause 49 of the Listing Agreement be and is hereby appointed as an Independent Director of the Company for a period of five years w.e.f. 7<sup>th</sup> May, 2015.”

#### 5. To appoint Mr. Umang Das (DIN 00027912) as an Independent Director of the Company

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

“Resolved that pursuant to the provisions of Sections 149, 152, 161 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement (as amended from time to time), Mr. Umang Das (DIN: 00027912) who was appointed as an Additional Director and holds office upto the date of this Annual General Meeting and who meets the criteria of independence as provided in Section 149(6) of the Act and Clause 49 of the Listing Agreement be and is hereby appointed as an Independent Director of the Company for a period of five years w.e.f. 7<sup>th</sup> May, 2015.”

#### 6. To appoint Mr. Subramanian Murali (DIN 00041261) as a Director of the Company

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

“Resolved that pursuant to the provisions of Sections 152, 161 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) Mr. Subramanian Murali (DIN: 00041261) who was appointed as Additional Director of the Company w.e.f. 7<sup>th</sup> May, 2015 and holds office upto the date of this Annual General Meeting be and is hereby appointed as a Non Executive Director of the Company, liable to retire by rotation.”

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

**(M R Bothra)**

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

**Date: 13<sup>th</sup> August, 2015**

**Place: Noida**

## NOTES:

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

A person shall not act as a proxy for more than 50 members and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. However, a member holding more than ten percent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person.

3. Only registered members carrying the attendance slip and the holders of valid proxies registered with the Company will be permitted to attend the Meeting.
4. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013 and the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the Annual General Meeting.
5. The Register of Members and Share Transfer Books of the Company will remain closed from 23<sup>rd</sup> of September, 2015 to 29<sup>th</sup> of September, 2015 (both days inclusive) for the purpose of Annual General Meeting.
6. In order to provide protection against fraudulent encashment of dividend warrants, members who hold shares in physical mode are requested to intimate the Company's Registrar and Share Transfer Agent, MAS Services Limited, T-34, 2<sup>nd</sup> Floor, Okhla Industrial Area, Phase - II, New Delhi - 110 020, under the signature of the Sole / First joint holder, the following information:
  - (i) Name of the Sole / First joint holder and the Folio number
  - (ii) Particulars of Bank Accounts, viz:
    - (a) Name of the Bank
    - (b) Name of the Branch
    - (c) Complete address of the Bank with PIN code number
    - (d) Account type, whether Saving Bank (SB) or Current Account (CA)
    - (e) Bank Account Number
7. Members are requested to bring their copy of Annual Report with them at the Annual General Meeting. Corporate members intending to send their authorised representative(s) are requested to send a duly certified copy of the Board Resolution authorizing their representative(s) to attend and vote at the Annual General Meeting.
8. Members holding shares in physical mode are requested to quote their Ledger Folio No. in all their correspondence and intimate the following directly to the Company's Registrar and Share Transfer Agent i.e. MAS Services Ltd.
  - i) Changes, if any, in their address with PIN code numbers.
  - ii) Request for making nominations as per the provisions contained in Section 72 of the Companies Act, 2013 in the prescribed Form SH-13.

Members holding shares in dematerialized mode are requested to intimate the aforesaid changes directly to their Depository Participant.

9. Pursuant to Sections 124 & 125 of the Companies Act, 2013 (Corresponding to Sections 205A, 205B and 205C of the Companies Act, 1956) the dividend amount which remains unpaid/unclaimed for a period of seven years from the date of transfer to unpaid dividend accounts of the Company, is required to be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government. Accordingly, unpaid or unclaimed amount in respect of dividend for the financial years 2006-07 have been transferred to IEPF.

Unclaimed dividends for the financial year 2007-2008 and thereafter will be transferred by the Company to IEPF, as and when they become due. Members who have not encashed their dividend warrants are therefore, requested to contact the Company's Registrar and Transfer Agent, M/s MAS Services Limited, for revalidation/ issue of duplicate dividend warrant. Kindly note that no claim of the members shall lie whatsoever on the unclaimed or unpaid amount of dividend after transfer of the said amount to IEPF.

10. Pursuant to the requirements under Clause 49 of the Listing Agreements entered into with the stock exchanges, the information about the directors proposed to be appointed/reappointed is given in the Annexure to the Notice.
11. Members desiring any information with regard to Accounts/Reports are requested to submit their queries addressed to the Company Secretary of the Company at least 10 days in advance of the Annual General Meeting so that the information called for can be made available at the Meeting.
12. All documents, including those required to be kept for inspection, referred to in the accompanying Notice and Explanatory Statement are open for inspection at the Registered Office of the Company on all working days, except Saturdays, Sundays and holidays, during the business hours up to the date of the Annual General Meeting.
13. In terms of the provisions of the Companies Act, 2013, read with the Companies ( Management and Administration) Rules, 2014, a company can serve Annual Report through electronic mode to the shareholders who have registered their e-mail address either with the Company or with the Depository Participant. Accordingly, the Annual Report of the Company, Notice of the 27<sup>th</sup> Annual

General Meeting of the Company inter alia indicating the process and manner of remote e - voting along with Attendance slip and Proxy Form, Balance Sheet, Statement of Profit & Loss, Board's Report, Auditors' Reports, etc. are being sent on the email addresses of the members made available to the Company by the Depositories (NSDL/CDSL) or registered by the Members with the Company or RTA of the Company.

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

14. The Annual Report of the Company for the year 2014-15 being circulated to the members of the Company is available on the Company's website, viz. [www.spicemobility.in](http://www.spicemobility.in).

15. Members who have not registered their e-mail addresses so far are requested to register their e-mail addresses for receiving all communications including Annual Report, Notices etc. from the Company in electronic mode.

#### 16. Voting through electronic means:

- I. In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended from time to time and Clause 35B of the Listing Agreement, the Company is pleased to provide electronic voting facility to its members for transacting all the businesses as stated in this Notice through e-voting services being provided by National Securities Depository Limited (NSDL). The member may cast their votes using an electronic voting system from a place other than the venue of the Meeting ('remote e - voting').
- II. The facility for voting through ballot paper shall be made available at the Meeting and the members attending the Meeting who have not cast their vote by remote e - voting shall be able to vote at the Meeting.
- III. The members who have cast their vote by remote e - voting prior to the Meeting may also attend the Meeting but shall not be entitled to cast their vote again.

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

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

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

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

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

##### **(C) Other Instructions:**

- (i) The Remote E-Voting period commences on **26<sup>th</sup> September, 2015 at 9:00 A.M. and ends on 28<sup>th</sup> September, 2015 at 5:00 P.M.** During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. on **22<sup>nd</sup> September, 2015**, may cast their votes electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- (ii) The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company as on **22<sup>nd</sup> September, 2015**.
- (iii) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and remote e-Voting User Manual for Shareholders, available at the downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free NO. 1800 – 222 - 990.



- (iv) Any person, who acquires shares and becomes member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 22<sup>nd</sup> September, 2015, may also obtain the Login ID and Password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or the Company at [complianceofficer@smobility.in](mailto:complianceofficer@smobility.in) or MAS Services Limited, RTA at [info@masserve.com](mailto:info@masserve.com).

However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at the toll free No.: 1800-222-990.

Any member who has received the notice of Annual General Meeting but ceased to be a member as on cut off date i.e. 22<sup>nd</sup> September, 2015 should treat this notice for information purpose only.

In case of any grievance connected with voting by electronic means, you may contact Mr. Amit Vishal, Senior Manager, NSDL through e - mail at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or [amitv@nsdl.co.in](mailto:amitv@nsdl.co.in) or on toll free No.: 1800-222-990 or Mr. Sharwan Mangla, General Manager, MAS Service Limited, RTA at [info@masserve.com](mailto:info@masserve.com) or on Telephone No.: 011 – 26387281.

- (v) A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date i.e. 22<sup>nd</sup> September, 2015 only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- (vi) Mr. Sanjay Grover, FCS, Company Secretary in whole time practice (Membership No. FCS 4223), has been appointed as the Scrutinizer to scrutinize the remote e-voting process in a fair and transparent manner.
- (vii) The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "Ballot Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- (viii) The Scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the Meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- (ix) Subject to receipt of requisite number of votes, the Resolution shall be deemed to be passed on the date of Annual General Meeting i.e. 29<sup>th</sup> September, 2015.
- (x) The Results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.spicemobility.in](http://www.spicemobility.in) and on the website of NSDL immediately after the declaration of result and communicated to the BSE Limited and National Stock Exchange of India Limited.

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

### Item No. 4

Mr. Suman Ghose Hazra was appointed as an Additional Director in the category of Independent Director of the Company with effect from 7<sup>th</sup> May, 2015. In accordance with the provisions of Section 161 of the Companies Act, 2013, Mr. Hazra shall hold office upto the date of this Annual General Meeting.

Pursuant to the provisions of Section 149 of the Companies Act, 2013 an Independent Director shall hold office for a term of upto five consecutive years on the Board of a Company and shall not be liable to retire by rotation.

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

The Nomination and Remuneration Committee of the Company has recommended the appointment of Mr. Suman Ghose Hazra as Independent Director of the Company for a period of five years whose period of office will not be liable to determination by retirement of directors by rotation. The Board of Directors has, subject to the approval of the shareholders, appointed him as an Independent Director for a period of five years.

In the opinion of the Board, Mr. Suman Ghose Hazra fulfills the conditions specified in the Act and the Rules made thereunder for appointment as Independent Director of the Company and that his appointment is independent of the management. The Board is of the view that looking at the qualifications, experience and expertise of Mr. Hazra, it would be in the best interest of the Company if he is appointed as Independent Director of the Company. Accordingly, the Board recommends the resolution for approval of the member of the Company.

Notice has been received from a member of the Company along with the requisite deposit of Rupees One Lakh proposing his candidature as Director of the company. Accordingly, it is proposed to appoint Mr. Suman Ghose Hazra as Independent Director under Section 149 of the Act and Clause 49 of the Listing Agreement for a term of 5 (five) years w.e.f 7<sup>th</sup> May, 2015.

Copy of the letter of appointment of Mr. Suman Ghose Hazra as Independent Director of the Company setting out the terms and conditions of his appointment would be available for inspection without any fee by the members at the Registered Office of the Company on all working days, except Saturdays, Sundays and holidays, during business hours.

No Director (other than Mr. Suman Ghose Hazra himself) and Key Managerial Personnel and their relatives, is in any way concerned or interested in this resolution.



#### Item No. 5

Mr. Umang Das was appointed as an Additional Director in the category of Independent Director of the Company with effect from 7<sup>th</sup> May, 2015. In accordance with the provisions of Section 161 of the Companies Act, 2013, Mr. Umang Das shall hold office upto the date of this Annual General Meeting.

Pursuant to the provisions of Section 149 of the Companies Act, 2013 an Independent Director shall hold office for a term of upto five consecutive years on the Board of a Company and shall not be liable to retire by rotation.

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

The Nomination and Remuneration Committee of the Company has recommended the appointment of Mr. Umang Das as Independent Director of the Company for a period of five years whose period of office will not be liable to determination by retirement of directors by rotation. The Board of Directors has, subject to the approval of the shareholders, appointed him as an Independent Director for a period of five years.

In the opinion of the Board, Mr. Umang Das fulfills the conditions specified in the Act and Rules made thereunder for appointment as Independent Director of the Company and that his appointment is independent of the management. The Board is of the view that looking at the qualifications, experience and expertise of Mr. Umang Das, it would be in the best interest of the Company if he is appointed as Independent Director of the Company. Accordingly, the Board recommends the resolution for approval of the member of the Company.

Notice has been received from a member of the Company along with the requisite deposit of Rupees One Lakh proposing his candidature as Director of the company. Accordingly, it is proposed to appoint Mr. Umang Das as Independent Director under Section 149 of the Act and Clause 49 of the Listing Agreement for a term of 5 (five) years w.e.f. 7<sup>th</sup> May, 2015.

Copy of the letter of appointment of Mr. Umang Das as Independent Director of the Company setting out the terms and conditions of his appointment would be available for inspection without any fee by the members at the Registered Office of the Company on all working days, except Saturdays, Sundays and holidays, during business hours.

No Director (other than Mr. Umang Das himself) and Key Managerial Personnel and their relatives, is in any way concerned or interested in this resolution.

#### Item No. 6

Mr. Subramanian Murali was appointed as an Additional Director of the Company with effect from 7<sup>th</sup> May, 2015. In accordance with the provisions of Section 161 of the Companies Act, 2013, Mr. Subramanian Murali shall hold office upto the date of this Annual General Meeting.

Mr. Subramanian Murali has given his consent for appointment as a Director of the Company and has confirmed that he is not disqualified from being appointed as a Director under Section 164 of the Act.

The Nomination and Remuneration Committee of the Company has recommended the appointment of Mr. Subramanian Murali as Non Executive Director of the Company whose period of office will be liable to determination by retirement of directors by rotation.

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

In the opinion of the Board, Mr. Subramanian Murali fulfills the condition specified in the Act and Rules made thereunder for appointment as Non Executive Director of the Company. Accordingly, it is proposed to appoint Mr. Murali as Non Executive Director of the Company, liable to retire by rotation. The Board recommends his appointment as Non Executive Director of the Company.

Copy of the letter of appointment of Mr. Subramanian Murali as Non Executive Director of the Company setting out the terms and conditions of his appointment would be available for inspection without any fee by the members at the Registered Office of the Company on all working days, except Saturdays, Sundays and holidays, during business hours. The Board is of the view that it will be in the best interest of the Company if he is appointed as a Non Executive Director of the Company.

No Director (other than Mr. Subramanian Murali himself) and Key Managerial Personnel and their relatives, is in any way concerned or interested in this resolution.

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

**Date: 13<sup>th</sup> August, 2015**

**Place: Noida**

**(M R Bothra)  
Vice President-Corporate Affairs &  
Company Secretary**

**DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT IN THE FORTHCOMING ANNUAL GENERAL MEETING PURSUANT TO CLAUSE 49 VIII (E) OF THE LISTING AGREEMENT AND SECRETARIAL STANDARD ON GENERAL MEETINGS ISSUED BY THE INSTITUTE OF COMPANY SECRETARIES OF INDIA:**

#### **Directors' Profile:**

A brief resume and nature of expertise in specific functional areas of all Directors including the Directors seeking appointment/re-appointment in the Annual General Meeting is given in the Annual Report.

**Date of Birth, Date of First Appointment on the Board, Shareholding in the company, Qualifications, No. of Board Meetings attended during the year, Detail of Remuneration sought to be paid and the remuneration last drawn and Directorship in Companies and Chairmanship/Membership of the Committees:**

<b>Name of the Director</b>	<b>Ms. Preeti Malhotra</b>	<b>Mr. Suman Ghose Hazra</b>	<b>Mr. Umang Das</b>	<b>Mr. Subramanian Murali</b>
<b>Date of Birth</b>	09.04.1964	05.05.1953	31.01.1949	30.07.1957
<b>Date of First Appointment on the Board</b>	24.04.2010	07.05.2015	07.05.2015	07.05.2015
<b>No. of shares held</b>	1,00,152	Nil	Nil	Nil
<b>Qualifications</b>	1. FCS 2. Law Graduate 3. Commerce (Hons.) Graduate	1. Chartered Accountant 2. Cost Accountant 3. Law Graduate	1. PGDM – IIM, Ahmedabad 2. Graduate in Electric Engineering	1. Chartered Accountant 2. Bachelor of Science (Maths)
<b>No. of Board Meetings attended during the year</b>	Attended all the Four meetings held during the year.	NA	NA	NA
<b>Detail of Remuneration sought to be paid and the remuneration last drawn</b>	Nil	Sitting fees of Rs. 25000/- per meeting for attending Board and Board Committee Meetings.	Sitting fees of Rs. 25000/- per meeting for attending Board and Board Committee Meetings.	Nil
<b>List of Directorship in Companies (Other than Spice Mobility Limited)</b>	1. Smartvalue Ventures Pvt. Limited 2. Plus Paper Foodpac Limited 3. Smartglobal Ventures Pvt. Limited 4. Smartglobal Financial Ventures Pvt. Limited 5. Wall Street Finance Limited 6. Smart Entertainment Pvt. Limited 7. Modipur Devices Private Limited 8. Spice Retail Limited	1. Spice Digital Limited 2. Spice Retail Limited	1. U R Consultants and Impex Private Limited 2. Quippo Infocomm Limited 3. Sahaj e-Village Limited 4. Viom International (Myanmar) Company Limited 5. Quippo International Singapore Pte Limited 6. Quippo Oil and Gas Infrastructure Limited 7. Quippo Energy Private Limited 8. Quippo Telecom Infrastructure Private Limited 9. Spice Digital Limited 10. Spice Retail Limited	1. Spice Retail Limited 2. Mobisoc Technology Private Limited 3. Spice Digital Limited 4. Spice Labs Private Limited 5. S Mobile Devices Limited 6. Spice Connect Private Limited
<b>Chairman / Member of the Committees of the Board of Directors of Companies (Other than Spice Mobility Limited) on which he/ she is a Director</b>	<b>Audit Committee</b> 1. Plus Paper Foodpac Limited – Member <b>Investor Grievance Committee/ Share Transfer Committee/ Stakeholders Relationship Committee</b> 1. Wall Street Finance Limited – Chairperson	<b>Audit Committee</b> 1. Spice Digital Limited – Chairman 2. Spice Retail Limited - Chairman <b>Nomination and Remuneration Committee</b> 1. Spice Digital Limited – Member 2. Spice Retail Limited - Member	<b>Audit Committee</b> 1. Spice Digital Limited – Member 2. Spice Retail Limited – Member 3. Sahaj e – Village Limited – Member 4. Quippo Energy Private Limited – Member 5. Quippo Oil and Gas Infrastructure Limited - Member <b>Nomination and Remuneration Committee</b> 1. Spice Digital Limited – Chairman 2. Spice Retail Limited – Chairman 3. Quippo Energy Private Limited – Member 4. Quippo Oil and Gas Infrastructure Limited - Member <b>Corporate Social Responsibility Committee</b> 1. Spice Digital Limited – Chairman 2. Spice Retail Limited – Chairman	<b>Audit Committee</b> 1. Spice Digital Limited - Member 2. Spice Retail Limited – Member <b>Nomination and Remuneration Committee</b> 1. Spice Digital Limited – Member 2. Member Spice Retail Limited – Member <b>Corporate Social Responsibility Committee</b> 1. Spice Digital Limited – Member 2. Spice Retail Limited – Member

**Disclosure of Inter se relationship of Directors:**

None of the directors has any relationship with other directors and Key Managerial Personnel of the Company.



## SPICE MOBILITY LIMITED

(Formerly S Mobility Limited)

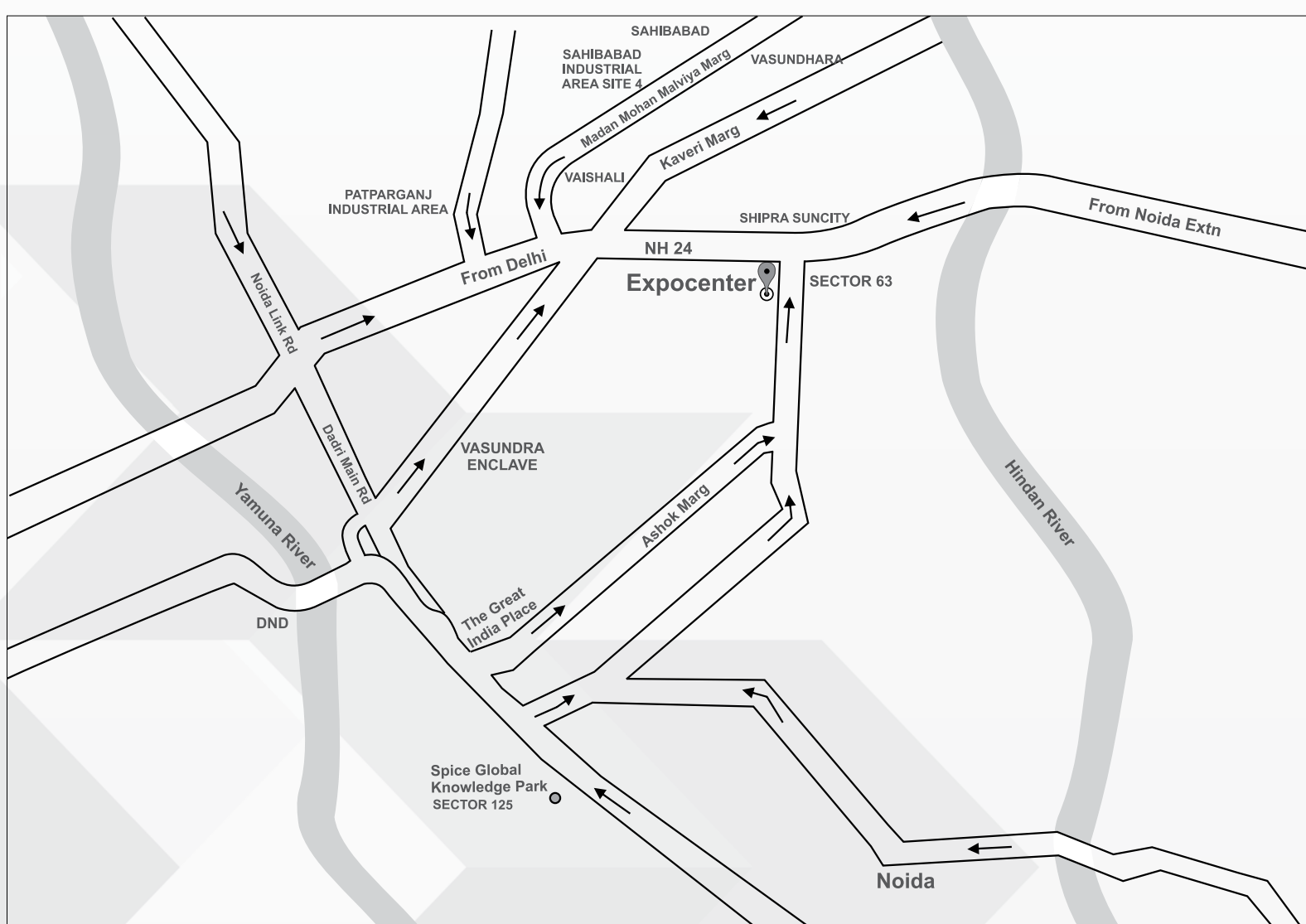
Registered Office: S Global Knowledge Park, 19A & 19B, Sector 125,  
Noida, District Gautam Budh Nagar, U.P.-201301

CIN: L72900UP1986PLC008448

Tel.: 0120- 3355131; Email: [complianceofficer@smobility.in](mailto:complianceofficer@smobility.in)

Website: [www.spicemobility.in](http://www.spicemobility.in)

### Route map of the Venue of the 27<sup>th</sup> Annual General Meeting Expo Centre, A-11, Sector -62, NH-24, Noida – 201301 (U.P.)



**SPICE MOBILITY LIMITED****(Formerly S Mobility Limited)**

Regd. Office: S Global Knowledge Park, 19A &amp; 19B, Sector-125, Noida,

Distt. Gautam Budh Nagar, U.P.-201301

CIN: L72900UP1986PLC008448

Tel.: 0120- 3355131; Email: complianceofficer@smobility.in

Website: www.spicemobility.in

**PROXY FORM****[Pursuant to section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]**

Name of the Member(s):

Registered Address:

E-mail Id:

Folio No./ Client ID:

DP ID:

I/ We, being the member(s) of \_\_\_\_\_ shares of the above named company, hereby appoint

(1) Name: \_\_\_\_\_

Address: \_\_\_\_\_

E-mail id: \_\_\_\_\_ Signature \_\_\_\_\_, or failing him;

(2) Name: \_\_\_\_\_

Address: \_\_\_\_\_

E-mail id: \_\_\_\_\_ Signature \_\_\_\_\_, or failing him;

(3) Name: \_\_\_\_\_

Address: \_\_\_\_\_

E-mail id: \_\_\_\_\_ Signature \_\_\_\_\_

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 27<sup>th</sup> Annual General Meeting of the Company, to be held on Tuesday, the 29<sup>th</sup> day of September, 2015 at 10:15 A.M. at Expo Centre, A-11, Sector 62, NH-24, Noida - 201301 (U.P) and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolutions	No. of shares held	For	Against
1. Adoption of Financial Statements and Reports of Board of Directors and Auditors thereon and Consolidated Financial Statements of the Company and Auditors Report thereon.			
2. Re-appointment of Ms. Preeti Malhotra, Director retiring by rotation			
3. Appointment of Statutory Auditors			
4. Appointment of Mr. Suman Ghose Hazra as Independent Director of the Company			
5. Appointment of Mr. Umang Das as Independent Director of the Company			
6. Appointment of Mr. Subramanian Murali as Director of the Company			

Signed this \_\_\_\_\_ Day of \_\_\_\_\_ 2015

Signature of Shareholder \_\_\_\_\_

Signature of Proxy holder(s) \_\_\_\_\_

Note:

1. The Proxy Form in order to be effective should be duly completed, dated, signed, stamped and deposited at the Registered office of the Company not later than 48 hours before the commencement of the Meeting.
2. Proxy Holder shall carry his identity Proof at the time of attending the Meeting.
3. A Proxy need not be a member of the Company.
4. A Person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

Affix Re. I /-  
Revenue  
Stamp

Form A (Consolidated)


1. Name of the Company Spice Mobility Limited (formerly S Mobility Limited)  
2. Annual financial statements for the year ended 31st March' 2015  
3. Type of Audit observation Unqualified Audit Report

Observation-  
NA

Management Response-  
NA

4. Frequency of observation NA


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

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

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

  
**Suman Ghose Hazra**  
Audit Committee Chairman

  
**Prashant Bindal**  
Chief Executive Officer

  
**Madhusudan V.**  
Chief Financial Officer



Form A (Standalone)

1. Name of the Company Spice Mobility Limited (formerly S Mobility Limited)  
2. Annual financial statements for the year ended 31st March' 2015  
3. Type of Audit observation Unqualified Audit Report

Observation-  
NA

Management Response-  
NA

4. Frequency of observation NA

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

Chartered Accountants

ICAI Firm registration number: 301003E



per Anil Gupta

Partner

Membership no.: 87921



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

  
**Suman Ghose Hazra**  
Audit Committee Chairman

  
**Prashant Bindal**  
Chief Executive Officer

  
**Madhusudan V.**  
Chief Financial Officer