

**Spice Mobility Limited**

CIN No. - L72900UP1986PLC008448

S Global Knowledge Park, 19A & 19B, Sector 125,

Noida - 201301, UP, India, India, | Tel: +91 120 3355131

www.spicemobility.in | complianceofficer@smobility.in

spice

Date: 26.09.2017

To,

**BSE Limited**

Phiroze Jeejeebhoy Towers

Dalal Street, Mumbai - 400 001

**Scrip Code: 517214**

**National Stock Exchange of India Limited**

Exchange Plaza, Plot no.C/1, G Block

Bandra - Kurla Complex, Bandra (E)

Mumbai - 400 051

**Scrip Code: SPICEMOBI**

**Sub: Compliance of Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

Dear Sir(s),


Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are pleased to enclose herewith a copy of the Annual Report of the Company for the financial year 2016-17 along with Notice of 29<sup>th</sup> Annual General Meeting held on Tuesday, the 26<sup>th</sup> September, 2017.

Kindly take the above information on record and acknowledge receipt of the same.

Thanking you.

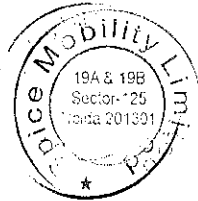
Yours faithfully,

For **Spice Mobility Limited**



**M. R. Bothra**

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



Encl: - Copy of the Annual Report and AGM Notice.

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Spice



# ANNUAL REPORT 2016-17

Spice Mobility Ltd.



**An ecosystem nurturing Innovation and Entrepreneurship**



The Ek Soch Sandbox works to create an effective **ecosystem** where resources are put to use through **entrepreneurship, innovation** and sustainability.



**Brings together numerous social entrepreneurs as well as those who believe in and are involved in creating ecosystems to nurture social innovation and entrepreneurship**



**LEaders Accelerating Development**

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# Chairman's Statement

## **Dear Shareholders,**

It gives me great pleasure to present to you the annual report at a time when we are making rapid progress in the transformational journey of your company.

## **Spice Digital – Our Core Business**

At Spice Mobility, we aspire to become a leader in digital technologies that make a difference to the lives of billions of people in India and other emerging markets. Over the last few years we have seen that the business potential and value is shifting from hardware to apps and services. Keeping pace with these changing business dynamics, we are transforming ourselves by focussing on digital platforms and services. Besides India, we are establishing ourselves in other emerging markets which are witnessing similar technology adoption trends. Last year, we strengthened our presence in Indonesia, South East Asia's largest market as well as Bangladesh, the second largest market in South Asia. In Africa, our footprint ranges across 12 countries in sub-Saharan Africa. We have recently entered the Middle East market as well and are working with strong local partners to explore opportunities within the digital services space in the region. Our services business today contributes nearly 30% of our consolidated revenues out of which nearly 40% is contributed by markets outside India.

We continue to invest into new product and service areas which we believe will provide significant growth opportunities going forward. We are focussing on building solutions in the mobile governance, mobile

money and mobile entertainment domains. I am pleased to inform you that in the past one year, we have secured flagship projects in each of the above 3 domains. I am confident that these projects will enable us to begin our journey of building new IP within the digital platforms and services domain.

## **Spice Money- our Fintech initiative**

One of the key strategic initiatives that I spoke to you last year about was Spice Money-our Fintech initiative within Spice Digital. I am pleased to inform you that we have made significant progress in this initiative wherein during the year 2016-17, we have seen the GMV on our Spice Money platform grow by more than 350% and we are now close to an annualised platform GMV of Rs. 6000 crores which is nearly equivalent to 1 bn USD. We are very excited to see a large number of small shop owners signing up as Spice Money agents using Spice Money smartphone app and providing a range of services like instant money remittance, cash deposits, cash withdrawals, bill payments, ticket bookings and e-gov services to customers in their neighbourhood. At Spice Money, we see ourselves building out an asset light digital interoperable bank branch network across India. Given that there is a shop in every corner of India, this Spice Money network has the potential to fill the huge gap in the last mile banking infrastructure in our country, thereby become the financial services platform for Bharat.

## **Retail and E-commerce Business**

In our smartphone retail business, our drive towards consolidating our network around

# Chairman's Statement

profitable stores has begun to yield results. We are now EBITDA positive at store level and hope to soon reach the same at a Company level. During the year 2016-17, we achieved same store sales growth of 22%, thus providing some evidence of our ability to grow in a very tough competitive environment within the smartphone retailing space. This space will however continue to be financially challenging since we will need to continue to invest in our existing stores as well as open new stores in upcoming marketplaces within the cities where we operate in.

One of the areas that I spoke to you about last year was on our initiative around building a B2B commerce platform business. We have been working on building a mobile-first platform aimed at connecting manufacturers directly to retailers. Given our focus within the mobility domain, we have started by focussing on the mobile category and have begun the process of signing up mobile phone shop owners to our e-commerce platform. In the coming year we will be working further on this initiative.

## Mobile Devices Business

In the mobile devices business, my view is that the success factors have been shifting from branding and distribution alone to design, technology and supply chain management capabilities. It is with this strategic understanding that we decided to partner with Transsion Holdings, a global conglomerate in the digital products space and accordingly discontinue our own mobile device operation. Transsion brings with it

strong capabilities in R&D and managing a quality supply chain and will sell devices under 2 brands- ITEL Mobile and Spice Mobile. Early signs are promising- in less than a year of launch, ITEL has become the second largest mobile brand by volume in Q4 of 2016, as per IDC. As Spice Mobility, we now hold an investor position in the Transsion device business and I am confident that this investment will grow in value over time.

## Corporate Social Responsibility

Finally, I would like to update you on our CSR initiative. At Spice, we continue to support the Ek Soch Foundation, which is committed towards building an ecosystem that nurtures innovation and social entrepreneurship. The Foundation is now supporting 9 programmes within key areas of primary education, women healthy and empowerment and agri-services. We will continue to support such programmes through which, we hope to contribute to sustainable social change.

I would like to thank the entire Spice employee family for their hard work and dedication over the last one year, all our partners for their strong commitment and support and most importantly to you, our shareholders for your trust in all our endeavours. I look forward to an even more exciting year ahead and thank you for your continued patronage.

With Best Wishes,

**Dilip Modi**  
Executive Chairman

## COMPANY INFORMATION

### Spice Mobility Limited

#### BOARD OF DIRECTORS

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

#### Company Secretary

Mr. M. R. Bothra

#### Chief Financial Officer

Mr. Madhusudan V.

#### KEY COMMITTEES OF THE BOARD

##### I) Audit Committee

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

##### II) Nomination and Remuneration Committee

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

##### III) Stakeholders Relationship Committee

Mr. Subramanian Murali – Chairman  
 Mr. Suman Ghose Hazra

##### IV) Corporate Social Responsibility Committee

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

CIN: L72900UP1986PLC008448

#### Registered Office

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

#### Statutory Auditors

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

#### Internal Auditors

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

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

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

#### Bankers:

HDFC Bank Limited  
 IndusInd Bank Limited

#### Symbol/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** Executive Chairman

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

Mr. Dilip Modi is one of India's most successful young entrepreneurs and has pioneered several new technologies in the mobility and technology sector in India. As a young entrepreneur, Mr. Modi is passionate about creating usable and affordable technologies that can help improve lives of people across Asia and Africa. Driven by his firm belief that technology can become a key enabler for achieving inclusive growth in the country, his group's current business interests are in the digital technologies, financial services and mobile hardware.

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.

Mr. Dilip Modi has 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 15 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 (now known as Spice Digital Limited) and S i2i Limited, Singapore.

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. Malhotra is Partner, Healthcare & Executive Director of the Smart Group, a diversified conglomerate with interests in mobility, finance, healthcare, entertainment and technology sectors. The group has recently ventured into clean energy & life sciences and has a diverse global footprint.

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

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

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

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

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

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

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

Over more than 32 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 Executive Director-Finance of Spice

Connect Group. He has been associated with the group for 8 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 Spice Connect 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.

He was a Legal Consultant and Senior Advisor to MAIT.

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

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

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

Mr. Das has over 47 years of diversified experience. He holds various prestigious positions in the industry viz. Chairman of the CSC India Forum, Chairman of the National Council of e-Governance & Digital India of ASSOCHAM, Chairman of Committee on Telecom Infrastructure of CII. He is also an active member of the Managing Committees of CII and FICCI advising on Telecom matters and is the Vice Chairman of the Tower and Infra Providers Association of India.

Socially, he is extremely well networked and involved in several CSR related initiatives and also Director of Skill Building in Rotary International District and a Member of Telecom Sector Skill Building Council.

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.

Prior to this, from 1987 onwards he pioneered the Telecom Business in India in the Private Sector by establishing the Telecom business of Crompton Greaves and subsequently he took over as the Managing Director of Spice Telecom and thereafter as Group President of Spice Global Businesses.

Presently, he holds the position of Chief Mentor at American Tower Co -TIPL (Formerly called Viom Networks) and is actively responsible for establishing Shared Telecom Infra Business End to End.

Mr. Umang Das is a veteran and amongst the pioneers of the telecom industry in India.

Mr. Das is an alumnus of the prestigious Indian Institute of Management, Ahmedabad 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 Ninth Annual Report together with the Audited Financial Statements for the financial year ended on 31<sup>st</sup> March, 2017.

### FINANCIAL RESULTS

The consolidated and standalone financial performance of the Company for the financial year ended 31<sup>st</sup> March, 2017 is summarized below:—

(Rs. '000)

PARTICULARS	For the Financial Year ended 31.03.2017		For the Financial Year ended 31.03.2016	
	Consolidated	Standalone	Consolidated	Standalone
<b>Total revenue from continuing operations</b>	<b>9,168,305</b>	<b>1,708,997</b>	8,744,398	1,745,976
<b>Earnings before finance costs, tax, depreciation &amp; amortization and exceptional items from continuing operation</b>	<b>295,100</b>	<b>40,640</b>	95,072	94,729
Share of (profit)/loss of associates and a joint venture	4,520	-	1,329	-
Depreciation and amortization expense	233,403	69,675	276,656	75,622
Finance costs	25,542	1,946	10,049	(59)
Exceptional items	81,209	845,393	-	624,193
<b>Profit/(Loss) before tax from continuing operations</b>	<b>(49,574)</b>	<b>(876,374)</b>	(192,962)	(605,027)
<b>Tax expenses</b>				
Current Income Tax	132,003	-	103,564	-
MAT Credit Entitlement for the year	-	-	-	-
Income Tax adjustment for earlier years (net)	(6,319)	(1,334)	4,750	(24,156)
Deferred tax charge/ (credit)	(23,550)		(13,515)	
<b>Profit/(Loss) for the year from continuing operation</b>	<b>(151,708)</b>	<b>(875,040)</b>	(287,761)	(580,871)
<b>Profit/(Loss) for the year from discontinued operation</b>	<b>(233,287)</b>	<b>-</b>	(379,601)	-
<b>Total Profit/(Loss) for the year</b>	<b>(384,995)</b>	<b>(875,040)</b>	(667,362)	(580,871)
<b>Other comprehensive income for the year</b>	<b>(64,206)</b>	<b>319</b>	20,895	67
<b>Total comprehensive income for the year</b>	<b>(449,201)</b>	<b>(874,721)</b>	(646,467)	(580,804)
Share of Minority in profits / (losses)	(48,334)	-	15,975	-
<b>Profit / (Loss) for the year attributable to equity shareholders</b>	<b>(400,867)</b>	<b>(874,721)</b>	(662,442)	(580,804)

### INDIAN ACCOUNTING STANDARDS

The Ministry of Corporate Affairs (MCA), vide its Notification dated February 16, 2015, notified the Indian Accounting standards (Ind AS) applicable to certain classes of companies. Ind AS has replaced the existing Indian GAAP (IGAAP) prescribed under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. For Spice Mobility Limited, the Ind AS is applicable with effect from 1<sup>st</sup> April, 2016. The date of transition to Ind AS is 1<sup>st</sup> April, 2015. The impact of transition have been accounted for in opening reserves.

The following are the major areas which had an impact on account of transition to Ind AS:

- Business combinations including recording of intangibles and deferred taxes and accounting for common control transaction.
- Fair valuation of certain financial instruments.
- Employee costs pertaining to defined benefit obligations.
- Discounting of certain long-term liabilities.



## BOARD'S REPORT

The reconciliation and descriptions of the effect of the transition from IGAAP to Ind AS have been provided in the Notes to Accounts in the Standalone and Consolidated Financial Statements.

The Above Financial Results are extracted from the Standalone and Consolidated Financial Statements prepared as per Ind AS. For the purpose of transition to the Ind AS, the Company has followed the Guidance prescribed under Ind AS 101 and has prepared the first set of Financial Statements for the year ended 31<sup>st</sup> March, 2017 in accordance with the Ind AS. The Financials of the Company for the previous year i.e. for the year ended 31<sup>st</sup> March, 2016, therefore, has been recast to confirm to Ind AS and make them comparable to the current year numbers.

### PERFORMANCE REVIEW AND STATE OF THE COMPANY AFFAIRS

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

- Digital Technology Services business, which is into Financial Services (FinTech) with various licenses like PPI (Pre-paid instruments), Aadhar Enabled Payment System (AEPS), Bharat Bill Payment System (BBPS) etc. through its retail network enabling money transfer, bill payments & ticket bookings and is also providing managed services to mobile operators in India, Africa, Bangladesh, South East Asia and LATAM countries. Recently it has also become a GST Suvidha partner enabling the interface between the GST network and Tax payers.
- Multi brand Organised retail business with retail shops under the brand name 'Hotspot' which is engaged in sale of multi brand mobile handset and accessories. It operates about 190 stores across the country and is retailing all the major mobile handset brands and their accessories in addition to acting as an offline strategic partner to some Online Mobile handset brands like Motorola, Xiaomi etc.
- Sale of Spice branded feature phones and smart phones. During the year, this business has been discontinued due to adverse market conditions and competition and sustained losses over the last 2-3 years.

During the period, the Company achieved a revenue of Rs. 1,709 million for the year ended 31<sup>st</sup> March, 2017 as against Rs. 1,746 million for the year ended 31<sup>st</sup> March, 2016. The Company has incurred a loss of Rs. 875 million during the year ended on 31<sup>st</sup> March, 2017 as against a loss of Rs. 581 million in previous year 31<sup>st</sup> March, 2016.

At the consolidated level the Company achieved revenue of Rs. 9168 million for the year ended 31<sup>st</sup> March, 2017 as against Rs. 8744 million for the year ended 31<sup>st</sup> March, 2016. The loss after tax at the consolidated level for the year ended on 31<sup>st</sup> March, 2017 is Rs. 385 million vis-a-vis loss of Rs. 667 million for the previous year ended 31<sup>st</sup> March, 2016.

### Assignment of 'Spice' brand to S Mobile Devices Limited and Phasing out of 'Spice' branded Mobile Handsets Distribution business

Over the past few years Indian mobile devices market has witnessed entry of major Chinese players who have captured significant market shares in the mobile devices market. This has also made the market very competitive for both domestic and multi national brands. The Company had earlier entered into a strategic agreement with ITEL Mobile Limited ("Transsion Group") whereby a new brand 'Itel', which is a leading mobile brand in African market, got launched in India market through S Mobile Devices Limited (SMDL), in which the Company owns a strategic stake. Subsequent to the launch, the 'Itel' brand has established a steady market share at the low end segment of mobile devices market.

With a view to consolidate and use the strength of 'Spice' Group and 'Transsion' Group and thereby to enhance market share in Mobile Devices Business, the Company entered into a Brand Assignment Agreement with SMDL whereby 'Spice' Brand for certain specified trademark classes was assigned to SMDL which would invest and grow Spice brand as well.

In view of the above, New Spice Sales and Solutions Limited, a step down subsidiary of the Company, has phased out its distribution business operation of 'Spice' branded Mobile Handsets.

### Sale of Kimaan Exports Private Limited, a wholly owned subsidiary Company, to Spice Digital Limited, another subsidiary of the Company.

The Board of directors has approved the sale of entire stake in Kimaan Exports Private Limited (KEPL), a wholly owned subsidiary Company, to Spice Digital Limited (SDL), another subsidiary of the Company. Since, selling of stake in KEPL to SDL exceeds the limit prescribed under Section 188 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014, the Company has obtained the approval of the shareholders with requisite majority through Postal Ballot for the said transaction.

### HIGHLIGHTS OF PERFORMANCE OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

As on March 31, 2017, the Company has 29 subsidiaries and 4 associates (including joint venture) of its subsidiary companies. The



## BOARD'S REPORT

highlights of the principle subsidiaries are given below:

- Spice Digital Ltd, which is into Digital Technology services, is operating globally through its subsidiaries and step down subsidiaries. Spice Digital Ltd has achieved a consolidated revenue of Rs.2601 million for the year ended 31<sup>st</sup> March, 2017 vis-à-vis Rs. 2500 million in the previous year ended 31<sup>st</sup> March, 2016. It reported a consolidated Profit after Tax of before exceptional items Rs.134 million as against Rs. 68 million in the previous year ended 31<sup>st</sup> March, 2016. The Consolidated PAT for the year ended 31<sup>st</sup> March, 2017 is Rs.53 million (Previous year Rs.68 million).
- Hotspot Sales & Solutions Pvt Ltd, a step down subsidiary, incorporated during the year, which is in the multi brand handset retail business through a network of about 190 retail stores across the country. Hotspot has acquired the retail business from another step down subsidiary of the company New Spice Sales & Solution Ltd (Formerly Spice Retail Ltd) in June, 2016. Hotspot has achieved revenue of Rs.4,997 million for the year ended 31<sup>st</sup> March, 2017 and the loss after tax is Rs. 152 million.

The detailed performance and financial position of each of the subsidiaries and associate companies are given in Form AOC-I attached to the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2017 which forms part of the Annual Report.

### TRANSFER OF AMOUNT TO RESERVES

During the year, no amount has been transferred to the Reserve. The debit balance standing in the Profit and Loss Account has been set off against the balance of General Reserve.

### DIVIDEND

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

### TRANSFER OF UNCLAIMED DIVIDEND AND SHARES TO INVESTOR EDUCATION AND PROTECTION FUND

Pursuant to the provisions of the Investors Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 notified by the Ministry of Corporate Affairs (MCA) as amended from time to time, all shares in respect of which dividend has not been paid or claimed by the Shareholders for seven consecutive years or more are liable to be transferred to the Investors Education and Protection Fund (IEPF) Suspense Account.

As required under the said Rules, the Company has sent individual letters to the shareholders who have not claimed or encashed their dividend for seven or more consecutive years. The shareholders may claim their unpaid/unclaimed dividend, the detail of which is available on the website of the Company viz. [www.spicemobility.in](http://www.spicemobility.in), to avoid the transfer of shares to IEPF Authority.

Once the aforesaid unclaimed dividend/ shares are transferred to IEPF, the concerned shareholders can claim both the unclaimed dividend and the shares only from the IEPF Authority by making an application in the prescribed Form and manner to the IEPF Authority.

### LISTING OF SECURITIES

The Equity Shares of the Company are presently listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE). The Annual Listing Fee for the year 2017-18 has been paid to both the Stock Exchanges.

### HOLDING COMPANY

As on 31.03.2017, Spice Connect Private Limited, the holding Company, holds 74.36% of the issued share capital of the Company.

### SUBSIDIARY COMPANIES, JOINT VENTURES OR ASSOCIATE COMPANIES

During the year, the Company has incorporated Spice IOT Solutions Private Limited as a wholly owned subsidiary. The Company has transferred its entire stake in S Mobility Pte. Limited, a wholly owned foreign subsidiary to S Global Services Pte. Limited, Singapore, a step down foreign subsidiary of SDL. Consequent to the said transfer, S Mobility Pte. Limited, became a step down foreign subsidiary of the Company.

During the year, Spice Digital Limited (SDL), a subsidiary of the Company, has acquired additional 3.07% stake in Sunstone Learning Private Limited, an associate Company, taking its total stake to 41.61% in that Company. Further, SDL has divested its entire stake in Vavia Technologies Private Limited and its stake has decreased to 14.18% in Sunstone Eduversity Private Limited. Consequently, both of them ceased to be associates of the Company. Spice Labs Private Limited, a step down subsidiary, has made a strategic investment in Exponentially I Mobility LLP and became a partner with a profit sharing ratio of 28.47% in the said LLP.

During the year, Hindustan Retail Private Limited, a wholly owned subsidiary of the Company, has received necessary approval from Reserve Bank of India for disinvestment by way of closure of S Retail Middle East FZE (FZE), its wholly owned foreign subsidiary. FZE also had a subsidiary viz. S Retail General Trading LLC (LLC). Consequently, both FZE and LLC have ceased to be subsidiaries of the Company.

## BOARD'S REPORT

During the year, Spice VAS (Africa) Pte. Limited (SVA), a step down foreign subsidiary of SDL has acquired 100% stake in SVA (Mauritius) Private Limited and S Global Services Pte. Limited (SGS) has incorporated Omnia Pte. Limited. Consequently, SVA (Mauritius) Private Limited and Omnia Pte. Limited became subsidiaries of the Company. During the year, SGS has also incorporated a 100% subsidiary company i.e. Spice Digital FZCO in Dubai. After the closure of the financial year, SVA has decided to transfer its entire stake in 7 foreign subsidiaries to SVA (Mauritius) Private Limited. Consequently, these 7 subsidiaries would become step down subsidiaries of SVA.

Pursuant to Section 129 (3) of the Companies Act, 2013 and Indian Accounting Standard - 110 issued by The Institute of Chartered Accountants of India, Consolidated Financial Statement presented by the Company include the Financial Statements of its Subsidiaries and Associates Companies.

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

### AUDITORS AND AUDITORS' REPORT

In accordance with the provisions of Section 139 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, it is mandatory to rotate the Statutory Auditors on completion of the maximum terms as permitted under the said Section. The said Rules read with Companies (Removal of Difficulties) Third Order, 2016, also lays down the transitional period that can be served by the existing Statutory Auditors. The existing Statutory Auditors, M/s. S. R. Batliboi & Co. LLP, Chartered Accountants (Firm Registration No. 301003E/E300005), shall be completing maximum number of transitional period of three years as the Company's Statutory Auditors and can hold office till the conclusion of ensuing 29<sup>th</sup> Annual General Meeting (AGM).

On the recommendation of the Audit Committee, the Board, in its meeting held on August 8, 2017, has, subject to the approval of the shareholders, recommended the appointment of M/s. B S R & Co., LLP, Chartered Accountants having Firm Registration No. 101248W/W-100022 as the new Statutory Auditors of the Company, for a term of five consecutive years commencing from the conclusion of ensuing 29<sup>th</sup> AGM till the conclusion of 34<sup>th</sup> AGM to be held in the year 2022, subject to ratification by the members at every AGM. Accordingly, the requisite item relating to the appointment of M/s. B S R & Co., LLP, Chartered Accountants, as the Company's Statutory Auditors, has been included in the Notice of AGM for approval of the members. The Company has received a confirmation from M/s. B S R & Co., LLP, to the effect that their appointment, if made, would be in accordance with the provisions of the Companies Act, 2013 and they have also confirmed that they are not disqualified for appointment as Statutory Auditors of the Company. The first year of audit will be of the financial statements for the year ending March 31, 2018, which will include the audit of the quarterly financial statements from 2<sup>nd</sup> quarter ending on 30<sup>th</sup> September, 2017 onwards.

The Auditors' Reports for the financial year 2016 – 2017 do not contain any qualification or reservation. The Notes on Financial Statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments.

During the year, no incidence of fraud as defined under Section 143(12) of the Companies Act, 2013, which is required to be disclosed under Section 134(3)(ca) of the Companies Act, 2013, has been reported by the Auditors to the Board of directors of the Company.

### CASH FLOW STATEMENT

In conformity with the provisions of Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Cash Flow Statements for the year ended on 31<sup>st</sup> March, 2017 as prepared under the provisions of Indian Accounting Standard -7 as notified under Section 133 of the Companies Act, 2013 is attached as a part of the Financial Statement of the Company.

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

During the financial year ended on 31<sup>st</sup> March, 2017, six meetings of the Board of Directors were held on 18<sup>th</sup> May 2016, 15<sup>th</sup> June 2016, 10<sup>th</sup> August 2016, 19<sup>th</sup> November 2016, 10<sup>th</sup> February 2017 and 16<sup>th</sup> March 2017. The details of number of meetings of the Board and its various committees attended by the directors are given in Corporate Governance Report.

### DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mr. Subramanian Murali (DIN: 00041261), director, retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

As required under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a brief resume, details of experience and other Directorships / Committee memberships/ Chairmanships held by Mr. Subramanian Murali in other Companies, whose re-appointment is due in the forthcoming Annual General Meeting (AGM) of the Company, forms part of the Notice convening the 29<sup>th</sup> AGM.

As per the provisions of Companies Act, 2013, Mr. Dilip Modi, Executive Director, Mr. Madhusudan V., Chief Financial Officer and Mr. M.R. Bothra, Company Secretary are the Key Managerial Personnel of the Company.

## BOARD'S REPORT

### DECLARATION OF INDEPENDENCE

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 as well as Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

In terms of Regulation 25(7) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company familiarises 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. All efforts are made to keep Independent Directors aware of major developments taking place in the industry, business the company operates in and relevant changes in the law governing the subject matter. The detail of programs for familiarisation of Independent directors can be accessed on the Company website at the link [http://spicemobility.in/Familiarization\\_programme.pdf](http://spicemobility.in/Familiarization_programme.pdf)

### DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) in the preparation of annual accounts for the financial year ended 31<sup>st</sup> March, 2017, 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, 2017 and of the loss of the Company for the period ended on that date;
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the Directors have prepared the annual accounts on a going concern basis;
- (v) the Directors have laid down proper internal financial controls to be followed by the Company and such internal financial control are adequate and were operating effectively; and
- (vi) the Directors had devised proper system to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

### CORPORATE GOVERNANCE REPORT

A separate report on Corporate Governance is enclosed as a part of this Annual Report. The Company has appointed M/s. Sanjay Grover & Associates, Practising Company Secretaries, to conduct the Corporate Governance Audit of the Company. A Certificate from them regarding compliance with Corporate Governance conditions as stipulated under the relevant provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed to the Report on Corporate Governance.

### SECRETARIAL AUDIT

As required under Section 204(1) of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Sanjay Grover & Associates, Practising Company Secretaries, to conduct the Secretarial Audit for the financial year 2016-17. The Secretarial Audit Report received from them forms part of this Annual Report. The Secretarial Audit Report does not contain any qualification, reservation and adverse remark.

### AUDIT COMMITTEE

In compliance with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors of the Company had constituted the Audit Committee. The Audit 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   |



## BOARD'S REPORT

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

### CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

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

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

The Corporate Social Responsibility Committee comprises of the following members:

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

During the year, the CSR Committee met once i.e. on 9<sup>th</sup> August, 2016. All three members attended the meetings. Though the Company was not required to spend any amount on CSR activities during the year 2016-17, as required under Companies (Corporate Social Responsibility Policy) Rule, 2014, Annual Report on Corporate Social Responsibility Activities for the year 2016 -17 is attached (Annexure- I).

### BOARD FINANCE COMMITTEE

The Board had constituted a Board Finance Committee and entrusted the said Committee with the functions to approve the borrowings, making of loans, creation of charge on the assets of the Company etc. The said Committee is also advised to open, close and make changes in authorities for the operation of the bank accounts. The said Committee consists of Mr. Dilip Modi as Chairman and Mr. Subramanian Murali and Mr. Suman Ghose Hazra as members of the Committee. During the year, the said Committee met once i.e. on 26<sup>th</sup> August, 2016 and all the members of the Committee were present in the meeting.

### SHARE AWARD AND WELFARE COMMITTEE

The Board in its meeting held on 16<sup>th</sup> March, 2017, with a view to facilitate the disposal of equity shares held by the Independent Non Promoter Trust and Independent Non Promoter (Spice Employee Benefit) Trust and deal with other related matters, has constituted 'Share Award and Welfare Committee'. The said Committee consists of Mr. Umang Das as Chairman and Mr. Hanif Mohamed Dahya and Mr. Suman Ghose Hazra, Independent directors, as members of the Committee. During the year, no meeting was held of this Committee.

### EXTRACT OF THE ANNUAL RETURN

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

### PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

### PUBLIC DEPOSITS

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

### PARTICULAR OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

During the financial year, the Company has entered into various transactions with related parties. All related party transactions are undertaken in compliance with the applicable provisions of the Companies Act, 2013 and the Listing Regulations.

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

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

## BOARD'S REPORT

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 financial statements.

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 (the transaction(s) exceeding ten percent of the annual consolidated turnover as per the last audited financial statements), entered by the Company during the year, no details are required to be provided in Form AOC – 2 prescribed under Section 134 (3) (h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014.

### VIGIL MECHANISM

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

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 Audit Committee is authorized to oversee the Vigil Mechanism/ Whistle Blower Policy in the Company. The Company has not received any reference under the said policy during the year.

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

### RISK MANAGEMENT POLICY

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

### REMUNERATION POLICY

The Board of Directors, on the recommendation of the Nomination and Remuneration Committee of the Company, had framed a Policy for Nomination and Appointment of Directors. As required under Section 178 of the Companies Act, 2013 read with the Rules made thereunder and the Listing Regulations, the Nomination and Remuneration Committee 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 Board on the recommendation of the Committee appoints the Senior Management Personnel from time to time. The Remuneration Policy for Directors, Key Managerial Personnel and other employees is attached (Annexure - 3) to this Report.

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

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

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



## BOARD'S REPORT

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

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

The Nomination and Remuneration Committee has carried out evaluation of every Director's performance including the Executive Director. The performance evaluation of 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 REGULATORS OR COURTS, IF ANY

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

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

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

The Audit Committee ensures that the Company maintains effective risk management and internal control systems and processes. It provides its feedback and recommendation on the relevant matters to the Board. The Company has designated and implemented Risk And Control Matrix (RACMs) including therein the process wise controls. The Statutory Auditors and Internal Auditors evaluate the system of Internal Controls of the Company and report to the Audit Committee. Appropriate steps are taken to bridge the gaps observed by them. The Auditors have reported that the present systems and processes of internal controls are adequate and commensurate with the size of the Company and nature of its business.

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

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

### PARTICULARS OF EMPLOYEES

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

### ACKNOWLEDGEMENTS

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

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

**Date: 8<sup>th</sup> August, 2017  
Place: Noida**

**Dilip Modi  
Executive Chairman**

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### I. INDUSTRY & OPPORTUNITIES

#### GLOBAL ECONOMY

The global economy seems to be stabilising after a sustained period of volatility. With buoyant financial markets and a long-awaited cyclical improvement in manufacturing and trade under way, global growth is expected to rise from 3.1% in 2016 to 3.5% in 2017 and 3.6% in 2018 [Source: IMF].

During the second half of 2016, US firms grew more confident about future demand and the US economy recorded a lower rate of unemployment even as the new President has made promises to expand domestic investments and production in the country. UK witnessed a rise in domestic demand following Brexit. In addition, there seems to be momentum in the Eurozone economy as robust domestic demand led recovery in the second half of 2016, belying earlier expectations of a slowdown due to geopolitical uncertainties. If these tailwinds continue, the global economy may pick up steam over the medium-term. Going forward, a downside to growth is the rising trend towards protectionism, which may have an impact on global trade.

THE EMERGING MARKETS AND DEVELOPING COUNTRIES NOW ACCOUNT FOR OVER 75% OF GLOBAL GROWTH IN OUTPUT AND CONSUMPTION, ALMOST DOUBLE THEIR SHARE SINCE LAST TWO DECADES

## 7.1%

INDIA'S GDP FOR FY 2016-17

At the other end of the spectrum are the emerging markets and developing economies, which have grown in importance in the global economy in recent years. They now account for over 75% of global growth in output and consumption, almost double their share in the last two decades. According to the IMF, the significant income gaps in these economies vis-à-vis those in advanced economies suggest further room for catch-up, favouring their prospects of maintaining relatively strong potential growth over the medium term.

During FY 2016-17, the picture for emerging market and developing economies (EMDEs) remained distinctly diverse:

- Stronger than expected growth in China, supported by continued policy stimulus and consolidation after years of break-neck speed
- Weaker than expected activity in some Latin American countries (Argentina, Brazil and Colombia) which faced a sharp contraction in tourism revenues
- Better than expected activity in Russia, in part reflecting firmer oil prices.

#### INDIAN ECONOMY

India, one of the fastest growing major economies, has recently emerged as the world's sixth largest manufacturing country as well. India's GDP for FY 2016-17 touched 7.1%, demonstrating the fact that India's economic fundamentals continue to be strong. While emerging urban clusters are driving this growth, rural India is seeing a recovery after around 3-4 years. Such a scenario is likely to generate momentum for India Inc. The country's economic prospects appear optimistic with policymakers creating enablers for strong and sustainable growth for the medium to long-term.

#### India's GDP grow (%)

2013-14	2014-15	2015-16	2016-17
6.9	7.3	7.6	7.1

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### CATALYSTS FOR GROWTH

#### Infrastructure resurgence

The government is committed to ensure time-bound creation of world-class infrastructure in the country. It is targeting around \$25 trillion (US\$ 376.53 billion) investment in infrastructure over a period of three years, which will include \$8 trillion (US\$ 120.49 billion) for developing 27 industrial clusters; and an additional \$5 trillion (US\$ 75.30 billion) for roads, railways and port connectivity projects.

#### Rural demand

The Union Budget for 2017-18 has allocated Rs.3, 960 billion for rural India. Of this corpus, rural roads alone will get Rs.29 billion and the Government intends that by 2018 every village should be electrified and by 2019 each village should have road connectivity

Higher agricultural credit, enhanced allocation for irrigation projects, a crop insurance scheme for farmers and increased allocations for MGNREGA in the Union Budget will also help bolster rural income.

In addition, the implementation of the Seventh Pay Commission Recommendations will also spur demand across semi-urban and rural India.

Rural India therefore, is witnessing a quiet transformation. Consumption patterns in rural areas are gradually changing owing to better networking among rural consumers; and their tendency to proactively seek information via multiple sources, including mainstream as well as social media.

The wider reach of media and telecommunication services is increasing rural consumers' awareness. Interestingly, rural consumers are evolving towards a broader notion of value, which involves utility, aesthetics and additional features.

#### Institutional reforms

The FY 2016-17 was marked by a variety of institutional reforms such as Demonetisation to curb corruption and black money, the implementation of the Insolvency and Bankruptcy Code, creation of Monetary Policy Committee, redesigning of the Fiscal Responsibility and Budget Management (FRBM) framework, passage of GST, and finally, the policy thrust towards a less-cash formal economy towards a cashless society and create a Digital India. In addition, the trend of benign inflation and continued improvement in twin deficits further bolstered the country's macroeconomic parameters.

### BENEFITS OF A LESS-CASH ECONOMY

- Greater push towards digitisation
- Recapitalisation of banks, with consequent decline in interest rates on loans
- Greater transparency and disclosure
- Wider tax base
- Increase in tax compliance
- Greater formalisation of the economy

### GST IS A RADICAL STEP FORWARD

- Provides a uniform tax framework for indirect taxes
- Unifies fragmented Indian market under uniform taxation
- Enhances ease of doing business with transparent taxation
- Removes cascading effects of taxes
- Saves government's cost in tax collection
- Diminishes raw material costs and thus, decreases prices of associated goods
- Reduces corruption with unified taxation

#### Digitisation:

As compared to urban areas, it has been observed that the level of digitisation in rural areas is relatively lower. The government has therefore rightly decided to promote digitisation in these areas by involving a host of entities into the process like post offices, fair price shops, banking correspondents as well as petrol pumps, fertilizer depots, municipalities, universities, colleges, hospitals etc. This is a smart move which could bring the rural sector at par with the urban areas in terms of digitisation.

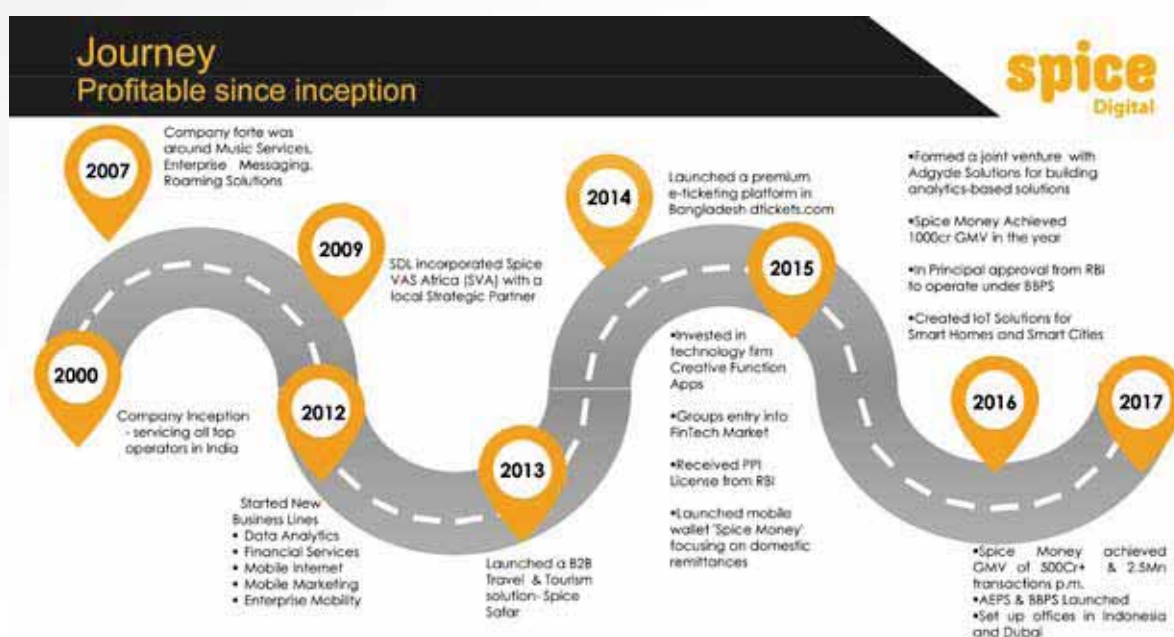
## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### 2. BUSINESS PERFORMANCE & OUTLOOK

#### A) Digital Technology & Services Business:

##### Transformation Driven by FinTech and Digital Business

Spice is on the growth phase of transformation from a handset business to digital solution business. There had been multiple events that had enabled Spice to foray into a successful digital solution company. The Services business especially has been at the forefront of technological innovations and has seamlessly readied itself for the digital revolution in terms of technological advancements as well as development of products & solutions aligned to such a revolution.



The services business of Spice Mobility is delivered through Spice Digital Ltd, a subsidiary of the Company. The business is divided into three main segments:

- FinTech (Spice Money) – Cash Deposit, Cash Withdrawals, Bill Payments & AEPS
- Enterprise Solutions - Telco Support Solutions, Mobility Software Solutions, SMS Services, Mobile Advertising, GST Suvidha Partner
- Operator Business- Music Services, Social Networking, USSD Service, Agent Assisted Service,

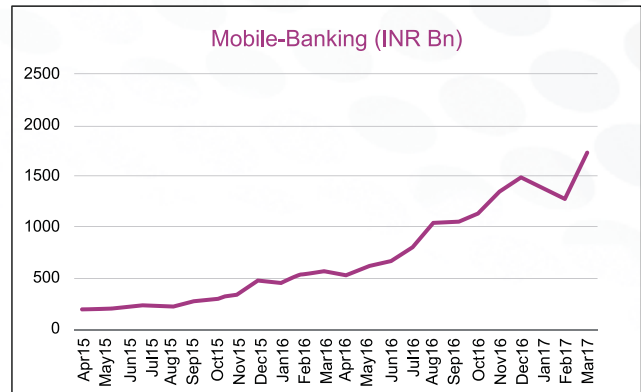
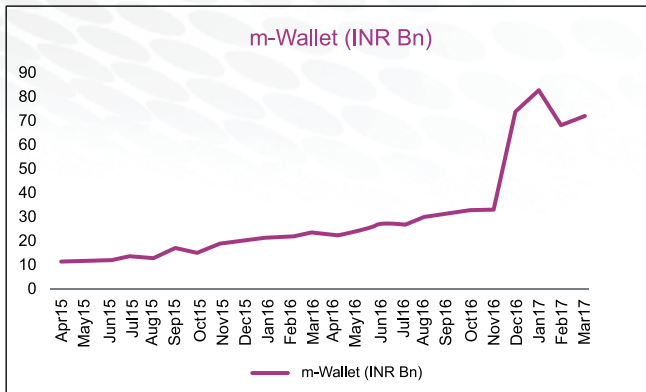
#### FinTech: The Large and growing Opportunity

FinTech: Indian Opportunity - The FinTech market landscape in India has been largely dominated by payments and lending companies although other segments, particularly personal finance and enterprise solutions, are poised to gain ground this upcoming year. The role of the regulatory bodies in this journey has been crucial. Initiatives like India Stack and National Payments Corporation of India (NPCI) have provided impetus to the FinTech revolution in the nation. Mainstream financial institutions in the country are also rapidly embracing the disruptive nature of FinTech and forging partnerships in an effort, to expand their portfolio of services, be able to offer more customer-centric products, and also sharpen operational efficiency and respond to customer demands for more innovative services. Even FinTech funding is moving from a venture capitalist dominated field towards more mainstream investments. Cutting-edge FinTech companies and financial innovation are changing the competitive landscape, and are redrawing the lines of the financial services industry.

Thanks to increased reach of internet and mobile access, in the recent months there has been tremendous increase in value of transactions through Mobiles and mobile wallets. The trend is expected to increase multifold with more and more people and vendors, businesses are signing up for mobile based payments and money transfers. The entire gamut is driven by growing digital penetration that facilitate financial transactions with ease of access, time saving and reliability.



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT



### DIGITAL

- 41% smartphone penetration
- Digital ad spend accounts for 14% of overall ad spend
- 477M internet subscribers
- ~300M smartphone users

**26%  
CAGR**

### GROWTH DRIVERS

- Second largest smartphone market by 2017
- 53% High-speed broadband penetration by 2020
- 746M internet subscribers expected in 2020
- 450M digital video viewers expected in 2020
- 388M Rural internet users will surpass 358M urban internet users by 2020
- Emergence of new user groups such as women in Digital India

### KEY FEATURES

Source: EY Digital Inflation Point: Indian Media and Entertainment, 2017

### FINTECH (Spice Money)

The start of multi-fold growth trajectory in FinTech

Mission: To become one of the most trusted financial services brand for "Bharat"



Spice Money – Reaching to Masses

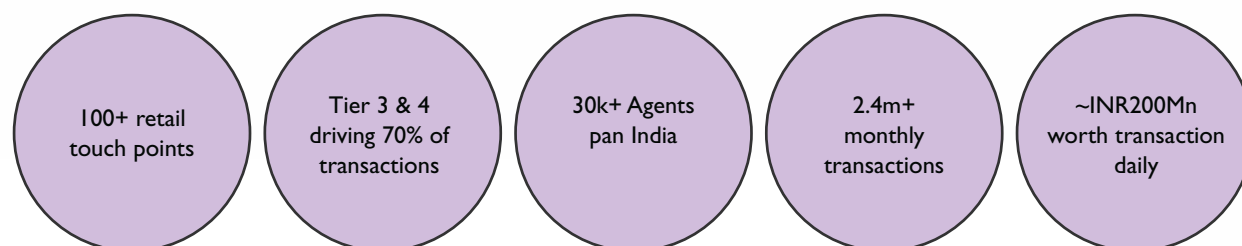
With recent awards of payment licenses from government of India (AEPS, AUA & KUA) Spice Digital has started its multi-fold growth journey into the FinTech (Financial Technology) Space by launching Direct Money Transfer (DMT) service through our Retail strength of more than **30000** agents to work as mini ATMs. The Company had already obtained a PPI (Pre-paid Payment Instruments) Licence to enable various financial services' offerings.



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT



### Journey till now -



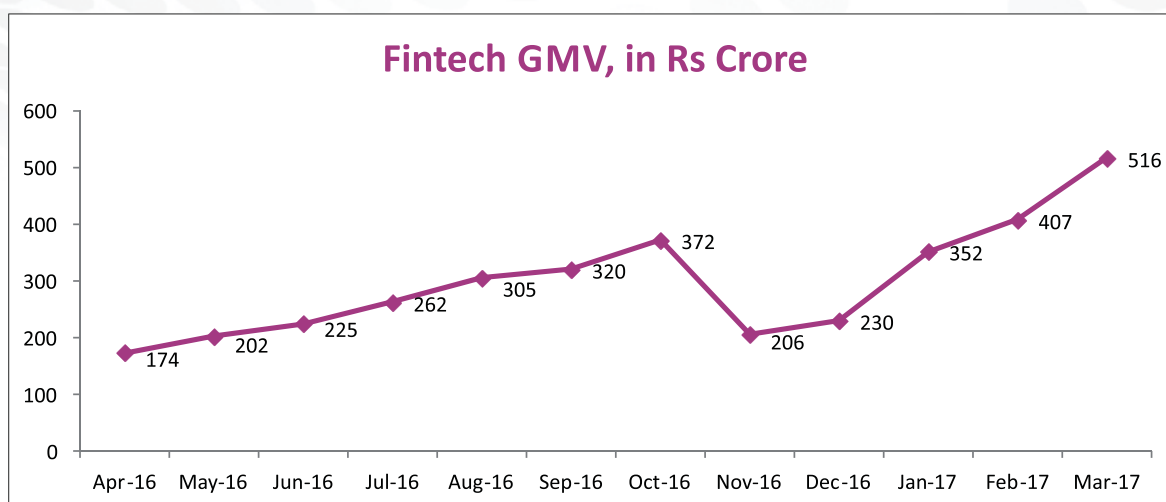
..... & still continues to grow

Our partners, our technology and our people are our fundamental growth drivers. And we are focused on our fundamentals to drive an attractive growth trajectory.

### Spice Money Growth Drivers:

- Low density financial / banking infrastructure
- Great case for Cash-in and Cash-to-cash services in the hinterland
- Big push from Govt. for Digital India
- Possible first mover advantage in cash to cash
- Backed by bouquet of licenses - AEPS, PPI, BBPS
- Tremendous growth in App usage

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT



### **Enterprise Solutions:**

Spice Digital Limited (including subsidiaries) operating in the telecom space with traditional value added service is also in the space of Enterprise Solutions, Mobile Internet & Data Analytics. We provide enterprise mobility solutions to Small and Medium Enterprises, MNC's and Government Organizations. We cater to more than 100 enterprises like SBI, ICICI, CRIS, IRCTC etc.

### **GST Suvidha Partner (GSP):**

Spice Digital is a GSTN authorized GST Suvidha to provide comprehensive tax related services to business taxpayers. Spice GSP offers seamless integration to ASPs, Corporates, MSME, TRPs with the GSTN network to enable the businesses to be compliant with the Goods and Services Tax (GST). We are the enabler for businesses to comply with the provisions of GST law through their GST Software.

Our focus is predominantly on security and hassle free connectivity in the process of transition from the current taxation process to a centralized taxation ecosystem. We are setting up a support centre to ensure a smooth flow of data for all of our customers. These centres will also enable the customers to train their employees and get all the real time updates and related training on any changes related to GST.

We provide ways to file sales and purchase return electronically over cloud using automation. The solution includes a GSP application which focuses on enriched asynchronous APIs, metering facility, detailed logging and many more features.

We are also enabling ERP or legacy systems of entities in making their data GST compliant with the connectors / middleware helping in the automation of fetching the data from the system. The entire product has been built in such a way that it can handle huge data load and is adaptable for updates/changes that may be required by GSTN in future.

Our other enterprise services include:

- Self-Care Services
- Smart Healthcare Services
- Cloud Services to enterprises
- Productivity tools and Solutions
- Workflow Management Solutions

### **Telco Products and VAS Services:**

We are one of the leading VAS providers helping telecom operators deliver innovative VAS solutions to the end customers. Our SDL's Telco solutions deliver various product and services over IVR, SMS, USSD, WAP & App. SDL has a proven track record of delivering high-end services to mobile operators and add value to their standard service.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

We are one of the pioneers of VAS services for Telco not only in India, but globally as well and we are working with all the major telcos like Bharti Airtel & Vodafone in India and Africa, Roshan in Afghanistan and Robi Axiata in Bangladesh. Our Telecom solutions have been innovative and well received by the operators. We continue to maintain balanced mix of revenues between India & Rest of the world to hedge our risks.

Rapidly growing mobile subscribers with increased data usage there are vast opportunities for different VAS Services including IoT services in the coming years.

### **B) Handset Business:**

The Handset business is further divided into two units - Hotspot Retail Stores and Spice Brand Devices.

#### **Hotspot (Retail Business)**

After a couple of year of serious competition from the online channel over the last 2-3 years, Offline Retail business has started finding favour with the customers again. One of the major reasons for the same has been due to focus of major brands to get product segregation and brand Segregation for both the channels to ensure that there is no cannibalisation between the two modes of sale and ensure customer reach. The organized modern retail segment offers clear advantages over online retail, such as a superior first hand product experience and improved customer service. Online retails chains have now started focussing on customer reach and to have offline presence either through their own customer touch points or through partnership with existing Organised Trade chains. Your company continues to be focussed on the offline retail approach while also working to extend reach through the online mode. As the mobile phones become more powerful and feature packed it will become increasingly important for customers to get first-hand experience of mobile phone products at stores.

With the arrival of Chinese Brands like Oppo, VIVO, Lenovo, Gionee etc. the market has opened with a lot of options for the consumers to choose from. This in turn is pushing the brands to focus more on regular business promotions and consumer centric activities, to enhance their business revenues through modern retail outlets. Your company is focussed on providing customers a high quality experience at stores with on-demand product availability.

We continue to focus on profitability by shutting down non-profitable and non-viable stores and opening new stores in better locations. The company continues to operate 190 stores in the top 7 cities in India; which cater to more than 45% of the overall Smartphone market in India and have also partnered with Online brands like Xiaomi, Lenovo & Motorola as their strategic Offline partner. In addition the company has also opened an Experience Zone at their Corporate Office to give best experience of all Offline and Online brands Through consumer connect activities like CRM and regular marketing promotions with OEM support we will continue to give reasons to our customers for coming back to us.

#### **Spice Brand Device Business:**

The Mobile Handset market in India has seen a major change with the advent of major Chinese Companies in to the country with huge investment plans. Brands like Oppo, Vivo, Gionee have made significant progress and grabbed a major 40% + market share, while telco operators like Reliance Jio have brought about a disruptive pricing into the market bundling handsets with data plans. The device segment has also seen a major change technologically in terms of 4G phones being made available at a price comparable or lower than 3G phones and with much better features like cameras, RAMs, displays etc. severely limiting the gross margins on mobile handsets. Your company, had been keeping a close watch on the above developments and with the competition getting even tougher, shrinking margins, high product obsolescence and keeping in view the losses incurred over the last 2-3 years, it took a prudent decision to exit the handset business during the year.

Your company had made a strategic investment in Feb'16 in the Indian venture of Transsion Group of China, which is among the top three handsets companies in China; Transsion group, over the last one year in India has made significant progress in the feature phone segment with its brand "itel". Continuing the strategic partnership, your company has during the year, transferred the "Spice" Brand to Transsion Group's India venture which has re-launched the brand in the mid-level smart phone segment. Your company while having discontinued the Device business, which was under pressure over the last two years, has continued to remain connected with the handset business as a strategic investor with a premium player, and is optimistic that the partnership has the potential to create value.

### **OUTLOOK**

Recent budget set up a mission with a target of 2,500 crore digital transactions for 2017-18 through UPI, USSD, Aadhar Pay, IMPS and debit cards will also provide the necessary direction to the government's agenda of building a cashless economy. Creation of a Payments Regulatory Board under the purview of RBI will help in resolving the conflicts that could arise as the use of online transactions increase. It also announced number of steps which would encourage people, particularly addressed to those who do

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

not have debit/credit cards, to use digital or electronic modes of payment, like launch of a merchant version of Aadhar Enabled Payment System (which will not require the other payment modes like debit cards, mobile wallets or mobile phones) and launch of two new schemes – Referral Bonus Scheme for individuals and a Cashback Scheme for merchants to promote the use of applications like BHIM (Bharat Interface for Money). On the supply side, 20 lakh Aadhar based PoS machines will be introduced by banks by September 2017. Announcement of abolition of service tax on railway tickets that are booked online will also increase the popularity of e-tickets further.

With great push by the government of India, your Company has a positive outlook for the coming years and endeavours to scale up its FinTech operations to cover large number of cities and villages. With close to a million unique customers and GMV in excess of Rs. 500 Cr on monthly basis, we are confident to grow and tap the big opportunity in India. On enterprise solutions we expect to roll out our big projects pushed by government of India in the coming year. In addition, we will work continuously to capture opportunities to grow our portfolio of clients. We are working with our skilled teams and plan to come up with more innovative product simplifying the way enterprise operate their business. With one of the leading Telcos VAS service provider we will continue to innovative VAS solutions helping our customers to grow.

### 3. FINANCIAL PERFORMANCE & DISCUSSION

In accordance with Companies Act, 2013 and the Companies (Indian Accounting Standards) Rules, 2015 notified by the Central Government all the Listed Companies having net worth of more than Rs. 500 crore are required to mandatorily follow Ind AS for the accounting periods beginning 1<sup>st</sup> April 2016, with the comparative figures for the preceding accounting period ended on 31<sup>st</sup> March 2016. Considering the above requirements, the Company has implemented Ind AS during the financial year 2016-17 with the transition date being 1<sup>st</sup> April 2015. The first Ind AS financial statements must use recognition and measurement principles that are based on standards and interpretations that are effective as at 31<sup>st</sup> March 2017, the date of first-time preparation of Financial Statements according to Ind AS. These accounting principles and measurement principles are to be applied retrospectively to the date of transition to Ind AS and for all periods presented within the first Ind AS financial statements. Accordingly, the financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities (including derivative instruments) that are measured at fair value. Further, the Company has made available a note explaining the areas of difference between Indian GAAP and IND AS and explained the reconciliation between the two GAAPs in Note 48 & 44 to the Financial Statements of Standalone & Consolidated respectively for the year 2016-17.

Consolidated Revenue for the year Financial Year 2016-17 is Rs.890.65Cr as against Rs. 855.26 Cr in FY 2015-16. Net loss for the year is Rs. 38.45Cr vis-à-vis loss of Rs.66.74Cr in the previous Financial Year 2015-2016. The loss for the year includes loss of Rs. 23.32Cr (Rs. 37.96Cr in FY 2015-2016) from the Device Distribution business from which the Company had exited during the year 2016-17; this loss has been disclosed separately in the Consolidated Statement of Profit & Loss under “Discontinued Operations” and Note 43 to the Consolidated Financial Statements gives details of the Assets, Liabilities, Revenues & Expenses of the Discontinued Operations.

The Consolidated revenue of the Company comprises revenue from sale of Mobile Devices & Accessories and Digital Technology Service revenue.

### 4. INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY

Your Company has robust internal control systems commensurate to its size and scale of operations. The systems ensure efficiency, reliability, completeness of accounting records and preparation of reliable financial and management information. It also ensures compliances of all applicable laws and regulations, and protection of the Company's assets. The Company has appointed internal auditors to ensure that the internal control process are evaluated for adherence and submit their reports directly to the Audit Committee with management responses, with special focus on key controls identified as part of IFC process and their continued relevance & effectiveness. High focus on Governance has ensured that independent directors are given complete visibility on the operational details. The Company has well defined and detailed procedures covering the activities of planning, review, risk management, investment etc.

### 5. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES

As the rapid pace of innovation continues we see a lot of disruption across industries and companies and it becomes extremely crucial to have right people on board to navigate the company towards growth. In your company recruiting and nurturing the best talent has always been a top priority and we will continue to do the same. We are focused on hiring and retaining the best talent for all our respective companies. We continuously invest in our employee's development to upgrade their skills and enhance business performance. At the same time we have also made the reporting structures and organizations fairly flat to support faster decision making and rapid growth. Best Managers have been assigned bigger roles with more responsibilities and a lot of emphasis is being paid on continuous training and development of human resource.



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

There were over 1200 employees in the Company including its subsidiaries as of 31<sup>st</sup> March, 2017.

### Health and Safety Measures

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

## 6. RISK FACTORS

The Company's business is subject to various certain generic risks and industry specific risks including those specified below

### Financial Technology (FinTech) Services:

The risks associated with the business is categorised into

1. **Regulatory:** The Company is operating in a segment which is regulated by the rules & regulations of Reserve Bank of India. The continuing thrust of the government for financial inclusion and the increase in the number of players in the sector may result in ushering in regulatory changes which cover areas of introduction of Entry barriers rules and/or modifying existing rules governing "who" all can undertake such business, new compliance requirements etc. may have an adverse impact on the business.
2. **Technology:** The company is using advanced technological platforms, both hardware & software related, and it is imperative that the company ensures that the technology being used is current and secure. Use of more technology and the storage of more data radically increases the amount of risk an institution faces in keeping that data protected. Changes in the security protocols associated with a digital financial network needs to be absorbed and implemented to not only to have a safe & secure network for the transactions, but also to ensure competitiveness.
3. **Human Resource:** Getting the right manpower; its retention & integrity is a continuous challenge in the current business environment. In view of the sudden boom in the industry, attrition of employees and their movement to competition is likely to be a huge factor and this is also likely to have an impact on the IP and customer relationships of the business. Employee engagement and assessment on a continuous basis becomes a key factor to catch the warning signals in advance and take corrective measures.

### Telecom:

Telecom sector continues to be at the epicentre for growth & innovation but at the same time facing a situation of serious competition and severe pressure on margins with dip in tariffs. Bundling of voice & data has become the norm with more innovative and segment packages likely to be in the offering putting more pressure on the margins. The financial pressure on the operators and continuous pressures on profitability have started sector consolidation and it is likely that there be a limited number of telco players in the long run. While this may push operators to offer more value added services, it may result in lower margins for such third party services affecting the VAS industry adversely.

## 7. CAUTIONARY STATEMENT

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

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



# CORPORATE GOVERNANCE REPORT

## I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

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

The Company is in complete compliance with the Corporate Governance norms and disclosures as prescribed under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) from 1<sup>st</sup> April, 2016 to 31<sup>st</sup> March, 2017. The Company believes that Corporate Governance is a tool to generate long term wealth and create values for all its stakeholders. The Company follows highest standards of Corporate Governance Practices which are driven by timely disclosures, transparent corporate policies and high levels of integrity in decision making.

## 2. BOARD OF DIRECTORS

### a) Board's Composition

The Composition of Board of Directors of the Company is in conformity with the requirements of Regulation 17 of the Listing Regulations. The Chairman of the Board is an Executive Director. As on 31<sup>st</sup> March, 2017, the Board consisted of one (1) Executive Director and five (5) Non-Executive Directors {including three (3) Independent Directors and one (1) woman director}. The Independence of a Director is determined by the criteria stipulated under Regulation 16 of the Listing Regulations and also under Section 149 of the Companies Act, 2013. The Executive, Non-Executive and 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 6 (six) times on 18<sup>th</sup> May 2016, 15<sup>th</sup> June 2016, 10<sup>th</sup> August 2016, 19<sup>th</sup> November 2016, 10<sup>th</sup> February 2017 and 16<sup>th</sup> March 2017. The intervening period between the Board Meetings were within the maximum time gap prescribed under the Companies Act, 2013 and Regulation 17 of the Listing Regulations.

Necessary disclosures regarding Directorship and Committee positions in other Companies as on 31<sup>st</sup> March, 2017 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, 2017 along with their attendance at Board meetings and Annual General Meeting of the Company during the year under review are given below:

Name of Directors	Category	No. of Positions held as on 31 <sup>st</sup> March, 2017@			Attendance at Board Meetings held during the year	Attendance at last AGM (22.09.2016)
		No. of other Directorship	Committee @@ (including the Company)			
			Membership	Chairmanship		
Mr. Dilip Modi	Executive Chairman	2	Nil	Nil	5	Yes
Mr. Hanif Mohamed Dahya	Independent	Nil	1	Nil	1	No
Ms. Preeti Malhotra	Non-Executive	2	1	1	2	No
Mr. Subramanian Murali	Non-Executive	2	4	1	5	Yes
Mr. Suman Ghose Hazra	Independent	2	4	3	6	Yes
Mr. Umang Das	Independent	2	3	Nil	6	Yes

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

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

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

## CORPORATE GOVERNANCE REPORT

### c) Familiarisation Programme for Independent Directors

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

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

Periodic presentations are made at the Board and Board Committee Meetings on business and performance updates of the Company in order to ensure that the Directors are fully aware of the current state of affairs of the Company and the industry in which it operates. Details of relevant developments are shared with the directors promptly and specific information are also made available to them from time to time.

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

### d) Information supplied to the Board

During the year, all the relevant information required to be placed before the Board of Directors as per Regulation 17(7) of the Listing Regulations and as prescribed under other applicable laws are placed before the Board and considered and taken on record / approved by the Board. Further, the Board periodically reviews Compliance Reports in respect of all Laws and Regulations applicable to the Company.

### e) Information about the Directors seeking Appointment /Re-appointment

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

## 3. AUDIT COMMITTEE

As a measure to good Corporate Governance and to provide assistance to the Board of Directors in its responsibility for overseeing the quality and integrity of the accounting, auditing and reporting practices of the Company, an Audit Committee has been constituted as required under Section 177 of the Companies Act, 2013 and Regulation 18 of Listing Regulations. The terms of reference of the Audit Committee includes all the matters prescribed under the applicable provisions of Companies Act, 2013 and the Listing Regulations. The Committee acts as a link between the management, the statutory and internal auditors and the Board of Directors of the Company. The Audit Committee is responsible for effective supervision of the financial reporting process, the appointment, independence, performance and remuneration of the Statutory Auditors and Internal Auditors ensuring financial and accounting controls and compliance with the financial and accounting 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 Indian Accounting Standards and other legal requirements concerning financial statements before they are submitted to the Board. The Internal Audit Reports on various matters covered by the internal auditors are regularly discussed in detail in the Audit Committee meetings. It scrutinizes the inter-corporate loans and investments by the Company. The Audit Committee approves the related party transactions and also grants its omnibus approval to related party transactions in appropriate cases. It also oversees the compliance under Vigil Mechanism (Whistle Blower Policy) of the Company.

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

As on 31<sup>st</sup> March 2017, 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.

During the year, the Members of the Audit Committee met five (5) times during the year on 17<sup>th</sup> May 2016, 9<sup>th</sup> August 2016, 18<sup>th</sup> November 2016, 7<sup>th</sup> February 2017 and 16<sup>th</sup> March 2017. The intervening period between Audit Committee Meetings was within the maximum time gap prescribed under Regulation 18 of Listing Regulations. The attendance of each member at the meetings held during the year under review is as follows:

Name of Directors	Designation	Category	Attendance at the meetings held during the financial year ended March 31 <sup>st</sup> , 2017
Mr. Suman Ghose Hazra	Chairman	Independent	5
Mr. Hanif Mohamed Dahya	Member	Independent	Nil
Mr. Subramanian Murali	Member	Non – Executive	5
Mr. Umang Das	Member	Independent	5

# CORPORATE GOVERNANCE REPORT

The Company Secretary acts as the Secretary to the Committee.

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

The Chief Financial Officer, Legal Head and Representatives of the Statutory and Internal Auditors, normally attend the meetings by invitation. As and when deemed necessary, other Executives of the Company and those of subsidiary companies are also invited and attend the meetings of Audit Committee. The Minutes of the Audit Committee meetings are circulated to the members of the committee and are noted by the Board of Directors of the Company at the subsequent Board Meetings.

## 4. NOMINATION AND REMUNERATION COMMITTEE

The Board has constituted Nomination and Remuneration Committee (NRC), which comprised three (3) Directors including two (2) Independent Directors. 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 appointment and removal of the Directors and Senior Management Personnel.
- Formulation of criteria for evaluation of Independent, Executive and Non – Executive Director and the Board.
- Carry out evaluation of every director's performance.
- Recommend to the Board a policy relating to the remuneration for the Directors, Key Managerial Person and other employees of the Company.
- Devise a policy on Board diversity.
- Formulate the criteria for determining qualifications, positive attributes and independence of the Directors.

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

During the year, NRC met One (1) time on 9<sup>th</sup> August 2016. The composition of Committee as on 31<sup>st</sup> March, 2017 and attendance of each member at the meeting held during the year under review are as follows:

Name of Directors	Designation	Category	Attendance at the meeting held during the financial year ended March 31 <sup>st</sup> , 2017
Mr. Umang Das	Chairman	Independent	I
Mr. Subramanian Murali	Member	Non-Executive	I
Mr. Suman Ghose Hazra	Member	Independent	I

The Company Secretary acts as Secretary to this committee.

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

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

A structured questionnaire has been prepared, covering various aspects of the functioning of the Board and its Committee, such as, adequacy of the constitution and composition of the Board and its Committees, discharge of role and responsibility by the Board and its Committees, frequency of the meetings, regulatory compliances and Corporate Governance, etc. Similarly, for evaluation of Individual director's performance including for independent directors, 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 I (outstanding) – 5 (poor) for evaluating the entire Board, Committees of the Board and of their peer Board members, including Chairman of the Board.

The Independent Directors had a separate meeting on 17<sup>th</sup> March, 2017 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

## CORPORATE GOVERNANCE REPORT

Directors. The Independent Directors also discussed the Guidance Note on Board Evaluation issued by Securities and Exchange Board of India in January 2017 and gave its feedback to the concerned Directors and the Board.

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

### 5. REMUNERATION OF DIRECTORS

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

Remuneration / Sitting fee paid to Director(s) for the financial year ended 31<sup>st</sup> March, 2017 (i.e. from 01.04.2016 to 31.03.2017) is given below:

#### a) Executive Directors:

During the year, no remuneration has been paid to Mr. Dilip Modi, Executive Director of the Company, who was appointed for a period of 3 years without any remuneration. Being, an executive director of Spice Connect Private Limited, the holding company, he receives his remuneration from that Company. As on 31<sup>st</sup> March, 2017, Mr. Modi holds 10,00,000 equity shares of the Company. There is no provision of notice period as well as payment of severance fees to Mr. Modi.

#### b) Non-Executive Directors:

The Independent Directors are paid a sitting fees of Rs.25,000/- per meeting for attending the meetings of the Board of Directors and Committees thereof.

The details of remuneration paid by way of sitting fees to the Independent Directors for attending Board and Board Committees Meetings during the financial year ended 31<sup>st</sup> March, 2017 and the number of shares held by the Non-Executive Directors as on 31.03.2017 are as under:

Name of Directors	Category	Sitting Fees (Amount/Rupees)	No. of shares held
Ms. Preeti Malhotra	Non - Executive Director	Nil	1,00,152
Mr. Subramanian Murali	Non - Executive Director	Nil	Nil
Mr. Suman Ghose Hazra	Independent Director	4,25,000	Nil
Mr. Umang Das	Independent Director	3,25,000	Nil
Mr. Hanif Mohamed Dahya	Independent Director	25,000	Nil

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

### 6. STAKEHOLDERS' RELATIONSHIP COMMITTEE

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

The Committee has been formed by the Board of Directors to look into the matters relating to transfer/transmission of shares and the redressal of shareholders/investors complaints and also matters relating to shareholders value enhancement. The Committee takes care of the physical transfer/ transmission of equity shares of the Company on fortnightly basis and considers other relevant matters.

During the year, the Committee met four (4) times on 10<sup>th</sup> May 2016, 5<sup>th</sup> August 2016, 19<sup>th</sup> November 2016 and 17<sup>th</sup> February 2017. The composition of the Stakeholders' Relationship Committee as on 31<sup>st</sup> March 2017 and the attendance of each member at the meetings held during the year under review are as follows:

Name of Directors	Designation	Category	Attendance at the meetings held during the financial year ended March 31 <sup>st</sup> , 2017
Mr. Subramanian Murali	Chairman	Non – Executive	4
Mr. Suman Ghose Hazra	Member	Independent	4

Mr. M. R. Bothra, Vice President – Corporate Affairs and Company Secretary is 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. The Stakeholders' Relationship Committee regularly reports on the transfer of securities to the Board. During the year ended 31<sup>st</sup> March, 2017, the Company has received Three (3) 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, 2017.

## 7. GENERAL BODY MEETINGS

### I. Meeting details:

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

Year	Location	Date	Time
2016	Expo Centre, A-II, Sector -62, NH-24, Noida – 201301, Uttar Pradesh	Thursday 22/09/2016	10:15 A.M.
2015	Expo Centre, A-II, Sector -62, NH-24, Noida – 201301, Uttar Pradesh	Tuesday 29/09/2015	10:15 A.M.
2014	Expo Centre, A-II, Sector -62, NH-24, Noida – 201301, Uttar Pradesh	Monday 22/12/2014	10.00 A.M.

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

**Annual General Meeting held on 22<sup>nd</sup> December, 2014 and on 29<sup>th</sup> September, 2015:** None

**Annual General Meeting held on 22<sup>nd</sup> September, 2016:**

- Appointment of Mr. Dilip Modi (DIN: 00029062) as an Executive Director of the Company.
- Approval of increase in limit for the investments under Section 186 of the Companies Act, 2013.

### II. Postal Ballot:

**A)** After the closure of financial year, the Company had issued Postal Ballot Notice dated 4<sup>th</sup> April, 2017 for obtaining the approval of the members by Ordinary Resolutions for the following matters:

- Sale of stake in Kimaan Exports Private Limited, a wholly owned subsidiary Company, to Spice Digital Limited, another subsidiary of the Company.
- Material related party transactions with Hotspot Sales & Solutions Private Limited.

The results were announced on 13<sup>th</sup> May, 2017. Summary of the Voting Pattern is as under:

- **Resolution No. 1:** Sale of stake in Kimaan Exports Private Limited, a wholly owned subsidiary Company, to Spice Digital Limited, another subsidiary of the Company.

Voting	No. of Equity Shares	% of total valid votes
Votes cast in Favour	21,66,39,663	99.9987
Votes cast Against	2,914	00.0013
Total	21,66,42,577	100.00

Result: Resolution passed with the requisite majority.

- **Resolution No. 2:** Material related party transactions with Hotspot Sales & Solutions Private Limited.

Voting	No. of Equity Shares	% of total valid votes
Votes cast in Favour	4,71,91,558	99.9935
Votes cast Against	3,049	00.0065
Total	4,71,94,607	100.00

Result: Resolution passed with the 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 as amended from time to time and Secretarial Standard – 2 issued by the Institute of the Company Secretaries of India. The

## CORPORATE GOVERNANCE REPORT

Company had appointed Mr. Sanjay Grover, Company Secretary in whole time practice, Membership No. FCS 4223, as Scrutinizer for conducting the Postal Ballot process in a fair and transparent manner. Postal Ballot Notice along with the Postal Ballot Form, self addressed prepaid envelopes were dispatched through Registered Post/ Courier Services 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. In compliance with Regulation 44 of the Listing Regulations and the provisions of Section 110 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, the Company had offered remote 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.**

### 8. MEANS OF COMMUNICATION

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

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

The Management of the Company is in regular touch with the investors' community and keeps sharing with them the performance of the Company and satisfy the queries raised by the Stakeholders.

### 9. GENERAL SHAREHOLDER INFORMATION

#### a) Annual General Meeting

<b>Date</b>	:	26 <sup>th</sup> September, 2017
<b>Time</b>	:	10:15 A.M.
<b>Venue</b>	:	Expo Centre, A-II, Sector -62, NH-24, Noida-201301, Uttar Pradesh
<b>b) Financial Year</b>	:	April, 2016 –March, 2017
<b>c) Dividend Payment Date</b>	:	N.A.

#### d) Listing at Stock Exchanges :

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

##### **BSE Limited**

Phiroze Jeejeebhoy Towers

Dalal Street, Mumbai-400 001

##### **National Stock Exchange of India Limited**

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

Annual listing fee to both the Stock Exchanges have been paid for the financial year 2016 – 2017.

#### e) Scrip Code/Scrip Symbol of the Company as on 31.03.2017:

##### **BSE Limited:**

Security ID	SPICEMOBI
Scrip code	517214

##### **National Stock Exchange of India Limited:**

Scrip Symbol	SPICEMOBI
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## CORPORATE GOVERNANCE REPORT

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

The details of monthly high and low of the price of equity shares of the Company during each calendar month at the Stock Exchanges where the equity shares of the Company are listed and the relevant Index of the respective Stock Exchanges during the Financial Year ended 31<sup>st</sup> March, 2017 are as under:

#### BSE Limited (BSE)

(Face Value Rs. 3/- per share)

Month	BSE Prices		BSE SENSEX	
	High Price (Rs.)	Low Price (Rs.)	High	Low
April, 2016	14.93	13.40	26100.54	24523.20
May, 2016	15.95	12.00	26837.20	25057.93
June, 2016	18.69	12.00	27105.41	25911.33
July, 2016	20.45	14.05	28240.20	27034.14
August, 2016	17.95	15.50	28532.25	27627.97
September, 2016	16.90	14.45	29077.28	27716.78
October, 2016	19.00	14.30	28477.65	27488.30
November, 2016	17.45	13.00	28029.80	25717.93
December, 2016	21.00	14.50	26803.76	25753.74
January, 2017	18.90	15.00	27980.39	26447.06
February, 2017	20.10	16.00	29065.31	27590.10
March, 2017	16.55	13.50	29824.62	28716.21

(source:www.bseindia.com)

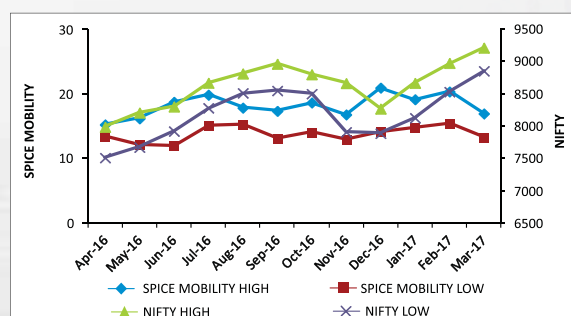
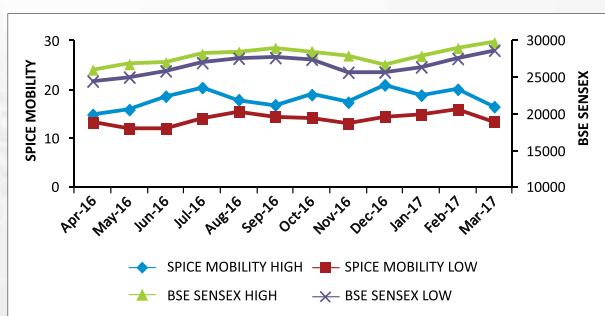
#### National Stock Exchange of India Limited (NSE)

(Face Value Rs.3/- per share)

Month	NSE Prices		NIFTY	
	High Price (Rs.)	Low Price (Rs.)	High	Low
April, 2016	15.30	13.50	7992.00	7516.85
May, 2016	16.25	12.20	8213.60	7678.35
June, 2016	18.80	12.00	8308.15	7927.05
July, 2016	19.90	15.15	8674.70	8287.55
August, 2016	17.90	15.25	8819.20	8518.15
September, 2016	17.40	13.10	8968.70	8555.20
October, 2016	18.70	14.10	8806.95	8506.15
November, 2016	16.85	13.00	8669.60	7916.40
December, 2016	21.00	14.25	8274.95	7893.80
January, 2017	19.20	14.85	8672.70	8133.80
February, 2017	20.40	15.50	8982.15	8537.50
March, 2017	17.00	13.30	9218.40	8860.10

(source:www.nseindia.com)

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



## CORPORATE GOVERNANCE REPORT

### h) Registrar and Transfer Agents:

#### MAS Services Limited

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

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

E-mail: [info@masserv.com](mailto:info@masserv.com),

Contact person - Mr. Sharwan Mangla, General Manager

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

### i) Share Transfer System:

Transfers of shares in physical form are registered and sent back within the stipulated time limit from the date of their lodgment, subject to the documents being valid and complete in all respects. The Stakeholders Relationship Committee looks into the issues relating to Share Transfers and Investor Grievances and the Committee takes care of the matters relating to transfer/transmission etc. of physical equity shares of the Company.

### j) Distribution of Shareholding as on 31<sup>st</sup> March, 2017:

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	23679	97.553	3771797	11315391	1.655
5,001 TO 10,000	334	1.376	769464	2308392	0.338
10,001 TO 20,000	126	0.519	590601	1771803	0.259
20,001 TO 30,000	51	0.210	442428	1327284	0.194
30,001 TO 40,000	15	0.062	176700	530100	0.078
40,001 TO 50,000	13	0.054	192788	578364	0.085
50,001 TO 1,00,000	28	0.115	646948	1940844	0.284
1,00,001 AND ABOVE	27	0.111	221273256	663819768	97.108
<b>Total</b>	<b>24,273</b>	<b>100.00</b>	<b>22,78,63,982</b>	<b>68,35,91,946</b>	<b>100.00</b>

### k) Dematerialization of shares and Liquidity:

The trading in equity shares of the Company is permitted compulsorily in dematerialized mode w.e.f. 29<sup>th</sup> January 2001 as per notification issued by SEBI. The International Securities Identification Number (ISIN) of the Company, as allotted by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) is INE927C01020. As on 31<sup>st</sup> March 2017, 98.73% of the Share Capital of the Company is held in dematerialized form with NSDL and CDSL. The Equity shares of the Company are regularly traded on the Stock Exchanges and any person interested in the shares of the Company can deal in the same as per the applicable Rules and Regulations.

### l) Outstanding GDRs/ ADRs/ Warrants or Convertible Instruments:

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

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

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

### n) Plant Location: N.A

### o) Address for correspondence:

The Company Secretary

Spice Mobility Limited,

S Global Knowledge Park, 19A & 19B, Sector-125, Noida (U.P.) – 201 301.

Tel : (0120) 3355131

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



# CORPORATE GOVERNANCE REPORT

## 10. DISCLOSURES

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

The Company has not entered into any transaction of material nature with the Directors or the management, subsidiaries or relatives of Directors during the year under review that have potential conflict with the interest of the Company at large. Statements in summary form of the transactions with related parties both under Companies Act, 2013 and under Indian Accounting Standards – 24 (earlier Accounting Standard-18) are placed periodically before the Audit Committee. Further, the details of the related party transactions of the Company during the year ended 31<sup>st</sup> March, 2017 are given in Notes on Accounts forming part of Annual Report.

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

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

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

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

- **Whistle Blower Policy**

In accordance with the requirement of Section 177 of the Companies Act, 2013 and the Rules made thereunder, Regulation 22 of Listing Regulations the Company has formulated a 'Vigil Mechanism/ Whistle Blower Policy' which provides a tool to the Directors and Employees of the Company to report Genuine Concerns including unethical behavior, actual or suspected fraud or violation of the Code of Conduct or Policy. A dedicated e-mail id i.e. [whistleblower@spicemobility.in](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 Audit Committee reviews the functioning of Whistle Blower Mechanism. The policy is available on the website of the Company.

- **Details of Compliance with mandatory requirements**

The Company has fully complied with all applicable mandatory requirements of Listing Regulations.

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

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

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

- **Policy for Determining Material Subsidiaries Companies**

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

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



## CORPORATE GOVERNANCE REPORT

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

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

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

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

### 12. **CODE OF CONDUCT**

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

In compliance of Regulation 26(3) of Listing Regulations, all Board Members and Senior Managerial Personnel have affirmed compliance with the Code of Conduct as applicable to them for the year under review. A declaration to that effect duly signed by the Executive Chairman of the Company is attached at the end of this report.

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

Pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time, the Company has framed 'Code of Practice and Procedures for Fair Disclosure of Unpublished Price Sensitive Information' and 'Code of Conduct for Prohibition of Insider Trading' to regulate, monitor and report trading by its employees and other connected persons. The Code is applicable to all Directors, Designated Employees and other connected persons as defined thereunder who may have access to unpublished price sensitive information. The Directors and Designated Employees are communicated well in advance for closure of trading windows when they are not permitted to trade in the securities of the Company.

The Company Secretary has been appointed as the Compliance Officer for monitoring adherence to the said Regulations.

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

As required under Regulation 17(8) of the Listing Regulations, the Executive Chairman and CFO certification for the financial year ended on 31<sup>st</sup> March, 2017 is enclosed at the end of this Report.

The above Report has been placed before the Board at its meeting held on 8<sup>th</sup> August, 2017 and the same was approved.

## CORPORATE GOVERNANCE CERTIFICATE

The Members,

**Spice Mobility Limited**

We have examined the compliance of conditions of Corporate Governance by Spice Mobility Limited ("the Company"), for the financial year ended March 31, 2017 as stipulated under the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

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

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

For **SANJAY GROVER & ASSOCIATES**

**COMPANY SECRETARIES**

**Firm Registration No.: P2001DE052900**

**Sanjay Grover, Managing Partner**  
**C.P. No. 3850**

Date : August 08, 2017  
Place : New Delhi

# CORPORATE GOVERNANCE REPORT

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

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

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

- A. We have reviewed financial statements and the cash flow statement for the financial year ended on 31<sup>st</sup> March, 2017 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 : 19.05.2017

**Madhusudan V.**  
 Chief Financial Officer

**Dilip Modi**  
 Executive Chairman

## DECLARATION REGARDING COMPLIANCE WITH THE CODE OF CONDUCT

It is hereby declared that the Company has received affirmation from the Board Members and the Senior Management Personnel with regard to compliance of the Code of Conduct for Directors and Senior Management Personnel, in respect of the financial Year ended on 31<sup>st</sup> March, 2017.

Place : Noida  
 Date : 19.05.2017

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



# SECRETARIAL AUDIT REPORT

## SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2017

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

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

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

### We report that-

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2017 ("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 31st March, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) \*The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) \*The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - (e) \*The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Act and dealing with client;
  - (g) \*The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
  - (h) \*The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; and



## SECRETARIAL AUDIT REPORT

(i) The Securities and Exchange Board of India (Listing obligations and Disclosures requirements) Regulations, 2015.

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

We have also examined compliance with the applicable clauses of the Secretarial Standards on Meetings of the Board of Directors (SS-1) and on General Meetings (SS-2) issued by the Institute of Company Secretaries of India.

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

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

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

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

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

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

**August 08, 2017**  
**New Delhi**

**Devesh Kumar Vasisht**  
**Partner**  
**CP No.: 13700**

## THE ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES FOR THE YEAR 2016-17

### 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.in/CSR\\_Policy.pdf](http://spicemobility.in/CSR_Policy.pdf)

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

The Composition of CSR Committee is as under:

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

### 3. Average net profit of the Company for last three financial years: (Net loss of Rs. 2320.30 lakh)

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

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

(a) Total amount to be spent for the financial year : NA

(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	Development Dialogue, Agastya Mobile Science Lab and Lead Program (Please see Note No. 1)	Entrepreneurship conference & Education	Varanasi, Ghazipur, Azamgarh and Jaunpur (Uttar Pradesh)	NIL	Out of the balance amount of Rs. 24.07 lakh, an amount of Rs.21.27 Lakhs has been spent directly towards lead and micro-entrepreneurs program activities & program operations and an amount of Rs.2.80 Lakhs has been spent on Conference expenses.	Rs. 24.07 lakhs (Please see Note No. 2)	Implementing Agency

Note 1. Applying a 'bottom up' approach to building scalable solutions, the Ek Soch Sandbox works to create an effective ecosystem where resources are put to use through entrepreneurship, innovation and sustainability. The Sandbox will engage with not-for-profits, academics, non-governmental organizations, and entrepreneurs to launch effective and scalable models of development. They will empower the urban and rural youth with the leadership and skill development necessary to manage their own social enterprises and become the change their community needs. The following activities have been covered:

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

Note 2. The Board of the Company had approved an amount of Rs. 45.28 lakh as CSR Contribution in financial year 2015-16, and paid to Deshpande Foundation, the Implementing Agency, for spending the amount towards lead programs and operations as approved by the CSR Committee of the Company. The implementing Agency had spent ₹ 21.21 lakhs during the financial year 2015-16 and the balance amount of Rs. 24.07 lakh has been spent during the financial year 2016-17 as detailed above.

• **Details of Implementing Agency:**

Deshpande Foundation

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

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

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

**Subramanian Murali**  
Director

**Dilip Modi**  
Chairman- CSR Committee

**FORM NO. MGT.9**  
**EXTRACT OF ANNUAL RETURN**  
as on the financial year ended on 31<sup>st</sup> March, 2017  
[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:**

CIN	L72900UP1986PLC008448
Registration Date	23/12/1986
Name of the Company	Spice Mobility Limited
Category/Sub-Category of the Company	Company Limited By Shares/Non Government Company
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
Whether listed company	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	MAS Services Limited T-34, 2 <sup>nd</sup> Floor, Okhla Industrial Area, Phase-II, New Delhi – 110020 Contact No. 011- 26387281/82/83;

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

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

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

Sl. No.	Description of Main Activity group	Description of Business Activity	% to total turnover of the company
I	Wholesale of telephone, mobile phone and communications equipment and parts	46524	90.53%

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

[No. of Companies for which information is being filled] – 35

Sl. No	Name and Address of the Company	CIN/GEN/LLPIN	Holding/ Subsidiary/ Associate	% Of Shares Held	Applicable Section
1.	Smart Global Corporate Holding Private Limited 60-D, Street No. C-5, Sainik Farms, New Delhi - 110062	U64202DL2001PTC111304	Ultimate Holding Company	74.36%*	2(46)
2.	Spice Connect Private Limited 60-D, Street No. C-5, Sainik Farms, New Delhi – 110062	U74999DL2012PTC229915	Holding Company	74.36%	2(46)
3.	Hindustan Retail Private Limited 19A & 19B, Sector – 125, Noida, Gautam Budh Nagar, Uttar Pradesh - 201301	U52100UP2007PTC033258	Subsidiary Company	100%	2(87)(ii)
4.	Omniventures Private Limited G-3, Ground Floor, Gedor House 51, Nehru Place New Delhi - 110019	U74999DL2016PTC319332	Subsidiary Company	100%	2(87)(ii)
5.	Spice Digital Limited 60-D, Street No. C-5, Sainik Farms, New Delhi – 110062	U72900DL2000PLC104989	Subsidiary Company	89.19%	2(87)(ii)



Sl. No	Name and Address of the Company	CIN/GLN/LLPIN	Holding/ Subsidiary/ Associate	% Of Shares Held	Applicable Section
6.	Spice IOT Solution Private Limited S Global Knowledge Park 19A & 19B, Sector-125 Noida Gautam Buddha Nagar, Uttar Pradesh - 201301	U72900UP2016PTC087428	Subsidiary Company	100%	2(87)(ii)
7.	Kimaan Exports Private Limited 60-D, Street No. C-5, Sainik Farms, New Delhi – 110062	U51311DL2004PTC127784	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.	New Spice Sales and Solutions Limited (Formerly Spice Retail Limited) Village Billanwali Labana, Post Office - Baddi, Tehsil Nalagarh, Baddi, Himachal Pradesh – 173205	U32201HP1988PLC008020	Subsidiary Company	100%*	2(87)(ii)
10.	Cellucom Retail India Private Limited G-3, Ground Floor, Gedor House, 51, Nehru Place, New Delhi - 110019	U32202DL2006PTC153361	Subsidiary Company	100%*	2(87)(ii)
11.	Spice Online Private Limited 60-D, Street No. C-5, Sainik Farms, New Delhi – 110062	U74140DL2008PTC183856	Subsidiary Company	51%*	2(87)(ii)
12.	Hotspot Sales & Solutions Private Limited G-3, Ground Floor, Gedor House, 51, Nehru Place, New Delhi - 110019	U74999DL2016PTC322696	Subsidiary Company	100%*	2(87)(ii)
13.	Mobisoc Technology Private Limited D-60, Street No. C – 5, Sainik Farms, New Delhi - 110062	U72300DL2006PTC151960	Subsidiary Company	99.90%*	2(87)(ii)
14.	Spice Labs Private Limited Plot No. 62, Basement Poket 2, Jasola New Delhi - 110025	U72300DL2009PTC311320	Subsidiary Company	99.90%*	2(87)(ii)
15.	Spice Digital Bangladesh Ltd Room No. – 14R, Meherba Plaza (14 <sup>th</sup> Floor), 33 Topkhana Road, Dhaka – 1000	N.A.	Subsidiary Company	100%*	2(87)(ii)
16.	S Global Services Pte. Limited (Formerly S GIC Pte Limited) 152 UBI Avenue 4, Singapore - 408826	N.A.	Subsidiary Company	100%*	2(87)(ii)
17.	PT Spice Digital Indonesia Gedung Blue Dot Center Blok H, Jl. Gelong Baru Utara No. 5-8, Kelurahan Tomang, Kecamatan Grogol Petamburan, Jakarta Barat	N.A.	Subsidiary Company	100%*	2(87)(ii)
18.	Omnia Pte. Limited 1 North Bridge Road, #10-05-06, High Street Centre, Singapore – 179094	N.A.	Subsidiary Company	100%*	2(87)(ii)
19.	Spice Digital FZCO Office No. G12, Buliding 4WA, West Wing, Dubai Airport Free Zone, Dubai, UAE	N.A.	Subsidiary Company	100%*	2(87)(ii)

Sl. No	Name and Address of the Company	CIN/GLN/LLPIN	Holding/ Subsidiary/ Associate	% Of Shares Held	Applicable Section
20.	Beoworld Sdn. Bhd Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200, Kuala Lumpur	N.A.	Subsidiary Company	100%*	2(87)(ii)
21.	S Mobility Pte. Limited 152 UBI Avenue, Singapore – 408826	N.A.	Subsidiary Company	100%*	2(87)(ii)
22.	Spice Vas (Africa) Pte Limited 152 UBI Avenue 4, Singapore – 408826	N.A.	Subsidiary Company	69.63%*	2(87)(ii)
23.	Spice VAS RDC Kinshasa, Avenue Ikelemba N 87, Quartier Katanga, Dans La Commune De Kasa – Vubu, En R.D. Congo	N.A.	Subsidiary Company	100%*	2(87)(ii)
24.	SVA (Mauritius) Pvt. Limited Suite G 12, St. James Court, Port Louis, Mauritius	N.A.	Subsidiary Company	100%*	2(87)(ii)
25.	Spice VAS Kenya Limited Plot L.R. No. 209/65/19,6, Plot Ojijo Close Ojijo Road, Parklands P.O.Box 46683-00100 Nairobi	N.A.	Subsidiary Company	100%*	2(87)(ii)
26.	Spice Digital Nigeria Limited Cluster A1 606 1004 Estate, Victoria Island, Lagos	N.A.	Subsidiary Company	100%*	2(87)(ii)
27.	Spice VAS Uganda Limited Plot 1B, Kira Road, Kampala, P.O. Box 24544, Uganda	N.A.	Subsidiary Company	75.00%*	2(87)(ii)
28.	Spice VAS Ghana Limited H/No. C 31/30, Achimota, Accra, P.O. Box OS2756, Osu, Accra, Ghana	N.A.	Subsidiary Company	100%*	2(87)(ii)
29.	Spice VAS Zambia Limited 2 <sup>nd</sup> Floor, Chanik House Cairo Road P.O. Box – 34376, Lusaka	N.A.	Subsidiary Company	100%*	2(87)(ii)
30.	Spice Digital South Africa (Pty) Limited 8A- I, Sinosteel Plaza, 159 Rivonia Drive, Morningside Extn. Gauteng- 2196	N.A.	Subsidiary Company	100%*	2(87)(ii)
31.	Spice VAS Tanzania Limited White Star Tower, Plot No. 255, Mikocheni Phase II, Kiko Avenue, Kinondoni, PO Box 6256, Dar es Salaam	N.A.	Subsidiary Company	100%*	2(87)(ii)
32.	Adgyde Solutions Private Limited 206, First Floor, Plot No. 190-191, Neelkanth Palace, 252-A, Sant nagar, New Delhi - 110065	U74999DL2016PTC299272	Joint Venture	49%	2(6)
33.	Sunstone Learning Private Limited 115A, 3 <sup>rd</sup> Floor, Jor Bagh, Delhi – 110003	U80221DL2011PTC216991	Associate Company	41.61%*	2(6)
34.	Creative Functionapps Labs Private Limited A-8, Saraswati Garden, Ramesh Nagar, New Delhi - 110015	U74999DL2013PTC260423	Associate Company	26.00%*	2(6)
35.	Exponentially I Mobility LLP 19 A & 19B, Sector 125 Noida Gautam Buddha Nagar, Uttar Pradesh - 201301	AAE - 8292	Associate Company	28.47%*	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>I. Institutions</b>									
(a) Mutual Funds	10000	0	10000	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	0	0	0	0	0	0	0	0	0
(h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
(i) Others (specify)	0	0	0	0	0	0	0	0	0
<b>Sub-total (B)(I):-</b>	<b>10000</b>	<b>545</b>	<b>10545</b>	<b>0</b>	<b>0</b>	<b>545</b>	<b>545</b>	<b>0</b>	<b>0</b>

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>2. Non-Institutions</b>									
(a) Bodies Corp.									
(i) Indian	3323903	47585	3371488	1.48	2378690	47445	2426135	1.06	-0.42
(ii) Overseas	0	0	0	0	0	0	0	0	0
(b) Individuals									
(i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	3510889	1868025	5378914	2.36	4033775	1852779	5886554	2.58	0.22
(ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	1155564	1000000	2155564	0.95	1111787	1000000	2111787	0.93	-0.02
(c) Others (specify)									
Clearing Member	180286	0	180286	0.08	551117	0	551117	0.24	0.16
NRI/OCBs	114918	1130	116048	0.05	255717	990	256707	0.11	0.06
Trusts	47202967	0	47202967	20.72	47182967	0	47182967	20.71	-0.01
NBFC registered with RBI	600	0	600	0	600	0	600	0	0
<b>Sub-total (B)(2):-</b>	<b>55489127</b>	<b>2916740</b>	<b>58405867</b>	<b>25.64</b>	<b>55514653</b>	<b>2901214</b>	<b>58415867</b>	<b>25.64</b>	<b>0</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>55499127</b>	<b>2917285</b>	<b>58416412</b>	<b>25.64</b>	<b>55514653</b>	<b>2901759</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>224946697</b>	<b>2917285</b>	<b>227863982</b>	<b>100</b>	<b>224962223</b>	<b>2901759</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			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
I.	Smart Connect Private Limited	169447570	74.36	0.00	169447570	74.36	0.00	0.00
<b>Total</b>		<b>169447570</b>	<b>74.36</b>	<b>0.00</b>	<b>169447570</b>	<b>74.36</b>	<b>0.00</b>	<b>0.00</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>Spice Connect Private Limited (Formerly Smart Ventures Private Limited)</b>				
1.	At the beginning of the year	169447570	74.36	N.A.	N.A.
2.	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
	At the end of the year	169447570	74.36	169447570	74.36

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

Sl. No.	Name	Shareholding at the beginning of the year		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares (April 1, 2016) / end of the year (March 31, 2017)	% of total shares of the company				No. of shares (April 1, 2016 to March 31, 2017)	% of total shares of the company
1.	Radha Krishna Pandey - Independent Non Promoter Trust	3,53,01,215	15.49	01.04.2016				
				14.10.2016	-20,000	Transfer	3,52,81,215	15.48
		3,52,81,215	15.48	31.03.2017	Nil	N.A	3,52,81,215	15.48
2.	Radha Krishna Pandey – Independent Non Promoter (Spice Employee Benefit) Trust	1,19,01,752	5.22	01.04.2016	Nil	N.A		
		1,19,01,752	5.22	31.03.2017			1,19,01,752	5.22
3.	KDS Corporation Private Limited	15,34,487	0.67	01.04.2016	Nil	N.A		
		15,34,487	0.67	31.03.2017			15,34,487	0.67
4.	Zinnia Tubes and Tyres Private Limited*	6,59,246	0.29	01.04.2016				
				03.03.2017	-24,037	Transfer	6,35,209	0.28
				10.03.2017	-62,734	Transfer	5,72,475	0.25
				17.03.2017	-2,00,000	Transfer	3,72,475	0.16
		Nil	0.00	31.03.2017	-3,72,475	Transfer	Nil	0.00
5.	Niketan Investment Private Limited*	4,59,697	0.20	01.04.2016				
				02.09.2016	-4,59,697	Transfer	Nil	0.00
6.	Alchemist Capital Limited	1,24,394	0.05	01.04.2016	Nil	N.A		
		1,24,394	0.05	31.03.2017			1,24,394	0.05
7.	Globe Capital Market Limited	1,71,693	0.08	01.04.2016				
				13.05.2016	+5,000	Transfer	1,76,693	0.08
		1,76,693	0.08	31.03.2017			1,71,693	0.08

Sl. No.	Name	Shareholding at the beginning of the year		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares (April 1, 2016) / end of the year (March 31, 2017)	% of total shares of the company				No. of shares (April 1, 2016 to March 31, 2017)	% of total shares of the company
8.	Naveen Jand*	2,76,152	0.12	01.04.2016				
				30.09.2016	-76,152	Transfer	2,00,000	0.09
				17.03.2017	-62,000	Transfer	1,38,000	0.06
				24.03.2017	-1,38,000	Transfer	Nil	0.00
9.	Dheeraj Kumar Lohia	1,20,592	0.05	01.04.2016				
				06.01.2017	+2,900	Transfer	1,23,492	0.05
				13.01.2017	+18,592	Transfer	1,42,084	0.06
		1,42,084	0.06	31.03.2017			1,42,084	0.06
10.	Ashish Chugh	1,12,060	0.05	01.04.2016				
		1,12,060	0.05	31.03.2017			1,12,060	0.05
11.	Licensintorg & Co (India) Private Limited**			02.09.2016	+4,29,197	Transfer	4,29,197	0.19
				23.09.2016	-1,25,000	Transfer	3,04,197	0.13
				31.12.2016	-5,092	Transfer	2,99,105	0.13
12.	Nirmal Hiroo Bharwanj***			21.10.2016	+1,25,000	Transfer	1,25,000	0.05
		1,25,000	0.05	31.03.2017			1,25,000	0.05
13.	K K Securities Limited*** (Clubbed as per PAN in different DPID & Client ID)			06.01.2017	+1,63,281	Transfer	1,63,281	0.07
				13.01.2017	-62,700	Transfer	1,00,581	0.04
				20.01.2017	-14,200	Transfer	86,381	0.04
				27.01.2017	-65,228	Transfer	21,153	0.01
				03.02.2017	-21,153	Transfer	Nil	0.00
				17.03.2017	+92,288	Transfer	92,288	0.04
				24.03.2017	+48,000	Transfer	1,40,228	0.06
				31.03.2017	+2,66,395	Transfer	4,06,623	0.18
14..	Equity Intelligence India Private Limited**			03.02.2017	+2,00,000	Transfer	2,00,000	0.09
				24.03.2017	-2,00,000	Transfer	Nil	0.00
15.	Mahendra Girdharlal***			24.03.2017	+1,34,715	Transfer	1,34,715	0.06
				31.03.2017	+10,048	Transfer	1,44,763	0.06

Note: Based on the weekly report received from Depositories.

\* Ceased to be in the Top 10 shareholder as on March 31, 2017.

\*\* Not in the List of Top 10 shareholders as on April 1, 2016. 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, 2017.

\*\*\* Not in the list of Top 10 shareholders as on April 1, 2016. However, among the Top 10 shareholders as on March 31, 2017.

**(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	No. of shares	% of total shares of the company
<b>1.</b>	<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%

Sl. No.	Director	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>2.</b>	<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%

Sl. No.	Key Managerial Personnel	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>3.</b>	<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')

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

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amount in Rs. 000')

Sl. No.	Particulars of Remuneration	Dilip Modi - WTD	Total Amount
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NIL	NIL
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
	<b>Total (A)</b>	<b>NIL</b>	<b>NIL</b>
	Ceiling as per the Act		



**B. Remuneration to other directors:**

(Amount in Rs. 000')

Sl. No	Particulars of Remuneration	Name of Directors					Total Amount
1.	<b>Independent Directors</b>	<b>Mr. Suman Ghose Hazra</b>	<b>Mr. Umang Das</b>	<b>Mr. Hanif Mohamed Dahya</b>			
	• Fee for attending board / committee meetings	425	325	25			775
	• Commission	NIL	NIL	NIL			NIL
	• Others, please specify	NIL	NIL	NIL			NIL
	<b>Total (1)</b>	<b>425</b>	<b>325</b>	<b>25</b>			<b>775</b>
2.	<b>Other Non-Executive Directors</b>				<b>Mr. Subramanian Murali</b>	<b>Ms. Preeti Malhotra</b>	
	• Fee for attending board / committee meetings				NIL	NIL	NIL
	• Commission						
	• Others, please specify						
	<b>Total (2)</b>	-	-	-	NIL	NIL	NIL
	<b>Total (B)=(1+2)</b>	<b>425</b>	<b>325</b>	<b>25</b>	<b>NIL</b>	<b>NIL</b>	<b>775</b>
	<b>Total Managerial Remuneration</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
	Overall Ceiling as per the Act						

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

(Amount in Rs. 000')

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961  (b) Value of perquisites u/s 17(2) Income-tax Act, 1961  (c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	NA	3,592	6,191	9,783
			32	-	32
			NIL	NIL	NIL
2.	Stock Option		NIL	NIL	NIL
3.	Sweat Equity		NIL	NIL	NIL
4.	Commission - as % of profit - Others, specify...		NIL	NIL	NIL
5.	Others, please specify		NIL	NIL	NIL
	<b>Total</b>		<b>3,624</b>	<b>6,191</b>	<b>9,815</b>

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

There was no Penalties/ Punishment/ Compounding of offences under the Companies Act, 2013 against any the Company, Directors or any other officer in default, during the year ended 31<sup>st</sup> March, 2017.

## REMUNERATION POLICY

### Introduction

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

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

### Applicability

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

### Guiding principles

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

- 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;
- relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- 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

- "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.
- "Key managerial personnel" means—
  - the Chief Executive Officer or the managing director or the manager;
  - the Company Secretary;
  - the Whole-time director;
  - the Chief Financial Officer; and
  - such other officer as may be prescribed.

### Policy

#### (a) Remuneration to Independent Directors

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

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

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

#### (b) Remuneration to Executive Directors

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

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

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

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

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

**(d) Remuneration to Other employees**

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

**Disclosure**

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

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

### (A) Conservation of Energy:

- I. **The Steps 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. **The Steps taken by the Company for utilizing alternate sources of energy:** NA
- III. **The 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** : Rs. 2.31 lakh
- II. **Foreign Exchange outgo in term of actual outflows** : Rs. 5.96 lakh



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

### 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 2016-17 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 any director, Chief Financial Officer and Company Secretary of the Company during the year.

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

The Percentage decrease in the median remuneration of the employees in the FY 2016-17 was 6.38%.

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

There were 7 Permanent Employees on the rolls of the Company as on 31st March, 2017.

### 5. 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.

No increase in the salaries of employees other than managerial personnel has been made. The Company did not pay any managerial remuneration during the year 2016-17.

### 6. 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.

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

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

Sl. No.	Name	Designation	Remuneration received (01.04. 2016 - 31.03.2017) 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	Rajneesh Arora	Head - Corporate Development	5,942,829	Permanent	MBA & CFA	01.07.2016	44 Years	Bharti Airtel Ltd
2	Rohit Ahuja	Advisor to Chairman	3,838,604	Permanent	Bachelors in Commerce, USA	14.12.2015	41 years	Self Occupied Business
3	V. Madhusudan	VP- Corporate Finance & CFO	6,191,300	Permanent	C.A., B.Sc (Physics)	01.11.2013	46 years	HCL Infosystems Ltd.
4	M R Bothra	VP - Corporate Affairs and Company Secretary	3,624,205	Permanent	FCS, ACMA, M. Com and B. Com	12.08.2010	49 years	DCM Shriram Consolidated Limited
5	Surendan Nair	AGM	2,365,000	Permanent	B.A.	01.07.2008	50 years	Cain Technology Pvt. Ltd.
6	Manoj Kumar Jha	Assistant Manager	583,600	Permanent	Bsc(H), Microsoft & ITIL Certification	01.06.2016	39 Years	Progressive infotech Pvt Ltd
7	Rashmi Rastogi	Executive - Legal	202,565	Permanent	B.com, CS, LLB	01.06.2015	24 years	First job

None of the employees is covered under Rule 5 (2)(i) (ii) or (iii) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

# INDEPENDENT AUDITORS' REPORT

## To the Members of Spice Mobility Limited

### Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **Spice Mobility Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the state of affairs financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015. 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 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

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

## INDEPENDENT AUDITORS' REPORT

- (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standards) Rules, 2015.
- (e) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 36(c) 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.
  - iv. The Company has provided requisite disclosures in Note 43 to these standalone Ind AS financial statements as to the holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on our audit procedures and relying on the management representation regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the Management.

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

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

### Per Anil Gupta

Partner

Membership No: 87921

Place: New Delhi

Date: 19<sup>th</sup> May 2017

## INDEPENDENT AUDITORS' REPORT

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

**Re: Spice Mobility Limited ('the Company')**

- i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets were physically verified by the management during the previous year in accordance with a planned programme of verifying them once in two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management, there are no immovable properties, included in fixed assets of the Company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.
- ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- iii) (a) The Company had granted loan to a Company covered in the register maintained under Section 189 of the Companies Act, 2013. In our opinion and according to the information and explanations given to us, the terms and conditions of the loan were not prejudicial to the Company's interest.
- (b) The Company had granted loan which was repayable on demand, to a Company covered in the register maintained under Section 189 of the Companies Act, 2013. We are informed that the party has fully repaid the loan as demanded by the Company during the year and thus there has been no default on the party to whom the money was lent. The payment of interest was also regular.
- (c) There is no amount of loans granted to companies, firms or other related parties listed in the register maintained under Section 189 of the Companies Act 2013 which are due for more than 90 days.
- (iv) In our opinion and according to the information and explanations given to us, provisions of Section 185 and 186 of the Companies Act 2013 in respect of loans to entities in which directors are interested and in respect of loans and advances given, investments made and guarantees and securities given have been complied with by the Company.
- (v) The Company has not accepted any deposits from the public.
- vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(I) of the Companies Act, 2013, for the products/services of the Company.
- vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues applicable to it though there has been slight delay in few cases.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues were outstanding at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, service tax, customs duty, excise duty, value added tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount Rs. ('000)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act, 1944	Demand for excise duty including penalty	64,263	1990-91 to 1993-94	CESTAT, Delhi
Foreign Trade (Development and Regulation) Act, 1992	Penalty on account of non-fulfilment of export obligation	40,860	1991-92	High Court, Delhi
Income Tax Act, 1961	Demand for TDS and Interest on TDS	12,029	2011-12 to 2014-15	Commissioner of Income Tax (Appeals), Noida
Income Tax Act, 1961	Demand for TDS and Interest on TDS	9,638	2009-10 & 2010-11	High Court, Allahabad



## INDEPENDENT AUDITORS' REPORT

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

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

Chartered Accountants

Firm registration number: 301003E/E300005

**per Anil Gupta**

Partner

Membership No: 87921

Place: New Delhi

Date: 19<sup>th</sup> May 2017



## INDEPENDENT AUDITORS' REPORT

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

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

To the Members of Spice Mobility Limited

We have audited the internal financial controls over financial reporting of Spice Mobility Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

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

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

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

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

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

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

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

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

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

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

## INDEPENDENT AUDITORS' REPORT

### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

### per Anil Gupta

Partner

Membership Number: 87921

Place: New Delhi

Date: 19<sup>th</sup> May 2017

# BALANCE SHEET

as at March 31, 2017

(Amount in Rs '000)

Particulars	Note	As at 31 Mar 2017	As at 31 Mar 2016	As at 1 April 2015
<b>Assets</b>				
<b>Non Current assets</b>				
Property, Plant and Equipment	3	155,047	205,940	668,285
Capital Work in Progress	3	-	135	70,520
Investment Property	4	384,695	471,006	-
Other Intangible Assets	5	1,790	2,123	2,820
Intangible assets under development	5	-	420	-
<b>Financial Assets</b>				
(i) Investments	6	89,788	658,469	585,833
(ii) Loans and Advances	7	69	336	22,467
(iii) Other Financial Assets	7A	7,707	6,995	6,352
Other Assets	8	3,466	5,409	9,186
		<b>642,562</b>	<b>1,350,833</b>	<b>1,365,463</b>
<b>Current Assets</b>				
Inventories	9	20	191	-
<b>Financial Assets</b>				
(i) Trade Receivables	10	30,956	-	71,082
(ii) Cash and Cash equivalents	11A	17,045	50,115	13,384
(iii) Bank balance other than (ii) above	11B	39,562	209,247	218,436
(iv) Loans and Advances	12A	10,269	10,526	430,102
(v) Other Financial Assets	12B	20,317	32,517	59,384
Current Tax Assets (Net)	13	97,977	189,097	160,157
Other Assets	14	11,628	8,531	3,307
Asset classified as held for sale	47(a)	456,212	10,280	10,280
		<b>683,986</b>	<b>510,504</b>	<b>966,132</b>
<b>Total</b>		<b>1,326,548</b>	<b>1,861,337</b>	<b>2,331,595</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity Share Capital	15	542,043	541,983	541,983
Other Equity		243,548	1,118,329	1,699,133
		<b>785,591</b>	<b>1,660,312</b>	<b>2,241,116</b>
<b>Non Current Liabilities</b>				
<b>Financial Liabilities</b>				
(i) Borrowing	16	-	1,114	2,032
(ii) Other Financial Liabilities	17	13,581	16,400	6,025
Provisions	18	2,490	381	788
Other Liabilities	19	3,885	6,859	2,404
		<b>19,956</b>	<b>24,754</b>	<b>11,249</b>
<b>Current Liabilities</b>				
<b>Financial Liabilities</b>				
(i) Trade payables	20	71,177	149,252	27,523
(ii) Other Financial Liabilities	21	14,873	17,163	28,281
Other Liabilities	22	3,262	5,614	5,268
Provisions	23	337,553	4,242	9,069
Current Tax Liabilities (Net)	23	-	-	9,089
Liability directly associated with asset classified as held for sale	47(a)	94,136	-	-
		<b>521,001</b>	<b>176,271</b>	<b>79,230</b>
<b>Total</b>		<b>1,326,548</b>	<b>1,861,337</b>	<b>2,331,595</b>
Summary of significant accounting policies	2			

As per our report of even date

For and on behalf of the board of directors of **Spice Mobility Limited**

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

**Dilip Modi**  
Executive Chairman  
DIN : 00029062

**Subramanian Murali**  
Director  
DIN : 00041261

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

**Suman Ghose Hazra**  
Director  
DIN : 00012223

**Madhusudan V.**  
Chief Financial Officer

Place : Noida  
Date : May 19, 2017

**M R Bothra**  
Vice President- Corporate Affairs and Company Secretary



# STATEMENT OF PROFIT AND LOSS

for year ended March 31, 2017

(Amount in Rs '000)

Particulars	Note	Year ended 31 Mar 2017	Year ended 31 Mar 2016
Revenue from operations	24	1,547,224	1,528,643
Other income	25	161,773	217,333
<b>Total Income</b>		<b>1,708,997</b>	<b>1,745,976</b>
<b>Expenses:</b>			
Purchase of traded goods	26	1,516,519	1,497,409
(Increase)/Decrease in inventories of traded goods	26	171	(191)
Employee benefits expense	27	26,836	32,452
Other expenses	28	124,831	121,577
Depreciation and amortization expense	29	69,675	75,622
Finance costs	30	1,946	(59)
<b>Total expenses</b>		<b>1,739,978</b>	<b>1,726,810</b>
<b>(Loss)/Profit before exceptional items and tax</b>		<b>(30,981)</b>	<b>19,166</b>
Exceptional items	31	845,393	624,193
<b>(Loss) before tax</b>		<b>(876,374)</b>	<b>(605,027)</b>
Tax expense:			
Current tax adjustments for earlier years		(1,334)	(24,156)
<b>(Loss) for the year</b>		<b>(875,040)</b>	<b>(580,871)</b>
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
Remeasurements of net defined benefit liability/asset	32	319	67
<b>Total Comprehensive Income for the year (Comprising (Loss) and Other Comprehensive Income for the year)</b>		<b>(874,721)</b>	<b>(580,804)</b>
Earnings per Equity Share (Nominal Value of share Rs. 3/-)			
(1) Basic (Rs)	33	(3.84)	(2.55)
(2) Diluted (Rs)		(3.84)	(2.55)

As per our report of even date

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

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

Place : Noida  
Date : May 19, 2017

For and on behalf of the board of directors of **Spice Mobility Limited**

**Dilip Modi**  
Executive Chairman  
DIN : 00029062

**Suman Ghose Hazra**  
Director  
DIN : 00012223

**M R Bothra**  
Vice President- Corporate Affairs and Company Secretary

**Subramanian Murali**  
Director  
DIN : 00041261

**Madhusudan V.**  
Chief Financial Officer

## STATEMENT OF CASH FLOW

for the year ended March 31, 2017

	Note	Year ended 31-Mar-17 Rs.'000	Year ended 31-Mar-16 Rs.'000
<b>CASH FLOWS FROM/ (USED IN) OPERATING ACTIVITIES</b>			
(Loss) before tax		(876,374)	(605,026)
Adjustments for :			
- Exceptional items			
- Provision made/ (reversed)/in the value of non-current investments in a subsidiary company	31	773,500	(7,942)
- Provision for liability payout of subsidiary	31	335,000	-
- Provision for doubtful debts and advances (net)	31	(263,107)	632,135
- Re-measurement gain/(loss) on defined benefit obligation recognised as OCI	35	319	67
- Fair value gain on financial instruments at fair value through profit or loss	25	-	(72,636)
- Interest expense	30	1,946	(59)
- Depreciation / amortisation	29	69,675	75,622
- Loss on disposal of Property, Plant & Equipment (net)	28	424	7
- Profit on sale of investment property	25	(23,729)	-
- Profit on sale of non-current investment	25	(2,182)	-
- Interest income	25	(39,134)	(49,760)
- Dividend Income	25	-	(692)
- Loss on sale of non-current investment	28	1,076	-
- Provision for doubtful advances	28	11,374	1,160
<b>Operating (loss) before working capital changes</b>		<b>(11,212)</b>	<b>(27,125)</b>
<b>Movements in working capital:</b>			
Decrease/(Increase) in inventories		171	(191)
Decrease /(Increase) in trade receivables		82,129	(410,205)
Decrease in non-current loans and advances and other assets		232	22,167
Decrease in current loans and advances		257	550
(Increase) in current assets		(13,992)	(20,587)
(Decrease)/Increase in other liabilities		(5,794)	14,831
(Decrease) in other current liabilities		(2,509)	(11,042)
(Decrease) / Increase in current trade payables		(78,074)	122,304
Increase/(Decrease) in non-current provisions		2,109	(408)
(Decrease) in current provisions		(1,689)	(4,827)
<b>Cash (used in) operations</b>		<b>(28,371)</b>	<b>(314,533)</b>
Direct taxes paid (net of refunds)		92,454	(13,873)
<b>Net cash from/(used in) operating activities</b>	<b>(A)</b>	<b>64,083</b>	<b>(328,406)</b>
<b>CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES</b>			
Purchase of Property, Plant & Equipment		(1,191)	(9,892)
Proceeds from sale of Property, Plant & Equipment /Investment property		103,572	17,500
Proceeds from sale of investments in subsidiaries	47 ( C)	232	7,943
Investment in subsidiaries (including share application money)		(774,478)	-
Sale of non-current investments		114,322	-
Advance against sale of investment in a subsidiary	47 (A)	94,136	-

# STATEMENT OF CASH FLOW

for the year ended March 31, 2017

	Note	Year ended 31-Mar-17 Rs.'000	Year ended 31-Mar-16 Rs.'000
Loans to bodies corporate		-	(36,500)
Loans repaid by bodies corporate		150,849	355,336
Interest received		50,030	22,099
Dividend received		-	692
Redemption in Fixed deposits		1,502,333	298,041
Investment in Fixed deposits		(1,332,978)	(289,317)
<b>Net cash (used in)/from investing activities</b>	<b>( B )</b>	<b>(93,175)</b>	<b>365,903</b>
<b>CASH FLOW (USED IN) FINANCING ACTIVITIES</b>			
Repayment of non-current borrowings		(2,032)	(823)
Interest paid		(1,946)	59
<b>Net cash (used in) financing activities</b>	<b>( C )</b>	<b>(3,978)</b>	<b>(764)</b>
Net (decrease)/ increase in cash and cash equivalents (A + B + C)		(33,071)	36,731
Cash and cash equivalents at the beginning of the year		50,115	13,384
<b>Cash and cash equivalents at the end of the year</b>		<b>17,045</b>	<b>50,115</b>
<b>Components of cash and cash equivalents:</b>			
Cash on hand		13	23
Deposits with original maturity of less than three months		-	30,721
With banks			
- on current accounts		17,032	19,371
<b>Total cash and cash equivalents (note 11A)</b>		<b>17,045</b>	<b>50,115</b>
Summary of significant accounting policies	2		

As per our report of even date

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

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

Place : Noida  
Date : May 19, 2017

For and on behalf of the board of directors of **Spice Mobility Limited**

**Dilip Modi**  
Executive Chairman  
DIN : 00029062

**Suman Ghose Hazra**  
Director  
DIN : 00012223

**M R Bothra**  
Vice President- Corporate Affairs and Company Secretary

**Subramanian Murali**  
Director  
DIN : 00041261

**Madhusudan V.**  
Chief Financial Officer

## STATEMENT OF CHANGES IN EQUITY

### A : Equity Share Capital

	March 31, 2017	March 31, 2016	April 01, 2015
<b>Equity shares of Rs.3 each issued, subscribed and fully paid</b>			
227,863,982 (March 31, 2016: 227,863,982, April 1, 2015: 227,863,982) equity shares of Rs. 3 each	683,592	683,592	683,592
Less: Equity share held by Independent Non-Promoter(Spice Employee Benefit) Trust / Independent Non-Promoters Trust			
(face value of 47,182,967 (March 31, 2016 :47,202,967, April 1, 2015 :47,202,967) shares transferred to the trust pursuant to Scheme of Amalgamation) (Refer to note 45)	141,549	141,609	141,609
	<b>542,043</b>	<b>541,983</b>	<b>541,983</b>

### B : Other Equity

Particulars	Trust Shares (Refer foot note 1 to note 48)	Capital Redemption Reserve*	General Reserve	Retained Earnings	Total
<b>For the year ended March 31, 2017</b>					
As at April 01, 2016	(301,389)	30,666	4,108,355	(2,719,303)	1,118,329
Profit / (Loss) for the year	-	-	-	(875,040)	(875,040)
Other comprehensive income (net of tax)	-	-	-	-	-
Remeasurement gain on defined employee benefit plan	-	-	-	319	319
<b>Total Comprehensive Income for the year</b>	(60)	-	-	(874,721)	(874,721)
Sale of shares by trust	-	-	(3,594,023)	3,594,023	-
Transferred to/from retained earnings	-	-	514,332	-	243,548
<b>As at March 31, 2017</b>	<b>(301,449)</b>	<b>30,666</b>	<b>514,332</b>	<b>-</b>	<b>243,548</b>

### For the year ended March 31, 2016

Particulars	Trust Shares	Capital Redemption Reserve	General Reserve	Retained Earnings	Total
As at April 01, 2015	(301,389)	30,666	4,108,355	(2,138,499)	1,699,133
Profit / (Loss) for the year	-	-	-	(580,871)	(580,871)
Other comprehensive income (net of tax)	-	-	-	-	-
Remeasurement gain on defined employee benefit plan	-	-	-	67	67
<b>Total Comprehensive Income for the year</b>	-	-	-	(580,804)	(580,804)
Transferred to/from retained earnings	-	-	-	-	-
<b>As at March 31, 2016</b>	<b>(301,389)</b>	<b>30,666</b>	<b>4,108,355</b>	<b>(2,719,303)</b>	<b>1,118,329</b>

\* Created upon cancellation of shares pursuant to buy back.

As per our report of even date

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

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

Place : Noida  
Date : May 19, 2017

For and on behalf of the board of directors of **Spice Mobility Limited**

**Dilip Modi**  
Executive Chairman  
DIN : 00029062

**Suman Ghose Hazra**  
Director  
DIN : 00012223

**M R Bothra**  
Vice President- Corporate Affairs and Company Secretary

**Subramanian Murali**  
Director  
DIN : 00041261

**Madhusudan V.**  
Chief Financial Officer



# NOTES TO FINANCIAL STATEMENTS

for year ended March 31, 2017

## 1. Corporate information

Spice Mobility Ltd ("the Company") is a public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on two stock exchanges in India. The Company is primarily engaged in the trading of mobile handsets and through its subsidiaries, in trading of IT products, mobile handsets and their accessories and the information and communication technology business providing value added services to the telecom operators. The name of Company was changed from S Mobility Limited to Spice Mobility Limited with effect from July 21, 2014.

Registered office of the Company is situated at Plot 19A/B, Sector-125, Noida, Uttar Pradesh.

During the year, the Company has entered into a brand assignment agreement with another entity whereby 'Spice' brand for certain specified trademark classes has been assigned to that entity and the company has discontinued the use of assigned trademarks in relation to the device business.

These financial statements were approved by the Board of Directors of the Company in their meeting held on May 19, 2017.

## 2. Summary of Significant accounting policies

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by Companies (Indian Accounting Standards) (Amendments) Rules, 2016.

For all periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with accounting standards notified under Section 133 of the Companies Act 2013, read with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These financial statements for the year ended 31 March 2017 are the first set of financial statements that the Company has prepared in accordance with Ind AS. Refer to note 48 for information on how the Company adopted Ind AS.

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities which have been measured at fair value (refer accounting policy regarding financial instruments).

The financial statements are presented in Rs. and all values are rounded to the nearest thousand (Rs. 000), except when otherwise indicated.

## 2.2 Summary of significant accounting policies

### A. Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

# NOTES TO FINANCIAL STATEMENTS

for year ended March 31, 2017

## B. Foreign currencies

The Company's financial statements are presented in Rs., which is also Company's functional currency.

### Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

## C. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability (The principal or the most advantageous market must be accessible by the Company.)

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company determines the policies and procedures for both recurring and non recurring fair value measurement.

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Company decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Company analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies. For this analysis, the Company verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Company, in conjunction with the Company's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

# NOTES TO FINANCIAL STATEMENTS

for year ended March 31, 2017

On an interim basis, the Company and the Company's external valuers present the valuation results to the Audit Committee and the Company's independent auditors. This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

## D. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

Sales tax/ value added tax (VAT) is not received by the Company on its own account, rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The specific recognition criteria described below must also be met before revenue is recognised.

### Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

### Interest income

For all debts instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss.

### Dividends

Revenue is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

### Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms unless the payments by the lessee are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

## E. Taxes

### Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in India, where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any

## NOTES TO FINANCIAL STATEMENTS

for year ended March 31, 2017

unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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.

### F. Sales/ value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of sales/ value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

### G. Non-current assets held for sale/ distribution to owners and discontinued operations

The Company classifies non-current assets and disposal group as held for sale/ distribution to owners if their carrying amounts will be recovered principally through a sale/ distribution rather than through continuing use. Actions required to complete the sale/ distribution should indicate that it is unlikely that significant changes to the sale/ distribution will be made or that the decision to sell/ distribute will be withdrawn. Management must be committed to the sale/ distribution expected within one year from the date of classification.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale/ distribution classification is regarded met only when the assets or disposal group is available for immediate sale/ distribution in its present condition, subject only to terms that are usual and customary for sales/ distribution of such assets (or disposal group), its sale/ distribution is highly probable; and it will genuinely be sold, not abandoned. The Company treats sale/ distribution of the asset or disposal to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset (or disposal group),
- An active programme to locate a buyer and complete the plan has been initiated (if applicable),
- The asset (or disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification , and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-current assets held for sale/for distribution to owners and disposal groups are measured at the lower of their carrying amount and the fair value less costs to sell/ distribute. Assets and liabilities classified as held for sale/ distribution are presented separately in the balance sheet.

Property, plant and equipment and intangible assets once classified as held for sale/ distribution to owners are not depreciated or amortised.



# NOTES TO FINANCIAL STATEMENTS

for year ended March 31, 2017

## H. Property, plant and equipment

The Company has elected to continue with the carrying value for all of its property, plant & equipment, as recognised in its Indian GAAP financial statements as deemed cost at the transition date, viz., 1 April 2015 .

Capital work in progress, property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Particulars	Useful Life(estimated by management)
- Plant and equipment	15 years
- Leasehold improvements	Lower of 2 to 9 years or useful life
- Furniture and fittings	10 years
- Office equipment's	5 years
- Computers (excluding servers)	3 years
- Servers	6 years
- Vehicles	8 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

## I. Investment properties

The Company has elected to continue with the carrying value for all of its investment property as recognised in its Indian GAAP financial statements as deemed cost at the transition date, viz., 1 April 2015.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The Company depreciates building component of investment property over 60 years from the date of original purchase. Furniture & fixture and office equipment, which form part of investment property are depreciated at useful life mentioned in para H.

Though the Company measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.

Investment properties are derecognised either when they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in statement of profit and loss in the period of derecognition.

The residual values, useful lives and method of depreciation of investment properties are reviewed at each financial year end and adjusted prospectively , if appropriate.

## J. Intangible assets

The Company has elected to continue with the carrying value for all of its intangible assets as recognised in its Indian GAAP financial statements as deemed cost at the transition date, viz., 1 April 2015.

Intangible assets (software) acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets are amortised on straight line basis over the useful economic life (not exceeding six years) and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets is recognised in the statement of profit and loss.

# NOTES TO FINANCIAL STATEMENTS

for year ended March 31, 2017

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 recognised in the statement of profit or loss when the asset is derecognised.

## **K. Investment in subsidiaries**

Investment in subsidiaries are measured initially at costs. Subsequent to initial recognition, investment in subsidiaries are stated at cost less impairment loss, if any.

Investment in subsidiaries are derecognised when they are sold or transferred. The difference between the net proceeds on sales and the carrying amount of the asset is recognised in profit or loss in the year of derecognition.

## **L. Leases**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1 April 2015, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

### **Company as a lessee**

A lease is classified at the inception date as a finance lease or an operating lease. A lease that retains substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term unless the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

### **Company as a lessor**

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

## **M. Inventories**

Inventories comprises of trading goods which are valued at the lower of cost and net realisable value.

Cost of traded goods includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

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

## **N. Impairment of non-financial assets**

The Company 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 assets is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. 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 group of assets.

When 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 assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss.

## **O. Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event,

# NOTES TO FINANCIAL STATEMENTS

for year ended March 31, 2017

it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

## **P. 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 expense, 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.

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund. 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. During the year 2017, Company has fully used funds for gratuity plan.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

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 purpose & such long term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. 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.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

## **Q. Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### **Financial assets**

#### ***Initial recognition and measurement***

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

# NOTES TO FINANCIAL STATEMENTS

for year ended March 31, 2017

## **Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

- 1) Debt instruments at amortised cost
- 2) Debt instruments at fair value through other comprehensive income (FVTOCI)
- 3) Debt instruments and equity instruments at fair value through profit or loss (FVTPL)
- 4) Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Company has categorised financial assets under category 1 & 3 and don't hold any assets under category 2 & 4.

## **Debt instruments at amortised cost**

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables. For more information on receivables, refer to Note 10.

## **Equity investments**

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

## **Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either
  - (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

## **Impairment of financial assets**

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables and all other financial assets with no significant financing component is measured at an amount equal to 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured for specific assets. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognized as an impairment gain or loss in profit or loss.

## **Financial liabilities**

### **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables as appropriate.



# NOTES TO FINANCIAL STATEMENTS

for year ended March 31, 2017

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings and financial guarantee contracts.

## **Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

### **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

### **Loans and borrowings**

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings. For more information refer Note 16.

### **Financial guarantee contracts**

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

### **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

## **R. Trust Shares as per Scheme of Amalgamation (refer Note 45)**

In pursuance to a Scheme of Amalgamation following trusts were created:

- Independent Non-Promoter Trust ("NPT")
- Independent Non-Promoter (Spice Employee Benefit) Trust ("EBT")

EBT holds equity shares of the Company for the benefit of the employees of the Company, its associates and subsidiaries and NPT holds equity shares for the benefit of the Company. Considering conservative interpretation of Ind AS 32, number of equity shares held by the NPT and EBT are reduced from total number of issued equity shares.

Equity shares that are held by two trusts are recognised at cost and deducted from Equity / Other Equity. No gain or loss is recognised in statement of profit and loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

## NOTES TO FINANCIAL STATEMENTS

for year ended March 31, 2017

### S. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above as they are considered an integral part of the Company's cash management.

#### Recent Accounting pronouncements

##### Standards issued but not yet effective

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and has amended the following standard:

#### (i) Amendment to Ind AS 7, Statement of Cash Flows :

The amendments to Ind AS 7 requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1 April 2017. Application of this amendments will not have any recognition and measurement impact. However, it will require additional disclosure in the financial statements.

#### (ii) Amendment to Ind AS 102 , Share-based Payment:

The MCA has issued amendments to Ind AS 102 that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction, the classification of a share-based payment transaction with net settlement features for withholding tax obligations, and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. The amendments are effective for annual periods beginning on or after 1 April 2017. The Group is assessing the potential effect of the amendments on its financial statements.

The Company will adopt these amendments from their applicability date.

# NOTES TO FINANCIAL STATEMENTS

for year ended March 31, 2017

## 3 Property, Plant and Equipment

Particulars	Building	Plant and Machinery	Office Equipments	Furniture and Fittings	Computers	Vehicle	Capital Work in Progress	Total
<b>As at 1st April '15 (At deemed cost)</b>	<b>393,985</b>	<b>37,408</b>	<b>27,153</b>	<b>25,993</b>	<b>6,416</b>	<b>10,853</b>	<b>70,520</b>	<b>738,805</b>
Additions	-	-	1,342	772	904	-	-	3,724
Disposals	-	-	31	-	-	-	-	31
Transferred to investment property	393,985	-	7,596	3,377	-	-	70,385	475,343
<b>At 31 Mar 2016</b>	<b>-</b>	<b>37,408</b>	<b>20,868</b>	<b>23,388</b>	<b>7,320</b>	<b>10,853</b>	<b>135</b>	<b>267,155</b>
Additions	-	-	295	-	-	-	(135)	272
Disposals	-	-	31	-	-	3,694	-	3,725
<b>At 31 Mar 2017</b>	<b>-</b>	<b>37,408</b>	<b>21,132</b>	<b>23,388</b>	<b>7,320</b>	<b>7,159</b>	<b>-</b>	<b>263,702</b>
<b>Depreciation</b>								
<b>At 1 April 2015</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Charge for the year	-	3,349	15,789	3,687	3,171	2,866	-	61,104
Disposals	-	-	24	-	-	-	-	24
<b>At 31 Mar 2016</b>	<b>-</b>	<b>3,349</b>	<b>15,765</b>	<b>3,687</b>	<b>3,171</b>	<b>2,866</b>	<b>-</b>	<b>61,080</b>
Charge for the year	-	3,349	3,504	3,751	2,759	2,435	-	48,210
Disposals	-	-	31	-	-	603	-	633
<b>At 31 Mar 2017</b>	<b>-</b>	<b>6,698</b>	<b>19,238</b>	<b>7,438</b>	<b>5,930</b>	<b>4,698</b>	<b>-</b>	<b>108,657</b>
<b>Net Book Value</b>								
<b>At 1 April 2015</b>	<b>393,985</b>	<b>37,408</b>	<b>27,153</b>	<b>25,993</b>	<b>6,416</b>	<b>10,853</b>	<b>70,520</b>	<b>738,805</b>
<b>At 31 Mar 2016</b>	<b>-</b>	<b>34,059</b>	<b>5,103</b>	<b>19,701</b>	<b>4,149</b>	<b>7,988</b>	<b>135</b>	<b>206,075</b>
<b>At 31 Mar 2017</b>	<b>-</b>	<b>30,710</b>	<b>1,894</b>	<b>15,950</b>	<b>1,391</b>	<b>2,461</b>	<b>-</b>	<b>155,047</b>

	As at 31 Mar 2017	As at 31 Mar 2016	As at 1 April 2015
Property, Plant & Equipment	155,047	205,940	668,285
Capital Work in Progress	-	135	70,520

For Property, Plant and Equipment existing as on 1 April 2015, i.e., its date of transition to Ind AS, the Company has used Indian GAAP carrying value as deemed costs.

# NOTES TO FINANCIAL STATEMENTS

for year ended March 31, 2017

## Building

Building with a carrying amount of Rs. Nil (31 March 2016: Rs. Nil, 1 April 2015: Rs. 393,985 thousand) were subject to a first charge to secure step down subsidiary's bank loans.

## Asset under construction

Amount of CWIP as on 31 March 2017 is Rs. Nil (31 March 2016: Rs. 135 thousand, 1 April 2015: Rs. 135 thousand).

**Fixed assets include following assets given on operating lease:**

Particulars	Gross Block		Depreciation*		Accumulated Depreciation		
	As at March 31, 2017	As at April 1, 2015	For the year ended March 31, 2017	For the year ended March 31, 2016	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Furniture & Fixture	23,388	22,616	3,751	3,687	7,438	3,687	-
Leasehold Improvement	167,294	166,477	32,412	32,242	64,654	32,242	-
Office Equipment	21,133	19,557	3,504	15,789	19,239	15,789	-
Plant & Machinery	37,408	37,408	3,349	3,349	6,698	3,349	-
<b>Total</b>	<b>249,223</b>	<b>246,058</b>	<b>43,016</b>	<b>55,067</b>	<b>98,029</b>	<b>55,067</b>	<b>-</b>

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



# NOTES TO FINANCIAL STATEMENTS

for year ended March 31, 2017

## 4 Investment Property

(Amount in Rs. 000)

	Free hold land	Building	Office Equipments	Furniture and Fittings	Capital Work in Progress	Total
<b>As at 1st April'15 (At deemed cost)</b>	-	-	-	-	-	-
Transferred from Property, Plant and Equipment	-	393,985	7,596	3,377	70,385	475,343
Additions	-	77,395	63	2,392	(70,385)	9,466
Disposals	-	-	-	-	-	-
<b>At 31 Mar 2016</b>	-	<b>471,380</b>	<b>7,659</b>	<b>5,769</b>	-	<b>484,809</b>
Transferred from Held for sale*	800	9,272	208	-	-	10,280
Additions	-	1,168	131	-	-	1,299
Disposals	-	77,395	63	2,392	-	79,851
<b>At 31 Mar 2017</b>	<b>800</b>	<b>404,425</b>	<b>7,935</b>	<b>3,377</b>	-	<b>416,537</b>
<b>Depreciation</b>						
<b>At 1 April 2015</b>						
Charge for the year	-	8,171	4,894	737	-	13,803
<b>At 31 Mar 2016</b>	-	<b>8,171</b>	<b>4,894</b>	<b>737</b>	-	<b>13,803</b>
Charge for the year	-	17,333	2,656	724	-	20,713
Disposals	-	2,237	22	415	-	2,674
<b>At 31 Mar 2017</b>	-	<b>23,267</b>	<b>7,528</b>	<b>1,046</b>	-	<b>31,842</b>
<b>Net Book Value</b>						
<b>At 1 April 2015</b>						
<b>At 31 Mar 2016</b>	-	463,209	2,765	5,032	-	471,006
<b>At 31 Mar 2017</b>	800	381,158	407	2,330	-	384,695

\*During the year, the Company has transferred assets held for sale of carrying value of Rs. 10,280 thousand to investment property.

### Information regarding income and expenditure of Investment property

(Amount in Rs. 000)

	Year ended 31 Mar 2017	Year ended 31 Mar 2016
Rental income derived from investment properties	38,699	29,243
Direct operating expenses (including repairs and maintenance) generating rental income	1,187	2,438
Direct operating expenses (including repairs and maintenance) that did not generate rental income	1,739	2,475
Profit arising from investment properties before depreciation and indirect expenses	<b>35,773</b>	<b>24,330</b>
Less - Depreciation	20,713	13,803
Profit arising from investment properties before indirect expenses	<b>15,060</b>	<b>10,527</b>

The Company's investment properties as on 31 March, 2017 consist of two office properties and one factory land and building in India.

Investment property with a carrying amount of Rs. Nil (31 March 2016: Rs. 471,006 thousand, 1 April 2015: Rs. Nil) were subject to a first charge to secure a step down subsidiary's bank loans.

As at 31 March 2017 and 31 March 2016, the fair values of the properties are Rs. 554,319 thousand and Rs. 510,157 thousand respectively. These valuations are based on valuations performed by accredited independent valuers.

The Company has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties.

Fair value hierarchy disclosures for investment properties have been provided in Note 40.

## NOTES TO FINANCIAL STATEMENTS

for year ended March 31, 2017

Reconciliation of fair value:

(Amount in Rs. 000)

<b>Opening balance as at 1st April'15</b>	-
Transfer from Property, Plant and Equipment	495,174
Addition during the year	9,466
Fair Value Difference	5,517
<b>Opening balance as at 31st Mar'16</b>	<b>510,157</b>
Fair Value Difference	12,862
Transfer from held for sale	129,000
Sales	97,700
<b>At 31 Mar 2017</b>	<b>554,319</b>

Description of valuation techniques used and key inputs to valuation on investment properties:

Investment properties	Valuation technique	Significant unobservable Inputs	Range	
			31-Mar-17	31-Mar-16
<b>Office properties</b>				
-Bangalore	Market Approach	Reference pricing	Sold during the year	Rs. 14,000-14,500 per sqft
-Kolkata	Market Approach	Reference pricing	Rs. 6,400 per sqft	Rs. 6,300 per sqft
-Rampur Land	Market Approach	Reference pricing	Rs. 156 Lacs- 165 Lacs per acre	-
-Rampur Building	Depreciated Replacement Cost		Rs 330 Lacs	-
-Mumbai	Market Approach	Reference pricing	Rs 13,723 per sqft	Rs 13,219 per sqft

The market approach uses prices and other relevant information generated by market transactions involving identical or complete assets. Valuation techniques consistent with the market approach often use market multiples derived from a set of comparables. Multiples might be in ranges with a different multiple for each comparable. The selection of the appropriate multiple within the range requires judgement, considering qualitative and quantitative factors specific to the measurement.

### 5 Intangible assets

(Amount in Rs. 000)

Particulars	Software	Intangible asset under development	Total
<b>As at 1st April'15 (At deemed cost)</b>	2,820	-	2,820
Additions	17	420	437
Disposals	-	-	-
<b>At 31 Mar 2016</b>	2,837	420	3,257
Additions	420	(420)	-
Disposals	-	-	-
<b>At 31 Mar 2017</b>	<b>3,257</b>	<b>-</b>	<b>3,257</b>
<b>Depreciation and Impairment</b>			
<b>At 1 April 2015</b>	-	-	-
Charge for the year	715	-	715
Disposals	-	-	-
<b>At 31 Mar 2016</b>	<b>715</b>	<b>-</b>	<b>715</b>
Charge for the year	752	-	752

# NOTES TO FINANCIAL STATEMENTS

for year ended March 31, 2017

(Amount in Rs. 000)

Particulars	Software	Intangible asset under development	Total
Disposals	-	-	-
<b>At 31 Mar 2017</b>	<b>1,467</b>	-	<b>1,467</b>
<b>Net Book Value</b>			
<b>At 1 April 2015</b>	2,820	-	2,820
<b>At 31 Mar 2016</b>	2,123	420	2,543
<b>At 31 Mar 2017</b>	1,790	-	1,790

	As at 31 Mar 2017	As at 31 Mar 2016	As at 1 April 2015
Software	1,790	2,123	2,820
Intangible asset under development	-	420	-

For Intangible assets existing as on 1 April 2015, i.e., its date of transition to Ind AS, the Company has used Indian GAAP carrying value as deemed costs.

## 6 Non current Investments

(Amount in Rs. 000)

Particulars	As at 31 Mar 2017	As at 31 Mar 2016	As at 1 April 2015
<b>Investment in equity instrument of Subsidiaries (unquoted)</b>			
Carried at cost, unless otherwise stated			
<b>Spice Digital Limited</b>			
35,470,674 (31 March 2016: 35,470,674, 1 April 2015: 35,470,674) equity shares of Rs.10 each fully paid up	88,974	88,974	88,974
<b>Hindustan Retail Private Limited</b>			
382,980,000 (31 March 2016: 315,530,000, 1 April 2015: 315,530,000) equity shares of Rs.10 each fully paid up (at cost less impairment in value Rs. 3,829,782 thousand (31 March 2016: Rs. 3,155,282 thousand, 1 April 2015: Rs. 3,155,282 thousand))	-	-	-
<b>Kimaan Exports Private Limited</b>			
20,000 (31 March 2016: 20,000, 1 April 2015: 20,000) equity shares of Rs.10 each fully paid up	456,212	456,212	456,212
Less : Transferred to held for sale ( refer note no.47(a))	(456,212)	-	-
	-	456,212	456,212
<b>Spice Retail Limited</b>			
Nil (31 March 2016: Nil, 1 April 2015: 794,262) equity shares of Rs.10 each fully paid up (at cost less impairment in value Rs. Nil (31 March 2016: Rs. Nil, 1 April 2015: Rs. 173,093 thousand))	-	-	-
<b>S Mobility (HK) Limited</b>			
10,000 (31 March 2016: 10,000, 1 April 2015: 10,000) equity shares of HKD 1 each fully paid up	64	64	64

## NOTES TO FINANCIAL STATEMENTS

for year ended March 31, 2017

(Amount in Rs. 000)

Particulars	As at 31 Mar 2017	As at 31 Mar 2016	As at 1 April 2015
<b>S Mobility Pte. Limited</b>			
Nil (31 March 2016: 285,000, 1 April 2015: 285,000) equity shares of SGD 1 each fully paid up (at cost less impairment in value Rs. Nil (31 March 2016: Rs. 11,877 thousand, 1 April 2015: Rs. 11,877 thousand))	-	529	529
<b>Omniventures Private Limited</b>			
10,000 (31 March 2016: Nil, 1 April 2015: Nil) equity shares of Rs.10 each fully paid up	100	-	-
<b>Spice IOT Solutions Private Limited</b>			
10,000 (31 March 2016: Nil, 1 April 2015: Nil) equity shares of Rs.10 each fully paid up	100	-	-
<b>S Mobile Devices Limited</b>			
Nil (31 March 2016: Nil, 1 April 2015: 50,000) equity shares of Rs.10 each fully paid up	-	-	500
<b>Investment in equity instruments (unquoted) at FVTPL</b>			
<b>S Mobile Devices Limited</b>			
50,000 (31 March 2016: 50,000, 1 April 2015: Nil) equity shares of Rs.10 each fully paid up	500	500	-
<b>Investment in equity instruments (quoted) at FVTPL</b>			
<b>Godfrey Phillips India Limited</b>			
Nil (31 March 2016: 86,500, 1 April 2015: 86,500) equity shares of Rs.2 each fully paid up	-	103,169	36,460
<b>Spicejet Limited</b>			
Nil (31 March 2016: 140,288, 1 April 2015: 140,288) equity shares of Rs.10 each fully paid up	-	8,971	3,044
<b>Government and trust securities (unquoted) at FVTPL</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
	<b>89,788</b>	<b>658,469</b>	<b>585,833</b>
Aggregate book value of quoted investments	-	112,140	39,504
Aggregate market value of quoted investments (refer note fair value)	-	112,140	39,504
Aggregate amount of unquoted investments	89,788	546,330	546,330
Aggregate amount of impairment in value of investments	3,829,782	3,167,158	3,340,251

### Impairment of unquoted investments

In the current year, the Company has identified an impairment of Rs. 674,500 thousand (31 March 2016: Nil) in respect of further investments made in a subsidiary during the year, as the net worth of said company has fully eroded. The impairment loss has been recognised as exceptional items (refer note no 31). The investment made till March 31, 2016 was already impaired in earlier years.

For Investment in Subsidiaries existing as on 1 April 2015, i.e., its date of transition to Ind AS, the Company has used Indian GAAP carrying value as deemed costs.



# NOTES TO FINANCIAL STATEMENTS

for year ended March 31, 2017

## 7 Non Current Loans and Advances

(Amount in Rs. 000)

Particulars	As at 31 Mar 2017	As at 31 Mar 2016	As at 1 April 2015
<b>Unsecured, considered good</b>			
Loans to related parties (Refer Note 37)	-	-	13,333
Loans to employees	69	336	9,134
	<b>69</b>	<b>336</b>	<b>22,467</b>

## 7A Other Non Current Financial Assets

(Amount in Rs. 000)

Particulars	As at 31 Mar 2017	As at 31 Mar 2016	As at 1 April 2015
<b>Unsecured, considered good</b>			
Security Deposits to related party (Refer Note 37)	7,191	6,479	5,836
Other security deposits	516	516	516
	<b>7,707</b>	<b>6,995</b>	<b>6,352</b>
<b>Doubtful</b>			
Share Application Money to related party* (Refer Note 37)	99,000	-	-
Less : Provision for impairment in value of share application money to related party	99,000	-	-
	<b>7,707</b>	<b>6,995</b>	<b>6,352</b>

\* In the current year, the Company has paid Rs.99,000 thousand for investment in equity shares of a subsidiary. The shares are pending for allotment and the Company has identified impairment of Rs.99,000 for the investment made as the net worth of said company has fully eroded. The impairment loss has been identified as exceptional items ( Refer Note 31).

Loans and receivables are non-derivative financial assets which generate a fixed or variable interest income for the Company. The carrying value may be affected by changes in the credit risk of the counterparties.

## 8 Other Non-Current assets

(Amount in Rs. 000)

Particulars	As at 31 Mar 2017	As at 31 Mar 2016	As at 1 April 2015
Capital Advances	-	1,266	4,364
Prepaid rent to related party (Refer Note 37)	1,466	2,143	2,820
Balances with statutory / government authorities	2,000	2,000	2,002
	<b>3,466</b>	<b>5,409</b>	<b>9,186</b>

## 9 Inventories

(Amount in Rs. 000)

Particulars	As at 31 Mar 2017	As at 31 Mar 2016	As at 1 April 2015
Traded Goods	20	191	-
Total Inventory at lower of cost or Net Realisable Value	<b>20</b>	<b>191</b>	<b>-</b>

## NOTES TO FINANCIAL STATEMENTS

for year ended March 31, 2017

### 10 Trade receivables

(Amount in Rs. 000)

Particulars	As at 31 Mar 2017	As at 31 Mar 2016	As at 1 April 2015
Unsecured, considered good from a related party (Refer Note 37)	30,956	-	-
Considered doubtful from related parties (Refer Note 37)	368,203	481,287	71,082
	<b>399,159</b>	<b>481,287</b>	<b>71,082</b>
Less : Allowance for doubtful debts from related parties	368,203	481,287	-
	30,956	-	71,082
	<b>30,956</b>	<b>-</b>	<b>71,082</b>

No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

For terms and conditions relating to related party receivables, refer Note 37.

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

### 11A Cash and cash equivalent

(Amount in Rs. 000)

Particulars	As at 31 Mar 2017	As at 31 Mar 2016	As at 1 April 2015
Cash and cash equivalents			
Balance with Banks on current accounts	17,032	19,371	11,342
Cash on hand	13	23	4
Deposits with original maturity of less than three months	0	30,721	2,038
	<b>17,045</b>	<b>50,115</b>	<b>13,384</b>

### 11B Bank Balances other than 11A above

(Amount in Rs. 000)

Particulars	As at 31 Mar 2017	As at 31 Mar 2016	As at 1 April 2015
Unclaimed dividend accounts	5,940	6,271	6,736
Deposit with remaining maturity for less than 12 months	24,909	-	-
Margin Money deposits	8,713	202,976	211,700
	<b>39,562</b>	<b>209,247</b>	<b>218,436</b>

Balance with banks on current account does not earn interest. Deposit with banks earns interest at fixed rates based on bank deposit rates for the tenor of deposit at the time of placing the deposit. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

The Company has pledged a part of its deposits to fulfil collateral requirements against bank guarantee of Rs 1,213 thousand (31st March 2016 :Rs 539 thousand, 1st April 2015 : Rs 539 thousand). In addition, deposits are kept as collateral against corporate guarantees ( Refer to Note 36(D) for further details).

# NOTES TO FINANCIAL STATEMENTS

for year ended March 31, 2017

## 12A Current loans and advances

(Amount in Rs. 000)

Particulars	As at 31 Mar 2017	As at 31 Mar 2016	As at 1 April 2015
<b>Unsecured, considered good</b>			
Loans to related parties (Refer Note 37)	-	-	425,693
Advances Recoverable in Cash or Kind	10,000	10,257	806
Loans to employees	269	269	3,603
	10,269	10,526	430,102
<b>Unsecured, Considered Doubtful</b>			
Loans to related parties (Refer Note 37)	-	133,045	-
Advances Recoverable in Cash or Kind	490	490	490
	490	133,535	490
<b>Allowances for Bad and doubtful</b>			
Loans to related parties (Refer Note 37)	-	133,045	-
Advances Recoverable in Cash or Kind	490	490	490
	490	133,535	490
	<b>10,269</b>	<b>10,526</b>	<b>430,102</b>

Loans to related parties are non-derivative financial assets which generate a fixed interest income for the Company. The carrying value may be affected by changes in the credit risk of the counterparties.

## 12B Other current Financial assets

(Amount in Rs. 000)

Particulars	As at 31 Mar 2017	As at 31 Mar 2016	As at 1 April 2015
<b>Unsecured, considered good</b>			
Security Deposits	75	75	75
Interest accrued on fixed deposits	562	10,658	11,135
Interest accrued on loan to related parties (Refer Note 37)	-	-	25,556
Interest accrued on loan to employees and others	2,184	1,050	-
Rent and other receivable from related parties (Refer Note 37)	17,383	20,160	5,013
Receivable against fixed assets sold to related parties (Refer Note 37)	-	-	17,500
Rent and Other Receivables from others	113	574	105
	<b>20,317</b>	<b>32,517</b>	<b>59,384</b>
<b>Doubtful</b>			
Security Deposits;	210	210	210
Interest accrued on loan to related parties (Refer Note 37)	2,038	17,804	-
Rent and Other Receivables - From related parties (Refer Note 37)	10,161	-	-
Other Receivables - From others	1,734	1,734	-
<b>Allowances for Bad &amp; doubtful</b>	<b>14,143</b>	<b>19,748</b>	<b>210</b>
Security Deposits	210	210	210
Interest accrued on loan to related parties (Refer Note 37)	2,038	17,804	-
Rent and Other Receivables - From related parties (Refer Note 37)	10,161	-	-
Other Receivables - From others	1,734	1,734	-
	<b>14,143</b>	<b>19,748</b>	<b>210</b>
	<b>20,317</b>	<b>32,517</b>	<b>59,384</b>

# NOTES TO FINANCIAL STATEMENTS

for year ended March 31, 2017

## 13 Current Tax assets (Net)

(Amount in Rs. 000)

Particulars	As at 31 Mar 2017	As at 31 Mar 2016	As at 1 April 2015
Advance Income-Tax	97,977	189,097	160,157
	<b>97,977</b>	<b>189,097</b>	<b>160,157</b>

## 14 Other current assets

(Amount in Rs. 000)

Particulars	As at 31 Mar 2017	As at 31 Mar 2016	As at 1 April 2015
Prepaid expenses	1,682	2,088	2,630
Interest accrued on Income Tax Refund	-	1,987	-
Prepaid rent to related party (Refer Note 37)	677	677	677
Balance with Government Authorities	7,809	3,779	-
Advance to Suppliers	1,460	-	-
	<b>11,628</b>	<b>8,531</b>	<b>3,307</b>

## 15 Share Capital

(Amount in Rs '000)

	As at 31 Mar 2017	As at 31 Mar 2016	As at 1 April 2015
<b>Authorized</b> 330,000,000 (31 March 2016: 330,000,000, 1 April 2015: 330,000,000) equity shares of Rs. 3 each	990,000	990,000	990,000
<b>Issued, subscribed and fully paid-up</b> 227,863,982 (31 March 2016: 227,863,982, 1 April 2015: 227,863,982) equity shares of Rs. 3 each	683,592	683,592	683,592
Less: Equity share held by Independent Non-Promoter (Spice Employee Benefit) Trust / Independent Non-Promoters Trust (face value of 47,182,967 (March 31, 2016 :47,202,967, March 31, 2016 :47,202,967) shares transferred to the trust pursuant to the Scheme of Amalgamation) (refer to note 45)	(141,549)	(141,609)	(141,609)
	<b>542,043</b>	<b>541,983</b>	<b>541,983</b>

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

	Nos.	Rs.'000
At the beginning of the year as at 1st April'15	227,863,982	683,592
Outstanding as at 31st Mar'16	227,863,982	683,592
Outstanding as at 31st Mar'17	227,863,982	683,592

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

The Company has only one class of equity shares having par value of Rs. 3 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees.

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



# NOTES TO FINANCIAL STATEMENTS

for year ended March 31, 2017

## (c) Shares held by holding company

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

Amount in Rs '000)		
	As at 31 Mar 2017	As at 31 Mar 2016
<b>Holding Company</b>		
Spice Connect Private Limited (formerly Smart Ventures Private Limited), the holding company		
169,447,570 (31 March 2016: 169,447,570, 1 April 2015: 169,447,570) equity shares of Rs. 3 each fully paid	508,343	508,343

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

Name of the shareholder	As at 31 Mar 2017		As at 31 Mar 2016	
	Nos.	% holding in the class	Nos.	% holding in the class
<i>Equity shares of Rs. 3 each fully paid</i>				
Spice Connect Private Limited (formerly Smart Ventures Private Limited), the holding company	169,447,570	74.36%	169,447,570	74.36%
Independent Non Promoter Trust	35,281,215	15.48%	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.

- (e) No shares have been allotted without payment of cash or by way of bonus shares during the period of five years immediately preceding the balance sheet date.

## 16 Non Current borrowings

(Amount in Rs. 000)			
Particulars	As at 31 Mar 2017	As at 31 Mar 2016	As at 1 April 2015
<b>Secured</b>			
<b>Term Loans</b>			
- Rupee Vehicle Loans from Bank(secured)	-	2,032	2,855
Less:- Current Maturity of Long Term Borrowings		(918)	(823)
	-	1,114	2,032

Indian rupee loan from IndusInd Bank Limited amounting to Rs. Nil (31 March 2016: 2,032 thousand ,1 April 2015: Rs. 2,855 thousand) carried rate of interest of 11%. This loan was settled during the year.

The loan together with interest and other charges were secured by first charge over the vehicle purchased out of proceeds of the loan amount .

The loans didn't carry any debt covenant.

## 17 Other Non Current Financial Liabilities

(Amount in Rs. 000)			
Particulars	As at 31 Mar 2017	As at 31 Mar 2016	As at 1 April 2015
<b>At amortised Cost</b>			
Security Deposits	13,581	16,400	6,025
	13,581	16,400	6,025

# NOTES TO FINANCIAL STATEMENTS

for year ended March 31, 2017

## 18 Non Current Provisions

(Amount in Rs. 000)

Particulars	As at 31 Mar 2017	As at 31 Mar 2016	As at 1 April 2015
Provision for employee benefit Gratuity	2,490	381	788
	<b>2,490</b>	<b>381</b>	<b>788</b>

## 19 Other non-current liabilities

(Amount in Rs. 000)

Particulars	As at 31 Mar 2017	As at 31 Mar 2016	As at 1 April 2015
Rent Received in Advance	3,885	6,859	2,404
	<b>3,885</b>	<b>6,859</b>	<b>2,404</b>

## 20 Current Trade payables

(Amount in Rs. 000)

Particulars	As at 31 Mar 2017	As at 31 Mar 2016	As at 1 April 2015
Trade Payable (refer to note 49 for MSME disclosure)	11,367	114,483	12,031
Trade Payable to related parties (Refer Note 37)	59,810	34,769	15,492
	<b>71,177</b>	<b>149,252</b>	<b>27,523</b>

## 21 Other Current Financial liabilities

(Amount in Rs. 000)

Particulars	As at 31 Mar 2017	As at 31 Mar 2016	As at 1 April 2015
Creditor for Capital Goods	287	1,172	531
Current maturities of long term borrowings	-	918	823
Unpaid dividends	5,940	6,270	6,736
Employee related liabilities (includes salary payable and variable compensation)			
- to related parties	562	553	432
- to other employees	8,084	8,250	19,759
	<b>14,873</b>	<b>17,163</b>	<b>28,281</b>

Terms and conditions of the above financial liabilities:

- Trade payables and creditor for capital goods are non-interest bearing and are normally settled on 60-day terms
- Financial Liabilities are non-interest bearing and have an average term of six months
- For terms and conditions with related parties, refer to Note 37

For explanations on the Company's credit risk management processes, refer to Note 41.

## 22 Other current liabilities

(Amount in Rs. 000)

Particulars	As at 31 Mar 2017	As at 31 Mar 2016	As at 1 April 2015
Employee Statutory deductions	137	74	235
Rent Received in Advance	1,600	2,100	776
TDS Payable	1,523	2,449	4,257
Advance from customers and their credit balances	-	313	-
Indirect Taxes and Duties Payable	2	678	-
	<b>3,262</b>	<b>5,614</b>	<b>5,268</b>

# NOTES TO FINANCIAL STATEMENTS

for year ended March 31, 2017

## 23 Current Provisions

(Amount in Rs. 000)

Particulars	As at 31 Mar 2017	As at 31 Mar 2016	As at 1 April 2015
Provision for liability payout of step down Subsidiary Company*	335,000	-	-
Provision for employee benefit			
Gratuity	52	379	1,135
Leave Encashment	2,501	3,863	7,934
	<b>337,553</b>	<b>4,242</b>	<b>9,069</b>
Current Tax Liabilities (Net)	-	-	9,089
	<b>-</b>	<b>-</b>	<b>9,089</b>

\* Company has provided for Rs. 335,000 thousand towards expected liability against the net obligation of a step down subsidiary Company (refer note 36D).

### Movement of Provision:

(Amount in Rs. 000)

Particulars	As at 31 Mar 2017	As at 31 Mar 2016	As at 1 April 2015
At the beginning of the year	-	-	-
Arising during the year	335,000	-	-
Reversed during the year	-	-	-
<b>At the end of the year</b>	<b>335,000</b>	<b>-</b>	<b>-</b>

## 24 Revenue from Operation

(Amount in Rs '000)

Particulars	Year ended 31 Mar 2017	Year ended 31 Mar 2016
Traded goods	1,547,224	1,528,643
	<b>1,547,224</b>	<b>1,528,643</b>

## 25 Other Income

(Amount in Rs '000)

Particulars	Year ended 31 Mar 2017	Year ended 31 Mar 2016
Interest received on financial assets -Carried at amortised cost		
On Bank Deposits	14,756	17,819
On loan to an Employee and Bodies corporate	8,954	29,305
On Others	713	650
Interest on income tax refund	14,711	1,987
Rent Received	84,328	92,578
Income on foreign exchange fluctuation(net)	-	359
Dividend income on :-		
Long-term investments from others	-	692
Profit on sale of Investment property	23,729	-
Profit on sale of Investments in equity at fair value through profit or loss	2,182	-
Fair value gain on financial instruments at fair value through profit or loss*	-	72,636
Maintenance charges recovery	7,203	1,169
Miscellaneous income	5,197	138
	<b>161,773</b>	<b>217,333</b>

\* Fair value gain on financial instruments at fair value through profit or loss relates to Non Current investment.

# NOTES TO FINANCIAL STATEMENTS

for year ended March 31, 2017

## 26 Decrease/(Increase) in inventories of traded goods

	Year ended 31 Mar 2017 Rs. '000	Year ended 31 Mar 2016 Rs. '000
Inventories at the end of the year		
Traded goods	20	191
	20	191
Inventories at the start of the year		
Traded goods	191	-
	191	-
Decrease/(Increase)	171	(191)

### Details of purchase of traded goods

	Year ended 31 Mar 2017 Rs. '000	Year ended 31 Mar 2016 Rs. '000
Mobile handsets	1,516,519	1,497,409
	1,516,519	1,497,409

## 27 Employee benefits expense

	Year ended 31 Mar 2017 Rs. '000	Year ended 31 Mar 2016 Rs. '000
Salaries, wages and bonus	22,397	25,871
Contribution to provident fund and other funds	779	1,550
Leave encashment expenses	901	1,181
Gratuity expense (refer note no 35)	627	420
Staff welfare expenses	2,132	3,430
	26,836	32,452

## 28 Other expenses

	Year ended 31 Mar 2017 Rs. '000	Year ended 31 Mar 2016 Rs. '000
Electricity and water	15,728	16,534
Freight and forwarding charges	-	4
Loss on foreign exchange fluctuation(net)	54	-
Rent	31,580	33,233
Rates and taxes	2,409	2,543
Insurance	1,974	1,803
Repairs and maintenance	-	-
- Buildings	4,156	4,236
- Others	8,674	7,476
Advertising and sales promotion	829	200
Loss on disposal of Property, plant & equipment (net)	424	7
Travelling and conveyance	8,555	8,944
Communication costs	2,182	2,253
Printing and stationery	619	1,974
Legal and professional fees	14,668	11,648
Payment to Statutory Auditors (refer note A below)	4,252	4,793
Directors' sitting fees	834	780
Loss on sale of non-current investment in a Subsidiary Company	1,076	-



## NOTES TO FINANCIAL STATEMENTS

for year ended March 31, 2017

	Year ended 31 Mar 2017 Rs.'000	Year ended 31 Mar 2016 Rs.'000
Provision for doubtful advances	11,374	1,160
Security and Housekeeping Expenses	9,816	7,876
Bank charges	52	49
Corporate Social Responsibility Expenses (refer note B below)	-	4,528
Brokerage and Commission	232	7,571
Miscellaneous expenses	5,343	3,965
	<b>124,831</b>	<b>121,577</b>

### A. Payment to Statutory Auditors

	Year ended 31 Mar 2017 Rs.'000	Year ended 31 Mar 2016 Rs.'000
As auditor:		
Statutory Audit fees	1,570	1,834
Tax audit fees	291	251
Limited reviews	2,038	2,254
Other services (certification fees)	102	226
Reimbursement of expenses	251	228
	<b>4,252</b>	<b>4,793</b>

### B. Details of CSR expenditure

	Year ended 31 Mar 2017 Rs.'000	Year ended 31 Mar 2016 Rs.'000
a. Gross amount required to be spent by the Company during the year	(30,099)	4,528
b. Amount spent during the year ending :		
i) Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above in cash	-	4,528
ii) On purposes other than (i) above yet to be paid	-	-

### 29 Depreciation and amortization expense

	Year ended 31 Mar 2017 Rs.'000	Year ended 31 Mar 2016 Rs.'000
Depreciation of tangible assets	48,210	61,104
Amortization of intangible assets	752	715
Depreciation of investment property	20,713	13,803
	<b>69,675</b>	<b>75,622</b>

### 30 Finance costs

	Year ended 31 Mar 2017 Rs.'000	Year ended 31 Mar 2016 Rs.'000
Interest expense on financial liabilities carried at amortised cost	1,946	(59)
	<b>1,946</b>	<b>(59)</b>

# NOTES TO FINANCIAL STATEMENTS

for year ended March 31, 2017

## 31 Exceptional items

	Year ended 31 Mar 2017 Rs.'000	Year ended 31 Mar 2016 Rs.'000
Provision made/(Reversal of provision) for doubtful loans, debts and advances of subsidiary Companies	(263,107)	632,135
Provision for liability payout of subsidiary (Refer note No 36d)	335,000	-
Provision made/(reversed) for impairment in the value of long term investments/share application money to a subsidiary company	773,500	(7,942)
	<b>845,393</b>	<b>624,193</b>

## 32 Items that will not be reclassified to Profit and Loss

	Year ended 31 Mar 2017 Rs.'000	Year ended 31 Mar 2016 Rs.'000
Remeasurements of net defined benefit liability/asset	319	67
	<b>319</b>	<b>67</b>

## 33 Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the profit/(loss) for the year attributable to equity holders by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit/(loss) attributable to equity holders (after adjusting impact on profit of dilutive potential equity shares) by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

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

	Year ended 31 Mar 2017 Rs.'000	Year ended 31 Mar 2016 Rs.'000
(Loss) attributable to equity holders of the Company for basic and diluted earnings	(875,040)	(580,871)
<b>Weighted average (net) number of equity shares in calculating basic and diluted EPS</b>	<b>227,863,982</b>	<b>227,863,982</b>
Basic and diluted earning per share of Rs 3 each (in Rs.)	(3.84)	(2.55)

## 34. Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

### Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

#### Operating lease commitments – Company as lessor

The Company has entered into commercial property leases on its investment property portfolio. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the fair value of the asset, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

#### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were

# NOTES TO FINANCIAL STATEMENTS

for year ended March 31, 2017

prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

## Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

The Company has carried forward tax losses. These losses expire in 8 years and may not be used to offset taxable income elsewhere in the Company. The Company neither have any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Company has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

## Fair Value measurement of financial Instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

## Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future, salary increases and gratuity increases are based on expected future inflation rates.

Further details about gratuity obligations are given in Note 35.

## Useful lives of depreciable assets

The management estimates the useful lives and the residual value of depreciable assets based on technical evaluation. These assumptions are reviewed at each reporting date.

### 35. Gratuity (defined benefit plan)

	Year ended 31 Mar 2017 Rs.'000	Year ended 31 Mar 2016 Rs.'000	As at 1 April 2015 Rs.'000
Gratuity plan	2,542	760	1,923
<b>Total</b>	<b>2,542</b>	<b>760</b>	<b>1,923</b>

(face value of 47,182,967 (March 31, 2016 :47,202,967, April 1, 2015 :47,202,967) shares transferred to the trust pursuant to Scheme of Amalgamation) (Refer to note 45)

The Company has a defined benefit gratuity plan. The gratuity plan is governed by the Payment of Gratuity Act, 1972. 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 was partially funded with an insurance company in the form of a qualifying insurance policy. The level of benefits provided depends on the member's length of service and salary at the time of departure.

## NOTES TO FINANCIAL STATEMENTS

for year ended March 31, 2017

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

### Statement of profit and loss

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

	Gratuity	
	As at 31 Mar 2017 Rs. '000	As at 31 Mar 2016 Rs. '000
Current service cost	458	271
Interest cost on benefit obligation	169	149
<b>Net benefit expense</b>	<b>627</b>	<b>420</b>

### Balance sheet

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

	Gratuity	
	Year ended 31 Mar 2017 Rs. '000	Year ended 31 Mar 2016 Rs. '000
Opening defined benefit obligation	2,112	3,228
Obligation of employee transferred from another company	1,000	(1,018)
Current service cost	458	271
Interest cost	169	250
<b>Expenses Recognised in Profit and loss statement</b>	<b>627</b>	<b>521</b>
Benefits paid*	(1,000)	(530)
Actuarial (Gain)/Loss on arising from Change in Demographic Assumption	-	-
Actuarial (Gain)/Loss arising from change in financial assumption	82	(24)
Actuarial (Gain)/Loss arising from experience adjustment	(279)	(65)
Total Change in defined benefit obligation due to change in actuarial losses/(gains)	(197)	(89)
<b>recognised in OCI</b>		
<b>Closing defined benefit obligation</b>	<b>2,542</b>	<b>2,112</b>

\* Amount has been paid directly by the Company.

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

	Gratuity	
	Year ended 31 Mar 2017 Rs. '000	Year ended 31 Mar 2016 Rs. '000
Opening fair value of plan assets	1,353	1,305
Expected return	-	101
Transferred to another company	(1,475)	
Fund Management Charge		(32)
Actuarial gain /(loss) for the year on Asset recognised in OCI	122	(21)
<b>Closing fair value of plan assets</b>	<b>-</b>	<b>1,353</b>

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

	Year ended 31 Mar 2017	Year ended 31 Mar 2016	As at 1 April 2015
Investments with insurer	-	100%	100%



# NOTES TO FINANCIAL STATEMENTS

for year ended March 31, 2017

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

	Year ended 31 Mar 2017	Year ended 31 Mar 2016	As at 1 April 2015
Discount rate	7.35%	8.00%	7.75%
Future Salary increase	8.00%	8.00%	8.00%
Retirement Age	58 Years	58 Years	58 Years
Employee turnover			
- Upto 30 years	4.00%	4.00%	4.00%
- 31-44 years	4.00%	4.00%	4.00%
- Above 44 years	1.00%	1.00%	1.00%
Mortality rate	100% of IALM		

A quantitative sensitivity analysis for significant assumption as at 31 March 2017 is as shown below::

	Year ended 31 Mar 2017		Year ended 31 Mar 2017	
	Discount Rate		Future Salary Increase	
Sensitivity Level	0.5% Increase	0.5% Decrease	0.5% Increase	0.5% Decrease
Impact on Defined benefit obligation	(64)	67	67	(64)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following payments are expected contributions to the defined benefit plan in future years:

	Gratuity	
	Year ended 31 Mar 2017	Year ended 31 Mar 2016
Within next 12 months	52	1,015
Between 2-5 Years	175	62
Between 5-10 years	211	105
Beyond 10 years	2,104	930
<b>Total expected payments</b>	<b>2,542</b>	<b>2,112</b>

The average duration of the defined benefit plan obligation at the end of the reporting period is 12.29 years (31 March 2016: 12.04 years).

## 36. Commitments and contingencies

### A. Leases

#### Operating lease commitments — 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. 28,813 thousand for the year ended March 31, 2017 (31 March 2016: 31,016 thousand).

#### Operating lease commitments – Company as lessor

The Company has leased its leasehold improvements at building located in Noida and leased its investment property at Rampur, through a lease agreement. The lease is cancellable and there are no restrictions imposed by the lease agreement and there are no contingent rents.

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

## NOTES TO FINANCIAL STATEMENTS

for year ended March 31, 2017

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

	<b>Year ended 31 Mar 2017 Rs. '000</b>	<b>Year ended 31 Mar 2016 Rs. '000</b>	<b>As at 1 April 2015 Rs. '000</b>
Within one year	25,064	35,267	4,683
After one year but not more than five years	31,644	71,981	781
More than five years	-	-	-
	<b>56,708</b>	<b>107,248</b>	<b>5,464</b>

### B. Commitments

- Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. Nil (March 2016, Rs. 1,149 thousand, 1 April 2015 Rs. 4,604 thousand).
- The Company has given comfort letter on behalf of two of its step down 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. Company has fully provided possible obligation against the said comfort letter.

### C. Contingent liabilities

**Claims against the Company not acknowledged as debts**

**Legal claim contingency**

- Income Tax Demands being disputed by the Company Rs.67,231 thousand (March 2016, Rs 138,891 thousand, 1 April 2015 Rs.152,716 thousand).Further in respect of assessment year 2010-11, the Company has received a notice from Income tax authorities wherein income has been enhanced by Rs.75,338 thousand.The effect of the order has not yet been given.The Company has filed an appeal against the said notice.The notice has an income tax impact of Rs.25,607 thousand approximately plus interest.\*
- Sales tax demands being disputed by the Company Rs. 4742 thousand (March 2016, Rs Nil, 1 April 2015 Rs. Nil 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 (March 2016, 40,860, 1 April 2015 Rs. 40,860 thousand).\*
- Demand raised by the Excise Authorities being disputed by the Company Rs. 66,263 thousand (March 2016 Rs. 66,263 thousand, 1 April 2015 Rs 66,263 thousand).The Company has deposited Rs. 2,000 thousand (March 2016 Rs. 2,000 thousand, 1 April 2015 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 .

\* Based on technical/legal advise, the Company has fair chances of success in all these cases and thus chances of liability devolving on the company is not probable and hence no provision in respect thereof has been made in the books.

### D. Financial guarantees

- The Company has pledged its fixed deposit of Rs. 10,000 thousand (March 2016, Rs 7,500 thousand , 1 April 2015, Rs 31,138 thousand) in respect of the overdraft facility taken by a step down subsidiary Company.
- The Company has given corporate guarantee of Rs 1,050,000 thousand (March 2016 Rs 2,550,000 thousand, 1 April 2015 Rs 2,050,000) and pledged fixed deposits of Rs. Nil (March 2016 Rs 195,476 thousand , 1 April 2015 Rs. 180,562 thousand) in respect of letter of credit facility taken by a step down subsidiary company to the extent of Rs. 262,955 thousand outstanding as on March 31, 2017 where the Company is jointly and severally liable. Company has fully provided possible obligation against the said Corporate Guarantees.
- The Company has given corporate guarantee and pledged fixed deposits of Rs.7,500 thousand (March 2016 Rs Nil, 1 April 2015 Rs. Nil) in respect of bank guarantee/bill discounting facility taken by a step down subsidiary company, where the Company is jointly and severally liable.
- The net worth of the step down Subsidiary Company for whom corporate guarantees have been issued and fixed deposits have been pledged has been fully eroded and at present Company is not engaged in any business.Accordingly, Company has made a provision of Rs 335,000 thousand towards liabilities of step down subsidiary, based on financial statement for the year ended March 31, 2017.

# NOTES TO FINANCIAL STATEMENTS

for year ended March 31, 2017

## 37. Related party transactions

In accordance with the requirements of Ind AS - 24 'Related Party Disclosures', names of the related parties, related party relationship, transactions and outstanding balances including commitments where control exists and with whom transactions have taken place during reported periods are:

### Entity with significant influence:

<b>Ultimate Holding Company</b>	Smart Global Corporate Holding Private Limited
<b>Holding Company</b>	Spice Connect Private Limited
<b>Subsidiaries including step down subsidiaries</b>	<p>Spice Digital Limited</p> <p>New Spice Sales and Solutions Limited (formerly known as Spice Retail Limited )</p> <p>Hindustan Retail Private Limited</p> <p>Kimaan Exports Private Limited</p> <p>Spice Labs Private Limited</p> <p>Cellucom Retail India Private Limited</p> <p>Spice Online Private Limited ( Formerly Known as Spice Online Retail Private Limited)</p> <p>Mobisoc Technology Private Limited</p> <p>S Global Services Pte Ltd.(Formerly known as SGIC Pte Ltd.)</p> <p>Spice VAS (Africa) Pte. Ltd.</p> <p>Spice Digital Nigeria Limited</p> <p>Beoworld Sdn. Bhd</p> <p>Spice VAS Uganda Ltd.</p> <p>Spice VAS Kenya Limited</p> <p>S Mobility (HK) Ltd.</p> <p>S Mobile Devices Limited (till 18.02.2016)</p> <p>S Mobility Pte Ltd.</p> <p>Spice VAS Ghana Ltd.</p> <p>Spice VAS Zambia Ltd.</p> <p>Spice Digital South Africa (Pty) Ltd.</p> <p>Spice VAS Tanzania Limited.</p> <p>Spice Digital (Bangladesh) Limited.</p> <p>S Retail General Trading LLC (till 23.10.2016)</p> <p>S Retail Middle East FZE (till 23.10.2016)</p> <p>PT Spice Digital Indonesia Ltd (w.e.f. 07.04.2016)</p> <p>Hotspot Sales &amp; Solutions Pvt Ltd (w.e.f. 01.06.2016)</p> <p>Omniventures Private Limited (w.e.f 07.06.2016)</p> <p>Omnia Pte Ltd (w.e.f 17.02.2017)</p> <p>SVA Mauritius P Ltd (w.e.f. 04.10.2016)</p> <p>Spice VAS RDC Ltd. (w.e.f. 08.04.2016)</p> <p>Spice Digital FZCO (w.e.f. 26.03.2017)</p> <p>Spice IOT Solutions Private Limited (w.e.f 29.10.2016)</p>
<b>Enterprises which are under common control</b>	<p>Smart Dream Private Limited</p> <p>Wall Street Finance Limited</p> <p>Plus Paper Foodpac Limited</p> <p>V Corp Merchantile Limited</p> <p>PT Selular Media Infotama</p>

## NOTES TO FINANCIAL STATEMENTS

for year ended March 31, 2017

<b>Key Management Personnel</b>	Mr. Dilip Modi (Executive Chairman- w.e.f 30.11.2015)
	Mr. Prashant Bindal- Chief Executive Officer (w.e.f. 27.08.2014 till 30.11.2015)
	Mr. Subramanian Murali- President Finance (till 30.04.2015)
	Mr. Subramanian Murali (Non Executive Director- w.e.f 07.05.2015)
	Mr. Umang Das (Independent Director- w.e.f 07.05.2015)
	Mr. Suman Ghosh Hazra (Independent Director- w.e.f 07.05.2015)
	Mr. Hanif Mohamed Dahya (Independent Director- w.e.f 07.05.2015)
	Ms. Preeti Malhotra- Non- Executive Director
	Mr. Kashi Nath Memani (Independent Director- till 01.06.2015)
	Mr. Rajul Garg (Non -Executive Director- till 15.05.2015)
	Mr. Subrato Chattopadhyay (Independent Director- till 15.05.2015)
	Mr. Madhusudan V.(Chief Financial Officer)
	Mr. M R Bothra (Company Secretary)

Particulars	2016-17	2015-16	1-Apr-15
<b>Sale of Goods</b>	<b>1,547,224</b>	<b>1,528,643</b>	
New Spice Sales and Solutions Limited	458,970	1,528,643	
Hotspot Sales & Solutions Pvt Ltd	1,088,254		
<b>Interest Income</b>	<b>7,821</b>	<b>28,157</b>	
New Spice Sales and Solutions Limited	7,821	27,892	
S Mobile Devices Limited	-	92	
Mr. Subramanian Murali	-	173	
<b>Remuneration (short-term employee benefits)</b>	<b>9,815</b>	<b>11,494</b>	
Mr. Prashant Bindal	-	298	
Mr. Subramanian Murali	-	2,028	
Mr. Madhusudan V.	6,191	5,782	
Mr. M R Bothra	3,624	3,386	
<b>Security Received</b>	<b>-</b>	<b>300</b>	
Spice Connect Private Limited	-	300	
<b>Security Returned</b>	<b>100</b>	<b>300</b>	
Spice Connect Private Limited	-	300	
Kimaan Exports Private Limited	100		
<b>Security Paid:</b>	<b>100</b>	<b>900</b>	
Spice Digital Limited	-	300	
New Spice Sales and Solutions Limited	-	400	
Hindustan Retail Private Limited	-	200	
Kimaan Exports Private Limited	100	-	
<b>Miscellaneous Expenses</b>	<b>1,613</b>	<b>4,076</b>	
Spice Digital Limited	1,017	3,598	
Wall Street Finance Limited	596	359	

# NOTES TO FINANCIAL STATEMENTS

for year ended March 31, 2017

Particulars	2016-17		2015-16		1-Apr-15	
V Corp Merchantile Limited	-		33			
Mr. Prashant Bindal	-		2			
Dr.Sonia Bindal	-		84			
<b>Provision in the value of Investment/share application money/Provision for doubtful debts/advances</b>		<b>521,766</b>		<b>632,135</b>		
Hindustan Retail Private Limited	773,500		-			
New Spice Sales and Solutions Limited	(252,222)		632,135			
Plus Paper Foodpac Pvt Limited	488		-			
<b>Rent Expense</b>		<b>28,813</b>		<b>21,944</b>		
Kimaan Exports Private Limited	28,813		21,944			
<b>Rent Income</b>		<b>45,625</b>		<b>64,608</b>		
Spice Connect Private Limited	1,000		602			
Spice Digital Limited	21,460		19,640			
Mobisoc Technology Private Limited	5,124		6,930			
New Spice Sales and Solutions Limited	9,077		31,220			
Hotspot Sales & Solutions Pvt Ltd	7,771		-			
Spice Labs Private Limited	294		3,108			
Spice Online Private Limited	739		3,108			
Smart Dream Pvt Ltd	160		-			
<b>Receipt against sales of shares of Subsidiary</b>		<b>232</b>		<b>-</b>		
S Global Services Pte Ltd.	232		-			
<b>Loans/advance given during the year</b>		<b>17,804</b>		<b>36,500</b>		
New Spice Sales and Solutions Limited	17,804		25,000			
S Mobile Devices Limited			11,500			
<b>Provision for financial guarantee given to a Subsidiary</b>		<b>335,000</b>		<b>-</b>		
New Spice Sales and Solutions Limited	335,000		-			
<b>Advance received against sale of investment</b>		<b>94,136</b>		<b>-</b>		
Spice Digital Limited	94,136		-			
<b>Sale of Fixed Assets</b>		<b>2,667</b>		<b>-</b>		
Spice Digital Limited	2,667		-			
<b>Loan received back during the period/ adjusted</b>		<b>150,849</b>		<b>307,030</b>		
New Spice Sales and Solutions Limited	150,849		307,030			



## NOTES TO FINANCIAL STATEMENTS

for year ended March 31, 2017

Particulars	2016-17	2015-16	1-Apr-15
<b>Investment in Equity Instruments</b>	<b>774,478</b>	<b>-</b>	
Hindustan Retail Private Limited	773,500	-	
S Mobility Pte. Limited Singapore	778	-	
Spice IOT Solutions Pvt Ltd	100	-	
Omniventures Pvt Ltd	100	-	
<b>Reimbursement of Expenses (recovered)</b>	<b>2,044</b>	<b>997</b>	
Spice Digital Limited	1,307	997	
Mobisoc Technology Private Limited	56	-	
New Spice Sales and Solutions Limited	67	-	
Hotspot Sales & Solutions Pvt Ltd	614	-	
<b>Director sitting Fees*</b>	<b>775</b>	<b>900</b>	
Mr. Umang Das	325	375	
Mr. Suman Ghosh Hazra	425	450	
Mr. Hanif Mohamed Dahya	25	50	
Mr. Subrato Chattopadhyay	-	25	
*Excluding Service Tax			
<b>Reimbursement of Expenses (provided)</b>	<b>175</b>	<b>-</b>	
Spice Connect Private Limited	126	-	
Mr. Hanif Mohamed Dahya	49		
<b>Outstanding balances at the end of year/ period</b>			
<b>Receivables</b>	<b>399,160</b>	<b>481,287</b>	<b>71,082</b>
New Spice Sales and Solutions Limited	368,203	481,287	71,082
Hotspot Sales & Solutions Pvt Ltd	30,957	-	-
<b>Payables</b>	<b>59,810</b>	<b>34,769</b>	<b>15,492</b>
Smart Global Corporate Holding Private Limited	270	270	3,008
Spice Digital Limited	557	555	3,984
Kimaan Exports Private Limited	58,648	33,901	8,119
Wall Street Finance Limited	335	43	379
Mr. Prashant Bindal	-	-	2
<b>Security Deposits/Rent Advance(including rent received in advance)</b>	<b>9,334</b>	<b>9,298</b>	<b>9,333</b>
Kimaan Exports Private Limited	9,334	9,298	9,333
<b>Loan/advances receivable</b>		<b>133,045</b>	<b>439,026</b>

## NOTES TO FINANCIAL STATEMENTS

for year ended March 31, 2017

Particulars	2016-17	2015-16	1-Apr-15
New Spice Sales and Solutions Limited	-	133,045	415,075
PT Selular Media Infotama	-	-	3,951
Mr. Subramanian Murali	-	-	20,000
<b>Provision for doubtful debts and advances</b>	<b>379,915</b>	<b>632,135</b>	<b>-</b>
New Spice Sales and Solutions Limited	379,915	632,135	-
<b>Provision for Dimunition in the value of Investments/Share Application money</b>	<b>3,928,782</b>	<b>3,167,159</b>	<b>3,340,252</b>
New Spice Sales and Solutions Limited	-	-	173,093
Hindustan Retail Private Limited	3,928,782	3,155,282	3,155,282
S Mobility Pte. Limited Singapore	-	11,877	11,877
<b>Provision for liability payout of subsidiary</b>	<b>335,000</b>	<b>-</b>	<b>-</b>
New Spice Sales and Solutions Limited	335,000	-	-
<b>Other Receivable</b>	<b>27,543</b>	<b>22,390</b>	<b>22,513</b>
Spice Digital Limited	11,734	3,367	-
Mobisoc Technology Private Limited	1,372	-	-
New Spice Sales and Solutions Limited	9,673	13,890	4,128
Hotspot Sales & Solutions Pvt Ltd	4,090	-	-
Spice Labs Private Limited	-	571	-
Spice Online Private Limited	2	1,422	-
Smart Dream Pvt Ltd	184	-	-
Plus Paper Foodpac Limited	488	838	18,338
Mr. Prashant Bindal	-	2,229	-
Spice Connect Private Limited	-	73	47
<b>Advance received against sale of investment</b>	<b>94,136</b>	<b>-</b>	<b>-</b>
Spice Digital Limited	94,136	-	-
<b>Interest Receivable</b>	<b>2,039</b>	<b>17,804</b>	<b>25,555</b>
New Spice Sales and Solutions Limited	2,039	17,804	25,555
<b>Payable to KMP</b>	<b>562</b>	<b>553</b>	<b>432</b>
Mr. Madhusudan V.	301	297	245
Mr. M R Bothra	261	256	187

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free (except for loan given) and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables except as disclosed in note 36D. This assessment for impairment of receivables relating to amounts owed by related parties is undertaken each financial year through examining the financial position of the related parties.

## NOTES TO FINANCIAL STATEMENTS

for year ended March 31, 2017

### Notes.

- The Company has pledged its fixed deposit of Rs. 10,000 thousand (March 2016, Rs 7,500 thousand , 1 April 2015, Rs 31,138 thousand) in respect of the overdraft facility taken by a step down subsidiary Company.
- The Company has given corporate guarantee and pledged fixed deposits of Rs. Nil (March 2016 Rs 195,476 thousand , 1 April 2015 Rs. 180,562 thousand) in respect of letter of credit facility taken by a step down subsidiary company to the extent of Rs. 262,955 thousand outstanding as on March 31, 2017 where the Company is jointly and severally liable. Company has fully provided possible obligation against the said Corporate Guarantees.
- The Company has given corporate guarantee and pledged fixed deposits of Rs.7,500 thousand (March 2016 Rs Nil, 1 April 2015 Rs. Nil) in respect of bank guarantee/bill discounting facility taken by a step down subsidiary company, where the Company is jointly and severally liable.
- The remuneration to the key managerial personnel as disclosed above does not include the provision made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

### 38. Segment information

#### Primary segments: Business Segments

During the year, Company is engaged mainly in telecommunications- Mobile business which represents the business of trading of mobile handsets. The entire business was considered as a single segment in terms of Ind AS-108 on Segment Reporting.

Company has generated 100% of operating revenue from its two step down subsidiaries.(refer note 37).

#### Secondary Segments: Geographical Segment

As the Company's business activity falls within a single geographical segment, there is no additional disclosure required to be provided for geographical segments in terms of Ind AS-108 Segment Reporting.

### 39. Fair values

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	Carrying Value			Fair Value		
	Year ended 31 Mar 2017	Year ended 31 Mar 2016	As at 1 April 2015	Year ended 31 Mar 2017	Year ended 31 Mar 2016	As at 1 April 2015
<b>Financial assets</b>						
Loans and advances (refer note 7)	69	336	22,467	73	358	22,467
Financial investments other than investment in subsidiaries	550	112,690	40,054	550	112,690	40,054
Other financial assets (refer note 7A)	7,707	6,995	6,352	7,707	6,995	6,352
<b>Total</b>	<b>8,326</b>	<b>120,020</b>	<b>68,873</b>	<b>8,330</b>	<b>120,042</b>	<b>68,873</b>
<b>Financial liabilities</b>						
<b>Borrowings</b>						
Fixed rate borrowings (refer note 16)	-	1,114	2,032	-	1,114	2,032
Other financial liabilities (refer note 17)	13,581	16,400	6,025	13,581	16,400	6,025
<b>Total</b>	<b>13,581</b>	<b>17,514</b>	<b>8,057</b>	<b>13,581</b>	<b>17,514</b>	<b>8,057</b>

The Company has assessed that the fair value of cash and cash equivalents, other bank balances, trade receivables, other current financial assets, trade payables and other current financial liabilities approximate to their carrying amounts largely due to the short-term maturities of these instruments.

# NOTES TO FINANCIAL STATEMENTS

for year ended March 31, 2017

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- Borrowings are evaluated by the Company based on parameters such as interest rates and specific country risk factors.
- The fair value of other financial liabilities, obligations under finance leases, is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.
- The fair values of the FVTPL quoted financial investments are derived from quoted market prices in active markets.
- The fair values of the Company's interest-bearing borrowings and loans are determined by using DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. No own non- performance risk as at 31 March 2017 was assessed.

## 40. Fair value hierarchy

### Financial Instruments by Category

	31-Mar-17		31-Mar-16		31-Mar-15	
Financial Assets	FVTPL	Amortised Cost	FVTPL	Amortised Cost	FVTPL	Amortised Cost
<b>Non Current assets</b>						
- Equity and other Investment	550	-	112,690	-	39,554	-
- Non Current loans and advances	-	69	-	336	-	22,467
- Other Non Current Financial Assets	-	7,707	-	6,995	-	6,352
<b>Total Non Current assets</b>	<b>550</b>	<b>7,776</b>	<b>112,690</b>	<b>7,331</b>	<b>39,554</b>	<b>28,819</b>
<b>Current Assets</b>						
- Trade receivables	-	30,956	-	-	-	71,082
- Cash and cash equivalent	-	17,045	-	50,115	-	13,384
- Bank Balances other than above	-	39,562	-	209,247	-	218,436
- Current loans and advances	-	10,269	-	10,526	-	430,102
- Other Financial assets	-	20,317	-	32,517	-	59,384
<b>Total Current Assets</b>	<b>-</b>	<b>118,150</b>	<b>-</b>	<b>302,406</b>	<b>-</b>	<b>792,388</b>
<b>Total financial assets</b>	<b>550</b>	<b>125,926</b>	<b>112,690</b>	<b>309,737</b>	<b>39,554</b>	<b>821,207</b>
<b>Non Current Liabilities</b>						
Non Current Borrowing		-		1,114		2,032
Other Non Current Financial Liabilities		13,581		16,400		6,025
<b>Total Non Current Liabilities</b>	<b>-</b>	<b>13,581</b>	<b>-</b>	<b>17,514</b>	<b>-</b>	<b>8,057</b>
<b>Current Liabilities</b>						
Current Trade payables		71,177		149,252		27,523
Other Current Financial Liabilities		14,873		17,163		28,281
<b>Total Current Liabilities</b>	<b>-</b>	<b>86,051</b>	<b>-</b>	<b>166,415</b>	<b>-</b>	<b>55,804</b>
<b>Total Financial liabilities</b>	<b>-</b>	<b>99,632</b>	<b>-</b>	<b>183,929</b>	<b>-</b>	<b>63,861</b>

### Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

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## Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2017:

### Fair value measurement using

	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:					
<b>Assets for which fair values are disclosed (Note 41):</b>					
Investment properties (Note 4):	31-Mar-17	554,319			554,319
Investment in equity/other instruments	31-Mar-17	550		550	
<b>Loan and receivables</b>					
Loans	31-Mar-17	73		73	
Other Assets	31-Mar-17	7,707		7,707	

There have been no transfers between Level 1 and Level 2 during the year.

## Quantitative disclosures fair value measurement hierarchy for liabilities as at 31 March 2017:

	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Liabilities measured at fair value:					
Other financial liabilities	31-Mar-17	13,581		13,581	

There have been no transfers between Level 1 and Level 2 during the year.

## Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2016:

	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:					
<b>Assets for which fair values are disclosed (Note 46):</b>					
Investment properties (Note 4):	31-Mar-16	510,157			510,157
Investment in equity/other instruments	31-Mar-16	112,690	112,140	550	
<b>Loan and receivables</b>					
Loans	31-Mar-16	6,995		6,995	
Other Assets	31-Mar-16	336		336	

There have been no transfers between Level 1 and Level 2 during the year.

## Quantitative disclosures fair value measurement hierarchy for liabilities as at 31 March 2016:

	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Liabilities measured at fair value:					
<b>Borrowings</b>					
Fixed rate borrowings	31-Mar-16	2,032		2,032	
Other financial liabilities	31-Mar-16	16,400		16,400	

There have been no transfers between Level 1 and Level 2 during the year.



# NOTES TO FINANCIAL STATEMENTS

for year ended March 31, 2017

## Quantitative disclosures fair value measurement hierarchy for assets as at 1 April 2015:

	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:					
<b>Assets for which fair values are disclosed (Note 46):</b>					
<b>Investment properties (Note 4):</b>					
Office properties	01-Apr-15	495,174			495,174
Investment in equity/other instruments	01-Apr-15	39,554	39,504	50	
<b>Loan and receivables</b>					
Loans	01-Apr-15	6,352		6,352	
Other Assets	01-Apr-15	22,467		22,467	

There have been no transfers between Level 1 and Level 2 during the year.

## Quantitative disclosures fair value measurement hierarchy for liabilities as at 1 April 2015:

	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Liabilities measured at fair value:					
<b>Borrowings</b>					
Fixed rate borrowings	01-Apr-15		-	2,032	-
Other financial liabilities	01-Apr-15		-	6,025	-

There have been no transfers between Level 1 and Level 2 during the year.

## 41. Financial risk management objectives and policies

The Company's principal financial liabilities, comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables, cash and cash equivalents and other bank balances that derive directly from its operations. The Company also holds FVTPL investments and investment in subsidiary companies measured at cost.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management advises on financial risks and the appropriate financial risk governance framework. The senior management provides assurance that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees on policies for managing each of these risks, which are summarised below.

### 1) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, FVTPL investments. Company is not effected by commodity risk.

The sensitivity analysis in the following sections relate to the position as at 31 March 2017, 31 March 2016 and 1 April 2015.

The sensitivity analysis have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt instruments are all constant .

The analysis exclude the impact of movements in market variables on the carrying values of gratuity and other post-retirement obligations, provisions.

# NOTES TO FINANCIAL STATEMENTS

for year ended March 31, 2017

The following assumptions have been made in calculating the sensitivity analyses:

- The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2017, 31 March 2016 and 1 April 2015.

## - Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the loan given, Security deposits received/paid and borrowings.

### Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Increase/ (decrease) in basis points	Effect on profit/(Loss) before tax
31-Mar-17		
Rs.	50	234
Rs.	-50	(234)
31-Mar-16		
Rs.	50	1,256
Rs.	-50	(1,256)
01-Apr-15		
Rs.	50	3,536
Rs.	-50	(3,536)

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

## - Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's does not have a significant foreign currency risk.

### Foreign currency sensitivity

The Company's exposure to foreign currency fluctuation is not material.

## - Equity price risk

The Company's investment in listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company don't engage in active trading of equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to listed and unlisted equity securities at fair value is not material.

## 2) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions and other financial instruments.

## - Trade receivables

Customer credit risk is managed subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed and limits are defined in accordance with this assessment. At 31 March 2017, the Company had net outstanding of Rs. 30,956 thousand (31 March 2016: Nil, 1 April 2015: Rs. 71,082 thousand) after allowance for bad & doubtful trade receivable.

# NOTES TO FINANCIAL STATEMENTS

for year ended March 31, 2017

An impairment analysis is performed at each reporting date on an individual basis for trade customers. The Company evaluates the concentration of risk with respect to trade receivable as high, as it supplies to subsidiary companies.

## - Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and based on the Investment Policy of the Company. All investments are reviewed by the Company's Board of Directors on a quarterly basis.

## 3) Liquidity risk

The Company monitors its risk of a shortage of funds using a liquidity planning tool.

The Company's objective is to maintain a low debt exposure and at the reporting date the Company did not have any borrowings.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

	On Demand	Less than 3 Months	3-12 Months	1-5 Years	> 5 years	Total
Year ended 31-Mar-17						
Other financial liabilities (non-current)	-	-	-	13,581	-	13,581
Other financial liabilities (current)	5,940	103,068	-	-	-	109,009
Trade and other payables	-	71,177	-	-	-	71,177
Provision for liability payout of step down Subsidiary Company*	-	335,000	-	-	-	335,000
<b>Total</b>	<b>5,940</b>	<b>509,246</b>	<b>-</b>	<b>13,581</b>	<b>-</b>	<b>528,767</b>

\* Based on the maximum amount that can be called for under the financial guarantee contract.

	On Demand	Less than 3 Months	3-12 Months	1-5 Years	> 5 years	Total
Year ended 31-Mar-16						
Borrowings	-	197	625	1,115	-	1,937
Other financial liabilities(non-current)	-	-	-	16,400	-	16,400
Other financial liabilities(current)	6,270	10,070	-	-	-	16,341
Trade and other payables	-	149,252	-	-	-	149,252
<b>Total</b>	<b>6,270</b>	<b>159,519</b>	<b>625</b>	<b>17,515</b>	<b>-</b>	<b>183,930</b>

	On Demand	Less than 3 Months	3-12 Months	1-5 Years	> 5 years	Total
Year ended 01-Apr-15						
Borrowings	-	197	625	2,033	-	2,855
Other financial liabilities(non-current)	-	-	-	6,025	-	6,025
Other financial liabilities(current)	6,736	20,723	-	-	-	27,459
Trade and other payables	-	27,523	-	-	-	27,523
<b>Total</b>	<b>6,736</b>	<b>48,443</b>	<b>625</b>	<b>8,058</b>	<b>-</b>	<b>63,862</b>

# NOTES TO FINANCIAL STATEMENTS

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## - Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

## - Collateral

The Company has pledged part of its margin money deposits in order to fulfil the collateral requirements for the Subsidiaries of the Company. At 31 March 2017, 31 March 2016 and 1 April 2015, the fair values of the deposits pledged were Rs. 17,500 thousand, Rs. 202,976 thousand and Rs. 211,700 thousand, respectively. The Counterparties have an obligation to return the security to the Company upon settlement of obligation by the subsidiary Company. There are no other significant terms and conditions associated with the use of collateral.

## 42. Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company's policy is to keep the gearing ratio less than 50%. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents.

	As at 31 Mar 2017 Rs. '000	As at 31 Mar 2016 Rs. '000	As at 1 April 2015 Rs. '000
Borrowings	-	1,114	2,032
Trade payables/Other payables	86,051	166,415	55,804
Less: Cash and cash equivalents	17,045	50,115	13,384
Net debt	69,005	117,414	44,452
Equity	542,043	541,983	541,983
Other equity	243,548	1,118,329	1,699,133
Total capital	785,591	1,660,312	2,241,116
Capital and net debt	854,596	1,777,726	2,285,569
Gearing ratio	8%	7%	2%

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2017 and 31 March 2016.

## 43. Details of Specified Bank Notes (SBN) held and transacted during the period from November 8th, 2016 to December 30th, 2016 are provided in the table below:-

Particulars (Amount in INR thousand)	SBNs*	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	35	3	38
(+) Permitted receipts	-	214	214
(-) Permitted payments	-	202	202
(-) Amount deposited in Banks	35		35
Closing cash in hand as on 30.12.2016	-	15	15

# NOTES TO FINANCIAL STATEMENTS

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Opening SBN in hand is inclusive of Petty Cash amounts received back from employees subsequent to November 8, 2017.

\* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

## 44. 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, 2017 (Rs. '000)	Balance as on March 31, 2016 (Rs. '000)	Balance as on April 1, 2015 (Rs. '000)	Maximum amount outstanding during the year ended March 31, 2017 (Rs. '000)	Maximum amount outstanding during the year ended March 31, 2016 (Rs. '000)	Maximum amount outstanding during the period ended April 1, 2015 (Rs. '000)
Hindustan Retail Private Limited	-	-	-	-	-	1,919,715
New Spice Sales and Solutions Limited	-	133,045	415,075	150,848	439,045	504,375

Note: The loan given to New Spice Sales and Solutions Limited is for business purposes.

## 45. As on 31st March, 2017, Independent Non-Promoter (Spice Employee Benefit) Trust ('EBT') holds 11,901,752 (March 31, 2016: 11,901,752, April 1, 2015: 11,901,752) equity shares of the Company, for the benefit of the employees of the Company, its associates and subsidiaries and Independent Non-Promoter Trust ('NPT') holds 35,281,215 (March 31, 2016: 35,301,215 and April 1, 2015: 35,301,215) equity shares of the Company for the benefit of the Company. These equity shares were transferred to the Trusts pursuant to the Scheme of amalgamation of Spice Televentures Private Limited ('STPL'), the erstwhile holding company, with the Company, duly approved by High Court, Allahabad, at a value at which these equity shares were held in the books of STPL.

**Taking a conservative interpretation of "Ind AS 32" face value of shares held by these trusts has been deducted from equity and amount over and above face value has been shown as deduction under the head "Trust shares" separately in other equity.**

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

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

Name of the loanee	Rate of Interest	Due date	Secured/ unsecured	31-Mar-17 Rs. '000	31-Mar-16 Rs. '000	01-Apr-15 Rs. '000
New Spice Sales and Solutions Limited	8%	Refer Below	Unsecured	-	133,045	415,075

The loan was given to New Spice Sales and Solutions Limited is for business purposes.

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

Particulars	31-Mar-16 Rs. '000	Guarantees Given Rs. '000	Guarantees Withdrawn Rs. '000	31-Mar-17 Rs. '000
New Spice Sales and Solution Limited	2,550,000	-	1,750,000	800,000
Hotspot Sales and Solutions Private Limited	-	250,000	-	250,000

The Company has given corporate guarantee in respect of letter of credit/ bill discounting facility taken by a step down subsidiary company to the extent of Rs. 1,050,000 thousand where the Company is jointly and severally liable.



## NOTES TO FINANCIAL STATEMENTS

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

Particulars	Opening Investments Rs. '000	Investments made during the year Rs. '000	Investments sold during the year Rs. '000	Closing Investments Rs. '000
Spice Digital Limited	88,974	-	-	88,974
35,470,674 (31 March 2016: 35,470,674, 1 April 2015: 35,470,674) equity shares of Rs.10 each fully paid up				
Hindustan Retail Private Limited	3,155,282	773,500	-	3,928,782
382,980,000 (31 March 2016: 315,530,000, 1 April 2015: 315,530,000) equity shares of Rs.10 each fully paid up*				
Kimaan Exports Private limited (refer note 47(a))	456,212	-	-	456,212
20,000 (31 March 2016: 20,000, 1 April 2015: 20,000) equity shares of Rs.10 each fully paid up				
S Mobility (HK) Limited	64	-	-	64
10,000 (31 March 2016: 10,000, 1 April 2015: 10,000) equity shares of HKD 1 each fully paid up				
S Mobility Pte. Limited	12,406	778	13,184	-
Nil (31 March 2016: 285,000, 1 April 2015: 285,000) equity shares of SGD 1 each fully paid up				
S Mobile Devices Limited	500	-	-	500
50,000 (31 March 2016: 50,000, 1 April 2015: 50,000) equity shares of Rs.10 each fully paid up				
Godfrey Phillips India Limited	103,169	-	103,169	-
Nil (31 March 2016: 86,500, 1 April 2015: 86,500) equity shares of Rs.2 each fully paid up				
Spicejet Limited	8,971	-	8,971	-
Nil (31 March 2016: 140,288, 1 April 2015: 140,288) equity shares of Rs.10 each fully paid up				
Omniventures Private Limited	-	100		100
10,000 (31 March 2016: Nil, 1 April 2015: Nil) equity shares of Rs.10 each fully paid up				
Spice IOT Solutions Private Limited		100		100
10,000 (31 March 2016: Nil, 1 April 2015: Nil) equity shares of Rs.10 each fully paid up				
	3,825,578	774,478	125,324	4,474,732

\* Includes Share Application money of Rs. 99,000 thousand paid by Company, against which share have been allotted before signing of financial statement.

47. (a) Board of Directors of the Company in its meeting held on March 16, 2017 approved sales of entire stake in Kimaan Exports Private Limited to another subsidiary of the Company. Subsequent to year end, shareholders of the Company has approved the sale through postal ballot. In accordance with approval, Company's investment in Kimaan Exports Private Limited has been transferred to Assets Held for Sale. The Company expects sale of stake to be completed by May 31, 2017. No gain/ loss on sale has been recognised during the year ended March 31, 2017 on this transaction. In accordance with the Agreement for sale, Company has received advance of Rs 94,136 thousand.
- (b) Earlier Company had transferred Company's assets comprising of Freehold land, Buildings and other fixed assets at Rampur as held for sale. During the year, the Company has leased out these assets and hence these assets have been transferred from Assets held for sale to Investment Property. Consequently, depreciation has been charged on these assets from the date on which these assets were transferred to Assets Held for Sale.

# NOTES TO FINANCIAL STATEMENTS

for year ended March 31, 2017

- (c) Spice Mobility Limited has entered in the Share Purchase Agreement with S GIC Pte. Limited (SGIC), a step down subsidiary of the Company, to transfer the entire stake in S Mobility Pte. Limited, a wholly owned subsidiary of the Company. Consequent to this S Mobility Pte. Limited has ceased to be a wholly owned subsidiary of the Company and become a step down subsidiary.
- (d) During the year a step down subsidiary of the Company has discontinued its business operations. As the net worth of said company is fully eroded, the Company has made and impaired during the year an investment made through subsidiary of Rs 7,73,500 thousand towards settlement of the liabilities of the step down subsidiary. The Company has also made an additional provision of Rs.3,35,000 thousand towards settlement of liabilities of the aforesaid step down subsidiary.

## 48. First-time adoption of Ind AS

These financial statements, for the year ended 31 March 2017, are the first set of financial statements that the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with accounting standards notified under Section 133 of the Companies Act 2013, read with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for year ending on 31 March 2017, together with the comparative period data as at and for the year ended 31 March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2015, the Company's date of transition to Ind AS. This Note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2015 and the financial statements as at and for the year ended 31 March 2016.

### Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

- (A) For Property, Plant and Equipment, including intangible assets, the Company has elected to continue with the carrying value (i.e. at cost) for all assets as recognised in its Indian GAAP financial statements as deemed cost at the transition date.
- (B) Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. However, the Company has used Ind AS 101 exemption and assessed all arrangements for embedded leases based on conditions in place as at the date of transition.

(face value of 47,182,967 (March 31, 2016 :47,202,967, April 1, 2015 :47,202,967) shares transferred to the trust pursuant to Scheme of Amalgamation) (Refer to note 45)

(D) As per Ind AS 27, investment in subsidiary needs to be accounted into the books either at cost or at value determined in accordance with Ind AS 109. If a first time adopter measures such an investment at cost in accordance with Ind AS 27, it shall measure its investment at one of the following amounts in its separate opening balance sheet:

- Cost determined in accordance with the Ind AS 27; or
- Deemed cost

Deemed cost shall be either:

- (a) the fair value at the entity's date of transition to Ind AS; or
- (b) the carrying value as per the previous GAAP at the date of transition.

A first time adopter may choose either (a) or (b) above to measure its investment in each subsidiary and joint venture.

The Company has chosen to measure its investment in subsidiary companies at carrying value as per the previous GAAP on the date of transition to Ind AS.

### Estimates

The estimates at 1 April 2015 and at 31 March 2016 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies).

# NOTES TO FINANCIAL STATEMENTS

for year ended March 31, 2017

## Reconciliation of total equity as at 1 April 2015 (date of transition to Ind AS) and as at March 31, 2016

(Amount in Rs '000)

Particulars	Notes	Mar'31, 2016 (end of last period presented under previous GAAP)	As at 01/04/2015 (Date of Transition)
<b>Total equity as reported under previous GAAP</b>		2,020,209	2,659,556
<b>Ind AS Adjustments increase/ (decrease):</b>			
Own Shares held by Trusts reduced from equity/other equity as per Ind AS-32	1	(442,998)	(442,998)
Fair value gain on financial instruments at fair value through profit or loss	2	79,426	11,899
Rent equalisation elimination	4	4,227	13,298
Other Ind AS adjustments	3	(549)	(640)
<b>Equity as reported under IND AS</b>		<b>1,660,315</b>	<b>2,241,115</b>

## Reconciliation of statement of Profit and Loss between Ind AS and Indian GAAP for the year ended March 31, 2016

Amount Rs. '000

Particulars	Notes	Year ended 31.03.2016
Nature of Adjustments		
<b>Net Profit / (Loss) as per Indian GAAP</b>		(639,351)
Effect of measuring equity investments at fair value through profit and loss	2	67,527
Effect of rent equalisation reversed	4	(9,071)
Effect of discounting of security deposit paid		
- Rent Expense	3	(677)
- Other income	3	642
Effect of discounting of security deposit received		
- Rent income	3	840
- Finance cost	3	(713)
Impact of actuarial gain/loss classified to other comprehensive income		67
		(580,736)
<b>Other Comprehensive Income:</b>		
Remeasurement gain of defined benefit plan		67
<b>Total comprehensive Loss for the year</b>		<b>(580,803)</b>

### Notes:

Footnotes to the reconciliation of equity as at 1 April 2015 and 31 March 2016 and profit or loss for the year ended 31 March 2016

### 1. Trust Shares

Taking a conservative view of Ind AS 32, own equity instruments that were transferred to two trusts as per scheme of amalgamation duly approved by High Court of Allahabad. Company's Interest as sole beneficiary in Independent Non Promoter Trust of Rs.3,73,798 thousand which was included in Non Current Investments and receivable from Employee Benefit Trust of Rs.69,200 thousand has been reduced from Equity / Other Equity. Equity Share Capital has been reduced by Rs.1,41,609 thousand being face value of Equity Shares held by these trusts and Rs.3,01,389 thousand has been reduced from other equity.

# NOTES TO FINANCIAL STATEMENTS

for year ended March 31, 2017

## 2. FVTPL financial assets

Under Indian GAAP, the Company accounted for long term investments in unquoted and quoted equity shares as investment measured at cost less provision for other than temporary diminution in the value of investments. Under Ind AS, the Company has designated such investments as FVTPL investments. Ind AS requires FVTPL investments to be measured at fair value. Non current investments have been increased by fair value gain on such instruments of Rs.11,899 thousand as on April 1, 2015 and Rs.79,426 thousand as on March 31, 2016 with corresponding impact on opening retained earnings. Fair value gain of Rs.67,527 thousand arising during the year ended March 31, 2016 has been taken to the statement of profit and loss.

## 3. Financial assets and liabilities with amortisation cost

Under Indian GAAP, the Company accounted for security deposit received and paid based on contractual agreement. Under Ind AS, security deposit received and paid are categorised as financial assets and liabilities and are measured at amortised cost using the effective interest rate (EIR) method.

Accordingly, security deposits received has been reduced by Rs 3,207 thousand as on April 1'2015 and Rs 6,068 thousand as on March 31'2016, with corresponding recognition as rent received in advance Rs 3,180 thousand as on April 1, 2015 and Rs 5,973 thousand as on March 31, 2016 and differential impact has been taken to opening retained earnings. Security deposits paid has been reduced by Rs 4,128 thousand as on April 1'2015 and Rs.3,521 thousand as on March 31, 2016 with corresponding recognition as rent paid in advance Rs 3,497 thousand as on April 1, 2015 and Rs 2,820 thousand as on March 31, 2016 and differential impact has been taken to opening retained earnings. Rent received and paid in advance recognised is amortised over the term of lease.

## 4. Lease

Under Indian GAAP, lease agreement with periodic increase in lease rental were required to be straight lined and charged equally over the period of contract to statement of profit and loss. As per Ind AS rental cost is recognised in the statement of profit and loss on a straight-line basis over the lease term unless the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Company has accordingly accounted for such transaction after considering general inflation impact for computation of straight line cost. Accordingly, lease equalisation reserve recognised under previous GAAP of Rs 13,298 thousand as on April 1, 2015 and Rs 4,227 thousand as on March 31, 2016 has been credited to retained earnings. The impact of reversal of rent equalisation reserve of Rs. 9,071 thousand for the year ended March 31, 2016 has been taken to the statement of profit and loss.

## 5. Defined benefit liabilities

The Company has recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, remeasurements [comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability] are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI. Accordingly, the employee benefit cost in respect of remeasurement gains/ losses on defined benefit plans has been recognized in the OCI.

## 6. Other comprehensive income

Under Ind AS, Company is required to present other comprehensive income (OCI) separately in accordance to which the Company has presented the OCI separately and reconciled the same with Indian GAAP profit or loss .

## 7. Statement of cash flows

The transition from Indian GAAP to Ind AS does not have a material impact on the statement of cash flows.

## NOTES TO FINANCIAL STATEMENTS

for year ended March 31, 2017

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

Particulars	As at 31 Mar 2017	As at 31 Mar 2016
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

As per our report of even date

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

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

Place : Noida  
Date : May 19, 2017

For and on behalf of the board of directors of **Spice Mobility Limited**

**Dilip Modi**  
Executive Chairman  
DIN : 00029062

**Suman Ghose Hazra**  
Director  
DIN : 00012223

**M R Bothra**  
Vice President- Corporate Affairs and Company Secretary

**Subramanian Murali**  
Director  
DIN : 00041261

**Madhusudan V.**  
Chief Financial Officer



# INDEPENDENT AUDITOR'S REPORT

## To the Members of Spice Mobility Limited

### Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Spice Mobility Limited (hereinafter referred to as “the Holding Company”), its subsidiaries (the Holding Company and its subsidiaries together referred to as “the Group”) its associates and a joint venture, comprising of the consolidated Balance Sheet as at March 31, 2017, the consolidated Statement of Profit and Loss (including other comprehensive income), the consolidated Cash Flow Statement, the consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as “the consolidated Ind AS 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 Ind AS financial statements in terms of the requirement of the Companies Act, 2013 (“the Act”) that give a true and fair view of the consolidated financial position, consolidated financial performance (including other comprehensive income), consolidated cash flows and consolidated statement of changes in equity of the Group including its associates and a joint venture 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 and Companies (Indian Accounting Standard) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and of its associates and a joint venture 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 of its associates and a joint venture 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 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, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS 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 Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, associates and a joint venture, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates and a joint venture as at March 31, 2017, of their consolidated loss including other comprehensive income and their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, associates and a joint venture as noted in the ‘other matters’ paragraph, to the extent applicable, we report that:

## INDEPENDENT AUDITOR'S REPORT

- (a) We/ the other auditors whose reports we have relied upon, have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated Ind AS financial statements;
- (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS 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 including the Statement of Other Comprehensive Income, the consolidated Cash Flow Statement and consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;
- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standard) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies, associates and a joint venture incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act. The above information does not include information pertaining to an associate whose financial statements have been consolidated based on unaudited financial statement and other unaudited financial information and upon which we are unable to comment on;
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company and its subsidiary companies, associates and a joint venture incorporated in India, refer to our separate report in "Annexure 1" to this report. This reporting has not been done in respect of an associate whose financial statements have been based on unaudited financial statement and other unaudited financial information and upon which we are unable to comment upon;
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, associates and a joint venture, as noted in the 'Other matters' paragraph:
  - i. The consolidated Ind AS financial statements disclose the impact of pending litigations on consolidated financial position of the Group its associates and a joint venture- Refer note 37 to the consolidated financial statements.
  - ii. The Group, its associates and a joint venture did not have any material foreseeable losses in long-term contracts including derivative contracts;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiaries, associates and a joint venture incorporated in India during the year ended March 31, 2017.
  - iv. The Group has provided requisite disclosures in Note 48 to these consolidated Ind AS financial statements as to the holdings of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on our audit procedures and relying on the management representation regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Holding Company and its subsidiary companies incorporated in India and as produced to us by the Management of the Holding Company.

### Other Matters

- (a) We did not audit the financial statements and other financial information, in respect of 18 subsidiaries, whose Ind AS financial statements include total assets of Rs. 16,32,145 thousand and net assets of Rs.8,01,266 thousand as at March 31, 2017 and total revenues of Rs. 12,70,470 thousand and net cash outflows of Rs 1,00,763 thousand for the year ended on that date. These financial statements and other financial information have been audited by other auditors, whose financial statements, other financial information and auditor's reports have been furnished to us by the management. The consolidated Ind AS financial statements also include the Group's share of net loss of Rs. 1 lakh for the year ended March 31, 2017, as considered in the consolidated financial statements, in respect of 2 associates and 1 joint venture, whose financial statements, other financial information have been audited by other auditors and whose reports have been furnished to us by the Management. Our opinion on the consolidated Ind AS

## INDEPENDENT AUDITOR'S REPORT

financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, associates and a joint venture and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, associates and a joint venture is based solely on the reports of such other auditors.

- (b) The accompanying consolidated Ind AS financial statements include unaudited financial statements and other unaudited financial information in respect of 8 subsidiaries whose financial statements and other financial information reflect total assets of Rs. 8,157 thousand and net assets of Rs 1,929 thousand as at March 31, 2017, and total revenues of Rs 32,604 thousand and net cash outflows of Rs 4,523 thousand for the year ended on that date. These unaudited financial statements and other unaudited financial information have been furnished to us by the management. The consolidated Ind AS financial statements also include the Group's share of net loss of Rs. 4,416 thousands for the year ended March 31, 2017, 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 to amounts and disclosures included in respect of these subsidiaries and associates and our report in terms of sub-section (3) 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 and after considering the report of the other auditor, these financial statements and other financial information are not material to the Group.

Our above opinion on the consolidated Ind AS 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/E300005

**per Anil Gupta**

Partner

Membership Number: 87921

Place: New Delhi

Date: 19<sup>th</sup> May 2017

## INDEPENDENT AUDITOR'S REPORT

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

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

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

In conjunction with our audit report of the consolidated Ind AS financial statements of Spice Mobility Limited as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of Spice Mobility Limited (hereinafter referred to as the "Holding Company"), its subsidiary companies, associates and a joint venture which are companies incorporated in India, as of that date.

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

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

##### Auditor's Responsibility

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

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

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

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

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

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

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



## INDEPENDENT AUDITOR'S REPORT

### Opinion

In our opinion, the Holding Company, subsidiary companies, associates and a joint venture has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

### Other Matter

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Holding Company, insofar as it relates to 7 subsidiary companies, one associate and one joint venture and without considering one associate as per remarks given in para (f) under Report on Other Legal and Regulatory Requirements of the main audit report, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiary companies, associates and a joint venture incorporated in India.

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

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

### per Anil Gupta

Partner

Membership Number: 87921

Place: New Delhi

Date: 19<sup>th</sup> May 2017



# CONSOLIDATED BALANCE SHEET

as at 31st March 2017

(Amount in Rs '000)

Particulars	Notes	As at 31 Mar 2017	As at 31 Mar 2016	As at 1 April 2015
<b>ASSETS</b>				
<b>Non current assets</b>				
Property, plant and equipment	3	582,707	669,212	1,224,230
Capital work in progress	3	47,392	4,693	102,785
Investment property	4	434,803	529,310	62,709
Goodwill on consolidation		520,155	522,110	527,295
Other intangible assets	5	72,569	80,011	100,961
Intangible assets under development	5	46,875	673	-
Investment in associates and a joint venture	6	26,773	96,807	88,109
<b>Financial Assets</b>				
(i) Investments	7A	9,227	134,167	42,304
(ii) Loans and advances	7B	31,320	32,801	104,994
(iii) Others	7C	128,927	139,096	91,807
Deferred tax assets	8	139,757	147,489	157,095
Other assets	9	16,883	18,063	29,326
		<b>2,057,388</b>	<b>2,374,432</b>	<b>2,531,615</b>
<b>Current assets</b>				
Inventories	10	336,712	553,032	1,142,666
<b>Financial assets</b>				
(i) Investments	11A	63,303	84,762	255,123
(ii) Trade receivables	11B	691,254	1,030,208	1,311,903
(iii) Cash and cash equivalents	11C	552,509	635,544	505,487
(iv) Bank balance other than (iii) above	11D	542,289	634,723	868,462
(v) Loans & advances	11E	15,537	19,261	20,506
(vi) Others	11F	441,798	376,850	365,965
Current tax assets (net)	12	421,139	567,427	621,536
Other assets	13	191,279	241,056	353,296
Asset classified as held for sale		-	10,280	10,280
Assets of discontinued operations	43	156,656	-	-
		<b>3,412,476</b>	<b>4,153,143</b>	<b>5,455,224</b>
<b>Total</b>		<b>5,469,864</b>	<b>6,527,575</b>	<b>7,986,839</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity share capital	14	542,043	541,983	541,983
Other equity		2,248,182	2,105,602	2,768,051
<b>Equity attributable to holders of the parent</b>		<b>2,790,225</b>	<b>2,647,585</b>	<b>3,310,034</b>
Non controlling interests		(84,272)	347,476	331,494
<b>Total equity</b>		<b>2,705,953</b>	<b>2,995,061</b>	<b>3,641,528</b>
<b>Non current liabilities</b>				
<b>Financial liabilities</b>				
(i) Borrowings	15A	160,359	1,114	2,032
(ii) Others	15B	21,725	49,020	58,319
Provisions	16	37,858	32,310	28,469
Deferred tax liabilities	8	1,090	3,236	-
Other liabilities	17	8,284	7,248	2,404
		<b>229,316</b>	<b>92,928</b>	<b>91,224</b>
<b>Current liabilities</b>				
<b>Financial liabilities</b>				
(i) Borrowings	18A	444,245	530,240	144,455
(ii) Trade payables	18B	945,210	2,196,475	3,319,719
(iii) Others	18C	152,262	210,760	204,319
Other liabilities	19	491,295	309,103	319,149
Provisions	20	31,003	184,091	254,834
Current tax liabilities (net)	12	8,879	8,917	11,611
Liabilities of discontinued operations	43	461,701	-	-
		<b>2,534,595</b>	<b>3,439,586</b>	<b>4,254,087</b>
<b>Total</b>		<b>5,469,864</b>	<b>6,527,575</b>	<b>7,986,839</b>
Summary of significant accounting policies	2			

As per our report of even date

For and on behalf of the board of directors of **Spice Mobility Limited**

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

**Dilip Modi**  
Executive Chairman  
DIN : 00029062

**Subramanian Murali**  
Director  
DIN : 00041261

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

**Suman Ghose Hazra**  
Director  
DIN : 00012223

**Madhusudan V.**  
Chief Financial Officer

Place : Noida  
Date : May 19, 2017

**M R Bothra**  
Vice President- Corporate Affairs and Company Secretary

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2017

(Amount in Rs '000)			
Particulars	Notes	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>Continuing operations</b>			
<b>Income</b>			
Revenue from operations	21	8,906,461	8,552,557
Other income	22	261,844	191,841
<b>Total Income</b>		<b>9,168,305</b>	<b>8,744,398</b>
<b>Expenses</b>			
Purchase of traded goods	23	6,328,014	5,772,323
(Increase)/decrease in inventories of traded goods	24	(194,736)	199,088
Connectivity and content cost	25	878,051	717,076
Employee benefits expense	26	756,432	802,731
Other expenses	27	1,105,444	1,158,108
Depreciation and amortization expense	28	233,403	276,656
Finance costs	29	25,542	10,049
<b>Total expenses</b>		<b>9,132,150</b>	<b>8,936,031</b>
<b>Profit/(loss) before share of profit/(loss) of associates and a joint venture, exceptional items and tax from continuing operations</b>		<b>36,155</b>	<b>(191,633)</b>
Share of profit/(loss) of associates and a joint venture	41	(4,520)	(1,329)
<b>Profit/(loss) before exceptional items and tax from continuing operations</b>		<b>31,635</b>	<b>(192,962)</b>
Exceptional items	30	81,209	-
<b>(Loss) before tax from continuing operations</b>		<b>(49,574)</b>	<b>(192,962)</b>
Tax expense:			
(1) Current tax	33	132,003	103,564
(2) Deferred tax	33	(23,550)	(13,515)
(3) Income tax adjustments for earlier years	33	(6,319)	4,750
<b>Income tax expense</b>		<b>102,134</b>	<b>94,799</b>
<b>(Loss) for the year from continuing operations</b>		<b>(151,708)</b>	<b>(287,761)</b>
<b>Discontinued operations</b>			
(Loss) before tax for the year from discontinued operations	43	(233,287)	(379,229)
Tax expense of discontinued operations	43	-	372
<b>(Loss) for the year from discontinued operations</b>		<b>(233,287)</b>	<b>(379,601)</b>
<b>(Loss) for the year</b>		<b>(384,995)</b>	<b>(667,362)</b>
<b>Other comprehensive income from continuing operations</b>			
<b>Items that will not be reclassified to profit or loss</b>	31		
Remeasurement gain of defined benefit plan	32	506	89
<b>Items that will be reclassified to profit or loss</b>	32		
Exchange differences on translations of foreign operations		(20,862)	15,845
Exchange difference on long term loan		(45,567)	-
Income tax relating to items that will not be reclassified to profit or loss		112	541
<b>Other comprehensive income from discontinued operations</b>			
<b>Items that will not be reclassified to profit or loss</b>	43		
Remeasurement gain of defined benefit plan		1,605	4,420
<b>Other comprehensive income for the year</b>		<b>(64,206)</b>	<b>20,895</b>
<b>Total comprehensive income for the year</b>		<b>(449,201)</b>	<b>(646,467)</b>
<b>(Loss) for the year</b>		<b>(384,995)</b>	<b>(667,362)</b>
<b>Attributable to:</b>			
Equity holders of the parent		(356,857)	(685,169)
Non-controlling interests		(28,138)	17,807
<b>Other comprehensive income for the year</b>		<b>(64,206)</b>	<b>20,895</b>
<b>Attributable to:</b>			
Equity holders of the parent		(44,010)	22,727
Non-controlling interests		(20,196)	(1,832)
<b>Total comprehensive income for the year</b>		<b>(449,201)</b>	<b>(646,467)</b>
<b>Attributable to:</b>			
Equity holders of the parent		(400,867)	(662,442)
Non-controlling interests		(48,334)	15,975
<b>Earnings per share for continuing operations (attributable to equity holders of the parent) (nominal value of share Rs. 3 (31 March 2016: Rs. 3))</b>	34		
Basic, computed on the basis of profit/(loss) from continuing operations (Rs.)		(0.54)	(1.34)
Diluted, computed on the basis of profit/(loss) from continuing operations (Rs.)		(0.54)	(1.34)
<b>Earnings per share for discontinued operations (attributable to equity holders of the parent) (nominal value of share Rs. 3 (31 March 2016: Rs. 3))</b>	34		
Basic, computed on the basis of profit/(loss) from discontinued operations (Rs.)		(1.02)	(1.67)
Diluted, computed on the basis of profit/(loss) from discontinued operations (Rs.)		(1.02)	(1.67)
<b>Earnings per share for continuing and discontinued operations (attributable to equity holders of the parent) (nominal value of share Rs. 3 (31 March 2016: Rs. 3))</b>	34		
Basic, computed on the basis of profit/(loss) for the year (Rs.)		(1.57)	(3.01)
Diluted, computed on the basis of profit/(loss) for the year (Rs.)		(1.57)	(3.01)

As per our report of even date

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

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

Place : Noida  
Date : May 19, 2017

For and on behalf of the board of directors of **Spice Mobility Limited**

**Dilip Modi**  
Executive Chairman  
DIN : 00029062

**Suman Ghose Hazra**  
Director  
DIN : 00012223

**M R Bothra**  
Vice President- Corporate Affairs and Company Secretary

**Subramanian Murali**  
Director  
DIN : 00041261

**Madhusudan V.**  
Chief Financial Officer

## CONSOLIDATED CASH FLOWS STATEMENT

for the year ended March 31, 2017

	Notes	For the year ended 31-Mar-17 Rs.'000	For the year ended 31-Mar-16 Rs.'000
<b>CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES</b>			
(Loss) before tax from continuing operations		(49,574)	(192,962)
(Loss) before tax from discontinued operations		(233,287)	(379,229)
(Loss) before tax		<b>(282,861)</b>	<b>(572,191)</b>
Adjustments for :			
Exceptional items			
Provision for diminution in the value of non current investments		3,000	-
Impairment in value of investment an associate company		78,209	-
Foreign currency translation adjustment		(57,132)	17,312
Share of profit/(loss) of associates and a joint venture		4,520	1,329
Depreciation on Plant, Property and equipments		181,466	237,898
Amortization on intangible assets		53,963	40,488
Depreciation on investment property		22,138	15,195
Loss on disposal of plant,property and equipments (net)		1,269	7,159
Interest income		(82,409)	(99,159)
Dividend Income		-	(887)
Profit on sales of investment property		(23,729)	-
Gain on dillution of investment in a subsidiary company		-	(219)
Income from Investment in fixed maturity plan investments		-	(97)
Net gain on sale of investments in equity investments		(8,215)	-
Fair value gain on financial instruments at fair value through profit or loss		(8,166)	(72,664)
Profit on sale of investment in an associates		(1,172)	-
Net gain on sale of current investments in mutual fund units		(4,384)	(11,043)
Unclaimed balances written back (net)		(79,074)	-
Fair Value decrease in investment properties		4,039	7,416
Interest expense		38,977	22,142
Provision for doubtful debts and advances (net)		107,644	42,788
Irrecoverable balances written off		-	2,440
<b>Operating (loss) before working capital changes</b>		<b>(51,917)</b>	<b>(362,093)</b>
<b>Movements in working capital:</b>			
Decrease in inventories		214,593	589,633
Decrease in trade receivables		266,724	232,006
Decrease in non-current loans and advances and non current financial assets		20,902	28,158
Decrease in current loans and advances		720	1,244
(Increase)/decrease in current financial and non financial assets		(126,529)	85,306
(Increase)/decrease in other non-current assets		(1,145)	611
(Decrease) in other non-current financial and non financial liabilities		(6,471)	(4,454)
Increase/(decrease) in other current liabilities and financial current liabilities		161,766	(38)
(Decrease) in trade payables		(1,074,139)	(1,123,243)
Increase in non-current provisions		10,835	8,872
(Decrease) in current provisions		(124,503)	(70,743)
<b>Cash (used in) operations</b>		<b>(709,164)</b>	<b>(614,741)</b>
Direct taxes paid (net of refunds)		30,041	(31,109)
<b>Net cash (used in) operating activities</b>	<b>(A)</b>	<b>(679,123)</b>	<b>(645,850)</b>
<b>CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES</b>			
Purchase of plant,property and equipments (including capital work in progress and capital advances)		(144,187)	(61,384)
Purchase of investment property		(1,299)	(9,466)
Purchase of intangible assets (Including intangible assets under development)		(94,599)	(25,057)
Proceeds from disposal of plant,property and equipments		6,883	1,913

## CONSOLIDATED CASH FLOW STATEMENT

for the year ended March 31, 2016

	Notes	For the year ended 31-Mar-17 Rs.'000	For the year ended 31-Mar-16 Rs.'000
Proceeds from sales of investment property		100,906	-
Proceeds from sales of intangible assets		-	3,831
Investment in associates and a joint venture		(21,550)	(10,027)
Proceeds from sale of investment in an associate company		10,000	-
Sale of current investments		42,685	231,623
Proceeds from sale of non-current investments		123,004	(19,100)
Loans to bodies corporate received back		-	63,333
Share application money paid		-	(1,500)
Purchase of current- investments		-	(50,000)
Interest received		88,847	119,820
Dividend Received		-	887
Fixed deposits refunded by banks (net)		27,459	168,035
<b>Net cash from investing activities</b>	<b>( B )</b>	<b>138,149</b>	<b>412,908</b>
<b>CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES</b>			
Proceeds from short term borrowings		277,105	403,528
Repayment of short term borrowings		(100,144)	(17,743)
Proceeds from long term borrowings		160,359	-
Repayment of long term borrowings		(2,032)	(823)
Interest paid		(32,476)	(21,963)
Proceeds from issue of shares by a subsidiary company		160,092	-
<b>Net cash from financing activities</b>	<b>( C )</b>	<b>462,904</b>	<b>362,999</b>
Net Increase/(decrease) in cash and cash equivalents (A + B + C)		(78,070)	130,057
Cash and cash equivalents at the beginning of the year		635,544	505,487
Cash and cash equivalents transferred on Slump Sale			
<b>Cash and cash equivalents at the end of the year</b>		<b>557,474</b>	<b>635,544</b>
<b>Components of cash and cash equivalents:</b>			
Cash on hand		3,967	2,925
Cheques/ drafts on hand		10	4,165
With banks			
- on current accounts		553,497	568,602
- Deposits with original maturity of less than three months		-	59,852
<b>Total cash and cash equivalents (note 11C) &amp; 43</b>		<b>557,474</b>	<b>635,544</b>
Summary of significant accounting policies	2		

Cash Flow from operating activities for the March 31, 2017 is after considering Corporate Social Responsibility Expenditure of Rs. 8,448 thousand (31 March 2016: Rs. 8,528 thousand)

As per our report of even date

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

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

Place : Noida  
Date : May 19, 2017

For and on behalf of the board of directors of **Spice Mobility Limited**

**Dilip Modi**  
Executive Chairman  
DIN : 00029062

**Suman Ghose Hazra**  
Director  
DIN : 00012223

**M R Bothra**  
Vice President- Corporate Affairs and Company Secretary

**Subramanian Murali**  
Director  
DIN : 00041261

**Madhusudan V.**  
Chief Financial Officer

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017

## A : Equity Share Capital

	March 31, 2017	March 31, 2016	April 01, 2015
Equity shares of Rs.3 each issued, subscribed and fully paid			
227,863,982 (31 March 2016: 227,863,982; 31 March 2015: 227,863,982) equity shares of Rs. 3 each	683,592	683,592	683,592
Less: Equity share held by Independent Non-Promoter (Spice Employee Benefit) Trust / Independent Non-Promoters Trust			
(face value of 47,182,967 (March 31, 2016: 47,202,967, March 31, 2015: 47,202,967) shares transferred to the trust pursuant to Scheme of Amalgamation) (refer to note 49)	141,549	141,609	141,609
	542,043	541,983	541,983

## B : Other Equity

For the year ended March 31, 2017

Particulars	Trust Shares (Refer foot note I to note 44)	Reserves and Surplus					Items of other comprehensive income			Total	Non-controlling interests	Total equity
		Capital reserve on Consolidation (i)	Share Premium (ii)	Capital Redemption Reserve (iii)	General Reserve	Retained Earnings	Foreign Currency Translation Reserve (iv)	Foreign Currency Monetary Item Translation Difference Account (v)				
As at April 01, 2016	(301,389)	47,219	177,080	30,666	4,165,297	(2,030,966)	17,695	-	-	2,105,602	347,476	2,453,078
(Loss) for the year	-	-	-	-	-	(356,857)	-	-	-	(356,857)	(28,138)	(384,995)
Sale of shares by trust	(60)	-	-	-	-	-	-	-	-	(60)	-	(60)
Other comprehensive income (net of tax)	-	-	-	-	-	2,027	(17,740)	(28,297)	(28,297)	(44,010)	(20,195)	(64,205)
Issue of share capital	-	-	33,088	-	-	-	-	-	-	33,088	31,790	64,878
Equity share capital transfer to non controlling interest	-	-	-	-	-	-	-	-	-	-	95,214	95,214
Share of retained earning moved to non controlling from controlling	-	-	-	-	-	510,419	-	-	-	510,419	(510,419)	-
Transferred to/from retained earning	-	-	-	-	(3,594,023)	3,594,023	-	-	-	-	-	-
As at March 31, 2017	(301,449)	47,219	210,168	30,666	571,275	1,718,646	(45)	(28,297)	(28,297)	2,248,182	(84,272)	2,163,910



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017 (CONTINUED)

For the year ended March 31, 2016

(Amount in Rs '000)

Particulars	Trust Shares (Refer foot note 1 to note 44)	Reserves and Surplus				Items of other comprehensive income		Total	Non- controlling interests	Total equity
		Capital reserve on Consolidation (i)	Share Premium (ii)	Capital Redemption Reserve (iii)	General Reserve	Retained Earnings	Foreign Currency Translation Reserve (iv)	Foreign Currency Monetary Item Translation Difference Account (v)		
As at April 01, 2015	(301,389)	47,219	177,080	30,666	4,165,297	(1,350,822)	-	-	331,494	3,099,545
Profit/(loss) for the year	-	-	-	-	-	(685,168)	-	-	17,807	(667,361)
Other comprehensive income (net of tax)	-	-	-	-	-	5,032	17,695	-	(1,832)	20,895
Share of (Loss) brought forward moved to non controlling from controlling						(8)			7	(1)
As at March 31, 2016	(301,389)	47,219	177,080	30,666	4,165,297	(2,030,966)	17,695	-	347,476	2,453,078

Notes:

- (i) excess of parent's share of equity of the subsidiary on the date of investment over cost of investment.
- (ii) represents amount of premium recognised on issue of shares to shareholders at a price more than its face value.
- (iii) created upon cancellation of shares pursuant to buy back.
- (iv) represents exchange differences on translations of foreign operations.
- (v) represents foreign exchange loss on translation of a long term monetary item forming part of a subsidiary's net investment in its foreign subsidiary.

As per our report of even date

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

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

Place : Noida  
Date : May 19, 2017

For and on behalf of the board of directors of **Spice Mobility Limited**

**Dilip Modi**  
Executive Chairman  
DIN : 00029062

**Suman Ghose Hazra**  
Director  
DIN : 00012223

**M R Bothra**  
Vice President- Corporate Affairs and Company Secretary

**Subramanian Murali**  
Director  
DIN : 00041261

**Madhusudan V.**  
Chief Financial Officer

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 March 2017

### 1. Corporate information

The Consolidated financial statements comprise financial statements of Spice Mobility Limited ("the parent" or "the Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its associates and a joint venture for the year ended March 31, 2017. The Company is domiciled in India. Its share are listed in two stock exchanges in India. Spice Mobility Group is primarily engaged in the business of trading of Mobile handsets, IT products and their accessories, Information and Communication Technology business providing Value Added Services to Telecom Operators & Enterprise Mobility solutions. It also undertakes development and sale of telecom related software. The group also has a license from Indian Railway Catering and Tourism Corporation for booking of railway tickets and has appointed agents all over India. In addition to railway tickets, agents also book air tickets, hotels and provides other travel needs through a platform developed and provided by the Group. Domestic Money Transfer is another business the group has recently entered into with a two dimensional approach of having direct license from RBI, NPCI & UIDAI and also as a Banking Correspondent for reputed banks and uses the "agent" approach here also for enhancing reach.

During the year, the Company has entered into a brand assignment agreement with another entity whereby 'Spice' brand for certain specified trademark classes has been assigned to that entity and the company has discontinued the use of assigned trademarks in relation to the device business.

These financial statements were approved by the Board of Directors of the Group in their meeting held on May 19, 2017.

### 2. Summary of Significant accounting policies

#### 2.1 Basis of preparation

The financial statements of the group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendments) Rules, 2016.

For all periods up to and including the year ended 31 March 2016, the Group prepared its financial statements in accordance with accounting standards notified under Section 133 of the Companies Act 2013, read with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These financial statements for the year ended 31 March 2017 are the first set of financial statement that the Group has prepared in accordance with Ind AS. Refer to Note 44 for information on how the Group adopted Ind AS.

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities which have been measured at fair value (refer accounting policy regarding financial instruments).

The financial statements are presented in Rs. and all values are rounded to the nearest thousand (Rs. 000), except when otherwise indicated.

#### 2.2 Basis of consolidation of financial statements

The consolidated financial statements comprise the financial statements of the Parent Company, its subsidiaries, associates and a joint venture as at and for the year ended 31 March 2017. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and

The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 March 2017

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 31 March. When the end of the reporting period of the parent company is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent company to enable the parent company to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

### Consolidation procedure:

- (a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the financial statements at the acquisition date.
- (b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.
- (c) Eliminate in full intraGroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intraGroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). IntraGroup losses may indicate an impairment that requires recognition in the financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intraGroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the group had directly disposed of the related assets and liabilities.

## 2.3 Summary of significant accounting policies

### A. Business combinations and goodwill

In accordance with Ind AS 101 provisions related to first time adoption, the Group has elected to apply Ind AS accounting for business combinations prospectively from 1 April 2015. As such, Indian GAAP balances relating to business combinations entered into before that date, including goodwill, have been carried forward without adjustment (please refer note 44). The same first time adoption exemption is also used for associates and joint venture.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 March 2017

is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.
- Liabilities or equity instruments related to share based payment arrangements of the acquiree or share – based payments arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payments at the acquisition date.
- Assets (or disposal Groups) that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 *Financial Instruments*, is measured at fair value with changes in fair value recognised in profit or loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit.

Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

### **B. Investment in associates and joint ventures**

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.



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The considerations made in determining whether significant influence or joint control are similar to those necessary to determine control over the subsidiaries.

The Group's investments in its associate and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit and loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

If an entity's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture (which includes any long term interest that, in substance, form part of the Group's net investment in the associate or joint venture), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit and loss.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Impairment in the value of investments' in an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

### C. Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.



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### D. Foreign currencies

The Company's consolidated financial statements are presented in Rs., which is also parent Group's functional currency. For each entity the group determines the functional currency and items included in the financial statement of each entity are measured using that functional currency. The group uses the direct method of consolidation and on disposal of a foreign operation the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

#### Transactions and balances

Transactions in foreign currencies are initially recorded by the Group at currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of the following:

- Exchange differences arising on monetary items that forms part of a reporting entity's net investment in a foreign operation are recognised in profit or loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate. In the financial statements that include the foreign operation and the reporting entity (e.g., consolidated financial statements when the foreign operation is a subsidiary), such exchange differences are recognised initially in OCI. These exchange differences are reclassified from equity to profit or loss on disposal of the net investment.
- Exchange differences arising on monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss.
- Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

#### Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Rs. at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the Group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising in the acquisition/ business combination of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Cumulative currency translation differences for all foreign operations are deemed to be zero at the date of transition, viz., 1 April 2015. Gain or loss on a subsequent disposal of any foreign operation excludes translation differences that arose before the date of transition but includes only translation differences arising after the transition date.

#### Derivative financial instruments

The Group uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at the end of each reporting period. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

### E. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability (The principal or the most advantageous market must be accessible by the Group.)

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The group determines the policies and procedures for fair value measurement.

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Company decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Group, in conjunction with the Group's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

On an interim basis, the Group and the Group's external valuers present the valuation results to the Audit Committee and the Group's independent auditors. This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

### F. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

Sales tax/ value added tax (VAT) is not received by the Group on its own account, rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The specific recognition criteria described below must also be met before revenue is recognised.

#### Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

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### **Sale of software/hardware (customised bundled solution) and software services**

Revenue is recognized at the time when the 'user acceptance test certificate' is received from the customers or submission of offer for user acceptance test certificate is submitted by the company to the customer.

The Group derives revenues primarily from software development and related services and from the licensing of software products. Arrangements with customers for software related services are either on a fixed-price, fixed-time frame or on a time-and-material basis.

Revenue on time-and-material contracts are recognized as the related services are performed and revenue from the end of the last billing to the balance sheet date is recognized as unbilled revenues. Revenue from fixed-price, fixed-time frame contracts, where there is no uncertainty as to measurement or collectability of consideration, is recognized as per the percentage-of-completion method. When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Maintenance revenue is recognized ratably over the term of the underlying maintenance arrangement.

Advances received for services and products are reported as client deposits until all conditions for revenue recognition are met.

### **Interest income**

Interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss.

### **Dividends**

Revenue is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

### **Rental income**

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms unless the payments by the lessee are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Rental income is included in other income in the statement of profit or loss due to its operating nature.

## **G. Taxes**

### **Current income tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in India, where the Group operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### **Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences.

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and



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any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. Acquired deferred tax benefits recognised within the measurement period reduce goodwill related to that acquisition if they result from new information obtained about facts and circumstances existing at the acquisition date. If the carrying amount of goodwill is zero, any remaining deferred tax benefits are recognised in OCI/ capital reserve depending on the principle explained for bargain purchase gains. All other acquired tax benefits realised are recognised in profit or loss.

### H. Sales/ value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of sales/ value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

### I. Non-current assets held for sale/ distribution to owners and discontinued operations

The Group classifies non-current assets and disposal group as held for sale/ distribution to owners if their carrying amounts will be recovered principally through a sale/ distribution rather than through continuing use. Actions required to complete the sale/ distribution should indicate that it is unlikely that significant changes to the sale/ distribution will be made or that the decision to sell/ distribute will be withdrawn. Management must be committed to the sale/ distribution expected within one year from the date of classification.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale/ distribution classification is regarded met only when the assets or disposal Group is available for immediate sale/ distribution in its present condition, subject only to terms that are usual and customary for sales/ distribution of such assets (or disposal group), its sale/ distribution is highly probable; and it will genuinely be sold, not abandoned. The Group treats sale/ distribution of the asset or disposal to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset (or disposal Group),
- An active programme to locate a buyer and complete the plan has been initiated (if applicable),
- The asset (or disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value,

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- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification , and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-current assets held for sale/for distribution to owners and disposal Groups are measured at the lower of their carrying amount and the fair value less costs to sell/ distribute. Assets and liabilities classified as held for sale/ distribution are presented separately in the balance sheet.

Property, plant and equipment and intangible assets once classified as held for sale/ distribution to owners are not depreciated or amortised.

A disposal Group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations,
  - Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations
- Or
- Is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit and loss.

Additional disclosures are provided in Note 43. All other notes to the financial statements mainly include amounts for continuing operations, unless otherwise mentioned.

### J. Property, plant and equipment

The Group has elected to continue with the carrying value for all of its property, plant & equipment, as recognised in its Indian GAAP financial statements as deemed cost at the transition date, viz., 1 April 2015 .

Capital work in progress, property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Particulars	Useful Life (estimated by management)
- Building	period of lease, or useful life of 2 to 25 years, whichever is lower
- Plant and Machinery	15 Years
- Computers(other than servers etc)	3-5 Years
- Server	6 Years
- Leasehold Land	18-90 years or useful life, whichever is lower
- Leasehold Improvements	1-9 years
- Furniture and fittings	3-10 Years
- Office equipments	2-7 Years
- Vehicles	8-10 years

The Group, based on assessment made, depreciates certain items of property, plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit and loss account when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.



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### K. Investment properties

The Group has elected to continue with the carrying value for all of its investment property as recognised in its Indian GAAP financial statements as deemed cost at the transition date, viz., 1 April 2015.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The Group depreciates building component of investment property over 50/60 years from the date of original purchase.

Though the Group measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.

Investment properties are derecognised either when they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in statement of profit and loss in the period of derecognition.

The residual values, useful lives and methods of depreciation of investment properties are reviewed at each financial year end and adjusted prospectively, if appropriate.

### L. Intangible assets

The Group has elected to continue with the carrying value for all of its intangible assets as recognised in its Indian GAAP financial statements as deemed cost at the transition date, viz., 1 April 2015.

Intangible assets (software) acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The Group capitalises intangible asset under development for a project in accordance with its accounting policy. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits.

Costs incurred towards in-house Software Development are capitalized in the books of account as "Inhouse Developed Software". 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.

Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets is recognised in the statement of profit and loss.

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 recognised in the statement of profit or loss when the asset is derecognised.

Intangible assets are amortised using the Straight Line Method over their estimated useful lives as follows :

Intangible Asset	Estimated Useful Life
Computer Software	5-6 Years
Inhouse developed Software	5 Years
Intellectual Property Right	5 Years
Web site Development Cost	3 Years

### Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits

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- the availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

During the period of development, the asset is tested for impairment annually.

### **M. 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 capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

### **N. Leases**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1 April 2015, the Group has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

#### **Group as a lessee**

A lease is classified at the inception date as a finance lease or an operating lease. A lease that retains substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term unless the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

#### **Group as a lessor**

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Assets subject to operating leases are included in property, plant and equipment. Rental income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term, unless the payments by the lessee are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Costs, including depreciation, are recognized as an expense in the statement of profit and loss. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

### **O. Inventories**

Inventories comprise of traded goods which are valued at the lower of cost and net realisable value.

Cost of traded goods includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

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

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.

### **P. Impairment of non-financial assets**

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) fair value less costs of disposal and its value in use. 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 group of assets.

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When 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 assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss.

### Q. Provisions

#### General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### Warranty

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

### R. Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognizes contribution payable to the provident fund scheme as an expense, 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.

The Group operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund. 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. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

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 purpose & such long term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. 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. Where the Group 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.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

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Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

### S. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### Financial assets

##### Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

##### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- 1) Debt instruments at amortised cost
- 2) Debt instruments at fair value through other comprehensive income (FVTOCI)
- 3) Debt instruments and equity instruments at fair value through profit or loss (FVTPL)
- 4) Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Group has categorised financial assets under category 1 & 3 and don't hold any assets under category 2 & 4.

##### Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Group. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables. For more information on receivables, refer to Note 11B.

##### Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Group has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

##### Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.



## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

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### **Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e. removed from the Group's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either
  - (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

### **Impairment of financial assets**

The Group recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables and all other financial assets with no significant financing component is measured at an amount equal to 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured for specific assets. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognized as an impairment gain or loss in the statement of profit or loss.

### **Financial liabilities**

#### **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings and financial guarantee contracts.

#### **Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

#### **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Group has not designated any financial liability as at fair value through profit and loss.

#### **Loans and borrowings**

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings. For more information refer Note 17.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

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### **Financial guarantee contracts**

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

### **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

### **Reclassification of financial assets**

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Group's senior management determines change in the business model as a result of external or internal changes which are significant to the Group's operations. Such changes are evident to external parties. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### **T. Trust Shares as per Scheme of Amalgamation (refer Note 49)**

In pursuance to a Scheme of Amalgamation following trusts were created:

- Independent Non-Promoter Trust ("NPT")
- Independent Non-Promoter (Spice Employee Benefit) Trust ('EBT')

EBT holds equity shares of the Group for the benefit of the employees of the Company, its associates and subsidiaries and NPT holds equity shares for the benefit of the company. Considering conservative interpretation of Ind AS 32, number of equity shares held by the NPT and EBT are reduced from total number of issued equity shares.

Equity shares that are held by two trusts are recognised at cost and deducted from Equity / Other Equity. No gain or loss is recognised in statement of profit and loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

### **U. Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above as they are considered an integral part of the Group's cash management.

### **V. Segment Reporting Policies**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. Chief operating decision makers review the performance of the Group according to the nature of business of the Group. The Group has organized its operations into two primary business segments a) trading and manufacturing of mobile handsets, IT products and their accessories b) Value added services.

### **Segment accounting policies**

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

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

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### Recent Accounting pronouncements

#### Standards issued but not yet effective

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and has amended the following standard:

#### (i) Amendment to Ind AS 7, Statement of Cash Flows :

The amendments to Ind AS 7 requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1 April 2017. Application of this amendments will not have any recognition and measurement impact. However, it will require additional disclosure in the financial statements.

#### (ii) Amendment to Ind AS 102 , Share-based Payment:

The MCA has issued amendments to Ind AS 102 that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction, the classification of a share-based payment transaction with net settlement features for withholding tax obligations, and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. The amendments are effective for annual periods beginning on or after 1 April 2017. The Group is assessing the potential effect of the amendments on its financial statements.

The group will adopt these amendments from their applicability date.

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### 3 Property, Plant and Equipment

(Amount in Rs '000)

Particulars	Leasehold Land	Building	Leasehold Improvement	Plant and Machinery	Office Equipments	Furniture and Fittings	Computers	Vehicle	Total	Capital Work in Progress	Grand Total
<b>As at 1st April'15 (At deemed cost)</b>	<b>67,684</b>	<b>701,815</b>	<b>41,390</b>	<b>48,134</b>	<b>52,265</b>	<b>71,110</b>	<b>224,128</b>	<b>17,704</b>	<b>1,224,230</b>	<b>102,785</b>	<b>1,327,015</b>
Additions	-	2,401	17,789	720	7,572	8,116	56,551	3,155	96,304	(27,642)	68,662
Disposals	-	-	(11,443)	(4,787)	(2,809)	(12,498)	(2,012)	(469)	(34,018)	-	(34,018)
Transferred to investment property	-	(393,985)	-	-	(7,596)	(3,377)	-	-	(404,958)	(70,385)	(475,343)
Exchange differences	-	-	-	-	(18)	(109)	2,149	(591)	1,431	(65)	1,366
<b>At 31 Mar 2016</b>	<b>67,684</b>	<b>310,231</b>	<b>47,736</b>	<b>44,067</b>	<b>49,413</b>	<b>63,243</b>	<b>280,817</b>	<b>19,799</b>	<b>882,990</b>	<b>4,693</b>	<b>887,683</b>
Additions	-	113	15,074	-	6,159	6,494	72,517	7,998	108,355	43,879	152,234
Disposals	-	-	(5,314)	-	(2,400)	(8,929)	(6,678)	(3,694)	(27,015)	-	(27,015)
Discontinued operations (Note 43)	-	-	(1,051)	(3,383)	(2,666)	(633)	(6,362)	-	(14,095)	-	(14,095)
Exchange differences	-	-	-	-	(70)	(256)	(12,341)	307	(12,360)	(1,180)	(13,540)
<b>At 31 Mar 2017</b>	<b>67,684</b>	<b>310,343</b>	<b>56,445</b>	<b>40,684</b>	<b>50,436</b>	<b>59,918</b>	<b>327,953</b>	<b>24,410</b>	<b>937,874</b>	<b>47,392</b>	<b>985,266</b>
<b>Depreciation and Impairment</b>											
<b>At 1 April 2015</b>	-	-	-	-	-	-	-	-	-	-	-
Charge for the year	2,886	41,439	32,666	5,419	26,988	25,433	98,910	4,158	237,899	-	237,899
Disposals	-	-	(11,303)	(1,610)	(807)	(10,503)	(581)	(142)	(24,946)	-	(24,946)
Exchange differences	-	-	-	-	(9)	(26)	905	(44)	825	-	825
<b>At 31 Mar 2016</b>	<b>2,886</b>	<b>41,439</b>	<b>21,363</b>	<b>3,809</b>	<b>26,172</b>	<b>14,904</b>	<b>99,234</b>	<b>3,971</b>	<b>213,778</b>	-	<b>213,778</b>
Charge for the year	2,886	41,468	16,408	6,272	11,544	14,639	83,907	4,342	181,466	-	181,466
Disposals	-	-	(5,312)	-	(1,745)	(8,679)	(2,524)	(603)	(18,863)	-	(18,863)
Discontinued operations (Note 43)	-	-	(1,051)	(3,383)	(2,666)	(633)	(6,362)	-	(14,095)	-	(14,095)
Exchange differences	-	-	-	-	(23)	(85)	(7,058)	48	(7,118)	-	(7,118)
<b>At 31 Mar 2017</b>	<b>5,772</b>	<b>82,907</b>	<b>31,408</b>	<b>6,698</b>	<b>33,282</b>	<b>20,146</b>	<b>167,197</b>	<b>7,758</b>	<b>355,168</b>	-	<b>355,168</b>
<b>Net Book Value</b>											
<b>At 1 April 2015</b>											
<b>At 31 Mar 2016</b>	<b>67,684</b>	<b>701,815</b>	<b>41,390</b>	<b>48,134</b>	<b>52,265</b>	<b>71,110</b>	<b>224,128</b>	<b>17,704</b>	<b>1,224,230</b>	<b>102,785</b>	<b>1,327,015</b>
<b>At 31 Mar 2017</b>	<b>64,798</b>	<b>268,792</b>	<b>26,373</b>	<b>40,258</b>	<b>23,242</b>	<b>48,339</b>	<b>181,583</b>	<b>15,828</b>	<b>669,212</b>	<b>4,693</b>	<b>673,905</b>
<b>At 31 Mar 2017</b>	<b>61,912</b>	<b>227,436</b>	<b>25,037</b>	<b>33,986</b>	<b>17,155</b>	<b>39,772</b>	<b>160,756</b>	<b>16,652</b>	<b>582,707</b>	<b>47,392</b>	<b>630,098</b>

#### Net Book Value

Particulars	As at 31 Mar 2017	As at 31 Mar 2016	As at 1 April 2015
Property, plant & equipment	582,707	669,212	1,224,230
Capital Work in Progress	47,392	4,693	102,785



## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 March 2017

### Notes:

1. Property plant and equipment include the following assets given on operating lease :

Particulars	Gross Block			Depreciation*		Accumulated Depreciation		
	As at 31 March 2017	As at 31 March 2016	As at 1st April 2015	For the year ended 31st March 2017	For the year ended 31st March 2016	As at 31 March 2017	As at 31 March 2016	As at 1st April 2015
Building	66,028	32,130	193,549	7,107	3,959	14,213	3,959	-
Leasehold Land	23,466	7,589	5,293	1,940	506	3,880	506	-
Furniture and Fittings	3,377	7,393	1,767	529	626	748	626	-
Office Equipment	7,727	10,323	3,905	2,437	3,736	6,721	3,736	-
<b>Total</b>	<b>100,598</b>	<b>57,435</b>	<b>204,514</b>	<b>12,013</b>	<b>8,827</b>	<b>25,562</b>	<b>8,827</b>	<b>-</b>

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

For Property, Plant and Equipment existing as on 1 April 2015, i.e., its date of transition to Ind AS, the Group has used Indian GAAP carrying value as deemed costs.

Leasehold land and building with a carrying amount of Rs. 83,562 thousand (31 March 2016: Rs. Nil, 1 April 2015: Rs. 393,985 thousand) is subject to a first charge to secure step down subsidiary's bank loans.

2. Depreciation charge includes depreciation on Property plant and equipment, pertaining to discontinued operation of Rs. 8,637 Thousand (31st March 2016 Rs.9,186 Thousand)

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

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### 4 Investment Property

(Amount in Rs '000)

Particulars	Free hold land	Building	Office Equipments	Furniture and Fittings	Capital Work in Progress	Total
<b>As at 1st April'15 (At deemed cost)</b>	-	<b>62,709</b>	-	-	-	<b>62,709</b>
Transferred from property plant and equipment	-	393,985	7,596	3,377	70,385	475,343
Additions	-	77,395	63	2,392	(70,385)	9,465
Impairment	-	(7,416)	-	-	-	(7,416)
Exchange differences	-	4,451	-	-	-	4,451
<b>At 31 Mar 2016</b>	-	<b>531,124</b>	<b>7,659</b>	<b>5,769</b>	-	<b>544,552</b>
Transferred from Held for sale	800	9,272	208	-	-	10,280
Additions	-	1,168	131	-	-	1,299
Impairment	-	(4,039)	-	-	-	(4,039)
Disposals/capitalised during the year	-	(77,395)	(63)	(2,392)	-	(79,851)
Exchange differences	-	(2,868)	-	-	-	(2,868)
<b>At 31 Mar 2017</b>	<b>800</b>	<b>457,262</b>	<b>7,935</b>	<b>3,377</b>	-	<b>469,373</b>
<b>Depreciation and Impairment</b>						
<b>At 1 April 2015</b>	-	-	-	-	-	-
Charge for the year	-	9,563	4,894	737	-	15,194
Exchange differences	-	48	-	-	-	48
<b>At 31 Mar 2016</b>	-	<b>9,611</b>	<b>4,894</b>	<b>737</b>	-	<b>15,242</b>
Charge for the year	-	18,758	2,656	724	-	22,138
Disposals	-	(2,237)	(22)	(415)	-	(2,674)
Exchange differences	-	(136)	-	-	-	(136)
<b>At 31 Mar 2017</b>	-	<b>25,996</b>	<b>7,528</b>	<b>1,046</b>	-	<b>34,570</b>
<b>Net Book Value</b>						
<b>At 1 April 2015</b>	-	<b>62,709</b>	-	-	-	<b>62,709</b>
<b>At 31 Mar 2016</b>	-	<b>521,513</b>	<b>2,765</b>	<b>5,032</b>	-	<b>529,310</b>
<b>At 31 Mar 2017</b>	<b>800</b>	<b>431,266</b>	<b>407</b>	<b>2,331</b>	-	<b>434,803</b>

During the current year, Parent Company has transferred assets held for sale of carrying value of Rs. 10,280 thousand to investment property.

For investment property existing as on 1st April 2015 i.e its date of transition to Ind AS, the Group has used Indian GAAP carrying value as deemed costs.

#### Information regarding income and expenditure of Investment property

	As at 31 Mar 2017	As at 31 Mar 2016
Rental income derived from investment properties	40,913	31,271
Direct operating expenses (including repairs and maintenance) generating rental income (repairs & maintenance)	1,187	2,438
Direct operating expenses (including repairs and maintenance) that did not generate rental income (Property tax)	1,739	2,475
Profit arising from investment properties before depreciation and indirect expenses	<b>37,987</b>	<b>26,358</b>
Less - Depreciation	22,138	15,195
Less - Exchange differences	(136)	48
Profit arising from investment properties before indirect expenses	<b>15,985</b>	<b>11,115</b>

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 March 2017

The Group's investment properties as on 31 March, 2017 consist of two office properties, one factory land and building in India and one residential property in Singapore. The management has determined the classification of investment properties based on the nature, characteristics and risks of each property.

Investment property with a carrying amount of Rs. Nil (31 March 2016: Rs. 471,006 thousand, 1 April 2015: Rs. Nil) were subject to a first charge to secure step down subsidiary's bank loans.

As at 31 March 2017, 31 March 2016 and 1 April 2015, the fair values of the properties are Rs. 604,429 thousand, Rs. 568,463 thousand and Rs. 62,709 thousand respectively. These valuations are based on valuations performed by accredited independent valuers and best estimate of the management in respect of property of the subsidiary company and subsequent realisable value thereof.

The Company has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties.

Fair value hierarchy disclosures for investment properties have been provided in Note 45A.

### Reconciliation of fair value:

	Amount in Rs.'000
<b>Opening balance as at 1st April'15</b>	62,709
Transfer from Property, Plant and Equipment	495,174
Addition during the year	9,466
Depreciation	(1,392)
Fair Value Difference	(1,898)
Exchange differences	4,404
<b>As at 31st Mar'16</b>	<b>568,463</b>
Fair Value Difference	8,823
Addition during the year	-
Depreciation	(1,425)
Transfer from held for sale	129,000
Sales	(97,700)
Exchange differences	(2,732)
Transfer to Level 2 hierarchy	(50,110)
<b>At 31 Mar 2017</b>	<b>554,319</b>

### Description of valuation techniques used and key inputs to valuation on investment properties:

Investment properties	Valuation technique	Significant unobservable Inputs	Range	
			31-Mar-17	31-Mar-16
Office properties				
-Bangalore	Market Approach	Reference pricing	-	Rs. 14,000-14,500 per sqft
-Kolkata	Market Approach	Reference pricing	Rs. 6,400 per sqft	Rs. 6,300 per sqft
-Rampur Land	Market Approach	Reference pricing	Rs. 156 Lacs- 165 Lacs per acre	-
-Rampur Building	Depreciated Replacement Cost		Rs 330 Lacs	-
-Mumbai	Market Approach	Reference pricing	Rs 13,723 per sqft	Rs 13,219 per sqft
-Singapore*	Sale Comparison Method	Reference pricing	Rs. 76,270 per sqft	Rs. 88,745 per sqft

The market approach uses prices and other relevant information generated by market transactions involving identical or complete assets, such as business. valuation techniques consistent with the market approach often use market multiples derived from a set of comparables. Multiples might be in ranges with a different multiple for each comparable. The selection of the appropriate multiple within the range requires judgement, considering qualitative and quantitative factors specific to the measurement.

\*Assets has been transferred to level 2 hierarchy on entering memorandum of understanding for sale of property.

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### 5 Intangible assets

(Amount in Rs '000)

Particulars	Intellectual Property Rights	Software	Inhouse developed Software	Web site Development Cost	Total	Intangible asset under development	Grand Total
<b>As at 1st April'15 (At deemed cost)</b>	<b>18,183</b>	<b>79,785</b>	<b>-</b>	<b>2,993</b>	<b>100,961</b>	<b>-</b>	<b>100,961</b>
Additions	-	24,384	-	-	24,384	673	25,057
Disposals	-	(5,427)	-	-	(5,427)	-	(5,427)
Exchange differences	-	(1,161)	-	-	(1,161)	-	(1,161)
<b>At 31 Mar 2016</b>	<b>18,183</b>	<b>97,581</b>	<b>-</b>	<b>2,993</b>	<b>118,757</b>	<b>673</b>	<b>119,430</b>
Additions	-	14,491	32,011	-	46,502	48,097	94,599
Disposals	-	-	(6,816)	-	(6,816)	-	(6,816)
Exchange differences	-	287	-	-	287	(1,895)	(1,608)
<b>At 31 Mar 2017</b>	<b>18,183</b>	<b>112,358</b>	<b>25,195</b>	<b>2,993</b>	<b>158,730</b>	<b>46,875</b>	<b>205,605</b>
<b>Depreciation and Impairment</b>							
<b>At 1 April 2015</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Charge for the year	2,304	37,865	-	319	40,488	-	40,488
Disposals	-	(1,596)	-	-	(1,596)	-	(1,596)
Exchange differences	-	(146)	-	-	(146)	-	(146)
<b>At 31 Mar 2016</b>	<b>2,304</b>	<b>36,123</b>	<b>-</b>	<b>319</b>	<b>38,746</b>	<b>-</b>	<b>38,746</b>
Charge for the year	2,304	42,919	8,475	265	53,963	-	53,963
Disposals	-	-	(6,816)	-	(6,816)	-	(6,816)
Exchange differences	-	268	-	-	268	-	268
<b>At 31 Mar 2017</b>	<b>4,608</b>	<b>79,310</b>	<b>1,659</b>	<b>584</b>	<b>86,161</b>	<b>-</b>	<b>86,161</b>
<b>Net Book Value</b>							
<b>At 1 April 2015</b>	<b>18,183</b>	<b>79,785</b>	<b>-</b>	<b>2,993</b>	<b>100,961</b>	<b>-</b>	<b>100,961</b>
<b>At 31 Mar 2016</b>	<b>15,879</b>	<b>61,458</b>	<b>-</b>	<b>2,674</b>	<b>80,011</b>	<b>673</b>	<b>80,684</b>
<b>At 31 Mar 2017</b>	<b>13,575</b>	<b>33,049</b>	<b>23,536</b>	<b>2,409</b>	<b>72,569</b>	<b>46,875</b>	<b>119,444</b>

#### Net Book Value

Particulars	As at 31 Mar 2017	As at 31 Mar 2016	As at 1 April 2015
Intangible assets	72,569	80,011	100,961
Intangible asset under development	46,875	673	-

For Intangible assets existing as on 1 April 2015, i.e., its date of transition to Ind AS, the Group has used Indian GAAP carrying value as deemed costs.

Amortisation charge includes amortisation of intangible asset, pertaining to discontinued operation of Rs. 15,527 Thousand (31st March 2016 Rs.7,739 Thousand)



## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 March 2017

### 6 Investment in associates and a joint venture

(Amount in Rs. 000)

Particulars	As at 31 Mar 2017	As at 31 Mar 2016	As at 1 April 2015
<b>Investment in Associates ( Refer note 41)</b>			
Vavia Technologies Private Limited Nil (31 March 2016 : 3,514 , 01 April 2015 : 3,514) equity shares of Rs 10 each	-	12,190	10,772
Sunstone Learning Private Limited 95,058 (31 March 2016 : 83,636, 01 April 2015 : 83,636) equity share of Re 1 each	-	75,763	77,337
Creative Functionapps Lab Pvt. Ltd 3,514 (31 March 2016 : 3,514, 01 April 2015 : nil) equity share of Re 10 each	9,441	8,827	-
Sunstone Eduversity Private Ltd Nil (31 March 2016 : 27,301, 1 April 2015: Nil) equity share of Re 1 each	-	27	-
Exponentially I Mobility LLP 28.47% profit sharing	5,694	-	-
<b>Investment in Joint Venture ( Refer note 41)</b>			
Adgyde Solutions Pvt. Ltd 1,230,000 (31 March 2016 : Nil, 1 April 2015: Nil) equity share of Re 1 each	11,638	-	-
	<b>26,773</b>	<b>96,807</b>	<b>88,109</b>

In the current year, the Group has identified an impairment of Rs. 78,209 thousand on investment in an Associate as its business has closed during the year. The impairment of investment in the associate company has been recognised as exceptional items in the statement of profit or loss.

### 7A Non current Investments

(Amount in Rs. 000)

	As at 31 Mar 2017	As at 31 Mar 2016	As at 1 April 2015
<b>Financial instrument carried at fair value through profit and loss</b>			
<b>Investment in equity instruments (quoted)</b>			
<b>Godfrey Phillips India Limited</b>			
Nil (31 March 2016: 86,500, 1 April 2015: 86,500) equity shares of Rs.2 each fully paid up	-	103,169	36,460
<b>Spicejet Limited</b>			
Nil (31 March 2016: 140,288, 1 April 2015: 140,288) equity shares of Rs.10 each fully paid up	-	8,971	3,044
<b>Investment in equity instrument (unquoted)</b>			
Sunstone Eduversity Pvt Ltd 27,301 (31 March 2016 : Nil, 1 April 2015: Nil)	27	-	-
Propinquity Technology Pvt. Ltd. 5 (31 March 2016 : 5, 01 April 2015 : Nil )*	-	5	-
Mobile Health Solutions Pvt. Ltd. Nil (31 March 2016 : 17391, 01 April 2015 : Nil)	-	1,500	-
Riot Labz Private Limited 200 (31 March 2016 : 200, 01 April 2015 : 200)	125	125	125
Super Highway Labs Pvt Ltd 20 (31 March 2016 : 20, 01 April 2015 : Nil)	41	41	-
911 India Healthcare Private Limited 1 (31 March 2016 : 1, 01 April 2015 : 1)	0	0	0

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as at and for the year ended 31 March 2017

	(Amount in Rs. 000)		
	As at 31 Mar 2017	As at 31 Mar 2016	As at 1 April 2015
S Mobile Devices Limited 50,000 (31 March 2016 : 50,000, 01 April 2015 : Nil) equity shares of Rs.10 each fully paid up	500	500	-
<b>Investment in Mutual Funds (Non-Trade Investments) unquoted debt securities</b>			
Reliance Capital Limited (Debentures) Nil (31 March 2016 : 100, 01 April 2015 : Nil)	-	8,676	-
<b>Investment in Fully paid up Cumulative Compulsorily Convertible Preference Shares (unquoted)</b>			
Propinquity Technology Pvt. Ltd. 1662 (31 March 2016 : 1662, 01 April 2015 : Nil)*	-	1,496	-
Sunstone Eduversity Pvt Ltd 4,275 (31 March 2016 : Nil, 1 April 2015: Nil)	1,500	-	-
Talentuno Software Pvt Ltd 20000 (31 March 2016 : 20000, 01 April 2015 : Nil)*	-	1,500	-
Super Highway Labs Pvt Ltd 3379 (31 March 2016 : 4270, 01 April 2015 : Nil)	4,359	5,509	-
Riot Labz Private Limited 1800 (31 March 2016 : 1800, 01 April 2015 : 1800)	1,125	1,125	1,125
911 India Healthcare Private Limited 5999 (31 March 2016 : 5999, 01 April 2015 : 5999)	1,500	1,500	1,500
<b>Government and trust securities (unquoted)</b>			
5 (31 March 2016 : 5, 01 April 2015 : 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
	<b>9,227</b>	<b>134,167</b>	<b>42,304</b>
Aggregate book value of quoted investments	-	112,140	39,504
Aggregate market value of quoted investments (refer note 45B)	-	112,140	39,504
Aggregate amount of unquoted investments	9,227	22,027	2,800
Aggregate amount of impairment in value of investments	3,000	-	-

### 7B Non current loans and advances

	(Amount in Rs. 000)		
	As at 31 Mar 2017	As at 31 Mar 2016	As at 1 April 2015
<b>Secured, considered good</b>			
Loans to body corporate	30,000	30,000	80,000
Loans to related parties (Refer note 38)	-	-	13,333
<b>Unsecured, considered good</b>			
Loans to employees	1,320	2,801	11,661
	<b>31,320</b>	<b>32,801</b>	<b>104,994</b>
	<b>31,320</b>	<b>32,801</b>	<b>104,994</b>

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 March 2017

### 7C Other non current financial assets

(Amount in Rs. 000)

	As at 31 Mar 2017	As at 31 Mar 2016	As at 1 April 2015
<b>Unsecured, considered good</b>			
<b>Receivable from related party (Refer note 38)</b>			
Share application money pending allotment	-	1,500	-
<b>Receivable from others</b>			
Security deposits	49,110	68,798	88,197
Fixed deposits with remaining maturity of more than 12 months (refer note 11D for fixed deposit pledged with bank)	79,817	68,798	3,559
Interest accrued on fixed deposits	-	-	51
	<b>128,927</b>	<b>139,096</b>	<b>91,807</b>
<b>Unsecured, considered doubtful</b>			
Security deposits	-	100	-
	-	100	-
<b>Allowances for Bad &amp; doubtful</b>			
Security deposits	-	100	-
	-	100	-
	<b>128,927</b>	<b>139,096</b>	<b>91,807</b>

Loans and receivables are non-derivative financial assets which generate a fixed or variable interest income for the Group. The carrying value may be affected by changes in the credit risk of the counterparties.

### 8 Deferred tax

Deferred tax relates to the following:

(Amount in Rs. 000)

	Balance Sheet			Statement of profit and loss	
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	As at March 31, 2017	As at March 31, 2016
<b>Deferred Tax Liabilities</b>					
Fixed Assets : Impact of difference between tax depreciation and depreciation/ammortization charged for the financial reporting	(19,677)	(24,535)	(22,901)	(4,858)	1,634
Impact of income recognised to the statement of profit & loss in the current/earlier years but chargeable to tax in subsequent years.	(3,261)	(865)	(4,724)	2,395	(3,859)
<b>Deferred Tax Asset</b>					
Impact of expenditure charged to the statement of profit & loss in the current/earlier years but not allowable for tax purpose in subsequent years.					
- Provision for doubtful debts	30,597	11,301	6,300	(19,296)	(5,001)
- Others	20,299	18,370	11,735	(1,929)	(6,635)
MAT Credit Receivable	110,708	139,982	166,685	-	-
Deferred tax impact of OCI	-	-	-	112	541
Exchange difference on translation	-	-	-	26	(195)
<b>Deferred tax expense/(income)</b>				<b>-23,550</b>	<b>-13,515</b>
<b>Net deferred tax assets/(liabilities)</b>	<b>138,667</b>	<b>144,253</b>	<b>157,095</b>		

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 March 2017

### Net deferred tax Assets (continuing operations)

(Amount in Rs. 000)

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Deferred tax assets	50,897	29,671	18,035
Deferred tax liabilities	-22,938	-25,400	-27,625
MAT Credit Receivable	110,708	139,982	166,685
<b>Deferred tax Assets (net)</b>	<b>138,667</b>	<b>144,253</b>	<b>157,095</b>

Reflected in the balance sheet as follows:

(Amount in Rs. 000)

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Deferred tax Liabilities	1,090	3,236	-
Deferred tax Assets	139,757	147,489	157,095
	<b>138,667</b>	<b>144,253</b>	<b>157,095</b>

Reconciliation of deferred tax Assets (net):

(Amount in Rs. 000)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Opening balance as of 1 April</b>	<b>144,253</b>	<b>157,095</b>	
Tax income/(expense) during the year	23,550	13,515	
Deferred tax impact recognised in OCI	112	541	
MAT credit utilized/adjustment	-29,274	-26,703	
Exchange difference on translation	26	-195	
<b>Closing balance as at 31 March</b>	<b>138,667</b>	<b>144,253</b>	<b>157,095</b>

The group offsets deferred tax assets and deferred tax liabilities if and only if it relate to income taxes levied by the same tax authority.

### 9 Other non-current assets

(Amount in Rs. 000)

	As at 31 Mar 2017	As at 31 Mar 2016	As at 1 April 2015
Capital Advances	55	2,366	13,018
Security Deposits	834	389	389
Prepaid expenses	5,320	1,263	1,468
Prepaid Rent	50	3,430	3,834
Balances with statutory / government authorities*	10,624	10,615	10,617
	<b>16,883</b>	<b>18,063</b>	<b>29,326</b>

\*includes Rs 2,000 thousand (31st March 2016 Rs 2000 thousand, 1st April 2015 Rs 2000 thousand) deposited under protest by parent company with excise authorities and Rs. 8,600 thousand (31st March 2016 Rs 8600 thousand, 1st April 2015 Rs 8600 thousand) deposited under protest by a subsidiary company with service tax authorities.



## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 March 2017

### 10 Inventories (valued at lower of cost and net realisable value)\*

(Amount in Rs. 000)

	As at 31 Mar 2017	As at 31 Mar 2016	As at 1 April 2015
Traded Goods (Including stock in transit Rs. NIL (31st March 2016 Rs. 1,390 thousand, 1st April 2015 Rs. 26,473 thousand)	336,712	508,850	1,044,250
Service component and spares (Including stock in transit Rs. NIL (31st March 2016 Rs. 97 thousand, 1st April 2015 Rs. 790 thousand)	-	44,182	98,416
	<b>336,712</b>	<b>553,032</b>	<b>1,142,666</b>

\* Inventories include related to discontinued operations : Nil (31st March 2016 Rs. 411,056 thousand, 1st April 2015 Rs. 801,601 thousand)

During the year ended 31 March 2017, Rs. 1,753 thousand (31 March 2016: Rs. 6,538 thousand was recognised as an expense for inventories carried at net realisable value).

### 11A Investments

(Amount in Rs. 000)

	As at 31 Mar 2017	As at 31 Mar 2016	As at 1 April 2015
<b>Financial instrument carried at fair value through profit and loss</b>			
<b>Debt Securities (Unquoted )</b>			
100 (31 March 2016:Nil, 1 April 2015:Nil) debentures of Reliance Capital Limited	11,704	-	-
<b>Mutual Fund Units (Unquoted) of Rs. 10 each fully paid up</b>			
Nil (31 March 2016: Nil, 1 April 2015: 5,000,000) Birla Sun Life Fixed Term Plan-Series KJ- Growth Regular	-	-	54,954
Nil (31 March 2016: Nil, 1 April 2015: 3,000,000) TATA Fixed Maturity Plan-Series 47 Scheme D-Plan A-Growth	-	-	32,741
Nil (31 March 2016: Nil, 1 April 2015: 5,000,000) DWS Fixed Maturity Plan Series 53-Regular Plan Growth	-	-	54,785
Nil(31 March 2016:Nil,1 April 2015:344,329) ICICI Prudential Income Regular Plan Growth	-	-	15,113
1270,705(31 March 2016: 2,595,717,1 April 2015:Nil) Reliance Regular Savings Fund- Debt- Growth	28,790	53,604	-
Nil (31 March 2016: Nil, 1 April 2015: 2,922,144) IDFC Super Saver Income Fund- Quarterly dividend Regular Plan	-	-	33,305
564,052 (31 March 2016: 564,052, 1 April 2015: 934,520) IDFC Super Saver Income Fund-Investment Plan-Growth (Regular Plan)	22,809	20,220	31,934
Nil (31 March 2016 : Nil, 1 April 2015 : 100,000) ICICI Prudential FMP Series	-	-	10,917
Nil (31 March 2016 : Nil, 1 April 2015 : 948,872) ICICI Prudential Income Regular Plan Growth Quarterly Dividend Reinvestment	-	-	11,374
Nil (31 March 2016 : 369,646, 1 April 2015 : 369,646) HDFC Short Term Plan- Growth	-	10,938	10,000
	<b>63,303</b>	<b>84,762</b>	<b>255,123</b>
Aggregate value of unquoted investments	63,303	84,762	255,123

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### 11B Trade receivables

(Amount in Rs. 000)

	As at 31 Mar 2017	As at 31 Mar 2016	As at 1 April 2015
Trade receivables	808,171	1,098,288	1,360,091
Receivables from related parties (Refer note 38)	-	-	2,904
Less: Allowance for doubtful debts	(116,917)	(68,080)	(51,092)
<b>Total receivables</b>	<b>691,254</b>	<b>1,030,208</b>	<b>1,311,903</b>
<b>Breakup of security details</b>			
Secured, considered good	1,162	996	20,317
Unsecured, considered good	690,092	1,029,212	1,291,586
Doubtful	116,917	68,080	51,092
	808,171	1,098,288	1,362,995
Allowance for doubtful debts	(116,917)	(68,080)	(51,092)
<b>Total trade receivables</b>	<b>691,254</b>	<b>1,030,208</b>	<b>1,311,903</b>

No trade or other receivable are due from directors or other officers of the Parent Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

For terms and conditions relating to related party receivables, refer Note 38.

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

### 11C Cash and cash equivalents

(Amount in Rs. 000)

	As at 31 Mar 2017	As at 31 Mar 2016	As at 1 April 2015
<b>Balance with banks :</b>			
On current accounts	548,548	568,602	481,383
Cheques, drafts on hand	10	4,165	1,523
Cash on hand	3,951	2,925	8,573
Deposit with original maturity of less than three months	-	59,852	14,008
	<b>552,509</b>	<b>635,544</b>	<b>505,487</b>

There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior periods.

At 31 March 2017, the Group had available Rs. 303,824 thousand (31 March 2016: Rs. 4,067 thousand, 1 April 2015: Nil) of undrawn committed borrowing facilities.

Balance with banks on current account does not earn interest. Short-term deposits are made for varying periods of between one day and three months, more than 3 months and in some cases more than 12 months (which have been classified as non current assets under note no 7C) also, depending on the immediate cash requirements of the group, and earn interest at the respective short-term deposit rates.

### 11D Bank balances other than (11C) above

(Amount in Rs. 000)

	As at 31 Mar 2017	As at 31 Mar 2016	As at 1 April 2015
Unpaid dividend accounts	5,940	6,271	6,736
Fixed deposits with remaining maturity for more than 3 months but less than 12 months	536,349	628,452	861,726
Fixed deposits with remaining maturity of more than 12 months	79,817	68,798	3,559
	622,106	703,521	872,021
Amount disclosed under other non current financial assets (refer note 7C)	(79,817)	(68,798)	(3,559)
	<b>542,289</b>	<b>634,723</b>	<b>868,462</b>

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Deposit with banks earns interest at fixed rates based on bank deposit rates for the tenor of deposit at the time of placing the deposit.

Fixed deposits (including fixed deposits as at 31st March 2017 of Rs. 53,645 thousand transferred to assets held for discontinued operations) with carrying amount of Rs. 483,833 thousand (31 March 2016: Rs.574,960 thousand, 1 April 2015:Rs. 852,729 thousand) pledged with bank/government authority.

### III E Current loans and advances

	(Amount in Rs. 000)		
	As at 31 Mar 2017	As at 31 Mar 2016	As at 1 April 2015
<b>Unsecured, considered good</b>			
Loan to related parties (Refer note 38)*	-	2,139	10,618
Loans to employees	5,537	6,864	9,077
Advances recoverable in cash or kind	10,000	10,258	811
	15,537	19,261	20,506
<b>Unsecured, considered doubtful</b>			
Loan to related parties (Refer note 38)*	-	6,615	6,615
Advances recoverable in cash or kind	490	490	490
	490	7,105	7,105
<b>Allowances for bad and doubtful</b>			
Loan to related parties (Refer note 38)	-	6,615	6,615
Advances recoverable in cash or kind	490	490	490
	490	7,105	7,105
	<b>15,537</b>	<b>19,261</b>	<b>20,506</b>

\* Balance as at 31st March 2017 excludes Rs. 8,754 thousand transferred to asset held for discontinued operation.

Loans and receivables are non-derivative financial assets which generate a fixed or variable interest income for the Group. The carrying value may be affected by changes in the credit risk of the counterparties.

### III F Other Financial assets

	(Amount in Rs. 000)		
	As at 31 Mar 2017	As at 31 Mar 2016	As at 1 April 2015
<b>Unsecured, considered good</b>			
<b>Receivable from related parties (Refer note 38):</b>			
Advances to related parties	-	2,028	873
Rent and other receivable	2,023	2,399	1,969
Receivable against ticketing	4,660	1,052	5,437
Receivable against fixed assets sold	-	-	17,500
<b>Receivable from others :</b>			
Interest accrued on fixed deposits	15,059	15,921	18,071
Interest accrued on inter-corporate loans	3,059	-	1,996
Interest accrued on loan to employees	2,578	1,590	251
Security deposits	40,313	38,301	38,799
Advances receivable in cash or kind	6,136	7,419	6,802
Rent and other receivable	113	79	45
Income accrued but not billed	332,447	274,679	270,054
Receivable against ticketing	8,226	12,895	4,168
Receivable against collection from agents	27,184	20,487	-
	<b>441,798</b>	<b>376,850</b>	<b>365,965</b>

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(Amount in Rs. 000)

	As at 31 Mar 2017	As at 31 Mar 2016	As at 1 April 2015
<b><u>Unsecured, considered doubtful</u></b>			
Security deposits	210	1,160	773
Advances receivable in cash or kind	302	2,666	2,666
Receivable against collection from agents	1,370	-	-
Rent and other receivables - from related party (Refer note 38)	489	1,734	-
Rent and other receivables - from others	1,734	-	-
	<b>4,105</b>	<b>5,560</b>	<b>3,439</b>
<b><u>Allowances for bad and doubtful</u></b>			
Security deposits	210	1,160	773
Advances receivable in cash or kind	302	2,666	2,666
Receivable against collection from agents	1,370	-	-
Rent and other receivables - from related party	489	1,734	-
Rent and other receivables - from others	1,734	-	-
	<b>4,105</b>	<b>5,560</b>	<b>3,439</b>
	<b>441,798</b>	<b>376,850</b>	<b>365,965</b>

### 12 a) Current Tax assets (Net)

(Amount in Rs. 000)

	As at 31 Mar 2017	As at 31 Mar 2016	As at 1 April 2015
Advance Income-Tax	421,139	567,427	621,536
	<b>421,139</b>	<b>567,427</b>	<b>621,536</b>
<b>b) Current tax liabilities (net)</b>			
Provision for Income-Tax	8,879	8,917	11,611
	<b>8,879</b>	<b>8,917</b>	<b>11,611</b>

### 13 Other current assets

(Amount in Rs. 000)

	As at 31 Mar 2017	As at 31 Mar 2016	As at 1 April 2015
<b><u>Unsecured, considered good</u></b>			
Interest receivable on income Tax/VAT Refund	3,524	13,832	31,634
Prepaid expenses	37,823	33,328	38,585
Balance with government authorities	109,494	106,573	121,360
Prepaid rent	84	2,299	3,243
Advance to suppliers/ service providers	40,354	85,024	158,474
	<b>191,279</b>	<b>241,056</b>	<b>353,296</b>
<b><u>Unsecured, considered doubtful</u></b>			
Advances receivable in cash or kind	32,553	24,612	31,295
	<b>32,553</b>	<b>24,612</b>	<b>31,295</b>
<b><u>Allowances for bad and doubtful</u></b>			
Advances receivable in cash or kind	32,553	24,612	31,295
	<b>32,553</b>	<b>24,612</b>	<b>31,295</b>
	<b>191,279</b>	<b>241,056</b>	<b>353,296</b>



## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 March 2017

### 14. Share Capital

(Amount in Rs.'000)

	As at 31 Mar 2017	As at 31 Mar 2016	As at 1 April 2015
<b>Authorized</b> 330,000,000 (31 March 2016: 330,000,000, 31 March 2015: 330,000,000) equity shares of Rs. 3 each	990,000	990,000	990,000
<b>Issued, subscribed and fully paid-up</b> 227,863,982 (31 March 2016: 227,863,982, 31 March 2015: 227,863,982) equity shares of Rs. 3 each	683,592	683,592	683,592
Less: Equity shares held by Independent Non-Promoter (Spice Employee Benefit) Trust / Independent Non-Promoters Trust (face value of 47,182,967 (March 31, 2016 :47,202,967, March 31, 2015 :47,202,967) shares transferred to the trust pursuant to the Scheme of Amalgamation) (refer to note 49)	141,549	141,609	141,609
	542,043	541,983	541,983

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

	Nos.	Rs. '000
At the beginning of the year as at 1st April'15	227,863,982	683,592
Outstanding at the end of the year as at 31st Mar'16	227,863,982	683,592
Outstanding at the end of the year as at 31st Mar'17	227,863,982	683,592

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

The Parent Company has only one class of equity shares having par value of Rs. 3 per share. Each holder of equity shares is entitled to one vote per share. The Parent Company declares and pays dividends in Indian rupees.

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

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

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

	As at 31 Mar 2017	As at 31 Mar 2016
<b>Holding Company</b> Spice Connect Private Limited (formerly Smart Ventures Private Limited), the holding company 169,447,570 (31 March 2016: 169,447,570, 31 March 2015: 169,447,570) equity shares of Rs. 3 each fully paid	508,343	508,343

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

Name of the shareholder	As at 31 Mar 2017		As at 31 Mar 2016	
	Nos.	% holding in the class	Nos.	% holding in the class
Equity shares of Rs. 3 each fully paid				
Spice Connect Private Limited (formerly Smart Ventures Private Limited), the holding company	169,447,570	74.36%	169,447,570	74.36%
Independent Non Promoter Trust	35,281,215	15.48%	35,301,215	15.49%
Independent Non Promoter (Spice Employee Benefit) Trust	11,901,752	5.22%	11,901,752	5.22%

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 March 2017

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.

- (e) No shares have been allotted without payment of cash or by way of bonus shares during the period of five years immediately preceding the balance sheet date.

### 15A Non current borrowings

(Amount in Rs. 000)

	As at 31 Mar 2017	As at 31 Mar 2016	As at 1 April 2015
<b>Secured</b>			
Vehicle loans from banks	-	2,032	2,855
	-	<b>2,032</b>	<b>2,855</b>
<b>Unsecured</b>			
External commercial borrowings -Rupee denominated bonds- from related party (Refer note 38)	160,359	-	-
	<b>160,359</b>	-	-
Less:- Current maturity of non current borrowings (Amount disclosed under other financial liabilities note 18C)	-	918	823
	<b>160,359</b>	<b>1,114</b>	<b>2,032</b>

Indian rupee loan from IndusInd Bank Limited amounting to Rs. Nil (31 March 2016: 2,032 thousand ,1 April 2015: Rs. 2,855 thousand) carried rate of interest of 11%. This loan was settled during the year.

The loan together with interest and other charges were secured by first charge over the vehicle purchased out of proceeds of the loan amount.

The loans do not carry any debt covenant.

During the year, a step down subsidiary company issued and allotted 10% interest bearing unsecured redeemable,non convertible plain vanilla indian rupee denominated bonds of face value of Rs. 100/- each to New Idea Investment Pte Ltd and same is repayable after 5 years from the date of allotment.

### 15B Other financial liabilities

(Amount in Rs. 000)

	As at 31 Mar 2017	As at 31 Mar 2016	As at 1 April 2015
<b>At amortised cost</b>			
Security deposits	21,725	49,020	58,319
	<b>21,725</b>	<b>49,020</b>	<b>58,319</b>

### 16 Non Current provisions

(Amount in Rs. 000)

	As at 31 Mar 2017	As at 31 Mar 2016	As at 1 April 2015
<b>Provision for employee benefit</b>			
Gratuity	37,858	30,315	24,922
Provision for warranty	-	1,995	3,547
	<b>37,858</b>	<b>32,310</b>	<b>28,469</b>

#### Provision for warranties

A provision is recognized for expected warranty claims on products sold during last one year, based on past experience of level of customer service expenses. It is expected that 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.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 March 2017

	31-Mar-17 Rs. '000	31-Mar-16 Rs. '000	1st April 2015 Rs. '000
At the beginning of the year	129,851	190,424	180,424
Arising during the year	39,277	255,453	302,950
Utilized during the year	144,870	316,026	292,951
<b>At the end of the year*</b>	<b>24,258</b>	<b>129,851</b>	<b>190,423</b>
Current portion (Amount disclose under current provision Note 20)	24,039	127,856	186,876
Non-current portion	219	1,995	3,547

\* warranty provision pertains to discontinued operations, the closing provision of Rs. 24,258 thousand in respect of closing provision has been disclosed separately under liabilities related to discontinued operations (Refer Note 43))

### 17 Other non-current liabilities

	(Amount in Rs. 000)		
	As at 31 Mar 2017	As at 31 Mar 2016	As at 1 April 2015
Rent received in advance	4,504	7,248	2,404
Unaccrued income	3,780	-	-
	<b>8,284</b>	<b>7,248</b>	<b>2,404</b>

### 18A Current borrowings

	(Amount in Rs. 000)		
	As at 31 Mar 2017	As at 31 Mar 2016	As at 1 April 2015
<b>Secured</b>			
Bill discounting facility from a bank (Secured) \$*	152,482	195,883	100,000
Buyer's credit from bank**	-	306,102	-
Overdraft limit from bank*** #	283,128	6,023	23,766
	<b>435,610</b>	<b>508,008</b>	<b>123,766</b>
<b>Unsecured</b>			
Interest free loan and advances from others repayable on demand	8,635	22,232	20,689
	<b>8,635</b>	<b>22,232</b>	<b>20,689</b>
	<b>444,245</b>	<b>530,240</b>	<b>144,455</b>

\*The bill discounting facility of Rs. 999,89 thousand has been obtained by a subsidiary company from HDFC Bank, the tenor for which is 60 days and the rate of interest charged by the bank is 11.5% p.a. The facility has been secured by way of:

1. Exclusive charge over present and future movable fixed assets and current assets of the subsidiary company.
2. Equitable mortgage of 19A, 19B, Sector-125, Noida, by Kimaan Exports Private Limited.
3. Corporate Guarantee of the Parent Company.
4. 4 PDCs of Rs. 25,000 thousand each from the subsidiary company.

\$ The bill discounting facility from a bank is secured by first and exclusive charge on current assets of the subsidiary company, both present and future. Further, lien is marked on fixed deposit receipt to the extent of 15% of Rs. 52,494 thousand (31 March, 2016: 25% of Rs. 100,000 thousand 1 April 2015: Nil). The facility carries interest at MCLR plus 1.10% (31 March 2016: 1.65%, 1 April 2015: Nil).

\*\*The Buyers Credit facility has been obtained from HDFC Bank, the tenor for which is 180 days and the rate of interest charged by the bank is libor plus 0.85-1.10 basic points. The facility has been secured by way of:

1. Exclusive charge over present and future movable fixed assets and current assets of the subsidiary company.
2. Equitable mortgage of 19A, 19B, Sector-125, Noida, by Kimaan Exports Private Limited.
3. Corporate Guarantee of the Parent Company.

Since the buyers credit facility pertains to discontinued operations, the amount outstanding of Rs. 2,62,955 thousand in respect of the facility has been disclosed separately under liabilities related to discontinued operations (Refer Note 43).

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

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# Rs 6,886 thousand pertains to overdraft facility availed by a subsidiary company by pledging fixed deposits receipt of Rs 10,000 thousand of Parent Company, the tenor for which is 365 days and the rate of interest charged by the bank is 10.5%.

\*\*\* Rs. 276,242 thousand pertains to overdraft facility availed by a subsidiary company by pledging fixed deposits receipt of Rs 283,500 thousand of a step down subsidiary, the tenor for which is 365 days and the facility carries interest at fixed deposit rate plus 1.5% or 1 year MCLR whichever is higher.

### 18B Trade payables

(Amount in Rs. 000)

	As at 31 Mar 2017	As at 31 Mar 2016	As at 1 April 2015
Trade payable	938,945	2,170,808	3,286,331
Trade payable to related parties (Refer note 38)*	6,265	25,667	33,388
	<b>945,210</b>	<b>2,196,475</b>	<b>3,319,719</b>

\* Balance as at 31st March 2017 excludes Rs. 30,299 thousand transferred to liabilities for discontinued operation.

### 18C Other financial liabilities

(Amount in Rs. 000)

	As at 31 Mar 2017	As at 31 Mar 2016	As at 1 April 2015
Current maturities of non current borrowings (Refer Note 15A)	-	918	823
Interest accrued and due on borrowings- from related party (Refer note 38)	6,507	-	-
Interest accrued but not due on borrowings	-	179	-
Unpaid dividends	5,940	6,270	6,736
Unaccrued revenue	-	-	7,860
Forward contract payable	-	34,507	548
Payable towards capital goods	14,259	8,524	11,897
Security deposits	1,592	-	-
Employee related liabilities (includes salary payable and variable compensation)			
-to related parties	562	553	432
-to other employees parties	123,402	159,809	176,023
	<b>152,262</b>	<b>210,760</b>	<b>204,319</b>

#### Terms and conditions of the above financial liabilities:

Trade payables are non-interest bearing and are normally settled on 60-120 days terms.

Other payables are non-interest bearing and have an average term of 180 days.

Interest payable is normally settled quarterly throughout the financial year.

For terms and conditions with related parties, refer to Note 38.

For explanations on the Company's credit risk management processes, refer to Note 46.

### 19 Other current liabilities

(Amount in Rs. 000)

	As at 31 Mar 2017	As at 31 Mar 2016	As at 1 April 2015
Employee Statutory deductions	6,953	7,683	9,255
Rent received in advance	1,788	2,100	776
TDS payable	49,302	69,496	45,468
Advance from customers and their credit balances	410,070	168,081	179,691
Deferred revenue	8,314	83	-
Indirect taxes and duties payable	14,655	53,108	67,107
Others	213	8,552	16,852
	<b>491,295</b>	<b>309,103</b>	<b>319,149</b>

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 March 2017

### 20 Current provisions

(Amount in Rs. 000)

	As at 31 Mar 2017	As at 31 Mar 2016	As at 1 April 2015
Provision for employee benefit			
Gratuity	6,846	18,739	23,889
Leave encashment	24,157	37,496	44,069
Provision for warranty	-	127,856	186,876
	31,003	184,091	254,834

### 21 Revenue from Operations

(Amount in Rs. 000)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Sales of traded goods	6,681,795	6,505,174
Sales of Services	2,224,666	2,047,383
	8,906,461	8,552,557

### 22 Other Income

(Amount in Rs. 000)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest on income tax and vat refunds	24,189	27,621
<b>Interest received on financial assets -Carried at amortised cost</b>		
Bank deposits	47,021	33,286
Loan to an employee and bodies corporate	2,315	358
Others	2,877	695
Rent received	51,137	34,889
<b>Dividend income on :-</b>		
Long-term investments from others	-	692
Current Investments	-	195
Income from non current investments in fixed maturity plan (Other than trade)	-	219
Profit on sale of investment property	23,729	-
Net gain on sale of investments in equity investments	8,215	-
Profit on sale of investment in an associates	1,172	-
Net gain on sale of current investments in mutual fund units	4,384	11,043
Gain on dilution of investment in a subsidiary company	-	97
Unclaimed balances written back (net)	63,398	3,495
Fair value gain on financial instruments at fair value through profit or loss *	8,166	72,664
Maintenance charges recovery	7,203	1,169
Miscellaneous income	13,351	5,308
Other non-operating income	4,687	110
	261,844	191,841

\*Fair value gain on financial instruments at fair value through profit or loss relates to investment.



## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 March 2017

### 23 Purchases of stock In trade

(Amount in Rs. 000)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Traded goods	6,328,014	5,772,323
	<b>6,328,014</b>	<b>5,772,323</b>

### 24 (Increase)/decrease in Inventories

(Amount in Rs. 000)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Inventories at the end of the year		
Traded goods	336,712	141,976
	<b>336,712</b>	<b>141,976</b>
Inventories at the beginning of the year		
Traded goods	141,976	341,064
	<b>141,976</b>	<b>341,064</b>
	<b>(194,736)</b>	<b>199,088</b>

### 25 Connectivity and content cost

(Amount in Rs. 000)

	For the year ended March 31, 2017	For the year ended March 31, 2016
Value added service charges	875,822	717,076
Software development charges	2,229	-
	<b>878,051</b>	<b>717,076</b>

### 26 Employee benefits expense

(Amount in Rs. 000)

	For the year ended March 31, 2017	For the year ended March 31, 2016
Salaries, wages and bonus*	678,935	724,645
Contribution to provident and other funds	40,913	40,610
Gratuity expense (refer note no 36)	11,305	9,447
Staff welfare expenses	25,279	28,029
	<b>756,432</b>	<b>802,731</b>

\* Net of Rs.24,048 thousand capitalised as intangible assets and Rs.21,016 thousand transferred to intangible assets under development during the financial year 2016-17.

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### 27 Other expenses

(Amount in Rs. 000)

	For the year ended March 31, 2017	For the year ended March 31, 2016
Freight and forwarding charges	650	3,238
Loss on foreign exchange fluctuation (net)	85,332	23,727
Rent	217,362	289,586
Rates and taxes	25,607	11,114
Insurance	10,373	9,158
Repairs and maintenance		
-Buildings	6,635	4,525
-Others	41,049	47,057
Advertising and sales promotion	46,017	77,613
Loss on disposal of plant, property and equipments (net)	1,002	1,052
Travelling and conveyance	144,866	122,478
Legal and professional fees	218,871	212,622
Payment to Statutory Auditors (refer note A below)	21,076	20,851
Fair Value decrease in investment properties	4,039	7,416
Donation and contributions to charitable institutions	505	178
Bank charges	2,007	3,902
Commission on sales - other than sole selling agent	6,730	22,461
Credit Card Charges	47,241	39,311
Corporate Social Responsibility Expenses (refer note B below)	8,448	8,528
Provision for doubtful debts and advances	74,194	25,001
Irrecoverable balances written off	-	12,804
Miscellaneous expenses	143,440	215,486
	<b>1,105,444</b>	<b>1,158,108</b>

#### A. Payment to Statutory Auditors

(Amount in Rs. 000)

	For the year ended March 31, 2017 Rs. '000	For the year ended March 31, 2016 Rs. '000
As auditor:		
Statutory Audit fees	12,231	12,397
Tax audit fees	1,265	1,328
Limited reviews	5,821	5,827
Other services (certification fees)	847	685
Reimbursement of expenses	912	614
	<b>21,076</b>	<b>20,851</b>

#### B. Details of CSR expenditure

	For the year ended March 31, 2017 Rs. '000	For the year ended March 31, 2016 Rs. '000
a. Gross amount required to be spent by the Group during the year	3,486	7,969
b. Amount spent during the year ending :		
i) Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above in cash	8,448	8,528
iii) On purposes other than (i) above yet to be paid	-	-

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

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### 28 Depreciation and amortization expense

	For the year ended March 31, 2017 Rs. '000	For the year ended March 31, 2016 Rs. '000
Depreciation on plant, property and equipments (note 3)	172,829	228,712
Amortization on intangible assets (note 5)	38,436	32,749
Depreciation on investment property (note 4)	22,138	15,195
	<b>233,403</b>	<b>276,656</b>

### 29 Finance costs

	For the year ended March 31, 2017 Rs. '000	For the year ended March 31, 2016 Rs. '000
Bill discounting charges	14,035	3,859
Finance charges	11,507	6,190
	<b>25,542</b>	<b>10,049</b>

### 30 Exceptional items

	For the year ended March 31, 2017 Rs. '000	For the year ended March 31, 2016 Rs. '000
Provision for diminution in the value of non current investments	3,000	-
Impairment in value of investment of an associate company	78,209	-
	<b>81,209</b>	<b>-</b>

### 31 Items that will not be reclassified to profit and loss

	For the year ended March 31, 2017 Rs. '000	For the year ended March 31, 2016 Rs. '000
Remeasurement gain of defined benefit plan	506	89
	<b>506</b>	<b>89</b>

### 32 Items that will be reclassified to profit and loss

	For the year ended March 31, 2017 Rs. '000	For the year ended March 31, 2016 Rs. '000
Exchange differences on translations of foreign operations	(20,862)	15,845
Exchange difference on long term loan*	(45,567)	-
	<b>(66,429)</b>	<b>15,845</b>

\* Represents foreign exchange loss on translation of a long term monetary item forming part of a subsidiary's net investment in its foreign subsidiary.

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as at and for the year ended 31 March 2017

### 33 Income Tax

The major components of income tax expense for the years ended 31 March 2017 and 31 March 2016 are:

	For the year ended March 31, 2017 Rs. '000	For the year ended March 31, 2016 Rs. '000
<b>Current income tax:</b>		
Current income tax charge	132,003	103,936
Adjustment in respect of current tax of previous year	(6,319)	4,750
<b>Deferred tax</b>		
Relating to origination and reversal of temporary differences	(23,550)	(13,515)
<b>Income tax expense reported in the statement of profit or loss*</b>	<b>102,134</b>	<b>95,171</b>

\* including Nil (31st March 2016 Rs. 372 thousand) pertaining to discontinued operations

**Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2016 and 31 March 2017:**

(Amount in Rs. '000)		
Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Accounting (loss) before tax from continuing operations	(49,574)	(192,962)
Accounting (loss) before tax from discontinued operations	(233,287)	(379,229)
Accounting (loss) before tax	(282,862)	(572,191)
At India's statutory income tax rate of 34.608% (31 March 2016: 34.608%)	(97,893)	(198,024)
Adjustments in respect of current income tax of previous years	(6,319)	4,750
Foreign withholding taxes expensed off	26,637	27,266
Tax adjustment due to rate difference	(12,760)	(13,764)
Income on sale of investment taxed as capital gain	1,975	-
Share of losses of associates and joint venture	1,564	460
Tax credit not accounted in respect of entities having nil tax due to business loss	185,393	292,902
Other allowances	(6,057)	(16,524)
Income Tax exemption on income in Bangladesh	(28,495)	(12,619)
Deduction under Section 80 IC of the Income Tax Act, 1961	(2,012)	(7,699)
Tax on dividend received from subsidiary company	5,597	2,225
<b>Non-deductible expenses for tax purposes:</b>		
Provision for impairment in the value of an associate company	26,955	-
Utilisation of previously unrecognised tax losses	(6,722)	(34)
Other non-deductible expenses	14,271	16,232
	<b>102,134</b>	<b>95,171</b>

### 34 Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the loss for the year attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the loss attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 March 2017

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

	For the year ended March 31, 2017 Rs. '000	For the year ended March 31, 2016 Rs. '000
<b>Loss attributable to equity holders of the parent:</b>		
Continuing operations	(123,570)	(305,568)
Discontinued operation	(233,287)	(379,601)
<b>Loss attributable to equity holders of the parent for basic earnings</b>	<b>(356,857)</b>	<b>(685,169)</b>
<b>Weighted average (net) number of equity shares in calculating basic and diluted EPS</b>	<b>227,863,982</b>	<b>227,863,982</b>
<b>Earnings per share for continuing operations</b>		
Basic, computed on the basis of loss from continuing operations attributable to equity holders of the parent	(0.54)	(1.34)
Diluted, computed on the basis of loss from continuing operations attributable to equity holders of the parent	(0.54)	(1.34)
<b>Earnings per share for discontinued operations</b>		
Basic, computed on the basis of loss from discontinued operations attributable to equity holders of the parent	(1.02)	(1.67)
Diluted, computed on the basis of loss from discontinued operations attributable to equity holders of the parent	(1.02)	(1.67)
<b>Earnings per share for continuing and discontinued operations</b>		
Basic, computed on the basis of loss for the year attributable to equity holders of the parent	(1.57)	(3.01)
Diluted, computed on the basis of loss for the year attributable to equity holders of the parent	(1.57)	(3.01)

### 35 Group information

Information about subsidiaries

The consolidated financial statements of the Group includes subsidiaries listed in the table below:

S. No.	Name	Country of Incorporation	% Equity Interest		
			As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
1	Spice Digital Limited	India	89.19%	89.19%	89.19%
2	Kimaan Exports Private Limited	India	100.00%	100.00%	100.00%
3	Hindustan Retail Private Limited	India	100.00%	100.00%	100.00%
4	New Spice Sales & Solutions Limited (Formerly known as Spice Retail Limited) (a)	India	100.00%	100.00%	100.00%
5	Cellucom Retail India Private Limited (a)	India	100.00%	100.00%	100.00%
6	Spice Online Private Limited (Formerly known as Spice Online Retail Private Limited) (b) (k)	India	51.00%	100.00%	100.00%
7	S Mobility (HK) Limited (f)	Hong Kong	100.00%	100.00%	100.00%



## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 March 2017

S. No.	Name	Country of Incorporation	% Equity Interest		
			As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
8	S Mobile Devices Limited (l)	India	19.99%	19.99%	100.00%
9	Hotspot Sales & Solutions Pvt Ltd (w.e.f. June 1, 2016) (b)	India	100.00%	-	-
10	Omniventures Private Limited (w.e.f. June 07, 2016)	India	100.00%	-	-
11	S Global Services Pte. Ltd (formerly known as S GIC Pte. Ltd.) (c)	Singapore	100.00%	100.00%	100.00%
12	Mobisoc Technology Private Limited (c)	India	99.90%	99.90%	99.90%
13	Spice Labs Private Limited (c)	India	99.90%	99.90%	99.90%
14	Spice Digital Bangladesh Limited (c)	Bangladesh	100.00%	100.00%	100.00%
15	Beoworld SDN. BHD (d) (f)	Malaysia	100.00%	99.99%	99.99%
16	PT Spice Digital Indonesia (w.e.f. April 7, 2016) (d)	Indonesia	100.00%	-	-
17	Omnia Pte. Ltd. (w.e.f. February 17, 2017) (d) (f)	Singapore	100.00%	-	-
18	S Mobility Pte. Ltd. (d) (f)	Singapore	100.00%	100.00%	100.00%
19	Spice VAS (Africa) Pte. Limited (d)	Singapore	69.63%	69.63%	69.62%
20	Spice Digital Nigeria Limited (e)	Nigeria	100.00%	100.00%	100.00%
21	Spice VAS Kenya Limited (e) (i)	Kenya	100.00%	100.00%	100.00%
22	Spice VAS Uganda Limited (e)	Uganda	75.00%	75.00%	75.00%
23	Spice VAS Ghana Limited (e)	Ghana	100.00%	100.00%	100.00%
24	Spice VAS Zambia Limited (e)	Zambia	100.00%	100.00%	100.00%
25	Spice VAS Tanzania Limited (e) (h)	Tanzania	100.00%	100.00%	100.00%
26	Spice Digital South Africa Pty Limited (e)	South Africa	100.00%	100.00%	100.00%
27	Spice Digital RDC Limited (w.e.f. April 08, 2016) (e) (f)	Democratic republic of the Congo	100.00%	-	-
28	SVA (Mauritius) Pvt Ltd. (w.e.f. October 04, 2016) (e) (f)	Mauritius	100.00%	-	-
29	Spice Digital FZCO (w.e.f. March 26, 2017) (d)	Dubai	100.00%	-	-
30	Spice IOT Solutions Private Limited (f) (w.e.f. October 29, 2016)	India	100.00%	-	-
31	S Retail Middle East FZE (a) (g)	UAE	-	100.00%	100.00%
32	S Retail Genreal Trading LLC (a) (g) (i)	UAE	-	49.00%	49.00%

- a) Subsidiary through Hindustan Retail Private Limited.
- b) Subsidiary through Omniventures Private Limited.
- c) Subsidiary through Spice Digital Limited.
- d) Subsidiary through S Global Services Pte. Ltd (formerly known as S GIC Pte. Ltd.).
- e) Subsidiary through Spice VAS (Africa) Pte. Limited.
- f) Management financial statements have been considered for consolidation.
- g) These companies have been liquidated during the year.
- h) An equity interest of 35% in the subsidiary company is held by a third party on behalf of a subsidiary company namely Spice VAS (Africa) Pte. Limited.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 March 2017

- i) An equity interest of 20% in the subsidiary company is held by a third party on behalf of a subsidiary company namely Spice VAS (Africa) Pte. Limited.
- j) Majority composition of the Board of Directors is with the Group, hence, the company has been consolidated as subsidiary company up to previous year.
- k) Hindustan Retail Private Limited (HRPL) subsidiary company of the Parent Company, have transferred 100% equity stake in 'Spice Online Private Limited' to Omniventures Private Limited.
- l) During the year 2015-16, S Mobile Devices Limited has ceased to be a subsidiary of the company.

### Ultimate Holding Company

Smart Global Corporate Holdings Private Limited

### Holding Company

Spice Connect Private Limited

Name of Associates and Joint Venture	Nature	Country of Incorporation	% Equity Interest		
			As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
Vavia Technologies Private Limited*	Associate	India	-	26.00%	26.00%
Sunstone Learning Private Limited	Associate	India	41.61%	38.54%	38.54%
Creative Functionapps Lab Private Limited	Associate	India	26.00%	26.00%	-
Exponentially I Mobility LLP	Associate	India	28.47%	-	-
Sunstone Eduversity Private Limited**	Associate	India	-	26.99%	-
Adgyde Solutions Private Limited	Joint Venture	India	49.00%	-	-

\*Vavia Technologies Private Limited ceased to be an associate during the current reporting year.

\*\* Sunstone Eduversity Private Limited ceased to be an associate during the reporting year.

### 36. Gratuity (defined benefit plan)

(Amount in Rs. 000)

	As at 31 Mar 2017	As at 31 Mar 2016	As at 1 April 2015
Gratuity plan*	48,406	48,409	48,289
<b>Total</b>	<b>48,406</b>	<b>48,409</b>	<b>48,289</b>

\*Also includes Rs. 3,703 thousand (31st March 2016 Rs. Nil, 1st April 2015 Rs. Nil) for discontinued operations.

Net of gratuity recoverable of Nil (31st March 2016 Rs. 645 thousand, 1st April 2015 Rs. 523 thousand).

The parent company and its subsidiaries have a defined benefit gratuity plan. The gratuity plan is governed by the Payment of Gratuity Act, 1972. 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 was partially funded with an insurance company in the form of a qualifying insurance policy. The level of benefits provided depends on the member's length of service and salary at the time of departure.

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

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 March 2017

### Statement of profit and loss

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

(Amount in Rs. 000)

	Gratuity	
	For the year ended 31 Mar 2017	For the year ended 31 Mar 2016
Current service cost	8,854	10,726
Interest cost on benefit obligation	4,269	4,554
Return on Plan assets	(719)	(973)
<b>Net benefit expense*</b>	<b>12,404</b>	<b>14,307</b>

\*Also includes Rs. 1,099 thousand (31st March 2016 Rs. 4,859 thousand) for discontinued operations.

### Balance sheet

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

(Amount in Rs. 000)

	Gratuity	
	As at 31 Mar 2017	As at 31 Mar 2016
Opening defined benefit obligation	57,387	59,261
Acquired during the year	0	(1,149)
Current service cost	8,854	10,726
Interest cost	4,269	4,554
Benefits paid*	(17,869)	(11,202)
Actuarial (Gain)/Loss arising from change in financial assumption	1,348	(1,268)
Actuarial (Gain)/Loss arising from experience adjustment	(3,748)	(3,535)
<b>Total Change in defined benefit obligation due to change in actuarial losses/ (gains) recognised in OCI</b>	<b>(2,401)</b>	<b>(4,803)</b>
<b>Closing defined benefit obligation</b>	<b>50,240</b>	<b>57,387</b>

\*Rs. 10277 thousand (previous year Rs. 8,580) has been paid directly by the Group.

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

(Amount in Rs. 000)

	Gratuity	
	As at 31 Mar 2017	As at 31 Mar 2016
Opening fair value of plan assets	8,978	10,973
Expected return	719	973
Benefit Paid	(7,593)	(2,622)
Fund Management Charge	0	(52)
<b>Actuarial gain/(loss) for the year on asset recognised in OCI</b>	<b>(290)</b>	<b>(294)</b>
<b>Closing fair value of plan assets</b>	<b>1,814</b>	<b>8,978</b>

\* Net of Gratuity Recoverable of Nil (31st March 2016 Rs 645 thousand (1st April 2015 Rs 523 thousand) in a subsidiary company, included under other current assets in Note 13.

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

(Amount in Rs. 000)

	As at 31 Mar 2017	As at 31 Mar 2016	As at 1 April 2015
Investments with insurer	100%	100%	100%

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 March 2017

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

(Amount in Rs. 000)

	As at 31 Mar 2017	As at 31 Mar 2016	As at 1 April 2015
Discount rate	7.35%	8.00%	7.75%
Future Salary increase	8.00%	8.00%	8.00%
Retirement Age	58 Years	58 Years	58 Years
Employee turnover			
- Upto 30 years	4% to 35%	4% to 35%	4% to 35%
- 31-44 years	4% to 35%	4% to 35%	4% to 35%
- Above 44 years	1% to 35%	1% to 35%	1% to 35%
Mortality rate	100% of IALM		

A quantitative sensitivity analysis for significant assumption as at 31 March 2017 is as shown below:

	As at 31 Mar 2017		As at 31 Mar 2017	
	Discount Rate		Future Salary Increase	
Sensitivity Level	0.5% Increase	0.5% Decrease	0.5% Increase	0.5% Decrease
Impact on Defined benefit obligation	(1,179)	1,248	1,234	(1,177)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following payments are expected contributions to the defined benefit plan in future years:

	Gratuity	
	As at 31 Mar 2017	As at 31 Mar 2016
Within next 12 months	7,362	10,782
Between 2-5 Years	18,838	19,553
Between 5-10 years	8,302	9,534
Beyond 10 years	15,738	17,518
<b>Total expected payments</b>	<b>50,240</b>	<b>57,387</b>

The average duration of the defined benefit plan obligation at the end of the reporting period is 2 to 26 years (31 March 2016: 15 to 27 years).

### 37. Commitments and contingencies

#### A. Leases

##### Operating lease commitments — Group as lessee

Outlet premises, warehouses and office premises are obtained on operating lease. There are no contingent rents in the lease agreements. The lease terms are for 1-9 years and renewable by mutual agreement of both the parties. There is no escalation clause in the lease agreements. There are no restrictions imposed by lease arrangements. There are subleases and most of the leases are cancellable in nature. The Group has recognised lease expenses (including Rs. 28,157 thousand and Rs. 63,367 thousand respectively for the year ended 31st March 2017 and 31st March 2016 related to discontinued operations) of Rs. 245,519 thousand (31st March 2016 Rs. 352,953 thousand).

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

	As at 31 Mar 2017	As at 31 Mar 2016	As at 1 April 2015
Within one year	-	13,279	9,418
After one year but not more than five years	-	22,668	1,420
More than five years	-	-	-
	-	35,947	10,838

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 March 2017

### Operating lease commitments – Group as lessor

The Group has leased out 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.

The Parent Company leased its investment property at Rampur, through a lease agreement. The lease is cancellable and there are no restrictions imposed by the lease agreement and there are no contingent rents. Further, the Parent Company has leased its Buildings at Kolkata & Mumbai for terms ranging from three to five years and can be extended by mutual consent of both the parties. The leases have a lock in periods between one to five years and are cancellable after the lock in period by either party by serving a notice of at least 3 months. The parent Company, during the year, has sold its investment property in Bangalore.

One of the subsidiary has entered into operating leases on its office buildings situated at Mumbai and Singapore. The lease term is for 11 months and 3 years in relation to the office buildings at Singapore given on lease, and thereafter renewable on mutual agreement. The lease agreement in relation to the office premises at Mumbai has a lock in period of 2 years and is cancellable after the lock in period by either party by serving a notice of at least 3 months. There is no escalation clause in the lease agreement. There are no restrictions imposed by lease arrangement.

(Amount in Rs. 000)

	As at 31 Mar 2017	As at 31 Mar 2016
Rent received during the year ( including discontinued operations)	51,137	34,889

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

(Amount in Rs. 000)

	As at 31 Mar 2017	As at 31 Mar 2016	As at 1 April 2015
Within one year	33,464	35,267	4,683
After one year but not more than five years	39,344	71,981	781
More than five years	-	-	-
	<b>72,808</b>	<b>107,248</b>	<b>5,464</b>

### B. Commitments

- a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. 8080 thousand (31st March 2016, Rs. 3,493 thousand, 1st April 2015 Rs. 10,000 thousand).

### C. Contingent liabilities

(Amount in Rs. 000)

	As at 31 Mar 2017	As at 31 Mar 2016	As at 1 April 2015
<b>Demands 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 (31st March 2016 Rs 2000 thousand, 1st April 2015 Rs 2000 thousand) under protest and the same has been included in note no.9 under balances with statutory/ government authorities.)***	66,263	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 (31st March 2016 Rs 8,600 thousand) paid under protest which is appearing in note no. 9 under balances with statutory/ government authorities.) Includes penalty Rs 32,446 thousand (31st March 2016 Rs 33,687 thousand, 1st April 2015 Rs. 33,541 thousand)	117,714	113,115	105,026



## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 March 2017

(Amount in Rs. 000)

	As at 31 Mar 2017	As at 31 Mar 2016	As at 1 April 2015
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 Group has a good chance of success in the above mentioned case and hence, no provision there against is considered necessary.			
c) Demand in respect of non-registration of corporate office as a input service distributor and availment of input service CENVAT credit. Includes penalty Rs6,696 thousand (31st March 2016 Rs 7,243 thousand, 1st April 2015 Rs 7,170 thousand) 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.	31,468	30,192	28,296
d) Show cause notice in respect of non-payment of service tax on unbilled revenue The subsidiary company is of the view that the service tax liability becomes payable only on the actual billing i.e. on actualization of the unbilled revenue.	58,430	58,430	58,430
e) Show cause notice in respect of wrong availment of input service tax credit on various expenses. Includes penalty Rs 4,963 thousand ( Previous year Rs. 4,467 thousand, 1st April 2015 Rs. 3,598 thousand) 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.	7,031	6,534	6,534
f) Demand in respect of wrong cenvat taken from dealer mentioning non PAN based registration. Based on the hearing on March 4, 2016, the subsidiary Group is of the view that the case would be decided in its favor. The subsidiary company received the order in the previous financial year. Out of total show cause notice amount of Rs. 1,330 thousand department has disallowed Rs. 313 thousand and also imposed the penalty Rs. 313 thousand. The subsidiary company has paid Rs. 23 thousand ( March 31, 2016 : Nil) under protest and has filed appeal against the order and mater is still pending with commissioner appeal.	626	3,592	-
g) Demands raised by Tanzania Revenue Authorities. (The Group is of the view that the likelihood of liability devolving on the Group is not probable)	16,033	6,962	-
h) Consumer Disputes**/*	4,061	9,914	9,914
i) Demands raised by sales tax authorities**/*	911,902	554,919	339,304
j) <b>Demands raised by income tax authorities***</b> Income Tax Demands being disputed by the Group. Further in respect of assessment year 2010-11, the Parent Company has received a notice from Income tax authorities wherein income has been enhanced by Rs.75,338 thousand. The effect of the order has not yet been given. The Parent Company has filed an appeal against the said notice. The notice has an income tax impact of Rs.25,607 thousand approximately plus interest.	67,231	139,518	153,352

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 March 2017

(Amount in Rs. 000)

	As at 31 Mar 2017	As at 31 Mar 2016	As at 1 April 2015
k) Penalty under Foreign Trade (Development and Regulation) Act, 1992, on account of non fulfillment of export obligation***	40,860	40,860	40,860
l) Various other claims against the Group not acknowledged as debts***	6,781	4,797	3,997
	<b>1,328,400</b>	<b>1,035,096</b>	<b>811,976</b>

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

\*\*The Hon'ble Supreme Court of India vide its order dated December 17, 2014 on the judgment in case of State of Punjab Vs. Nokia India Pvt. Ltd. has held that sales tax liability on battery charger sold along with mobile phone should be charged at sales tax rate applicable to chargers, which is higher than the sales tax rate applicable to mobile phones in few states. Demand of Rs. 51,510 thousand, Rs 10,702 thousand, Rs 42,545 thousand, Rs 1,699 thousand, Rs 21,731 thousand and Rs. 15,948 thousand have been received from Bihar, Punjab, Rajasthan, Haryana, Uttar Pradesh and Karnataka respectively.

\*\*\*The Group has fair chances of success in all these cases and likelihood of liability devolving on the Group is less than probable. Hence no provision in respect thereof has been made in the books.

### D. Financial guarantees

- The Parent Company has pledged its fixed deposit of Rs. 10,000 thousand (31st March 2016, Rs 7,500 thousand , 1 April 2015 Rs 31,138 thousand) in respect of the overdraft facility taken by a step down subsidiary.
- The parent company has given corporate guarantee of Rs 1,050,000 thousand (31st March 2016 Rs 2,550,000 thousand, 1 April 2015 Rs 2,050,000 thousand) and pledged fixed deposits of Rs. Nil (31st March 2016 Rs 195,476 thousand , 1 April 2015 Rs. 180,562 thousand) in respect of letter of credit facility taken by a step down subsidiary company to the extent of Rs. 262,955 thousand outstanding as on March 31, 2017 where the Parent Company is jointly and severally liable. The Parent Company has fully provided possible obligation against the said Corporate Guarantees.
- The Parent Company has given corporate guarantee and pledged fixed deposits of Rs.7,500 thousand (March 2016 Rs Nil, 1 April 2015 Rs. Nil) in respect of bank guarantee/bill discounting facility taken by a step down subsidiary company, where the Parent Company is jointly and severally liable.
- One of the subsidiaries has pledged its fixed deposit of Rs. 52,500 thousand (March 2016, Rs Nil, March 2015, Rs Nil) in respect of the bank guarantee taken by another subsidiary.
- One of the subsidiaries has pledged its fixed deposit of Rs. 74,175 thousand (March 31, 2016 : Rs. 73,896 thousand April 1, 2015 : Rs. 34,173 thousand) against issuance of bank guarantees of Rs. 43,683 thousand (March 31, 2016 : Rs. 47,963 thousand).
- One of the subsidiaries has pledged its fixed deposit of Rs. 33,711 thousand (March 31, 2016 : Rs. 31,410 thousand April 1, 2015 : Nil) for its pre paid Instrument business.
- One of the subsidiaries has pledged its fixed deposit of Rs. 283,500 thousand (March 31, 2016 : Nil thousand April 1, 2015 : Nil) in respect of the bank overdraft facility taken by another subsidiary.
- One of the subsidiary Company, Kimaan Exports Private Limited has given corporate guarantee in respect of letter of credit and Buyer's credit facilities by a bank to another step down subsidiary company to the extent of Rs. 8,00,000 thousand where the subsidiary company is jointly and severally liable. Further, the subsidiary has an equitable mortgage of its property situated at Plot No 19A & 19B, Sector-125, Noida in respect of letter of credit facility/buyers credit taken by step down subsidiary, where subsidiary company is jointly and severally liable.

### 38. Related party transactions

In accordance with the requirements of Ind AS - 24 'Related Party Disclosures', names of the related parties, related party relationship, transactions and outstanding balances including commitments where control exists and with whom transactions have taken place during reported periods are:

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

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### Entity with significant influence:

<b>Ultimate Holding Company</b>	Smart Global Corporate Holding Private Limited
<b>Holding Company</b>	Spice Connect Private Limited
<b>Names of other related parties with whom transactions have taken place during the year</b>	
<b>Enterprises directly or indirectly through one or more intermediaries are under common control with the Company</b>	<p>Smart Entertainment Pvt Ltd (formerly known as Spice Entertainment Limited)</p> <p>Wall Street Finance Limited</p> <p>Smartvalue Ventures Private Limited (Formerly Spice Investments &amp; Finance Advisors Pvt. Ltd.)</p> <p>Smart Dream Private Limited</p> <p>Single Stop Evaluation Private Limited</p> <p>Stereia Infratech Limited</p> <p>Bougainvillea Multiplex &amp; Entertainment Center Private Limited</p> <p>Goldman Securities Private Limited</p>
<b>Key Management Personnel</b>	<p>Mr. Dilip Modi (Executive Chairman- w.e.f 30.11.2015)</p> <p>Mr. Prashant Bindal- Chief Executive Officer (w.e.f. 27.08.2014 till 30.11.2015)</p> <p>Mr. Subramanian Murali- President Finance (till 30.04.2015)</p> <p>Mr. Subramanian Murali (Non Executive Director- w.e.f 07.05.2015)</p> <p>Mr. Umang Das (Independent Director- w.e.f 07.05.2015)</p> <p>Mr. Suman Ghosh Hazra (Independent Director- w.e.f 07.05.2015)</p> <p>Mr. Hanif Mohamed Dahya (Independent Director- w.e.f 07.05.2015)</p> <p>Ms. Preeti Malhotra- Non Executive Director</p> <p>Mr. Kashi Nath Memani (Independent Director- till 01.06.2015)</p> <p>Mr. Rajul Garg (Non -Executive Director- till 15.05.2015)</p> <p>Mr. Subrato Chattopadhyay (Independent Director- till 15.05.2015)</p> <p>Mr. Madhusudan V.(Chief Financial Officer)</p> <p>Mr. M R Bothra (Company Secretary)</p>
<b>Associates and joint venture of the Group</b>	<p>Vavia Technologies Private Limited, an associate of a subsidiary company</p> <p>Sunstone Learning Private Limited, an associate of a subsidiary company</p> <p>Creative Functionapps Lab Pvt. Ltd, an associate of a subsidiary company</p> <p>Sunstone Eduversity Private Ltd, an associate of a subsidiary company</p> <p>Adgyde Solutions Private Limited, a joint venture of a subsidiary company</p>
<b>Relatives of Key Management Personnel</b>	<p>Dr. Sonia Bindal (w.e.f. 27.08.2014 till 30.11.2015)</p> <p>Rudrav Modi</p> <p>Siya Modi Ms</p> <p>Sonal Modi</p>

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as at and for the year ended 31 March 2017

**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.)

Particulars	2016-17		2015-16	
<b>Interest Income</b>		-		173
Mr. Subramanian Murali	-		173	
<b>Remuneration</b>		9,815		11,494
Mr. Prashant Bindal	-		298	
Mr. Subramanian Murali	-		2,028	
Mr. Madhusudan V.	6,191		5,782	
Mr. M R Bothra	3,624		3,386	
<b>Director sitting Fees*</b>		775		900
Mr. Umang Das	325		375	
Mr. Suman Ghosh Hazra	425		450	
Mr. Hanif Mohamed Dahya	25		50	
Mr. Subrato Chattopadhyay	-		25	
*excluding Service Tax.				
<b>Security Received</b>		-		300
Spice Connect Private Limited	-		300	
<b>Security Returned</b>		-		300
Spice Connect Private Limited	-		300	
<b>Miscellaneous Expenses</b>		1,695		2,219
Wall Street Finance Limited	596		504	
V Corp Merchantile Private Limited	-		293	
Mr. Prashant Bindal	-		2	
Bharat IT Services Limited	1,099		1,336	
Dr.Sonia Bindal	-		84	
<b>Provision in the value of Investment/share application money/Provision for doubtful debts/advances</b>		488		-
Plus Paper Foodpac Pvt Limited	488		-	
<b>Rent Income</b>		4,716		4,385

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Particulars	2016-17		2015-16	
Spice Connect Private Limited	1,008		602	
Smart Dream Pvt Ltd	160		-	
Wall Street Finance Limited	3,080		3,267	
Goldman Securities Private Limited	468		516	
<b>Loans/advance given during the year</b>		-		<b>410</b>
Smart Global Corporate Holding Private Limited	-		410	
<b>Loan received back during the period/adjusted</b>		-		<b>410</b>
Smart Global Corporate Holding Private Limited	-		410	
<b>Reimbursement of Expenses (recovered)</b>		<b>5,744</b>		<b>4,579</b>
Smart Entertainment Private Limited	-		(118)	
Spice Connect Private Limited	2,518		1,443	
Wall Street Finance Limited	2,305		2,971	
Goldman Securities Private Limited	123		138	
Single Stop Evaluation Pvt Ltd	798		145	
<b>Reimbursement of Expenses (provided)</b>		<b>5,732</b>		<b>28,019</b>
Spice Connect Private Limited	172		-	
Wall Street Finance Limited	5,511		5,290	
Si2i Ltd	-		22,730	
Mr. Hanif Mohamed Dahya	49			
<b>Investment in Equity Share Capital and Cumulative Compulsorily Convertible Preference Share (including share application money pending allotment)</b>		<b>15,800</b>		<b>11,527</b>
Creative Functionapps Lab Private Limited	-		10,000	
Sunstone Eduversity Private Limited	-		1,527	
Sunstone Learning Private Limited	3,500		-	
Adgyde Solutions Private Limited	12,300		-	
<b>Management Fees</b>		<b>137,497</b>		<b>175,984</b>
Spice Connect Private Limited	137,497		175,984	
<b>Travel Commission</b>		<b>224</b>		<b>620</b>
Smart Entertainment Private Limited	-		26	
Smartvalue Ventures Private Limited	-		208	
Spice Connect Private Limited	176		375	
Single Stop Evaluation Pvt Ltd	35		11	
Wall Street Finance Limited	13		-	
<b>Value Added Service Charges</b>		<b>969</b>		<b>3,976</b>
Wall Street Finance Limited	969		832	
Vavia Technologies Private Limited	-		3,144	



## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 March 2017

Outstanding balances at the end of year/period	31st Mar 2017	31st Mar 2016	1-Apr-15
<b>Receivables</b>	-	-	<b>2,904</b>
Si2i Ltd	-	-	162
Wall Street Finance Limited	-	-	2,742
<b>Payables</b>	<b>36,565</b>	<b>25,667</b>	<b>33,390</b>
Smart Global Corporate Holding Private Limited	270	270	3,008
Wall Street Finance Limited	335	43	452
Bharat IT Services Limited	410	71	2
Si2i Ltd	16,150	14,054	29,926
Spice Connect Private Limited	19,400	11,147	-
Goldman Securities Private Limited	-	82	-
Mr. Prashant Bindal	-	-	2
<b>Loan/advances receivable</b>	<b>8,754</b>	<b>10,782</b>	<b>31,439</b>
PT Selular Media Infotama	-	-	3,951
Si2i Ltd	8,754	8,754	6,615
Wall Street Finance Limited	-	2,028	873
Mr. Subramanian Murali	-	-	20,000
<b>Provision for doubtful debts and advances</b>	<b>9,242</b>	<b>6,615</b>	<b>6,615</b>
Si2i Ltd	8,754	6,615	6,615
Plus Paper Foodpac Limited	488	-	-
<b>Other Receivable</b>	<b>7,169</b>	<b>5,185</b>	<b>24,906</b>
Smart Dream Pvt Ltd	184	-	-
Plus Paper Foodpac Limited	488	838	18,338
Mr. Prashant Bindal	-	2,229	-
Spice Connect Private Limited	750	771	501
Rudrav Modi	1,206	-	-
Siya Modi Ms	988	-	-
Sonal Modi	741	-	-
Bougainvillea Multiplex & Entertainment Center Private Limited	40	-	231
Stereia Infratech Ltd	52	52	52
Saket City Hospitals Private Limited	-	-	2,328
Smart Entertainment Private Limited	262	262	2,419
Single Stop Evaluation Pvt Ltd	84	40	-
Smartvalue Ventures Private Limited	458	0	-
Wall Street Finance Limited	1,916	993	1,037
<b>Payables to KMP</b>	<b>562</b>	<b>553</b>	<b>432</b>
Mr. Madhusudan V.	301	297	245
Mr. M R Bothra	261	256	187

The remuneration to the key managerial personnel as disclosed above does not include the provision made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free (except for loan given) and settlement occurs in cash. This assessment for impairment of receivables relating to amounts owed by related parties is undertaken each financial year through examining the financial position of the related parties.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 March 2017

### 39. Segment information

Operating 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 in terms of Ind AS-108 on Segment Reporting issued by Institute of Chartered Accountants of India.. These have been identified taking into account the nature of activities carried out.

#### Segment Revenue & Segment Income/ Expense

(Amount in Rs. 000)

Particulars	Devices			Value Added Services			Total Segment		
	2016-17	2015-16	01/04/2015	2016-17	2015-16	01/04/2015	2016-17	2015-16	01/04/2015
<b>Revenue</b>									
External revenue (including other operating revenue)	6,321,267	6,145,149		2,600,994	2,459,404		8,922,261	8,604,553	
Inter segment revenue	-	13,342	-	15,800	38,654	-	15,800	51,996	-
<b>Total revenue</b>	<b>6,321,267</b>	<b>6,131,807</b>	<b>-</b>	<b>2,585,194</b>	<b>2,420,750</b>	<b>-</b>	<b>8,906,461</b>	<b>8,552,557</b>	<b>-</b>
<b>Income/ (expense)</b>									
Depreciation and amortisation	31,403	65,150	-	129,017	132,420	-	160,420	197,570	-
Share of profit/(loss) of associates and a joint venture	-	-	-	(4,520)	(1,329)	-	-4,520	-1,329	-
<b>Segment profit</b>	<b>(100,031)</b>	<b>(356,902)</b>	<b>-</b>	<b>118,144</b>	<b>104,084</b>	<b>-</b>	<b>18,113</b>	<b>-252,818</b>	<b>-</b>
<b>Segment assets</b>	<b>640,681</b>	<b>1,383,354</b>	<b>2,458,309</b>	<b>2,026,359</b>	<b>1,936,561</b>	<b>1,876,205</b>	<b>2,667,040</b>	<b>3,319,915</b>	<b>4,334,514</b>
<b>Segment liabilities</b>	<b>767,545</b>	<b>2,297,124</b>	<b>3,679,942</b>	<b>865,492</b>	<b>631,881</b>	<b>465,721</b>	<b>1,633,037</b>	<b>2,929,005</b>	<b>4,145,663</b>
<b>Other disclosures</b>									
Investment in associates and a joint venture	-	-	-	26,773	96,807	88,109	26,773	96,807	88,109
Capital expenditure	28,660	43,254		211,425	52,652		240,085	95,906	-

#### Reconciliations to amounts reflected in the financial statements

(Amount in Rs. 000)

Particulars	March 31, 2017	March 31, 2016
<b>Reconciliation of profit</b>		
Segment profit	18,113	(252,818)
<b>Reconciliation items:-</b>		
Dividend income	-	887
Interest income	82,409	99,159
Income from Long term investments in Fixed Maturity Plan (Other than trade)	-	219
Profit on sale of Investment property	23,729	-
Profit on sale of Investments in equity investments	8,215	-
Profit on sale of investment in an associates	1,172	-
Profit on sale of current investments in mutual fund units	4,384	11,043
Gain on dilution of Investment in a Subsidiary Company	-	97
Fair value gain on financial instruments at fair value through profit or loss	8,166	72,664

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 March 2017

(Amount in Rs. 000)

Particulars	March 31, 2017	March 31, 2016
Rent Received	51,137	34,889
Employee benefits expense	(26,835)	(32,453)
Depreciation and amortisation	(72,984)	(79,086)
Interest Cost	(25,542)	(10,048)
Exceptional items	(81,210)	-
Other expenses	(40,328)	(37,515)
<b>Profit before tax from continuing operations</b>	<b>(49,574)</b>	<b>(192,962)</b>
<b>Profit /(Loss) before tax from Discontinued Operations</b>	<b>(233,287)</b>	<b>(379,229)</b>
<b>Profit/Loss before tax for Continued + Discontinued Operation</b>	<b>(282,861)</b>	<b>(572,191)</b>

### Reconciliation of assets

(Amount in Rs. 000)

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
Segment operating assets	2,667,040	3,319,915	4,334,514
Property, plant and equipment including intangible assets, capital work in progress and intangible asset under development	240,399	295,488	831,960
Investment Property	434,805	529,312	62,709
Goodwill	520,155	522,110	527,295
Non-current/current investments	99,304	315,735	385,536
Income Tax assets (net)	421,139	567,427	621,536
Deferred Tax assets (net)	139,757	147,489	157,095
Cash and bank balances	693,277	754,196	886,257
Loans and advances	40,338	40,863	117,499
Assets of a discontinued operations	156,656	-	-
Others	56,994	35,040	62,438
<b>Total assets</b>	<b>5,469,864</b>	<b>6,527,575</b>	<b>7,986,839</b>

### Reconciliation of liabilities

(Amount in Rs. 000)

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
Segment operating liabilities	1,633,037	2,929,005	4,145,663
Long-term borrowings	160,359	1,114	2,032
Deferred tax liabilities (net)	1,090	3,237	-
Short-term borrowings	444,246	530,240	144,456
Provisions	5,043	4,623	9,857
Trade payables	12,051	17,043	15,827
Income Tax liabilities (net)	8,879	8,917	11,611
Unclaimed statutory liabilities	-	-	-
Liabilities of a discontinued operations	461,701	-	-
Advance received against slump sale transaction	-	-	-
Others	37,505	38,335	15,865
<b>Total liabilities</b>	<b>2,763,911</b>	<b>3,532,514</b>	<b>4,345,311</b>

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 March 2017

### Information about geographical areas

The Company's operations are located in India. The following table provides an analysis of the Company's sales by geography in which the customer is located, irrespective of the origin of the goods.

### Secondary Segment Reporting (by Geographical Segments)

(Amount in Rs. 000)

	31-Mar-17	31-Mar-16
Geographical Segment		
Revenue from the Domestic market	7,898,416	7,545,256
Revenue from the Overseas markets	1,008,045	1,007,301
<b>Total Revenue</b>	<b>8,906,461</b>	<b>8,552,557</b>

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

Particulars	Carrying amount of Property Plant and Equipment, Intangible Assets and Investment Property*			Additions to Property Plant and Equipment, Intangible Assets and Investment Property		Carrying amount of other non current assets**		
	(Rs. in '000)			(Rs. in '000)		(Rs. in '000)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	For the year ended March 31, 2017	For the year ended March 31, 2016	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Domestic Market	1,436,390	1,569,191	1,707,251	137,725	95,978	175,761	188,826	221,714
Overseas Markets	268,111	236,817	310,729	110,406	7,207	1,369	1,134	4,413
<b>Total</b>	<b>1,704,501</b>	<b>1,806,008</b>	<b>2,017,980</b>	<b>248,131</b>	<b>103,185</b>	<b>177,130</b>	<b>189,960</b>	<b>226,127</b>

\* including capital work in progress, intangible assets under development and goodwill on consolidation

\*\* including non current financial assets and other non current assets other than financial instruments.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 March 2017

40. Additional information pursuant to schedule III of Companies Act, 2013, "General instructions for the preparation of consolidated financials statement" for financials year 2016-17.

	Name of the entity in the Group	Net Assets, i.e., total assets minus total liabilities		Share in profit and loss		Share in other Comprehensive income		Share in total Comprehensive income	
		As % of consolidated net assets	Amount in Rs.	As % of consolidated profit and loss	Amount in Rs.	As % of consolidated other comprehensive income	Amount in Rs.	As % of total comprehensive income	Amount in Rs.
Parent									
	Spice Mobility Limited								
	Balance as at 31 March, 2017	28%	785,592	245%	-875,040	-1%	319	218%	-874,721
	Balance as at 31 March, 2016	63%	1,660,313	85%	-580,870	0%	67	88%	-580,803
	Balance as at 1 April, 2015	68%	2,241,116						
Subsidiaries									
Indian									
1	Spice Digital Limited								
	Balance as at 31 March, 2017	107%	2,992,010	-10%	35,984	0%	-212	-9%	35,772
	Balance as at 31 March, 2016	112%	2,956,237	-15%	99,521	-4%	-1,022	-15%	98,499
	Balance as at 1 April, 2015	86%	2,857,738						
2	Mobisoc Technology Private Limited								
	Balance as at 31 March, 2017	3%	95,100	0%	-1,643	0%	-60	0%	-1,703
	Balance as at 31 March, 2016	4%	96,803	0%	298	4%	907	0%	1,205
	Balance as at 1 April, 2015	3%	95,598						
3	Spice Labs Private Limited								
	Balance as at 31 March, 2017	2%	60,879	1%	-2,259	0%	143	1%	-2,116
	Balance as at 31 March, 2016	2%	62,995	1%	-3,452	1%	278	0%	-3,174
	Balance as at 1 April, 2015	2%	66,170						
4	Kimaan Exports Private Limited								
	Balance as at 31 March, 2017	3%	73,694	-5%	16,192	0%	-	-4%	16,192
	Balance as at 31 March, 2016	2%	57,501	-2%	16,357	0%	-	-2%	16,357
	Balance as at 1 April, 2015	1%	41,144						
5	Spice IOT Solutions Private Limited								
	Balance as at 31 March, 2017	0%	82	0%	-18	0%	-	0%	-18
	Balance as at 31 March, 2016	0%	-	0%	-	0%	-	0%	-
	Balance as at 1 April, 2015	0%	-						
6	Hindustan Retail Private Limited								
	Balance as at 31 March, 2017	0%	4,601	218%	-776,484	0%	-	194%	-776,484
	Balance as at 31 March, 2016	0%	7,585	1%	-9,914	0%	-	1%	-9,914
	Balance as at 1 April, 2015	1%	17,499						



## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 March 2017

	Name of the entity in the Group	Net Assets, i.e., total assets minus total liabilities		Share in profit and loss		Share in other Comprehensive income		Share in total Comprehensive income	
		As % of consolidated net assets	Amount in Rs.	As % of consolidated profit and loss	Amount in Rs.	As % of consolidated other comprehensive income	Amount in Rs.	As % of total comprehensive income	Amount in Rs.
7	New Spice Sales & Solutions Limited Balance as at 31 March, 2017 Balance as at 31 March, 2016 Balance as at 1 April, 2015	-45% -80% -36%	-1,247,470 -2,110,321 -1,177,754	65% 137% -	-233,434 -936,987 -	-4% 19% -	1,605 4,420 -	58% 141% -	-231,829 -932,567 -
8	Cellucom Retail India Private Limited Balance as at 31 March, 2017 Balance as at 31 March, 2016 Balance as at 1 April, 2015	0% -7% -4%	677 -172,494 -132,780	-46% 6% -	163,724 -39,835 -	0% 0% -	62 2 -	-41% 6% -	163,786 -39,833 -
9	Spice Online Private Limited Balance as at 31 March, 2017 Balance as at 31 March, 2016 Balance as at 1 April, 2015	5% -1% 0%	136,095 -20,762 319	4% 3% -	-12,928 -21,654 -	0% 2% -	-112 398 -	3% 3% -	-13,040 -21,256 -
10	Omniventures Private Limited Balance as at 31 March, 2017 Balance as at 31 March, 2016 Balance as at 1 April, 2015	0% 0% 0%	-200 - -	0% 0% -	-300 - -	0% 0% -	- - -	0% 0% -	-300 - -
11	Hotspot Sales and Solution Pvt Ltd. Balance as at 31 March, 2017 Balance as at 31 March, 2016 Balance as at 1 April, 2015	-36% 0% 0%	-1,013,310 - -	43% 0% -	-153,125 - -	-1% 0% -	539 - -	38% 0% -	-152,586 - -
<b>Foreign</b>									
1	Spice Digital Bangladesh Limited Balance as at 31 March, 2017 Balance as at 31 March, 2016 Balance as at 1 April, 2015	3% 2% 1%	85,452 40,145 16,641	-24% -5% -	85,205 36,704 -	17% 0% -	-7,560 96 -	-19% -6% -	77,645 36,800 -
2	S Global Services Pte. Ltd. (Formerly known as S GIC Pte. Ltd.) Balance as at 31 March, 2017 Balance as at 31 March, 2016 Balance as at 1 April, 2015	12% 16% 14%	343,540 435,786 457,810	21% 8% -	-73,262 -54,294 -	0% 0% -	- - -	18% 8% -	-73,262 -54,294 -
3	Beoworld SDN. BHD Balance as at 31 March, 2017 Balance as at 31 March, 2016 Balance as at 1 April, 2015	0% 0% 0%	1,651 2,318 14,580	0% 2% -	-407 -11,835 -	0% 0% -	- - -	0% 2% -	-407 -11,835 -

# NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 March 2017

	Name of the entity in the Group	Net Assets, i.e., total assets minus total liabilities		Share in profit and loss		Share in other Comprehensive income		Share in total Comprehensive income	
		As % of consolidated net assets	Amount in Rs.	As % of consolidated profit and loss	Amount in Rs.	As % of consolidated other comprehensive income	Amount in Rs.	As % of total comprehensive income	Amount in Rs.
4	PT Spice Digital Indonesia Balance as at 31 March, 2017 Balance as at 31 March, 2016 Balance as at 1 April, 2015	0% 0% 0%	8,059 - -	1% 0% 0%	-4,274 - -	0% 0% 0%	- - -	1% 0% 0%	-4,274 - -
5	Omnia Pte. Ltd. Balance as at 31 March, 2017 Balance as at 31 March, 2016 Balance as at 1 April, 2015	0% 0% 0%	1,006 - -	0% 0% 0%	-185 - -	0% 0% 0%	- - -	0% 0% 0%	-185 - -
	<b>Name of the entity in the Group</b>	<b>Net Assets, i.e., total assets minus total liabilities</b>	<b>Amount in Rs.</b>	<b>Share in profit and loss</b>	<b>Amount in Rs.</b>	<b>Share in other Comprehensive income</b>	<b>Amount in Rs.</b>	<b>Share in total Comprehensive income</b>	<b>Amount in Rs.</b>
6	S Mobility Pte. Ltd. Balance as at 31 March, 2017 Balance as at 31 March, 2016 Balance as at 1 April, 2015	0% 0% 0%	19 -376 -157	0% 0% 0%	-335 -200 -	0% 0% 0%	-47 -19 -	0% 0% 0%	-382 -219 -
7	Spice VAS (Africa) Pte. Limited Balance as at 31 March, 2017 Balance as at 31 March, 2016 Balance as at 1 April, 2015	11% 12% 9%	294,309 328,211 292,168	-8% -2% 6%	29,711 13,827 -19,792	0% 0% 0%	- - -	-7% -2% 5%	29,711 13,827 -19,792
8	Spice Digital Nigeria Limited Balance as at 31 March, 2017 Balance as at 31 March, 2016 Balance as at 1 April, 2015	-1% 0% -1%	-22,747 -9,731 -25,517	-3% -3% -2%	17,462 - -	0% 0% 0%	- - -	-3% -3% -2%	17,462 - -
9	Spice VAS Kenya Limited Balance as at 31 March, 2017 Balance as at 31 March, 2016 Balance as at 1 April, 2015	0% -1% -1%	-9,090 -15,481 -45,596	-2% -4% -1%	6,313 29,445 3,698	0% 0% 0%	- - -	-2% -4% -1%	6,313 29,445 3,698
10	Spice VAS Uganda Limited Balance as at 31 March, 2017 Balance as at 31 March, 2016 Balance as at 1 April, 2015	1% 0% 0%	14,294 12,164 14,658	0% 0% 0%	-1,498 - -	0% 0% 0%	- - -	0% 0% 0%	-1,498 - -

# NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 March 2017

	Name of the entity in the Group	Net Assets, i.e., total assets minus total liabilities		Share in profit and loss		Share in other Comprehensive income		Share in total Comprehensive income	
		As % of consolidated net assets	Amount in Rs.	As % of consolidated profit and loss	Amount in Rs.	As % of consolidated other comprehensive income	Amount in Rs.	As % of total comprehensive income	Amount in Rs.
11	Spice VAS Ghana Limited Balance as at 31 March, 2017 Balance as at 31 March, 2016 Balance as at 1 April, 2015	1% 0% 0%	15,395 3,559 6,608	-4% 0%	13,846 -3,274	0% 0%	- -	-3% 0%	13,846 -3,274
12	Spice VAS Zambia Limited Balance as at 31 March, 2017 Balance as at 31 March, 2016 Balance as at 1 April, 2015	0% 0% 0%	8,550 -4,833 -1,736	-4% 1%	14,018 -4,336	0% 0%	- -	-3% 1%	14,018 -4,336
13	Spice VAS Tanzania Limited Balance as at 31 March, 2017 Balance as at 31 March, 2016 Balance as at 1 April, 2015	0% 0% 0%	-8,286 -4,937 16,304	1% 3%	-4,198 -21,616	0% 0%	- -	1% 3%	-4,198 -21,616
14	Spice Digital South Africa Pty Limited Balance as at 31 March, 2017 Balance as at 31 March, 2016 Balance as at 1 April, 2015	1% -5% -5%	38,991 -145,207 -155,932	-1% 2%	4,201 -13,927	0% 0%	- -	-1% 2%	4,201 -13,927
15	Spice Digital RDC Limited Balance as at 31 March, 2017 Balance as at 31 March, 2016 Balance as at 1 April, 2015	0% 0% 0%	-619 - -	0% 0%	-882 -	0% 0%	- -	0% 0%	-882 -
16	SVA (Mauritius) Pvt Ltd. Balance as at 31 March, 2017 Balance as at 31 March, 2016 Balance as at 1 April, 2015	0% 0% 0%	-712 - -	0% 0%	-745 -	0% 0%	- -	0% 0%	-745 -
17	S Mobility (HK) Limited Balance as at 31 March, 2017 Balance as at 31 March, 2016 Balance as at 1 April, 2015	0% 0% 0%	-1,750 9,583 3,677	3% -1%	-11,514 5,524	0% 2%	181 382	3% -1%	-11,333 5,906
18	S Retail Middle East FZE Balance as at 31 March, 2017 Balance as at 31 March, 2016 Balance as at 1 April, 2015	0% -2% -1%	- -47,511 -47,511	0% 0%	- -	0% 0%	- -	0% 0%	- -
19	S Retail General Trading LLC Balance as at 31 March, 2017 Balance as at 31 March, 2016 Balance as at 1 April, 2015	0% 0% 0%	- -6,234 -6,234	0% 0%	- -	0% 0%	- -	0% 0%	- -

# NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 March 2017

	Name of the entity in the Group	Net Assets, i.e., total assets minus total liabilities		Share in profit and loss		Share in other Comprehensive income		Share in total Comprehensive income	
		As % of consolidated net assets	Amount in Rs.	As % of consolidated profit and loss	Amount in Rs.	As % of consolidated other comprehensive income	Amount in Rs.	As % of total comprehensive income	Amount in Rs.
Non-controlling interests in all subsidiaries									
Associates	Balance as at 31 March, 2017	3%	84,272	-8%	28,138	-46%	20,195	-12%	48,333
	Balance as at 31 March, 2016	-13%	-347,476	3%	-17,807	8%	1,832	2%	-15,975
	Balance as at 1 April, 2015	-10%	-331,494						
	1	Avia Technologies Private Limited							
2	Balance as at 31 March, 2017	0%	-	1%	-3,362	0%	-	1%	-3,362
	Balance as at 31 March, 2016	0%	-	0%	1,418	0%	-	0%	1,418
	Balance as at 1 April, 2015	0%	-						
	2	Sunstone Learning Private Limited							
	Balance as at 31 March, 2017	0%	-	0%	-1,053	0%	-	0%	-1,053
3	Balance as at 31 March, 2016	0%	-	0%	-1,574	0%	-	0%	-1,574
	Balance as at 1 April, 2015	0%	-						
	3	Creative Functionapps Lab Private Limited							
	Balance as at 31 March, 2017	0%	-	0%	614	0%	-	0%	614
	Balance as at 31 March, 2016	0%	-	0%	-1,173	0%	-	0%	-1,173
4	Balance as at 1 April, 2015	0%	-						
	4	Exponentially I Mobility LLP							
	Balance as at 31 March, 2017	0%	-	0%	-56	0%	-	0%	-56
	Balance as at 31 March, 2016	0%	-	0%	-	0%	-	0%	-
	Balance as at 1 April, 2015	0%	-						
Joint Venture									
1	Adgyde Solutions Private Limited								
	Balance as at 31 March, 2017	0%	-	0%	-662	0%	-	0%	-662
	Balance as at 31 March, 2016	0%	-	0%	-	0%	-	0%	-
	Balance as at 1 April, 2015	0%	-						
Eliminations									
	Balance as at 31 March, 2017	2%	50,141	-397%	1,417,457	134%	-59,063	-339%	1,358,394
	Balance as at 31 March, 2016	-5%	-140,252	-119%	818,521	68%	15,386	-126%	833,907
	Balance as at 1 April, 2015	-27%	-907,285						
Total	Balance as at 31 March, 2017	100%	2,790,225	100%	-356,857	100%	-44,010	100%	-400,867
	Balance as at 31 March, 2016	100%	2,647,585	100%	-685,169	100%	22,727	100%	-662,442
	Balance as at 31 March, 2016	100%	3,310,034						

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 March 2017

### 41. Investment in associates and a joint venture

(Amount in Rs '000)

Particulars	Note	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015
		Carrying value of investment	Sharing of profit/(loss) during the year	Carrying value of investment	Sharing of profit/(loss) during the year	Carrying value of investment
<b>Investment in joint venture</b>						
Adgyde Solutions Pvt. Ltd	(A)	11,638	-662	-	-	-
		-	-	-	-	-
<b>Investment in associates</b>						
Nil (31 March 2016 : 3514, 01 April 2015 : 3514) equity shares of Rs10 each in Vavia Technologies Private Limited	(B)	-	-3,362	12,190	1,418	10,772
95058 (31 March 2016 : 83636, 01 April 2015 : 83636) equity share of Re 1 each in Sunstone Learning Private Limited	(C)	-	-1,053	75,763	-1,574	77,337
3514 (31 March 2016 : 3514, 01 April 2015 : Nil) equity share of Re 10 each in Creative Functionapps Lab Pvt. Ltd	(D)	9,441	613	8,827	-1,173	-
Nil (31 March 2016 : 27301, 1 April 2015: Nil) equity share of Re 1 each in Sunstone Eduversity Private Ltd*		-	-	27	-	-
28.46% profit sharing in Exponentially I Mobility LLP	(E)	5,694	-56	-	-	-
<b>Total</b>		<b>26,773</b>	<b>-4,520</b>	<b>96,807</b>	<b>-1,329</b>	<b>88,109</b>

\*Immaterial, hence no financial information are available and hence not furnished

#### Investment in Joint Venture

##### A) Investment in Adgyde Solutions Pvt. Ltd.

The Group has a 49% interest in Adgyde Solutions Private Limited (incorporated on 28th April 2016), a joint venture which is engaged in the business of building analytics based solutions for the device companies and to create business model around the advertisement on the mobile, basis mobile user profiling. The Group's interest in Adgyde Solutions Private Limited is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the joint venture, based on its audited financial statements (IND AS), and reconciliation with the carrying amount of the investment in consolidated financial statements are set out below:

#### Summarised balance sheet as at 31 March 2017:

(Amount in Rs '000)

	As at March 31, 2017
Current assets	14,512
Non-current assets	10,356
Current liabilities	-1,110
Non-current liabilities	-7
<b>EQUITY</b>	<b>23,751</b>
Proportion of the Group's ownership	49%
Carrying amount of the investment	11,638



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as at and for the year ended 31 March 2017

### Summarised statement of profit and loss of the Adgyde Solutions Private Limited:

	(Amount in Rs '000)
	For the period from April 28, 2016 to March 31, 2017
Depreciation and amortization	-37
Finance cost	-3
Employee benefits expense	-62
Other expenses	-1,243
<b>(Loss) before tax</b>	<b>-1,345</b>
Income tax expense	-7
<b>(Loss) for the year</b>	<b>-1,352</b>
<b>Total comprehensive income for the year</b>	<b>-1,352</b>
<b>Group's share of (loss)/ profit for the year (Share 49%)</b>	<b>-662</b>

The group had no contingent liabilities or capital commitments relating to its interest in Adgyde Solutions Private Limited as at 31 March 2017. The joint venture had no other contingent liabilities or capital commitments as at 31 March 2017.

### Investment in Associate companies

#### (B) Investment in Vavia Technologies Private Limited

The Group had acquired 26% interest in Vavia Technologies Pvt Limited on 5th September 2014, a company engaged in the business of internet technologies, mobile value added services, advertising and social networking. The Group's interest in Vavia Technologies Pvt Limited is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the associate, based on its management accounts, and reconciliation with the carrying amount of the investment in consolidated financial statements are set out below: The Group has sold its entire stake on 24th August 2016.

### Summarised balance sheet:

	(Amount in Rs '000)		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Current assets	-	54,070	18,637
Non-current assets	-	7,262	8,878
Current liabilities	-	-52,876	-24,548
Non-current liabilities	-	-394	-361
<b>EQUITY</b>	<b>-</b>	<b>8,062</b>	<b>2,606</b>
Proportion of the Group's ownership	26%	26%	26%
Group share of Equity	-	2,096	678
Add: Goodwill	-	10,094	10,094
Carrying amount of investment	-	12,190	10,772

### Summarised statement of profit and loss:

	(Amount in Rs '000)	
	For three months ended June 30, 2016	For the year ended March 31, 2016
Revenue from operations	16	133,498
Other Income	-	146
Depreciation and amortization	-	-3,000
Finance cost	-	-183
Employee benefits expenses	-4,857	-16,646
Other expenses	-8,091	-108,361
<b>Profit before tax</b>	<b>-12,932</b>	<b>5,454</b>

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 March 2017

	(Amount in Rs '000)	
	For three months ended June 30, 2016	For the year ended March 31, 2016
Income tax expense	-	-
<b>Profit/(loss) for the period/year (continuing operations)</b>	<b>-12,932</b>	<b>5,454</b>
<b>Total comprehensive income for the period/year (continuing operations)</b>	<b>-12,932</b>	<b>5,454</b>
<b>Group's share of profit for the period/year (Share 26%)</b>	<b>-3,362</b>	<b>1,418</b>

Vavia Technologies Private Limited has ceased to be an associate as the Group has sold its entire stake on 24th August, 2016

\* Group has considered the management accounts for three months ended on June 30, 2016 for calculating the group's share of profit/(loss).

### (C) Investment in Sunstone Learning Private Limited (formerly known as Anytime Learning Pvt. Ltd.)

The Group has acquired 38.53% interest in Sunstone Learning Private Limited (formerly known as Anytime Learning Pvt. Ltd.) on 12th February 2015, a company engaged in providing online education. The Group's interest in Sunstone Learning Private Limited is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the associate, based on its management accounts, and reconciliation with the carrying amount of the investment in consolidated financial statements are set out below:

#### Summarised balance sheet:

(Amount in Rs '000)

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Current assets	-	8,814	6,541
Non-current assets	-	381	3,601
Current liabilities	-	-5,563	-3,923
Non-current liabilities	-	-1,500	-
<b>EQUITY</b>	<b>-</b>	<b>2,132</b>	<b>6,219</b>
Proportion of the Group's ownership	41.61%	38.53%	38.53%
Group share of Equity	-	821	2,396
Add: Goodwill	-	74,942	74,941
Carrying amount of the investment	-	75,763	77,337

#### Summarised statement of profit and loss:

(Amount in Rs '000)

	For three months ended June 30, 2016	For the year ended March 31, 2016
Revenue from operations	5,031	39,223
Other Income	-	11
Depreciation and amortization	-	-5
Finance cost	-5	-22
Employee benefits expenses	-1,885	-11,342
Other expenses	-5,875	-31,952
<b>Loss before tax</b>	<b>-2,734</b>	<b>-4,087</b>
Income tax expense	-	-
<b>Loss for the period/year (continuing operations)</b>	<b>-2,734</b>	<b>-4,087</b>
<b>Total comprehensive income for the period/year (continuing operations)</b>	<b>-2,734</b>	<b>-4,087</b>
<b>Group's share of loss for the period/year</b>	<b>-1,053</b>	<b>-1,574</b>

\* Group has considered the management accounts for three months ended on June 30, 2016 for calculating the group's share of profit/(loss). As the associate's business has been closed during the year, the Group has fully impaired its investment in the associate company.

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as at and for the year ended 31 March 2017

Financial information as at March 31, 2017 has not been given as the financial statements for the year ended March 31, 2017 are not available.

### (D) Investment in Creative Functionapps Lab Private Limited

The Group has acquired 26% interest in Creative Functionapps Lab Pvt. Ltd on 1st July 2015, a company engaged in the business of telecom and mobile internet and developing innovative products and solutions for the next generation telecom networks. The Group's interest in Creative Functionapps Lab Pvt. Ltd is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the associate, based on management accounts for the year ended on 31st March, 2016 and Audited Financial Statements (Ind-AS) for the year ended on 31st March, 2017, and reconciliation with the carrying amount of the investment in consolidated financial statements are set out below:

**Summarised balance sheet:**

(Amount in Rs '000)			
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Current assets	10,420	2,722	
Non-current assets	71	4,536	
Current liabilities	-4,001	-2,879	
Non-current liabilities	-	-250	
<b>EQUITY</b>	<b>6,490</b>	<b>4,129</b>	<b>-</b>
Proportion of the Group's ownership	26%	26%	
Group share of Equity	1,687	1,074	
Add: Goodwill	7,754	7,753	
Carrying amount of the investment	9,441	8,827	

**Summarised statement of profit and loss:**

(Amount in Rs '000)		
	For three months ended June 30, 2016	For the year ended March 31, 2016
Revenue from operations	12,942	2,902
Other Income	248	270
Depreciation and amortization	-191	-80
Employee benefits expenses	-5,561	-3,284
Other expenses	-5,424	-4,319
<b>Profit/(loss) before tax</b>	<b>2,014</b>	<b>-4,511</b>
Income tax expense	346	-
<b>Profit/(loss) for the year (continuing operations)</b>	<b>2,360</b>	<b>-4,511</b>
<b>Group's share of profit/(loss) for the year (Share 26%)</b>	<b>613</b>	<b>-1,173</b>

The associate had no contingent liabilities or capital commitments as at 31 March 2017 and 31 March 2016.

### (E) Investment in Exponentially I Mobility LLP

The Group has acquired 28.47% interest in Exponentially I Mobility LLP on 27th February 2017, a limited liability partnership firm engaged in development and promotion of mobile applications and technologies. The Group's interest in Exponentially I Mobility LLP is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the associate, based on its audited financial statements (Ind AS), and reconciliation with the carrying amount of the investment in consolidated financial statements are set out below:

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 March 2017

### Summarised balance sheet:

(Amount in Rs '000)

	As at March 31, 2017
Current assets	1,566
Non-current assets	16,297
Current liabilities	-29
<b>EQUITY</b>	<b>17,834</b>
Proportion of the Group's ownership	28.47%
Group share	5,077
<b>ADD: Goodwill</b>	<b>619</b>
Carrying amount of the investment	5,696

### Summarised statement of profit and loss:

(Amount in Rs '000)

	For the period from 27 Feb, 2017 to March 31, 2017
Other expense	-8
<b>Profit before exceptional items</b>	<b>-8</b>
Exceptional items	188
<b>Profit or loss before tax</b>	<b>-196</b>
Income tax expense	-
<b>(Loss) for the period (continuing operations)</b>	<b>-196</b>
<b>Total comprehensive income for the period (continuing operations)</b>	<b>-196</b>
<b>Group's share of (loss) for the period (Share 28.46%)</b>	<b>-56</b>

The associate had no contingent liabilities or capital commitments as at 31 March 2017.

### Detail of Investment in Exponentially I Mobility LLP:

Name of the Partners and share in Profit/Loss (%)	Share (%)
Mr. Dilip Modi	33.91%
Nilgiri Niketan Private Limited	37.62%
Spice Labs Private Limited	28.47%

## 42. Share-based payments

### Share Award Scheme (The Scheme)

The Scheme was approved by the Board of Directors of Spice Vas Africa Pte Ltd, Singapore (a step down subsidiary company), on September 17, 2012 and by its shareholders on September 20, 2012. The Scheme is administered by Share Award Committee of Directors. The Scheme applies to the full time employees of the subsidiary company or its subsidiaries including an executive director of the subsidiary company and for any of its subsidiaries or any Promoter Group Employee (as defined in the scheme) based on certain eligibility criteria as may be decided by the Board of Directors or Share Award Committee.

The eligible employees or participants are not required to pay for the grant of share award or share received pursuant to the terms and conditions of The Scheme. The Scheme awards fully paid shares to the participants. The shares are issued at par Value of 1 \$ SGD. During the financial year, there were no shares of the company issued by virtue of the exercise of an option to take up unissued shares.

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Given below is the status of Share award at 31st March 2017:

### Movements during the year

The following table illustrates the number and weighted average exercise prices (WAEF) of, and movements in, share options during the year (excluding SARs):

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Outstanding at 1 April</b>	<b>2,260</b>	<b>-</b>	<b>113,000</b>
Granted	-	11,300	-
Expired/Forfeited	-	-9,040	-50,848
Exercised	-	-	-62,152
<b>Outstanding at 31 March</b>	<b>2,260</b>	<b>2,260</b>	<b>-</b>

Exercisable at 31 March

### Unissued shares under option

Except as disclosed above, there were no unissued shares of the subsidiary company under options granted by that company as at the end of the financial year

### 43. Discontinued operations

Pursuant to decision of board of directors of a step down subsidiary company on Feb 10, 2017, the said Company has discontinued "Spice" Brand mobile handset business. Being a discontinued operation, this business is no longer presented in the segment note. Accordingly, assets and liabilities of the business have been classified separately as assets / liabilities related to discontinued operations.

The details of assets and liabilities as at March 31, 2017 classified separately as assets / liabilities related to discontinued operations are given below:

(Amount in Rs '000)	
	Mar'31, 2017
<b>Assets</b>	
<b>Non-current assets</b>	
Financial Assets	
Others	45
Other assets	15
	<b>60</b>
<b>Current assets</b>	
Inventories	1,728
Financial Assets	
Trade receivables	20,504
Cash and bank balances	4,965
Other Bank Balances	53,625
Loans	864
Others	7,313
Current Tax Assets	19,687
Other assets	47,910
	<b>156,596</b>
<b>Assets directly associated with assets pertaining to discontinued operations</b>	<b>156,656</b>
<b>Non-current liabilities</b>	
Other long-term liabilities	19,789
Long-term provisions	3,258
	<b>23,047</b>



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(Amount in Rs '000)	
	Mar'31, 2017
<b>Current liabilities</b>	
Financial Liabilities	
Short-term borrowings	262,955
Trade payables	98,053
Others	5,043
Other current liabilities	44,017
Short-term provisions	28,586
	<b>438,654</b>
<b>Liability directly associated with assets pertaining to discontinued operations</b>	<b>461,701</b>
<b>Net assets directly associated with discontinued operations</b>	<b>305,045</b>

The following statement shows the revenue and expenses of discontinued operations, of the Company which has been discontinued.

(Amount in Rs '000)		
	Mar'31, 2017	Mar'31, 2016
<b>Income</b>		
Revenue from operations	1,866,502	9,359,921
<b>Revenue from operations (net)</b>	<b>1,866,502</b>	<b>9,359,921</b>
Other income	25,296	36,788
<b>Total revenue (I)</b>	<b>1,891,798</b>	<b>9,396,709</b>
<b>Expenses</b>		
Purchase of traded goods	1,227,730	7,916,272
Decrease in inventories of traded goods	409,328	390,545
Employee benefits expense	133,968	327,183
Depreciation and amortization expense	24,164	16,925
Finance costs	55,787	42,393
Other expenses	274,108	1,082,620
<b>Total (II)</b>	<b>2,125,085</b>	<b>9,775,938</b>
<b>(Loss) before exceptional items and tax from discontinued operations (I) – (II)</b>	<b>(233,287)</b>	<b>(379,229)</b>
Exceptional items	-	-
<b>(Loss) before tax</b>	<b>(233,287)</b>	<b>(379,229)</b>
Provision for Taxes	-	
Tax adjustment related to an earlier year		372
<b>(Loss) for the year from discontinued operations</b>	<b>(233,287)</b>	<b>(379,601)</b>

The Net cash flow incurred by Spice brand mobile handset business are, as follows;

	Mar'31, 2017	Mar'31, 2016
Operating	(679,305)	(475,073)
Investing	214,508	383,168
Financing	443,363	488,543
Net cash (outflow)/inflow	(21,434)	396,638
Earning Per Share:		
Earnings per equity share from discontinued operations	(1.02)	(1.67)

#### 44. First-time adoption of Ind AS

These financial statements, for the year ended 31 March 2017, are the first the Group has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2016, the Group prepared its financial statements in accordance with accounting standards notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 March 2017

Accordingly, the Group has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2017, together with the comparative period data as at and for the year ended 31 March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Group's opening balance sheet was prepared as at 1 April 2015, the Group's date of transition to Ind AS. This note explains the principal adjustments made by the Group in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2015 and the financial statements as at and for the year ended 31 March 2016.

### Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Group has applied the following exemptions

- Ind AS 101 requires that Indian GAAP carrying amount of goodwill must be used in the opening Ind AS balance sheet (apart from adjustments for goodwill impairment and recognition or derecognition of intangible assets). In accordance with Ind AS 101, the Group has tested goodwill for impairment at the date of transition to Ind AS. No goodwill impairment was deemed necessary at 1 April 2015.
- Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets. Accordingly, the Group has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.
- The Group has elected to continue with the carrying value for all of its investment property as recognised in its Indian GAAP financial statements as deemed cost at the transition date, viz., 1 April 2015.
- Foreign currency translation reserve is considered to be zero at the date of transition i.e. 1st April, 2015.
- The Group has elected to continue with the carrying value for its investment in associates as recognised in the financial statements as at the date of transition to Ind AS i.e. 1 April 2015, measured as per the previous GAAP.
- The Group has elected not to apply IND AS 103 Business Combinations retrospectively to past business combinations that occurred before the transition date 1 April 2015. Consequently, (i) The Group has kept the same classification for the past business combinations as in its previous GAAP financial statements; (ii) The Group has not recognised assets and liabilities that were not recognised in accordance with previous GAAP in the consolidated balance sheet of the acquirer and would not qualify for recognition in accordance with IND AS in the separate balance sheet of the acquiree.

### Estimates

The estimates at 1 April 2015 and at 31 March 2016 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies).

### Statement of cash flows

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.

### Reconciliation of total equity as at the March 31, 2016 and April 01, 2015

Particulars	Notes	Amount Rs. '000	
		Mar'31, 2016 (end of last period presented under previous GAAP)	As at 01/04/2015 (Date of Transition)
<b>Total equity as reported under previous GAAP</b>		3,364,117	4,068,513
<b>Ind AS: Adjustments increase (decrease):</b>			
Own Shares held by Trusts reduced from equity/other equity as per Ind AS-32	1	-442,998	-442,998
Fair value gain on financial instruments at fair value through profit or loss	2	82,864	17,031
Effect of mark to market adjustment on open foreign currency forward contracts	3	-3,961	-245
Reversal of provision of Income Tax	4	3,200	-405
Impairment in value of investment property	5	-7,416	-
Other Ind AS adjustments	6	-745	-367
<b>Equity as reported under IND AS</b>		<b>2,995,062</b>	<b>3,641,529</b>

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### Reconciliation of statement of Profit and Loss between Ind AS and Indian GAAP for the year ended March 31, 2016

		Amount Rs. '000
Particulars	Notes	Year ended 31.03.2016
Nature of Adjustments		
<b>Net Loss as per Indian GAAP</b>		<b>(721,190)</b>
Effect of rent equalisation reversed	6 (b)	-500
Effect of discounting of security deposit paid		
- Rent Expense	6 (a)	-130
- Other Income	6 (b)	791
Effect of discounting of security deposit received		
- Rent income	6 (a)	840
- Finance Cost	6 (b)	-713
Effect of measuring units in mutual fund investments at fair value through profit & loss	2	-1,694
Effect of measuring equity investments at fair value through profit and loss	2	67,527
Effect of mark to market adjustment on open foreign currency forward contracts	3	-3,716
Fair Value decrease in investment property	5	-7,416
Impact of actuarial gain/loss classified to other comprehensive income	7	-4,509
Tax impact of above adjustments		-541
Reversal of provision of Income Tax	4	4,070
Non controlling interest		-180
<b>Net loss as per Ind AS</b>		<b>-667,360</b>
<i>Other Comprehensive Income:</i>		
Remeasurement gain of defined benefit plan	7	4,509
Tax impact for remeasurement gain of defined benefit plan	7	541
Exchange differences on translations of foreign operations	8	15,845
<b>Total comprehensive Loss for the period</b>		<b>-646,466</b>

#### Notes:

Footnotes to the reconciliation of equity as at 1 April 2015 and 31 March 2016 and profit or loss for the year ended 31 March 2016

#### 1. Trust Shares

Taking a conservative view of Ind AS 32, own equity instruments that were transferred to two trusts as per scheme of amalgamation duly approved by High Court of Allahabad. Parent Company's Interest as sole beneficiary in Independent Non Promoter Trust of Rs.3,73,798 which was included in Non Current Investments and receivable from Employee Benefit Trust of Rs.69,200 Thousand has been reduced from Equity / Other Equity. Equity Share Capital has been reduced by Rs.1,41,609 thousand being face value of Equity Shares held by these trusts and Rs.3,01,389 thousand has been reduced from other equity.

#### 2. FVTPL financial assets

Under Indian GAAP, the Group accounted for long term investments in unquoted and quoted equity shares as investment measured at cost less provision for other than temporary diminution in the value of investments. Under Ind AS, the Group has designated such investments as FVTPL investments. Ind AS requires FVTPL investments to be measured at fair value. Accordingly, Group has fair value gain on FVTPL investments has been taken to the statement of profit and loss.

#### 3. Mark to market impact of forward contract

Under Indian GAAP, a step down subsidiary accounted for forward contract taken towards outstanding liabilities in foreign currency over the life of contract and amortised cost of forward premium over forward contract life. As per Ind AS forward contract are evaluated on mark to market basis on date of reporting. Considering change in method of evaluation step down

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subsidiary has remeasured forward contract as at and reduced other expenses by Rs 3,715 thousand for the year ending March 31, 2016.

#### 4. Current Taxes

Adjustment has been made to taxes provided in March 2016 and reversal in current year pertaining to March 2016 has been adjusted in statement of profit and loss for the year ended March 31, 2016.

#### 5. Separate disclosure of Investment Property

Investment property was included under Property, plant and equipment. The same has been disclosed separately under the heading Investment property. Also, investment property has been impaired based on its market value as at March 31, 2016 and effect has been taken in March 2016.

#### 6. Reinstatement of security deposit given and rent equalisation elimination

Other adjustments include following adjustments:

- Under Indian GAAP, the Group accounted for security deposit received and paid based on contractual agreement. Under Ind AS, security deposit received and paid are categorised as financial assets and liabilities and are measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR and impact has been accounted for in rent income and interest expenses or rent expenses and interest income.
- Under Indian GAAP, lease agreement with periodic increase in lease rental were required to be straight lined and charge equally over the period of contract to statement of profit and loss. As per Ind AS rental cost is recognised in the statement of profit and loss on a straight-line basis over the lease term unless the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. The Group has accordingly accounted for such transaction after considering general inflation impact for computation of straight line cost. Accordingly, rent equalisation reserve recognised under previous GAAP has been transferred to retained earnings."

#### 7. Defined benefit liabilities

The Group has recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, remeasurements [comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability] are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI. Accordingly, the employee benefit cost has been reinstated.

#### 8. Exchange differences on translations of foreign operations

Under IND AS, exchange differences on translations of foreign operations needs to be recognised in OCI.

#### 45A. Fair values

Set out below, is a comparison by class of the carrying amounts and fair value of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	Carrying Value			Fair Value		
	As at 31 Mar 2017	As at 31 Mar 2016	As at 1 April 2015	As at 31 Mar 2017	As at 31 Mar 2016	As at 1 April 2015
<b>Financial assets</b>						
Loans and advances	31,320	32,801	104,994	31,325	32,823	104,994
Financial investments	72,530	218,929	297,427	72,530	218,929	297,427
Other financial assets	128,927	139,096	91,807	128,927	139,096	91,807
<b>Total</b>	<b>232,777</b>	<b>390,826</b>	<b>494,228</b>	<b>232,782</b>	<b>390,848</b>	<b>494,228</b>
<b>Financial liabilities</b>						
Long term borrowings	160,359	1,114	2,032	160,359	1,114	2,032
Short term borrowings	444,245	530,240	144,455	444,245	530,240	144,455
Other financial liabilities	21,725	49,020	58,319	21,725	49,020	58,319
<b>Total</b>	<b>626,329</b>	<b>580,374</b>	<b>204,806</b>	<b>626,329</b>	<b>580,374</b>	<b>204,806</b>

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The Group has assessed that the fair value of trade receivables, cash and cash equivalents, other bank balances, other current financial assets, trade payables and other current financial liabilities approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- Borrowings are evaluated by the Group based on parameters such as interest rates and specific country risk factors.
- The fair value of other financial liabilities, obligations under finance leases, is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.
- The fair values of the FVTPL quoted financial investments are derived from quoted market prices in active markets.
- The fair values of the Group's interest-bearing borrowings and loans are determined by using DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. No own non- performance risk as at 31 March 2017 was assessed.

### 45B. Fair value hierarchy

(Amount in Rs. 000)

	31-Mar-17		31-Mar-16		1-Apr-15	
Financial Assets	FVTPL	Amortised Cost	FVTPL	Amortised Cost	FVTPL	Amortised Cost
<b>Non Current assets</b>						
-Equity and other investment	9,227		134,165		42,304	
-Loans and advances		31,320		32,801		104,994
-Other financial assets		128,927		139,096		91,807
<b>Total Non Current assets</b>	<b>9,227</b>	<b>160,247</b>	<b>134,165</b>	<b>171,897</b>	<b>42,304</b>	<b>196,801</b>
<b>Current Assets</b>						
-Current investment	63,303		84,762		255,123	
-Trade receivables		691,254		1,030,208		1,311,903
-Cash and cash equivalents		552,509		635,544		505,487
-Bank balances other than above		542,289		634,723		868,462
-Loans and advances		15,537		19,261		20,506
-Other financial assets		441,798		376,850		365,965
<b>Total Current Assets</b>	<b>63,303</b>	<b>2,243,387</b>	<b>84,762</b>	<b>2,696,586</b>	<b>255,123</b>	<b>3,072,323</b>
<b>Total financial assets</b>	<b>72,530</b>	<b>2,403,634</b>	<b>218,927</b>	<b>2,868,483</b>	<b>297,427</b>	<b>3,269,124</b>
<b>Financial Liabilities</b>						
<b>Non Current Liabilities</b>						
-Borrowings		160,359		1,114		2,032
-Trade payables		-		-		-
-Other financial liabilities		21,725		49,020		58,319
<b>Total Non Current Liabilities</b>	<b>-</b>	<b>182,084</b>	<b>-</b>	<b>50,134</b>	<b>-</b>	<b>60,351</b>
<b>Current Liabilities</b>						
-Borrowings		444,245		530,240		144,455
-Trade payables		945,210		2,196,475		3,319,719
-Other financial liabilities		152,262		210,760		204,319
<b>Total Current Liabilities</b>	<b>-</b>	<b>1,541,718</b>	<b>-</b>	<b>2,937,475</b>	<b>-</b>	<b>3,668,493</b>
<b>Total Financial liabilities</b>	<b>-</b>	<b>1,723,802</b>	<b>-</b>	<b>2,987,609</b>	<b>-</b>	<b>3,728,844</b>



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### (2) Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

#### Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2017:

Fair value measurement using			(Amount in Rs. 000)		
	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:					
<b>Assets for which fair values are disclosed (Note 45A):</b>					
Investment properties (Note 4)	31-Mar-17	604,429		50,110	554,319
<b>Non current investments:</b>					
Investment in equity/other instruments	31-Mar-17	9,227	8,677	550	
<b>Current investments:</b>					
Investment in equity/other instruments	31-Mar-17	63,303	63,303		
<b>Loan and other financial assets</b>					
Loans	31-Mar-17	31,325		31,325	
Other financial assets	31-Mar-17	128,927		128,927	

There have been no transfers between Level 1 and Level 2 during the year.

#### Quantitative disclosures fair value measurement hierarchy for liabilities as at 31 March 2017:

	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Liabilities measured at fair value:					
<b>Borrowings:</b>					
Long term borrowings	31-Mar-17	160,359		160,359	
Short term borrowings	31-Mar-17	444,245		444,245	
<b>Other financial liabilities</b>	31-Mar-17	21,725		21,725	

There have been no transfers between Level 1 and Level 2 during the year.

#### Quantitative disclosures fair value measurement hierarchy for assets as at 31 March 2016:

	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:					
<b>Assets for which fair values are disclosed (Note 45A):</b>					
Investment properties (Note 4):	31-Mar-16	568,463			568,463
<b>Non current investments:</b>					
Investment in equity instruments	31-Mar-16	134,165	133,615	550	
<b>Current investments:</b>					
Investment in equity/other instruments	31-Mar-16	84,762	84,762		
<b>Loan and other financial assets</b>					
Loans	31-Mar-16	32,823		32,823	
Other financial assets	31-Mar-16	139,096		139,096	

There have been no transfers between Level 1 and Level 2 during the year.

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### Quantitative disclosures fair value measurement hierarchy for liabilities as at 31 March 2016:

(Amount in Rs. 000)

	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Liabilities measured at fair value:					
<b>Borrowings:</b>					
Long term borrowings	31-Mar-16	1,114		1,114	
Short term borrowings	31-Mar-16	530,240		530,240	
Other financial liabilities	31-Mar-16	49,020		49,020	

There have been no transfers between Level 1 and Level 2 during the year.

### Quantitative disclosures fair value measurement hierarchy for assets as at 1 April 2015:

	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:					
<b>Assets for which fair values are disclosed (Note 45A):</b>					
Investment properties (Note 4):	1-Apr-15	62,709			62,709
<b>Non current investments:</b>					
Investment in equity instruments	1-Apr-15	42,304	42,254	50	
<b>Current investments:</b>					
Investment in equity/other instruments	1-Apr-15	255,123	255,123		
<b>Loan and other financial assets</b>					
Loans	1-Apr-15	104,994		104,994	
Other financial assets	1-Apr-15	91,807		91,807	

There have been no transfers between Level 1 and Level 2 during the year.

### Quantitative disclosures fair value measurement hierarchy for liabilities as at 1 April 2015:

	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Liabilities measured at fair value:					
<b>Borrowings:</b>					
Long term borrowings	1-Apr-15	2,032		2,032	
Short term borrowings	1-Apr-15	144,455		144,455	
Other financial liabilities	1-Apr-15	58,319		58,319	

#### 46. Financial risk management objectives and policies

The Group's principal financial liabilities, comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include loans, trade and other receivables, cash and cash equivalents and other bank balances that derive directly from its operations. The Group also holds FVTPL investments and investment in subsidiary companies, associates and a joint venture measured at cost.

The Group is exposed to market risk, credit risk and liquidity risk. The senior management of the Group advises on financial risks and the appropriate financial risk governance framework. The senior management provides assurance that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The Board of Directors reviews and agrees on policies for managing each of these risks, which are summarised below.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

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### 1) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, FVTPL investments. The Group is not effected by commodity risk.

The sensitivity analyses in the following sections relate to the position as at 31 March 2017, 31 March 2016 and 1st April 2015.

The sensitivity analyses have been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt instruments are all constant .

The analyses exclude the impact of movements in market variables on the carrying values of gratuity and other post-retirement obligations, provisions.

The following assumptions have been made in calculating the sensitivity analyses:

- The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at 31 March 2017, 31 March 2016 and 1st April 2015.

#### - Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the loan given, Security deposits received/paid and borrowing.

#### Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Increase/decrease in basis points	Effect on profit before tax
31-Mar-17		
Rs.'000	50	1,906
Rs.'000	-50	-1,906
31-Mar-16		
Rs.'000	50	2,357
Rs.'000	-50	-2,357
1-Apr-15		
Rs.'000	50	5,283
Rs.'000	-50	-5,283

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

#### - Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group exposure to the risk of changes in foreign exchange rates relates primarily to the Group operating activities expense are incurred in a foreign currency and the Group net investments in foreign subsidiaries.

#### Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD, SGD, AFN & BDT exchange rate, with the other variables held constant.

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(Amount in Rs. 000)

	Currency	Change in rates	Effect on profit before tax	Effect on pre-tax equity
31-Mar-17	USD	5%	1,201	1,201
	USD	-5%	(1,201)	(1,201)
	SGD	5%	27	27
	SGD	-5%	(27)	(27)
	AFN	5%	3,050	3,050
	AFN	-5%	(3,050)	(3,050)
	BDT	5%	1,957	1,957
	BDT	-5%	(1,957)	(1,957)
31-Mar-16	USD	5%	(7,006)	(7,006)
	USD	-5%	7,006	7,006
	SGD	5%	109	109
	SGD	-5%	(109)	(109)
	AFN	5%	1,145	1,145
	AFN	-5%	(1,145)	(1,145)
	BDT	5%	5,405	5,405
	BDT	-5%	(5,405)	(5,405)

### - Equity price risk

The Group listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group don't engage in active trading of equity instruments. Reports on the equity portfolio are submitted to the Group senior management on a regular basis. The Board of Directors of parent company reviews and approves all equity investment decisions.

At the reporting date, the exposure to listed and unlisted equity securities at fair value is not material (excluding investment in subsidiaries).

## 2) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions and other financial instruments.

### - Trade receivables

Customer credit risk is managed subject to the Group established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed and limits are defined in accordance with this assessment. At 31 March 2017, the Group had net outstanding of Rs. 691,254 thousand (31 March 2016: 1,030,208 thousand, 1 April 2015: Rs. 1,311,903 thousand) after allowance for bad & doubtful trade receivable.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on exchange losses historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Group does not hold collateral as security. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

### - Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed in accordance with the Group policy. Investments of surplus funds are made only with approved counterparties and based on the Investment Policy of the Group. All investments are reviewed by the Group Board of Directors on a quarterly basis.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

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### 3) Liquidity risk

The Group monitors its risk of a shortage of funds using a liquidity planning tool.

The Group objective is to maintain a low debt exposure. Approximately 89% of the Group debt will mature in less than one year at 31 March 2017 (31 March 2016: 98%, 1 April 2015: 98%) based on the carrying value of borrowings reflected in the financial statements. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low.

The table below summarises the maturity profile of the Group financial liabilities based on contractual undiscounted payments.

(Amount in Rs. 000)

	On Demand	Less than 3 Months	3-12 Months	1-5 Years	> 5 years	Total
Year ended <b>31-Mar-17</b>						
Borrowings	-	435,611	8,635	160,359	-	604,605
Other financial liabilities(non-current)	-	-	-	21,725	-	21,725
Other financial liabilities(current)	5,940	138,031	8,291	-	-	152,262
Trade and other payables	29,297	589,408	326,505	-	-	945,210
Total	35,237	1,163,050	343,431	182,084	-	1,723,802

\* Based on the maximum amount that can be called for under the financial guarantee contract.

	On Demand	Less than 3 Months	3-12 Months	1-5 Years	> 5 years	Total
Year ended <b>31-Mar-16</b>						
Borrowings	-	508,008	22,231	1,115	-	531,354
Other financial liabilities(non-current)	-	-	-	49,020	-	49,020
Other financial liabilities(current)	6,270	198,053	6,437	-	-	210,760
Trade and other payables	-	1,916,419	280,056	-	-	2,196,475
Total	6,270	2,622,480	308,724	50,135	-	2,987,609

\* Based on the maximum amount that can be called for under the financial guarantee contract.

	On Demand	Less than 3 Months	3-12 Months	1-5 Years	> 5 years	Total
Year ended <b>31-Mar-15</b>						
Borrowings	-	123,766	20,689	2,032	-	146,487
Other financial liabilities(non-current)	-	-	-	58,319	-	58,319
Other financial liabilities(current)	6,737	194,996	2,586	-	-	204,319
Trade and other payables	-	3,105,079	214,640	-	-	3,319,719
Total	6,737	3,423,841	237,915	60,351	-	3,728,844

\* Based on the maximum amount that can be called for under the financial guarantee contract.

#### - Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.



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### - Collateral

The Group has pledged part of its fixed deposits with bank as margin money against issuance of bank/corporate guarantees in order to fulfill the collateral requirements for its various contracts. At 31 March 2017, 31 March 2016 and 1 April 2015, the fair values of fixed deposits (including fixed deposits as at 31st March 2017 of Rs. 53,645 thousand transferred to assets held for discontinued operations) pledged were Rs. 483,833 thousand (31 March 2016: Rs. 574,960 thousand, 1 April 2015: Rs. 852,729 thousand). The Group has an obligation to repay the deposit to the counterparties upon settlement of the contracts. There are no other significant terms and conditions associated with the use of collateral.

### 47. Capital management

For the purpose of the Group's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio less than 50%. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents, excluding discontinued operations.

	As at 31 Mar 2017	As at 31 Mar 2016	As at 1 April 2015
	Rs. '000	Rs. '000	Rs. '000
Borrowings	604,604	531,354	146,487
Trade and other payables	1,097,472	2,407,235	3,523,908
Less: cash and cash equivalents	552,509	635,544	505,487
Net debt	1,149,567	2,303,045	3,164,908
Equity	542,043	541,983	541,983
Other equity attributable	2,248,182	2,105,602	2,768,051
Total capital	2,790,225	2,647,585	3,310,034
Capital and net debt	3,939,792	4,950,630	6,474,942
Gearing ratio	29%	47%	49%

In order to achieve this overall objective, the Group capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current year.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2017 and 31 March 2016.

48. During the year Group has specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308( E) dated March 31, 2017. The details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016, are given below:

Particulars (Amount in Rs. '000)	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	17,790	436	18,226
(+) Permitted receipts	-	41,101	41,101
(-) Permitted payments	-	5,184	5,184
(-) Amount deposited in Banks	17,790	34,041	51,831
Closing cash in hand as on 30.12.2016	-	2,312	2,312

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Opening SBN in hand is inclusive of Petty Cash amounts received back from employees subsequent to November 8, 2017.

As represented by the management, cash of Rs. 663,841 thousand was deposited by Cash Management Executives, agents and distributors in the bank accounts of one of the subsidiaries during the period, November 8, 2016 to December 30, 2016. These deposits have not been included in the above particulars.

\* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

49. As on 31st March, 2017, Independent Non-Promoter (Spice Employee Benefit) Trust ('EBT') holds 11,901,752 (March 31, 2016: 11,901,752, April 1, 2015: 11,901,752) equity shares of the Company, for the benefit of the employees of the Company, its associates and subsidiaries and Independent Non-Promoter Trust ('NPT') holds 35,281,215 (March 31, 2016: 35,301,215 and April 1, 2015: 35,301,215) equity shares of the Company for the benefit of the Company. These equity shares were transferred to the Trusts pursuant to the Scheme of amalgamation of Spice Televentures Private Limited ('STPL'), the erstwhile holding company, with the Company, duly approved by High Court, Allahabad, at a value at which these equity shares were held in the books of STPL. Taking a conservative interpretation of "Ind AS 32" face value of shares held by these trusts has been deducted from equity and amount over and above face value has been shown as deduction under the head "Trust shares" separately in other equity.
50. Earlier Parent Company had transferred assets comprising of Freehold land, Buildings and other fixed assets at Rampur as held for sale. During the year, the Parent Company has leased out these assets and hence these assets have been transferred from Assets held for sale to Investment Property. Consequently, depreciation has been charged on these assets from the date on which these assets were transferred to Assets Held for Sale.
51. Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

Particulars	As at 31 Mar 2017	As at 31 Mar 2016	As at 1 April 2015
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	NIL
- Interest due on above	NIL	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	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	NIL
The amount of interest accrued and remaining unpaid at the end of each accounting year	NIL	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	NIL

52. One of the step down overseas subsidiaries has, outstanding loan in foreign currency of SGD 26,74,858 ( equivalents Rs. 124,113 thousand on date of conversion and outstanding as on March 31, 2017 Rs 78507 thousand ) in another step down overseas subsidiary. During the year the said loan has been converted into a long term loan from short term receivable. Accordingly, the exchange difference arising on the translation of said loan of Rs. 45567 thousand has been taken to other comprehensive income as per para 32 of Ind AS 21.
53. **Significant accounting judgements, estimates and assumptions**

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

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### Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

#### Operating lease commitments – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the fair value of the asset, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

#### Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in Note 4.

### Taxes

The Group recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Group respective companies in the group which has recognised MAT credit will pay normal income tax during the specified period i.e. the period for which MAT credit is allowed to be carried forward.

The tax assets of Rs 1,10,708 thousand (31 March 2016: Rs 1,39,982 thousand, 1 April 2015: Rs 1,66,685 thousand) recognised by the Group as 'MAT Credit Entitlement' under 'Non current Tax assets' in respect of MAT payment for earlier years, represents that portion of MAT liability which can be recovered and set off in subsequent years 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 Group to utilize MAT credit assets.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

The Group has tax losses carried forward. These losses may expire in 8 years and may not be used to offset taxable income elsewhere in the Group. The Group neither have any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

#### Fair Value measurement of financial Instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

as at and for the year ended 31 March 2017

### Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future, salary increases and gratuity increases are based on expected future inflation rates.

Further details about gratuity obligations are given in Note 36.

### Intangible asset under development

The group capitalises intangible asset under development for project in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. At 31 March 2017, the carrying amount of intangible asset under development was Rs 46,875 thousand (31 March 2016: 673 thousand, 1 April 2015: Nil).

### Useful life of Property, plant and equipment, Investment property and intangible assets

The management estimates the useful life and residual value of property, plant and equipment, investment property and intangible assets based on technical evaluation. These assumptions are reviewed at each reporting date.

As per our report of even date

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

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

Place : Noida  
Date : May 19, 2017

For and on behalf of the board of directors of **Spice Mobility Limited**

**Dilip Modi**  
Executive Chairman  
DIN : 00029062

**Suman Ghose Hazra**  
Director  
DIN : 00012223

**M R Bothra**  
Vice President- Corporate Affairs and Company Secretary

**Subramanian Murali**  
Director  
DIN : 00041261

**Madhusudan V.**  
Chief Financial Officer



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

### Part "A" : Subsidiaries

(Rs. '000)

Sl. No.	Name of Subsidiary Company	Reporting period for the subsidiary*	Date when subsidiary was acquired/	Reporting Currency	Exchange Rate on the last date of the FY (to be given only in case of foreign subsidiaries)	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments (excluding investment made in subsidiaries)	Turnover /Total Income	Profit/ (Loss) Before Tax	Provision For Tax	Profit/ (Loss) After Tax	Proposed Dividend	% of shareholding #
1	Spice Digital Limited	1st April'2016 to 31st March'2017	04 November 2010	INR	1.00	397,710	2,594,300	3,680,928	3,680,928	63,303	1,956,711	76,867	40,883	35,984		89.19%
2	Hindustan Retail Private Limited	1st April'2016 to 31st March'2017	04 November 2010	INR	1.00	3,829,800	(3,825,199)	73,370	73,370		27,860	(776,484)		(776,484)		100.00%
3	Kimsan Export Private Limited	1st April'2016 to 31st March'2017	24 December 2010	INR	1.00	200	73,494	146,351	146,351		32,116	21,346	5,131	16,214		100.00%
4	Spice IOT Solutions Private Limited**	29th October'2016 to 31st March'2017	29 October 2016	INR	1.00	100	(18)	82	82		-	(18)	-	(18)		100.00%
5	Hotspot Sales & Solutions Pvt Ltd.	1st June'2016 to 31st March'2017	01 June 2016	INR	1.00	100	(1,013,410)	612,349	612,349		4,997,258	(152,585)	-	(152,585)		100.00%
6	Omniventures Private Limited	14th May'2016 to 31st March'2017	07 June 2016	INR	1.00	100	(300)	280	280		242	(300)		(300)		100.00%
7	S Mobility (HK) Limited	1st July'2016 to 30th June'2017	12 May 2011	USD	64.75	64	(1,815)	4,302	4,302		32,604	(11,730)	(216)	(11,514)		100.00%
8	New Spice Sale and solutions limited	1st April'2016 to 31st March'2017	04 November 2010	INR	1.00	997,174	(2,244,645)	196,424	196,424	-	-	(233,433)	-	(233,433)		100.00%
9	Cellucum Retail India Private Limited	1st April'2016 to 31st March'2017	04 November 2010	INR	1.00	500,000	(499,323)	2,976	2,976		-	(163,724)	-	(163,724)	-	100.00%
10	Spice Online Private Limited	1st April'2016 to 31st March'2017	24 July 2012	INR	1.00	194,314	(58,219)	458,304	458,304	-	270,155	(10,693)	-	(10,693)		51.00%
11	Mobisoc Technology Private Limited	1st April'2016 to 31st March'2017	04 November 2010	INR	1.00	100,100	(5,000)	127,804	127,804	-	142,631	(1,526)	117	(1,643)	-	99.90%
12	Spice Labs Private Limited	1st April'2016 to 31st March'2017	04 November 2010	INR	1.00	100,500	(39,621)	64,799	64,799	-	24,145	(285)	1,975	(2,259)	-	99.90%
13	Spice Digital Bangladesh Limited	1st July'2016 to 30th June'2017	11 August, 2012	BDT	0.79	8,126	77,326	162,339	162,339	-	136,237	86,724	1,519	85,205	-	100.00%
14	S Global Services Pte. Ltd (formerly known as S GIC Pte. Ltd.)	1st April'2016 to 31st March'2017	28 February, 2008	SGD	46.40	730,099	(386,558)	347,863	347,863	-	19,430	(80,877)	-	(80,877)	-	100.00%
15	Beoworld Sdn.Bhd	1st April'2016 to 31st March'2017	02 December, 2010	MYR	14.64	6,748	(5,096)	1,827	1,827	-	12	(407)	-	(407)	-	100.00%
16	Spice VAS (Africa) Pte. Limited	1st April'2016 to 31st March'2017	04 November, 2010	SGD	46.40	200,542	93,767	335,550	335,550	-	194,059	63,992	34,281	29,711	-	69.63%
17	S Mobility Pte. Limited	1st July'2016 to 30th June'2017	20 October, 2011	SGD	46.40	13,919	(13,900)	208	208	-	-	(50)	-	(50)	-	100.00%



**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**

(Rs. '000)

Sl. No.	Name of Subsidiary Company	Reporting period for the subsidiary*	Date when subsidiary was acquired/	Reporting Currency	Exchange Rate on the last date of the FY (to be given only in case of foreign subsidiaries)	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments (excluding investment made in subsidiaries)	Turnover /Total Income	Profit/ (Loss) Before Tax	Provision For Tax	Profit/ (Loss) After Tax	Proposed Dividend	% of shareholding #
18	PT Spice Digital Indonesia	07th April'2016 to 31st December'2016	07 April, 2016	IDR	0.01	12,295	(4,235)	22,875	22,875	-	18,277	(4,274)	-	(4,274)	-	100.00%
19	Omnia Pre. Ltd.	17th February'2017 to 31st March'2017	17 February, 2017	SGD	46.40	1,183	(177)	1,006	1,006	-	-	(185)	-	(185)	-	100.00%
20	Spice Digital FZCO**	26th March'2017 to 31st March'2017	26 March, 2017	AED	-	-	-	-	-	-	-	-	-	-	-	100.00%
21	Spice Digital Nigeria Limited	1st April'2016 to 31st March'2017	04 November, 2010	Naira	0.21	4,098	(26,845)	31,881	31,881	-	202,828	(12,265)	7,527	(19,792)	-	100.00%
22	Spice VAS Kenya Limited	1st April'2016 to 31st March'2017	31 March, 2011	KSH	0.62	71	(9,704)	15,873	15,873	-	88,445	6,458	735	5,723	-	100.00%
23	Spice VAS Uganda Limited	1st April'2016 to 31st March'2017	11 November, 2010	UGX	0.02	26	14,268	16,507	16,507	-	16,978	4,745	1,047	3,698	-	75.00%
24	Spice VAS Ghana Limited	1st April'2016 to 31st March'2017	15 April, 2011	GHS	14.76	3,072	12,323	46,798	46,798	-	151,641	18,477	4,631	13,846	-	100.00%
25	Spice VAS Zambia Limited	1st April'2016 to 31st March'2017	01 September, 2011	ZMW	6.71	59	8,491	24,352	24,352	-	63,753	20,079	1,882	18,197	-	100.00%
26	Spice VAS Tanzania Limited	1st April'2016 to 31st March'2017	29 November, 2011	TZS	0.03	6,989	(15,276)	19,373	19,373	-	34,392	(3,830)	368	(4,198)	-	100.00%
27	Spice Digital South Africa (Pty) Limited	1st April'2016 to 31st March'2017	15 October, 2011	ZAR	4.98	210,655	(171,664)	65,743	65,743	-	74,300	4,201	-	4,201	-	100.00%
28	Spice VAS RDC	08th April'2016 to 31st March'2017	08 April, 2016	CDF	0.05	33	(652)	(619)	(619)	-	-	(882)	-	(882)	-	100.00%
29	SVA (Mauritius) Pvt Ltd.	04th October'2016 to 31st March'2017	04 October 2016	USD	64.75	6	(719)	(712)	(712)	-	-	(745)	-	(745)	-	100.00%

\* Subsidiaries whose reporting period is different from that of the Parent Company, financial statement used for the purpose of consolidation are drawn up to the same reporting date as that of the Parent Company i.e year ended March 31, 2017.

\*\* Company yet to commence operations.

Subsidiary companies which have been liquidated/Sold during the year

1 S Retail Middle East FZE, Dubai.

2 S Retail General Trading LLC, Dubai.

# Refer Note no 35 of Consolidated financial statement.

## Part "B": Associates Companies

(Rs. '000)

Name of Associates / Joint Ventures		SunStone Learning Private Limited***	Creative Functionapps Labs Private Limited	EXPONENTIALLY I MOBILITY LLP	Adgyde Solutions Private Limited
1	Latest audited Balance Sheet Date	Unaudited	Audited (18th May 2017)	Audited (18th May 2017)	Audited (18th April 2017)
2	Date on which the Associate or Joint Venture was associated or acquired	12-Feb-15	1-Jul-15	27-Feb-17	28-Apr-16
3	Shares of Associate company held by the company on the year end				
	No.	95508	3514	N.A.	1230
	Amount of Investment in Associates	81,488	10,000	5,750	12300
	Extent of Holding%	41.6%	26.00%	28.47%	49.00%
4	Description of how there is significant influence	Associate	Associate	Associate	Joint Venture
5	Reason why the associate company is not consolidated	NA	NA	NA	NA
6	Networth attributable to Shareholding as per latest audited Balance Sheet	-	1,687	5,077	11638
7	Profit / (Loss) for the year	-	-	-	-
(i)	Considered in Consolidation	-	614	(56)	(662)
(ii)	Not Considered in Consolidation	-	1,746	(140)	(689)

\*\*\*The investment has been fully impaired in the financials as the network is fully eroded

Names of entities which ceased to be associates during the year

1. Vavia Technologies Pvt Ltd - The investment was sold during the year
2. Sustone Eduversity Pvt Ltd. - The stake of the company decreased to less than 20% during the year

For and on behalf of the board of directors of **Spice Mobility Limited**

**Dilip Modi**  
Executive Chairman  
DIN : 00029062

**Subramanian Murali**  
Director  
DIN : 00041261

**Suman Ghose Hazra**  
Director  
DIN : 00012223

**Madhusudan V.**  
Chief Financial Officer

**M R Bothra**  
Vice President- Corporate Affairs and Company Secretary

Place : Noida  
Date : May 19, 2017



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



## SPICE MOBILITY LIMITED

Registered Office: S Global Knowledge Park, 19A & 19B, Sector 125,  
Noida, District Gautam Budh Nagar, U.P.-201301  
CIN: L72900UP1986PLC008448  
Tel.: 0120- 3355131; Email: [complianceofficer@smobility.in](mailto:complianceofficer@smobility.in)  
Website: [www.spicemobility.in](http://www.spicemobility.in)

## NOTICE

Notice is hereby given that the Twenty Ninth Annual General Meeting of Spice Mobility Limited will be held on Tuesday, the 26<sup>th</sup> day of September, 2017 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, 2017 along with the Board of Directors' and Auditors' Report thereon.
  - ii. the Audited Consolidated Financial Statement for the financial year ended 31<sup>st</sup> March, 2017 and the Auditors' Report thereon.
2. To consider and appoint a Director in place of Mr. Subramanian Murali (DIN: 00041261) who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint M/s. B S R & Co. LLP, Chartered Accountants (Firm Registration No. 101248W/W-100022), as the Statutory Auditors of the Company and to fix their remuneration and to consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"Resolved that pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s. B S R & Co. LLP, Chartered Accountants (Firm Registration No. 101248W/W-100022) be and are hereby appointed as the Statutory Auditors of the Company in place of the retiring auditors M/s. S.R. Batliboi & Co., LLP, Chartered Accountants (Firm Registration No. 301003E/E300005), to hold office for a period of five consecutive years commencing from the conclusion of twenty ninth Annual General Meeting till the conclusion of thirty fourth Annual General Meeting of the Company, subject to ratification of their appointment at every Annual General Meeting, at such remuneration and reimbursement of travel and out-of-pocket expenses as may be decided by the Board of Directors.

Resolved further that the Board of Directors or a duly constituted Committee thereof be and is hereby authorised to do all such acts, deeds and things and take all such steps as may be considered necessary, proper as expedient to give effect to the said resolution."

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

**Date: 8<sup>th</sup> August, 2017  
Place: Noida**

**(M R Bothra)  
Vice President-Corporate Affairs &  
Company Secretary**

### NOTES:

- I. **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.



2. Only registered members carrying the attendance slip and the holders of valid proxies registered with the Company will be permitted to attend the Meeting.
3. 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.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 20<sup>th</sup> September, 2017 to 26<sup>th</sup> September, 2017 (both days inclusive) for the purpose of Annual General Meeting.
5. In order to provide protection against fraudulent encashment of dividend warrants, members who hold shares in physical mode are requested to intimate the Company's Registrar and Share Transfer Agent, MAS Services Limited, T-34, 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
6. Members are requested to bring their copy of Annual Report with them at the Annual General Meeting. Corporate members intending to send their authorised representative(s) are requested to send a duly certified copy of the Board Resolution authorizing their representative(s) to attend and vote at the Annual General Meeting.
7. Members holding shares in physical mode are requested to quote their Ledger Folio No. in all their correspondence and intimate the following directly to the Company's Registrar and Share Transfer Agent i.e. MAS Services Ltd.
  - i) Changes, if any, in their address with PIN code numbers.
  - ii) Request for making nominations as per the provisions contained in Section 72 of the Companies Act, 2013 in the prescribed Form SH-13.

Members holding shares in dematerialized mode are requested to intimate the aforesaid changes directly to their Depository Participant.

8. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they maintain their demat accounts. Members holding shares in physical form should submit their PAN details to the RTA of the Company or at the Registered Office of the Company.
9. Pursuant to Sections 124 and 125 of the Companies Act, 2013 the dividend amount which remains unpaid/unclaimed for a period of seven years from the date of transfer to unpaid dividend accounts of the Company, is required to be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government. Accordingly, unpaid or unclaimed amount in respect of dividend for the financial year 2008-09 have been transferred to IEPF.  
  
Unclaimed dividends for the financial year 2009-10 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 after transfer of the said amount to IEPF, the concerned members can claim the same only from IEPF Authority by making an application in the prescribed form and the manner. The details of unclaimed dividends lying with the Company has been uploaded on the website of the Company viz. [www.spicemobility.in](http://www.spicemobility.in).
10. Members desiring any information with regard to Accounts/Reports are requested to submit their queries addressed to the Company Secretary of the Company at least 10 days in advance of the Annual General Meeting so that the information called for can be made available at the Meeting.

11. All documents, including those required to be kept for inspection, referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days, except Saturdays, Sundays and holidays, during the business hours up to the date of the Annual General Meeting.
12. In terms of the relevant provisions of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014, a company can serve Annual Report through electronic mode to the shareholders who have registered their e-mail address either with the Company or with the Depository Participant. Accordingly, the Annual Report of the Company, Notice of the 29<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. For shareholders who have not registered their e-mail addresses, physical copy of the aforesaid documents are being sent by the permitted mode.

Members are requested to update their e-mail ID with 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 to ensure that the documents reach them on their preferred email address.

13. 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. Even after registering their e-mail addresses, members are entitled to receive such communications in physical mode upon making a request for the same to the Company.
14. The Notice of Annual General Meeting and Annual Report of the Company for the year 2016-17 being circulated to the members of the Company are available on the Company's website, viz. [www.spicemobility.in](http://www.spicemobility.in).
15. The Route map of the Venue of the 29<sup>th</sup> Annual General Meeting is attached.

#### **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 Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to offer remote 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. In case of voting by both the modes, vote cast through remote e-voting will be considered final and voting through Ballot paper will not be considered.

#### **Process and Instructions for members opting for remote 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 remote 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 [contact@cssanjaygrover.in](mailto:contact@cssanjaygrover.in) 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 **23<sup>rd</sup> September, 2017 at 9:00 A.M.** and ends on **25<sup>th</sup> September, 2017 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 **19<sup>th</sup> September, 2017**, 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 the cut-off date i.e. **19<sup>th</sup> September, 2017**.
- (iii) 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.
  - In case members are holding shares in demat mode, USER-ID is the combination of (DPID + Client ID).
  - In case members are holding shares in physical mode, USER-ID is the combination of (Even No. + Folio No.).
- (iv) 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.
- (v) 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.
- (vi) 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. 19<sup>th</sup> September, 2017, 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).

Any member who has received the notice of Annual General Meeting but ceased to be a member as on cut-off date i.e. 19<sup>th</sup> September, 2017 should treat this notice for information purpose only.

In case of any grievance connected with voting by electronic means, you may contact Mr. Amit Vishal, Senior Manager, NSDL through e-mail at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or [amitv@nsdl.co.in](mailto:amitv@nsdl.co.in) or on toll free No.: 1800-222-990 or Mr. Sharwan Mangla, General Manager, MAS Services Limited, RTA at [info@masserve.com](mailto:info@masserve.com) or on Telephone No.: 011-26387281.

- (vii) 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. 19<sup>th</sup> September, 2017 only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.
- (viii) Mr. Sanjay Grover, Managing Partner, failing him, Mr. Neeraj Arora, Partner of M/s Sanjay Grover & Associates, has been appointed as the Scrutinizer to scrutinize the remote e-voting process in a fair and transparent manner.
- (ix) 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.

- (x) 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 forty eight hours of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- (xi) 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. 26<sup>th</sup> September, 2017.
- (xii) 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.

**The information as required under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings, in relation to Mr. Subramanian Murali, the retiring director, is given hereunder:**

<b>Name of the Director</b>	: Mr. Subramanian Murali
<b>Date of Birth</b>	: 30.07.1959
<b>Date of First Appointment on the Board</b>	: 07.05.2015
<b>No. of shares held</b>	: Nil
<b>Qualifications</b>	: 1. Chartered Accountant 2. Bachelor of Science (Maths)
<b>Experience and expertise in specific Functional Area:</b>	A brief resume and nature of expertise in specific functional areas of Mr. Subramanian Murali is given in the Annual Report.
<b>Terms and Conditions of his appointment</b>	: He has been appointed as an Non -Executive Director of the Company w.e.f. 07.05.2015 and is liable to retire by rotation.
<b>No. of Board Meetings attended during the year</b>	: He has attended five out of six Board Meetings held during the year 2016 – 17.
<b>Detail of Remuneration sought to be paid and the remuneration last drawn</b>	: Nil
<b>List of Directorship in Companies (Other than Spice Mobility Limited )</b>	: 1. Spice Connect Private Limited 2. Spice Digital Limited 3. Spice Online Private Limited
<b>Chairman / Member of the Committees of the Board of Directors of Companies (Other than Spice Mobility Limited) on which he is a Director (Only Audit and Stakeholders' Relationship Committee have been considered)</b>	: Member, Audit Committee- Spice Digital Limited

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.

**Disclosure of Inter se relationship of Directors:**

None of the directors has any relationship with other directors and Key Managerial Personnel of the Company.

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

**Date: 8<sup>th</sup> August, 2017  
Place: Noida**

**(M R Bothra)  
Vice President-Corporate Affairs &  
Company Secretary**



## SPICE MOBILITY LIMITED

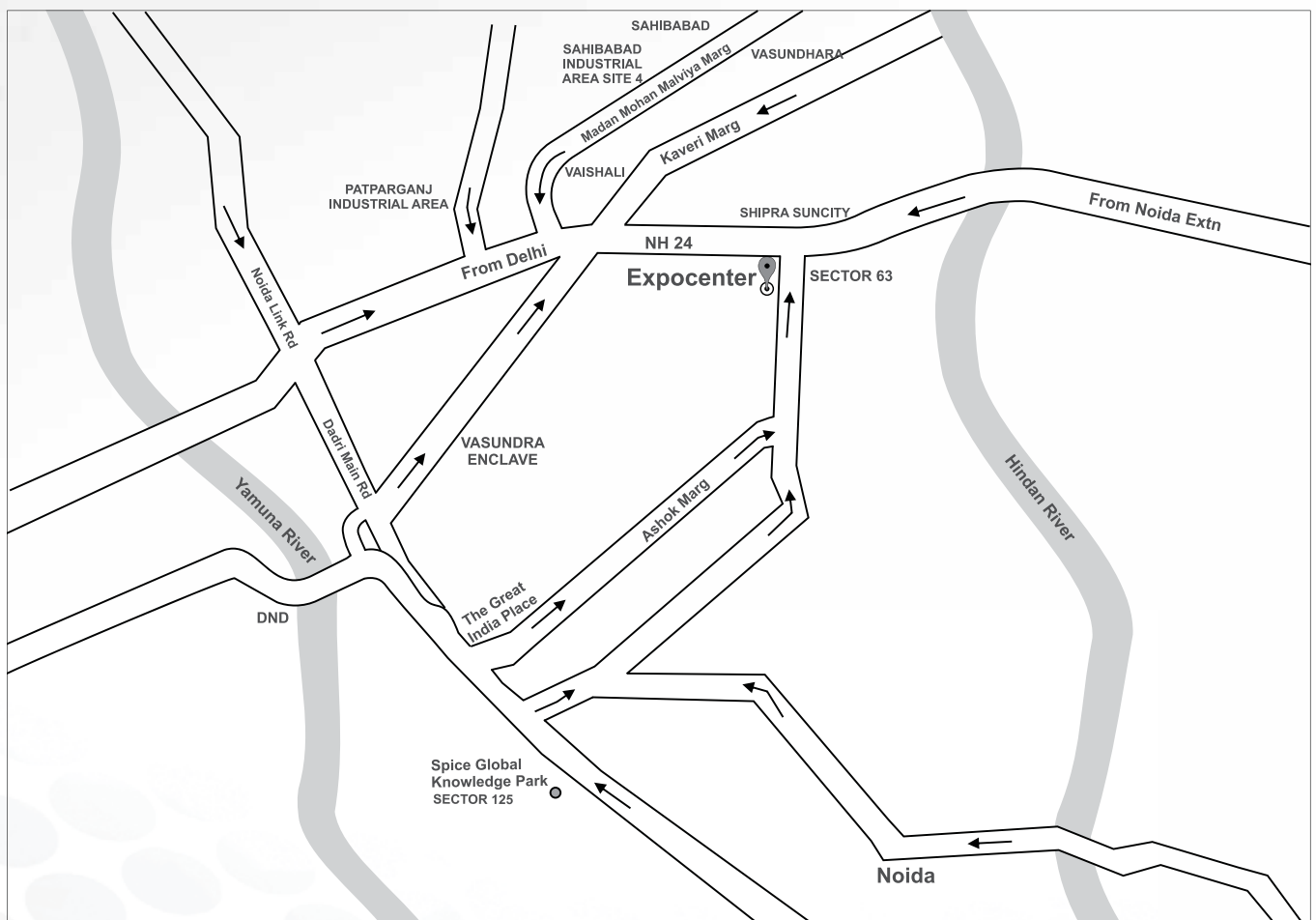
Registered Office: S Global Knowledge Park, 19A & 19B, Sector 125,  
Noida, District Gautam Budh Nagar, U.P.-201301

CIN: L72900UP1986PLC008448

Tel.: 0120- 3355131; Email: [complianceofficer@smobility.in](mailto:complianceofficer@smobility.in)

Website: [www.spicemobility.in](http://www.spicemobility.in)

### Route map of the Venue of the 29<sup>th</sup> Annual General Meeting- 26<sup>th</sup> September, 2017 Expo Centre, A-11, Sector -62, NH-24, Noida – 201301 (U.P.)







## SPICE MOBILITY LIMITED

Registered Office: S Global Knowledge Park, 19A & 19B, Sector 125,  
Noida, District Gautam Budh Nagar, U.P.-201301  
CIN: L72900UP1986PLC008448  
Tel.: 0120- 3355131; Email: complianceofficer@smobility.in  
Website: www.spicemobility.in

### 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 29<sup>th</sup> Annual General Meeting of the Company, to be held on Tuesday, the 26<sup>th</sup> day of September, 2017 at 10:15 A.M. at Expo Centre, A-11, Sector 62, NH-24, Noida - 201301 (U.P) and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolutions	No. of shares held	For	Against
1. Adoption of Financial Statements and Reports of Board of Directors and Auditors thereon and Consolidated Financial Statements of the Company and Auditors Report thereon.			
2. Re-appointment of Mr. Subramanian Murali, Director retiring by rotation.			
3. Appointment of Statutory Auditors M/s. B S R & Co. LLP, Chartered Accountants (Firm Registration No. 101248W/W-100022), as the Statutory Auditors of the Company.			

Signed this \_\_\_\_\_ Day of \_\_\_\_\_ 2017

Signature of Shareholder \_\_\_\_\_

Signature of Proxy holder(s) \_\_\_\_\_

Notes:

- 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.
- Proxy Holder shall carry his identity Proof at the time of attending the Meeting.
- A Proxy need not be a member of the Company.
- 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.
- The holder of this Form may vote for or against each resolution.

Affix Re. I /-  
Revenue  
Stamp

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