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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.