

INDEPENDENT AUDITOR'S REPORT

To the Members of Spice Digital Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Spice Digital Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including the Statement of Other Comprehensive Income), Statement of Change in Equity, the Cash Flow Statement for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("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, 2019, its loss, the changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context. We have determined the matters described below to be the key audit matters to be communicated in our report.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone financial statements.



S. N.	Key Audit Matter	Auditor's Response
1	<p>Income and Deferred Taxes</p> <p>The company has carried current tax assets of Rs. 1767.44 Lakhs and deferred tax assets of Rs. 1129.62 Lakhs as at March 31, 2019. The accounting policies for income and deferred tax recognition are set out in Note 2 (E) and the breakup of deferred tax have been disclosed in Note 8 to the standalone financial statements. Also refer note no. 31 of standalone financial statements. There is significant judgement involved in accounting for taxes, particularly given jurisdiction in which the Company operates and exposures to income tax laws in India. This gives rise to complexity and uncertainty in respect of the calculation of income taxes, deferred tax positions. Due to significance to the standalone financial statements as a whole, combined with the judgement and estimation required to determine their values, the evaluation of income tax and deferred tax assets is considered to be a key audit matter.</p>	<p>How our audit addressed the key audit matter:</p> <p>We assessed the adequate implementation of the policies and controls regarding current and deferred tax. We evaluated the design and implementation of controls in respect of provisions for current tax and the recognition and recoverability of deferred tax assets. We examined the procedures in place for the current and deferred tax calculations for completeness and valuation and audited the related tax computations and estimates in the light of our knowledge of the tax circumstances. We performed an assessment of the major items impacting the Company's tax expense, balances and exposures.</p> <p>Our Observations:</p> <p>We analyzed tax provisions. In respect of deferred tax assets, we assessed the appropriateness of management's assumptions and estimates, including the likelihood of generating sufficient future taxable income to support deferred tax assets on tax losses carried forward, which shall be available for utilization in future. We found that tax provision and deferred tax assets are appropriately recognized and disclosed in the standalone financial statement.</p>
2	<p>Business Combination</p> <p>The company has demerged its DTS business and which has been merged with Spice Mobility Limited (Holding Company) during the year. The demerger has been accounted for as per Scheme of Arrangement and has been given effect from appointed date April 01, 2017.</p> <p>It is considered to be key audit matter as this is significant event which has happened during the year and it required compliance of Scheme of Arrangement. Refer Note 38 to the Standalone Financial Statements.</p>	<p>How our audit addressed the key audit matter:</p> <p>We assessed implementation of scheme of arrangement and compliance thereof for which we have performed the following procedure:</p> <ul style="list-style-type: none"> - Completed a walkthrough of the demerger process and obtained understanding of the transaction by reading the Scheme of Arrangement; - Review the accounting of business combination under Ind-as 103. - Reviewed the disclosures in the financial statements. - Tested the arithmetic accuracy of management's calculations for the giving effect of the scheme in standalone financial statements. • Tested the adjustment given in the reserves and surplus for net assets transferred. <p>Our Observation:</p> <p>Based on our audit procedures performed, we found management's assessment, accounting treatment and disclosure of demerger are reasonable and appropriate.</p>



Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the standalone financial statements and our auditor's report thereon. We have obtained all other information prior to the date of this auditors' report.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

When we read the reports, which are expected to be made available to us after the date of this auditor's report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance. In case of uncorrected material misstatement, we are required to communicate to other stakeholders as appropriate as well as to take action, applicable under the applicable laws and regulations, if any.

Responsibilities of Management for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards (AS) specified under section 133 of the Act. 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 controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.



As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the financial year ended March 31, 2019 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;



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- (c) The Balance Sheet, the Statement of Profit and Loss, Statement of change in equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2015;
- (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 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 with reference to these standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" to this report;
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:
In our opinion and to the best of our information and according to the explanations given to us, no remuneration paid by the Company to its directors during the year, therefore the provisions of section 197 of the Act is not applicable to the Company.
- (h) 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, as amended in our opinion and to the best of our information and according to the explanations given to us:
- The Company has not any pending litigations on its financial position in its standalone financial statements – Refer Note 35 to the standalone financial statements;
 - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - There were no amounts due which were required to be transferred, to the Investor Education and Protection Fund by the Company.

Place: Noida (Delhi-NCR)
Date: May 20, 2019



For Singhi & Co.
Chartered Accountants
Firm Reg. No. 302049E


B. K. Sipani
Partner
Membership No. 088926

Annexure A referred to in paragraph 1 of our report of even date on the other legal and regulatory requirements (Re: Spice Digital Limited)

- (i) a. The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant & Equipment.
- b. The company has a regular programme of physical verification of its Property, Plant & Equipment by which all its Property, Plant & Equipment are physically verified every year, which in our opinion, is reasonable having regard to the size of the company and nature of its assets. In accordance with this programme, Property, Plant & Equipment except devices which are installed at customer and agent site, were physically verified during the year. No material discrepancies were noted on such verification.
- c. According to the information and explanations given to us, the Company did not hold any immovable properties as at March 31, 2019. Therefore, provisions of clause 3(i) (c) of the Order are not applicable to the Company.
- (ii) The management has conducted physical verification of inventories except stock in transit during the year at reasonable interval and no material discrepancies were noticed on such physical verification
- (iii) The Company has not granted to any loan to companies, firms or other parties covered in register maintained under section 189 of the Companies Act, 2013. Therefore, provisions of clause 3(iii) of the Order are not applicable to the Company.
- (iv) The Company has not granted any loan, guarantee or security provided under section 185 and 186 of the Companies Act, 2013. Therefore, provisions of clause 3(iv) of the Order are not applicable to the Company.
- (v) The Company has not accepted any deposit covered under sections 73 to 76 of the Companies Act, 2013 during the year. Therefore, provisions of clause 3(v) of the Order are not applicable to the Company.
- (vi) The maintenance of cost records has not been prescribed by the Central Government under the section 148 (1) of the Act read with companies (Cost Records and Audit) Rules, 2014 for the goods/product manufactured by the Company. Therefore, provisions of clause 3(vi) of the Order are not applicable to the Company.
- (vii) a. According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues deducted/ accrued in the books, with the appropriate authorities. There was no undisputed outstanding statutory dues as at the yearend for a period of more than six months from the date they became payable.
- b. According to the records of the Company, there are no dues outstanding of income tax, sales tax, service tax, duty of customs, duty of excise and value added tax on account of any dispute.
- (viii) The Company has not defaulted in repayment of dues to bank. The Company did not have any borrowing from Government, financial institution and dues to debenture holders
- (ix) During the year, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments). Further in our opinion and explanations given to us, term loans raised during the year were applied for the purpose for which loans were raised. Therefore, provisions of clause 3(ix) of the Order are not applicable to the Company.



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- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the standalone financial statements and according to the information and explanations given to us, no fraud by the Company or no fraud on the Company by its officers and employees 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 covered under section 197 read with Schedule V of the Companies Act 2013 during the year. Therefore, provisions of clause 3(xi) of the Order are not applicable to the Company.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi company. Therefore, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with section 177 and Section 188 of the Companies Act, 2013 where applicable and details of such transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us, the Company has issued preferential allotment of equity shares to its Holding Company and the amount raised have been used for the purpose for which the funds were raised. Further, the Company has not made any private placements of shares and preferential allotment or private placements of fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, the provisions of clause 3(xv) of the order are not applicable.
- (xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

Place: New Delhi
Date: May 20, 2019



For Singhi & Co.
Chartered Accountants
Firm Reg. No. 302049E


B. K. Sipani
Partner

Membership No. 088926

ANNEXURE B

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

We have audited the internal financial controls over financial reporting of Spice Digital Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone 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 the 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 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

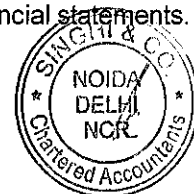
Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to as 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 of and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to standalone financial statements, 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 standalone 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 Company's internal financial controls system with reference to financial statements.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting with reference to financial statements 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 with reference to financial statements 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 authorization of management and directors of the company ; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.



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Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of Internal Financial Controls Over Financial Reporting with reference to these standalone financial statements, 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 with reference to these standalone financial statements to future periods are subject to the risk that the internal financial controls over financial reporting with reference to these standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion the Company has, in all material respects, an adequate internal financial controls system with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2019, based on the internal control over the 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.

Place: Noida (Delhi-NCR)
Date: May 20, 2019



For Singhi & Co.
Chartered Accountants
Firm Reg. No. 302049E


B. K. Sipani
Partner

Membership No. 088926

Spice Digital Limited
Standalone Balance Sheet as at 31 March 2019
(INR in Lakhs unless otherwise stated)

	Note	As at 31 March 2019	As at 31 March 2018
Assets			
Non-current assets			
Property, plant and equipment	3	915.96	642.69
Capital work-in-progress	3	130.01	16.51
Other intangible assets	4	780.90	582.84
Intangible assets under development	4	246.84	327.20
Financial assets			
(i) Investments	5	6,276.00	6,901.03
(ii) Loans	6	29.43	25.03
(iii) Other financial assets	7	-	-
Deferred tax assets (Net)	8	1,129.62	1,041.13
Non current tax assets (Net)	9	1,767.44	2,181.54
Other Non current assets	10	0.87	12.85
Total non-current assets		11,277.07	11,730.82
Current assets			
Inventories	11	31.34	5.53
Financial assets			
(i) Investments	5	-	232.82
(ii) Trade receivables	12	298.94	81.20
(iii) Cash and cash equivalents	13	1,746.46	1,793.35
(iv) Bank balances other than (iii) above	14	40.31	321.63
(v) Loans	6	39.14	32.67
(vi) Other financial assets	7	5,278.36	1,251.99
Other current assets	10	591.46	436.69
Total current assets		8,026.01	4,155.88
Total Assets		19,303.08	15,886.70
Equity and liabilities			
Equity			
Equity share capital	15	4,345.94	4,334.74
Other equity	16	2,393.35	2,632.68
Total equity		6,739.29	6,967.42
Liabilities			
Non-current liabilities			
Financial liabilities			
i) Other financial liabilities	17	3,851.63	5,260.01
Provisions	18	185.78	143.41
Other non current liabilities	19	-	-
Total non-current liabilities		4,037.41	5,403.42
Current liabilities			
Financial liabilities			
(i) Borrowing	20	2,000.00	399.47
(ii) Trade payables	21	-	-
-Total outstanding dues of Micro and Small Enterprises		-	-
-Total outstanding dues of creditors other than Micro and Small Enterprises		636.66	239.61
(iii) Other financial liabilities	17	261.18	306.85
Provisions	18	29.75	22.91
Other Current liabilities	19	5,598.79	2,547.02
Total current liabilities		8,526.38	3,515.86
Total liabilities		12,563.79	8,919.28
Total equity and liabilities		19,303.08	15,886.70

Summary of significant accounting policies

2

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached
For Singhi & Co
Chartered Accountants
Firm Registration No. 302049E

For and on behalf of the Board of Directors

B. K. Sipani
Partner
Membership No.: 088926



Dilip Kumar Modi
(Chairman)
DIN: 00029062

Sunil Kumar Kapoor
(Director & Chief Financial Officer)
(Mem. No.: F079430)

Suman Ghose Hazra
(Independent Director)
DIN: 00012223

Kokila
(Company Secretary)
(Mem. No.: A21670)

Place: Noida
Date: 20 May 2019

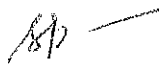
Spice Digital Limited
Standalone Statement of Profit and Loss for the year ended 31 March 2019
(InR in Lakhs unless otherwise stated)

	Note	For the year ended 31 March 2019	For the year ended 31 March 2018
Income			
I. Revenue from operations	22	13,921.79	5,849.41
II. Other income	23	14.27	130.84
III. Total income(I+II)		13,936.06	5,980.25
IV. Expenses			
Purchase of traded goods	24	6,845.90	3,143.87
Changes in inventories of traded goods	25	(25.81)	190.07
Service & Commission Charges	26	3,843.52	796.02
Employee benefit expense	27	2,058.72	837.57
Finance costs	28	40.63	4.25
Depreciation and amortisation expense	29	440.74	247.87
Other expenses	30	1,450.35	754.92
Total expenses(IV)		14,654.05	5,974.57
V. Profit/(Loss) before tax (III-IV)		(717.99)	5.68
VI. Tax expenses			
(1) Current tax	31	-	-
(2) Deferred tax credit		(87.76)	19.37
(3) Adjustment of tax relating to earlier years		20.13	-
Income tax expense (VI)		(67.63)	19.37
VII. Profit/(Loss) for the year (V-VI)		(650.36)	(13.69)
VIII. Other comprehensive income			
Items that will not be reclassified to profit or loss	32		
Re-measurement gains (losses) on defined benefit plans		(2.58)	4.02
Deferred tax impact		0.72	(1.17)
Total other comprehensive income(VIII)		(1.86)	2.85
IX. Total comprehensive income for the year (VII+VIII) (comprising profit/(loss) and other comprehensive income for the year)		(652.22)	(10.84)
X. Earnings per equity share (nominal value of share is Rs 10)			
Basic and diluted earning per share (In Rs.)	33	(1.50)	(0.03)

Summary of significant accounting policies 2

The accompanying notes form an internal part of the standalone financial statements


As per our report of even date attached
For Singhi & Co
Chartered Accountants
Firm Registration No. 302049E



B. K. Sipani
Partner
Membership No.: 088926


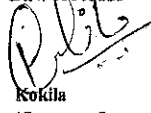


Place: Noida
Date: 20 May 2019

For and on behalf of the Board of Directors


Dilip Kumar Modi
(Chairman)
DIN: 00029062


Sunil Kumar Kapoor
(Director & Chief Financial Officer)
(Mem. No.: F079430)


Suman Ghose Hazra
(Independent Director)
DIN: 00014223

Kokila
(Company Secretary)
(Mem. No.: A21670)

Spice Digital Limited
 Standalone Statement of Cash Flows for the period ended 31st March 2019
 (INR in lakhs unless otherwise stated)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
A. Cash flows from operating activities		
Profit/(loss) before tax	(717.99)	5.68
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortisation expense	440.74	247.87
Allowance for doubtful debts and advances	-	(15.17)
Share issue expense	0.09	2.88
Interest income (including fair value change in financial instruments)	(16.21)	(26.07)
Fair value gain on financial instruments at fair value through profit or loss	-	(4.73)
Net gain on sale of current investments in mutual fund units	1.93	(8.90)
Employee Stock Option scheme	333.84	-
Interest expense	40.63	4.25
Operating profit before working capital changes	83.03	205.81
Working capital adjustments:		
Decrease/ (increase) in trade receivables	(217.74)	(38.58)
Decrease/ (increase) in inventories	(25.81)	192.24
Decrease/(increase) in loans, other financial assets and other assets	(4,180.17)	464.85
(Decrease)/increase in trade payables, other liabilities & provisions	3,450.93	(183.77)
Cash flows from operations	(889.76)	640.56
Direct taxes refund / (paid)	393.97	270.85
Net cash flow from/ (used in) operating activities (A)	(495.79)	911.41
B. Cash flows from investing activities		
Purchase of property, plant and equipment (including capital work in progress, intangible assets and intangible assets under development)	(945.21)	(1,160.78)
Sale of current investments	230.89	413.84
Investment in Subsidiaries	-	(6,901.03)
Sale of investment in a subsidiary	625.03	-
Fixed deposits made / encashed (net)	281.32	(321.63)
Interest received	16.35	26.07
Net cash (used in) investing activities (B)	208.38	(7,943.53)
C. Cash flows from financing activities		
Proceeds from issue of equity share capital (net of share issue expense)	89.00	2,881.83
Movement in Money from holding company on implementation of scheme of arrangement	(1,408.38)	2,834.11
Finance cost	(40.63)	(4.25)
Net cash flow from/(used in) financing activities (C)	(1,360.01)	5,711.69
Net (decrease)/increase in cash & cash equivalents (A+B+C)	(1,647.42)	(1,320.43)
Cash & cash equivalents at the beginning of the year	1,393.88	3,645.02
Cash and cash equivalents transfer pursuant to Scheme of arrangement (refer note 38)	-	(930.71)
Cash & cash equivalents at the end of the year	(253.54)	1,393.88
Components of cash & cash equivalents: (Refer note no.13)		
Cash on hand	-	2.37
Cheques in hand	0.10	0.08
Balances with banks:		
On current accounts	1,746.36	1,769.90
Deposits with original maturity of less than three months	-	21.00
On bank overdraft	(2,000.00)	(399.47)
	(253.54)	1,393.88

Effective April 1, 2017, the Company adopted the amendment to Ind AS 7, which require the entities 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, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. The adoption of amendment did not have any material impact on the Statement of Cash Flows.

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached
 For Singhi & Co.
 Chartered Accountants
 Firm Registration No. 302049E

B. K. Sipani
 Partner
 Membership No.: 088926



For and on behalf of Board of Directors

Dilip Kumar Modi
 (Chairman)
 DIN: 00029062

Sunil Kumar Kapoor
 (Director & Chief Financial Officer)
 (Mem. No.: F079430)

Suman Ghose Hazra
 (Independent Director)
 DIN: 00012223

Kokila
 (Company Secretary)
 (Mem. No.: A21670)

Place: Noida
 Date: 20 May 2019

A Equity share capital (Refer note no. 15)

Equity shares of Rs. 10 each issued, subscribed and fully paid	No. of shares	Amount
At 1 April 2017	39,770,984	3,977.10
Changes in equity share capital during the year	3,576,354	357.64
At 31 March 2018	43,347,338	4,334.74
Changes in equity share capital during the year	112,000	11.20
At 31 March 2019	43,459,338	4,345.94

B Other equity (Refer note no. 16)

Particulars	Reserve and surplus					Retained earnings	Items of other comprehensive income	Total
	Securities premium	Share buy back reserve account	Capital Reserve	Share Based Payment Reserve	General reserve			
Balance as at 1 April 2017	549.94	311.87	-	-	957.79	24,125.53	(2.12)	25,943.01
Total comprehensive income for the year	-	-	-	-	-	(13.69)	-	(13.69)
Profit/(Loss) for the year	-	-	-	-	-	-	2.85	2.85
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	(13.69)	2.85	(25,834.52)
Addition during the year	-	-	-	-	-	-	-	-
Transferred pursuant to Scheme of arrangement Refer note no.38	-	-	(429.48)	-	(957.79)	(24,438.53)	2.12	(25,823.68)
Transactions with owners in their capacity as owners:	-	-	-	-	-	-	-	-
Issue of equity share capital	2,524.19	-	-	-	-	-	-	2,524.19
Balance as at 31 March 2018	3,074.13	311.87	(429.48)	-	-	(326.69)	2.85	2,632.68
Total comprehensive income for the year	-	-	-	-	-	(650.36)	-	(650.36)
Loss for the year	-	-	-	-	-	-	(1.86)	(1.86)
Other comprehensive income	-	-	-	-	-	-	(1.86)	(1.86)
Total comprehensive income	-	-	-	-	-	(650.36)	(1.86)	(652.22)
Transactions with owners in their capacity as owners:	-	-	-	-	-	-	-	-
on issue of equity share capital	79.05	-	-	-	-	-	-	79.05
Addition during the year	-	-	-	-	-	-	-	-
Share based payment to employees of the company	-	-	-	333.84	-	-	-	333.84
Balance as at 31 March 2019	3,153.18	311.87	(429.48)	333.84	-	(977.05)	0.99	2,393.35

- (i) Security premium account represents amount of premium recognised on issue of shares to shareholders at a price more than its face value.
 (ii) Share buy back reserve account represents amount transferred from general reserve account on cancellation of equity shares bought back pursuant to buy back scheme.
 (iii) Capital reserve represent reserve created pursuant to scheme of arrangement refer note no. 38.
 (iv) Share based payment reserve relates to stock options granted to employees under Employee Stock Option Plan 2015 and shall be transferred to securities premium account/retained earnings on exercise/cancellation of options (refer Note no.39).
 (v) General reserve is transferred from retained earning and transfer pursuant to scheme of arrangement (Refer note no. 38)*.

The accompanying notes form an integral part of the standalone financial statements

As per our report of even date attached
 For Singh & Co
 Chartered Accountants
 Firm Registration No. 302049E

B. K. Sipani
 Partner
 Membership No.: 088926



Place: Noida
 Date: 20 May 2019

For and on behalf of the Board of Directors

Dilip Kumar Modi
 (Chairman)
 DIN: 00029062

Sunil Kumar Kapoor
 (Director & Chief Financial Officer)
 (Mem. No.: F079430)

Suman Ghose Hazra
 (Independent Director)
 DIN: 00012226

Kokila
 (Company Secretary)
 (Mem. No.: A21670)

Spice Digital Limited

Notes to the standalone financial statements as at and for the year ended 31 March 2019

(INR in lakhs unless otherwise stated)

1. Corporate information

Spice Digital Limited ("the Company") is a public Company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India and having registered office at 622, 6th Floor, DLF Tower, Jasola District centre, New Delhi - 110025.

Spice Digital is one of India's largest tech-enabled Hyper Local Payments Network offering various services like Cash Deposit, Cash Withdrawal, Balance Inquiry, Bill Payments, Aadhaar Enabled Services, Air Time Recharge, POS Services, Railway Ticketing Services etc. through its authorized agents.

The financial Statements are authorized for issue by Board of Directors of Company at the meeting held on 20 May, 2019.

2. Significant accounting policies

2.1 Status of Compliance:-

The financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended.

These financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all periods presented in the financial statements.

2.2 Basis of preparation

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. Lakhs and all values are rounded upto two decimal places, except when otherwise indicated.

The financial statements are based on the classification provisions contained in IND AS 1, 'Presentation of Financial Statements' and Division II of Schedule III of Companies Act, 2013.

2.3 Functional and Presentation Currency

The financial statements are presented in Indian Rupees, which is the functional currency of the Company and the currency of the primary economic environment in which the Company operates.

2.4 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.

B. Fair value measurement

The Company measures financial instruments, such as, investments at fair value at each balance sheet date.

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.

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.

External valuers are involved for valuation of significant assets, such as properties and unquoted financial assets, and significant liabilities.

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's management determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value, and for non-recurring measurement, such as assets held for distribution in discontinued operation.

At each reporting date, the Company analyses the movements in the values of assets and liabilities which are required to be re-measured 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.



Spice Digital Limited

Notes to the standalone financial statements as at and for the year ended 31 March 2019

(INR in lakhs unless otherwise stated)

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.

C. Revenue recognition

The Company derives revenues primarily from Financial technologies services, commission income and trading of goods etc.

Goods and service tax (GST) 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

a. The Company recognises revenue from sale of goods when effective control of goods have been passed alongwith all the following conditions are satisfied:

- i) The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- ii) The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- iii) The amount of revenue can be measured reliably;
- iv) It is probable that the economic benefits associated with the transaction will flow to the Company; and
- v) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue represents net value of goods and services provided to customers after deducting for certain incentives including, but not limited to discounts, volume rebates, etc. The Company considers shipping and handling activities as costs to fulfil the promise to transfer the related products and the customer payments for shipping and handling costs are recorded as a component of revenue. In certain customer contracts, shipping and handling services are treated as a distinct separate performance obligation and the Company recognises revenue for such services when the performance obligation is completed.

Income from services

The Company uses the percentage-of-completion method in accounting for its fixed-price contracts. Use of the percentage-of-completion method requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity.

Further, the Company uses significant judgments while determining the transaction price allocated to performance obligations using the expected cost plus margin approach.

Revenue from fintech services such as domestic money transfer (DMT), AEPS, BBPS, Top up recharges etc. are recognized when the services are actually rendered on real time basis.

Interest income

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

Dividends

Dividend income is recognised when the company's right to receive dividend is established.

D. Taxes

Current Taxes

Current Tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rate (and tax laws) enacted by the reporting date.

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, except:

-When the deferred tax liability arises from the initial recognition of an asset or liability in a transaction, affects neither the accounting profit nor taxable profit or loss.

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

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.

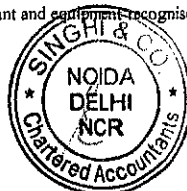
Deferred tax, relating to items recognised outside the statement of profit or loss, is recognised directly either in other comprehensive income or in equity in correlation to the underlying transaction.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax relate to the same taxable entity and the same taxation authority.

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

E. Property, plant and equipment.

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2015 measured as per the Indian GAAP and use that carrying value as the deemed cost of the property, plant and equipment.



Spice Digital Limited

Notes to the standalone financial statements as at and for the year ended 31 March 2019
(INR in lakhs unless otherwise stated)

Capital Work in Progress, Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by management.

Depreciation is calculated on cost of PPE less their estimated residual values over their estimated useful lives using straight line method and is recognised in Statement of Profit and loss. The estimated useful lives of items of PPE for the current and comparative periods are as follows:

- Leasehold Improvements : 1-6 years
- Data Processing Machines - Sites : 3 to 5 years
- Data Processing Machines - Office : 3 to 5 years
- Furniture and Fittings : 7 years
- Office Equipment (excluding mobile handsets) : 5 years
- Mobile Handsets : 3 years
- Vehicles : 8 years

The Company, 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.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'. Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in net profit in the statement of profit and loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the statement of profit and loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

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 income statement 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.

F. Intangible assets

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as at 1 April 2015 measured as per the Indian GAAP and use that carrying value as the deemed cost of the intangible assets.

Intangible assets 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 Company 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.

Software (Inhouse Developed) product development costs are expensed as incurred unless technical and commercial feasibility of the project is demonstrated, future economical benefits are probable, the company has an intention and ability to complete and use or sell the software and the costs can be measured reliably. The costs which can be capitalized include material cost, employee benefits and other overhead cost that are directly attributable to preparing the asset for its intended use.

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 and loss when the asset is derecognised.

Intangible assets

Computer software (Office)
Computer software (Site)
In-house developed software

**Estimated
useful life**
3 Years
5 Years
5 Years

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



G. Investment in subsidiaries, associates and joint venture

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

Investment in subsidiaries, associates and joint venture 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 statement of profit and loss in the year of derecognition.

H. 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. 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.

I. Leases

The determination of whether an arrangement contain a lease

At inception of an arrangement it is determined whether the arrangement is or contain a lease. At inception or reassessment of the arrangement that contains a lease the payments and other considerations required by such an arrangement are separated into those for the lease and those for other elements on the basis of their relative fair values. If it is concluded for a finance lease that is impracticable to separate the payment reliably, then assets and a liability are recognised at an amount equal to the fair value of the underlying asset. The liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the incremental borrowing rate.

Company as a lessee

Leases, in which a significant portion of the risks and rewards are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of profit and loss on a straight line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor expected inflationary cost increases.

J. Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Traded goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on FIFO 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.

K. 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, 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) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

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 transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

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

Impairment losses recognised in prior periods as assessed at end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in the statement of profit and loss.

L. Provisions, Contingent Liabilities and Contingent Assets

Based on the best estimate provisions are recognized when there is a present obligation (legal or constructive) as a result of a past event and it is probable ("more likely than not") that it is required to settle the obligation, and a reliable estimate can be made of the amount of the obligation at reporting date. A contingent liability is a possible obligation that arises from a past event, with the resolution of the contingency dependent on uncertain future events, or a present obligation where no outflow is probable. Major contingent liabilities are disclosed in the financial statements unless the possibility of an outflow of economic resources is remote.

Contingent assets are not recognized in the financial statements but disclosed, where an inflow of economic benefit is probable.

M. 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 a reduction in future payment or a cash refund.

The Company operates a defined benefit gratuity plan in India. The liability as at the year end represents the actuarial valuation of the gratuity liability of continuing employees 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 Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes and this is shown under non current provisions in the Balance Sheet and the accumulated leave, which is expected to be settled within twelve months, is presented as current liability in the Balance Sheet.

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



N. 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.

Subsequent measurement

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

- i. Debt instruments at amortised cost
- ii. Equity instruments measured at fair value through other comprehensive income (FVTOCI)
- iii. Debt instruments and equity instruments at fair value through profit or loss (FVTPL)
- iv. Equity instruments measured at fair value through other comprehensive income (FVTOCI)

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.

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 statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss. This category generally applies to trade and other receivables.

Debt instrument at fair value through other comprehensive income

A 'debt instrument' is classified as at the fair value through other comprehensive income if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI.

Debt instrument at fair value through profit or loss.

Fair value through profit or loss is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as fair value through other comprehensive income is classified as at fair value through profit or loss.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or fair value through other comprehensive income criteria, as at fair value through profit or loss. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at fair value through profit or loss.

Debt instruments included within the fair value through profit or loss category are measured at fair value with all changes recognized in the statement of profit and loss.

Equity investments

All equity investments in subsidiaries and joint ventures are measured at cost.

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 Company's balance sheet) when:

- i. The rights to receive cash flows from the asset have expired, or
- ii. 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 statement of profit and loss.



Spice Digital Limited

Notes to the standalone financial statements as at and for the year ended 31 March 2019
(INR in lakhs unless otherwise stated)

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 borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables and borrowings including bank overdrafts.

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 fair value through profit or loss, fair value gains/ losses attributable to changes in own credit risk are recognized in other comprehensive income. These gains/ loss are not subsequently transferred to statement of profit and loss. However, the Company 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 and loss. The Company has not designated any financial liability as at fair value through profit or loss.

Borrowings

After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in statement of profit and 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.

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 and loss.

Reclassification of financial assets

The Company 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 Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company 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 Company 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 consolidated 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.

O. 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, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

P. Share-based payments

The Company initially measures the cost of equity-settled transactions with employees using Black and Scholes model to determine the fair value of the liability incurred. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. Vesting conditions, other than market conditions i.e performance based condition are not taken into account when estimating the fair value. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 39.

The company recognises compensation expense relating to share-based payment in statement of profit and loss using fair value in accordance with Ind AS 102, Share-based Payment.

Q. Business Combination other than Common Control

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination comprises the fair values of the assets transferred, liabilities incurred to the former owners of the acquired business, equity interests issued by the company and fair value of any assets or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values. However, certain assets and liabilities i.e. deferred tax assets or liabilities, assets or liabilities related to employee benefit arrangements, liabilities or equity instruments related to share-based payment arrangements and assets or disposal groups that are classified as held for sale, acquired or assumed in a business combination are measured as per the applicable Ind AS.

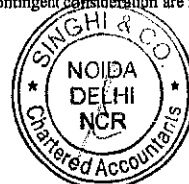
Measuring Goodwill or a gain from Bargain Purchase

The excess/(short) of the sum of the consideration transferred and the acquisition-date fair value of any previous equity interest in the acquired entity over the acquisition-date fair value of the net identifiable assets (net of identifiable assets acquired and liabilities assumed/contingent consideration) acquired is recognised as goodwill/(bargain purchase gain). Any gain on a bargain purchase is recognised in other comprehensive income and accumulated in equity as Capital Reserve if there exists clear evidence of the underlying reasons for classifying the business combination as resulting in a bargain purchase, otherwise the gain is recognised directly in equity as Capital Reserve.

Contingent Consideration

Any contingent consideration is measured at fair value at the date of acquisition.

The Company would classify an obligation to pay contingent consideration that meets the definition of a financial instrument as a financial liability or as equity. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured subsequently and settlement is accounted for within equity. Other contingent consideration is remeasured at fair value at each reporting date and changes in the fair value of contingent consideration are recognised in statement of profit and loss.



Spice Digital Limited

Notes to the standalone financial statements as at and for the year ended 31 March 2019
(INR in lakhs unless otherwise stated)

When a business combination is achieved in stages, any previously held equity interest in the acquiree is remeasured at its acquisition-date fair value and the resulting gain or loss, if any, is recognised in statement of profit and loss or other comprehensive income, as appropriate.

Business Combination under Common Control

Common control business combination means a business combination involving entities or businesses in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. Business combinations involving entities or businesses under common control shall be accounted for using the pooling of interests method. The assets and liabilities of the combining entities are reflected at their carrying amounts.

Recent Accounting pronouncements

Ministry of Corporate Affairs ("MCA"), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind ASs which the Company has not applied as they are effective from 01 April, 2019: The Company will adopt new standard and amendment to existing standards with effect from April 1, 2019.

a. New Standard Ind AS 116: Leases

Ind AS 116 will supersede the existing Ind AS 17. The new standard provides a comprehensive model to identify lease-arrangements and the treatment thereof in the financial statements of both the lessee and lessor. The new standard requires entities to make more judgments and estimates (e.g., determining when a customer has the right to direct the use of an identified asset, estimating the incremental rate of borrowing) and make more disclosures (e.g., discount rate, weighted average lease term, other qualitative and quantitative information).

Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Ind AS 17 required classifying leases as finance lease and operating lease, the same in not required under Ind AS 116. Under Ind AS 116, a lessee measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities.

On initial application the Company will recognise new assets and liabilities for its operating leases of premises and other assets. The nature of expenses related to those leases will change from lease rent in previous periods to a) amortization charge for the right-to-use asset, and b) interest accrued on lease liability.

Requirements with regard to lessor accounting are substantially similar to accounting requirements contained in Ind AS 17. Accordingly, a lessor will continue to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

b. Amendment to Other Ind Ass

Amendment to Ind AS 19 – plan amendment, curtailment or settlement : Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', On 30 March, 2019, in connection with accounting for plan amendments, curtailments and settlements. The Company does not have any impact on account of this amendment.

Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments : Ministry of Corporate Affairs has notified Ind AS 12 Appendix 'C' Uncertainty over Income Tax Treatments on March 30, 2019. According to the appendix, the company need to determine the probability of the relevant tax authority accepting each tax treatment that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

Amendment to Ind AS 12 – Income taxes: Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes accordingly an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

Ind AS 23 – Borrowing Costs :The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

The Company is in the process of evaluating the impact of such amendments.

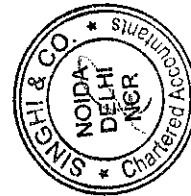


Spice Digital Limited

Notes to the stand-alone financial statements for the year ended 31st March 2019
(INR in lakhs unless otherwise stated)

3. Property, plant and equipment and capital work-in-progress

Particulars	Leasehold land	Leasehold improvement	Building	Data processing machines	Furniture & fixture	Office equipment	Vehicles	Total (A)	Capital work in progress (B)	Total (A+B)
Gross carrying amount										
Balance as at 01 April 2017	397.79	55.30	800.81	1,127.16	82.39	132.32	100.32	2,696.09	29.48	2,725.57
Transferred pursuant to Scheme of arrangement Refer note no.38	397.79	45.01	800.81	1,015.66	63.32	85.95	29.51	2,438.05	8.30	2,446.35
Additions	-	-	-	552.39	5.24	2.02	-	559.65	-	559.65
Capitalized during the year	-	-	-	-	-	-	-	-	4.67	4.67
Balance as at 31 March 2018	-	10.29	-	663.89	24.31	48.39	70.81	817.69	16.51	834.20
Additions	-	-	-	510.10	0.16	1.87	-	512.13	613.95	1,126.08
Capitalized during the year	-	-	-	-	-	-	-	-	500.46	500.46
Balance as at 31 March 2019	-	10.29	-	1,173.99	24.47	50.26	70.81	1,329.82	130.00	1,459.82
Accumulated depreciation										
Balance as at 01 April 2017	50.84	26.99	121.66	459.67	24.10	46.91	19.54	749.71	-	749.71
Transferred pursuant to Scheme of arrangement Refer note no.38	50.84	21.84	121.66	429.84	18.55	28.46	8.28	679.47	-	679.47
Depreciation (Refer Note 29)	-	3.43	-	79.57	3.05	10.33	8.38	104.76	-	104.76
Disposals	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2018	-	8.58	-	109.40	8.60	28.78	19.64	175.00	-	175.00
Depreciation (Refer Note 29)	-	1.71	-	216.82	3.52	8.24	8.57	238.86	-	238.86
Disposals	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2019	-	10.29	-	326.22	12.12	37.02	28.21	413.86	-	413.86
Net carrying amount										
As at 31 Mar 2018	-	1.71	-	554.49	15.71	19.61	51.17	642.69	16.51	659.20
As at 31 Mar 2019	-	-	-	847.77	12.35	13.24	42.60	915.96	130.00	1,045.97



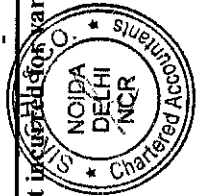
Spice Digital Limited

Notes to the standalone financial statements for the year ended 31 March 2019
(INR in lakhs unless otherwise stated)

4. Other intangible assets and intangible assets under development

Particulars	Computer software	In-house developed Software	Intellectual property rights	Total	Intangible assets under development	Total
Gross carrying amount						
Balance as at 01 April 2017	698.62	251.95	70.62	1,021.19	267.36	1,288.55
Additions	415.70	-	-	415.70	481.19	896.89
Capitalized during the year	-	-	-	-	291.46	291.46
Transferred pursuant to Scheme of arrangement Refer note no.38	539.20	-	70.62	609.82	129.89	739.71
Balance as at 31 March 2018	575.12	251.95	-	827.07	327.20	1,154.27
Additions	4.70	395.25	-	399.95	314.89	714.84
Capitalized during the year	-	-	-	-	395.25	395.25
Balance as at 31 March 2019	579.82	647.20	-	1,227.02	246.84	1,473.86
Amortisation						
Balance as at 01 April 2017	382.55	16.59	46.08	445.23	-	445.23
Amortisation expense (refer note 29)	143.11	-	-	143.11	-	143.11
Transferred pursuant to Scheme of arrangement Refer note no.38	290.68	7.34	46.08	344.11	-	344.11
Balance as at 31 March 2018	234.98	9.25	-	244.24	-	244.24
Amortisation expense (refer note 29)	92.34	109.54	-	201.88	-	201.88
Balance as at 31 March 2019	327.32	118.79	-	446.11	-	446.11
Net carrying amount						
As at 31 March 2018	340.14	242.70	-	582.83	327.20	910.04
As at 31 March 2019	252.50	528.40	-	780.90	246.84	1,027.75

Note: Intangible assets under development includes manpower and other cost incurred for various internally developed software.



Spice Digital Limited
Notes to the standalone financial statements for the year ended 31 March 2019
(INR in lakhs unless otherwise stated)

5. Investments			As at 31 March 2019		As at 31 March 2018	
	No. of Shares as at 31 March 2019	No. of Shares as at 31 March 2018	Non-current	Current	Non-current	Current
	i) Investment in equity instruments					
Unquoted investments						
Investment in subsidiaries carried at cost unless otherwise stated						
Investment in Equity Shares (Unquoted)						
Kimaan Exports Private Limited						
(Equity Share of Rs. 10 each)	20,000	20,000	6,276.00	-	6,276.00	-
			6,276.00	-	6,276.00	-
Investment in Preference shares (Unquoted)						
Luharia Technologies Private Limited \$						
Compulsorily convertible Preference shares of Rs. 10 each	-	41,420	-	-	625.03	-
			-	-	625.03	-
iii) Investment in mutual funds at fair value through profit or loss (Unquoted)						
IDFC Super Saver Income Fund-Investment Plan-Growth (Regular Plan)(face value Rs.35.46 per unit)	-	5,64,052	-	-	-	232.82
			-	-	-	232.82
Aggregate value of unquoted investments			6,276.00	-	6,901.03	232.82
Aggregate value of unquoted investments			6,276.00	-	6,901.03	232.82
Aggregate amount of impairment in value of investment			-	-	-	-

\$ The Company has purchased 41,420 compulsorily convertible preference shares of Luharia Technologies Private Limited on 1 January 2018. As per the agreement, the company shall have option, but not the obligation to acquire further equity shares of Luharia Technologies so as to increase its holding to 51%. The option can be exercised by the company at any time on or before 31 March 2022 and valuation of each of the two options shall be at FMV. As and when any of the option is exercised, Luharia Technologies and its promoter shall be bound to act accordingly. SDL has subsequently sold these shares at par on 24th July, 2018.

The right arising from contractual agreement of SDL, where it holds 30% of voting rights but those are sufficient to give it power where it has practical ability to direct the relevant activities unilaterally. Hence, by virtue of the Potential Voting Rights under the contract, the Company meets the definition of control as per Ind AS 110 on consolidated financial statements. Accordingly, Luharia Technologies is considered as subsidiary of the company.

6. Loans	As at 31 March 2019		As at 31 March 2018	
	Non-current	Current	Non-current	Current
Unsecured, considered good				
Security deposit	1.90	18.95	8.00	17.31
Other loans				
Loans to employees	27.53	20.19	17.03	15.36
Total	29.43	39.14	25.03	32.67

- 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.

7. Other financial assets	As at 31 March 2019		As at 31 March 2018	
	Non-current	Current	Non-current	Current
Unsecured and considered good				
Receivable from related parties				
Receivable against ticketing (refer note no. 36)	-	35.18	-	50.86
Receivable from others				
Receivable against ticketing	-	106.41	-	88.28
Interest accrued on fixed deposits	-	0.04	-	0.18
Unbilled revenue	-	19.68	-	1.95
Receivable against collection from agents	-	5,117.05	-	1,110.72
Unsecured and considered doubtful				
Receivable against collection from agents	-	3.27	-	3.27
	-	5,281.63	-	1,255.26
Less : Allowance for doubtful receivable against collection from agents	-	(3.27)	-	(3.27)
Total	-	5,278.36	-	1,251.99



8. Deferred tax assets

Recognised deferred tax assets and liabilities

A. Deferred tax assets and liabilities are attributable to the following:

	Deferred tax assets		Deferred tax (liabilities)		Net deferred tax asset/(liabilities)	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Property, plant and equipments and intangible assets: Impact of difference between tax depreciation and depreciation/ amortisation recognised in books	-	-	(106.84)	(77.56)	(106.84)	(77.56)
Investment at fair value through profit or loss	-	-	-	(9.13)	-	(9.13)
investments at fair value through OCI	-	-	-	-	-	-
borrowings	-	-	-	-	-	-
Other financial liabilities at fair value (Security deposits)	-	-	-	(0.07)	-	(0.07)
ESOP provision	92.87	-	-	-	92.87	-
Loans at fair value (security deposits)	0.22	0.56	-	-	0.22	0.56
Other financial assets at fair value	0.39	-	-	-	0.39	-
Provisions-employee benefits	70.91	57.21	-	-	70.91	57.21
Provisions- bad and doubtful debts	8.01	8.01	-	-	8.01	8.01
Other items	-	2.78	(15.40)	-	(15.40)	2.78
Deferred tax assets/ (liabilities)	172.40	68.56	(122.24)	(86.76)	50.16	(18.20)
MAT credit receivables	1,079.46	1,059.33	-	-	1,079.46	1,059.33
Net deferred tax assets/ (liabilities)	1,251.86	1,127.89	(122.24)	(86.76)	1,129.62	1,041.13

Recognised deferred tax assets and liabilities(continued)

B. Movement in temporary differences

	Balance as at 01 April 2017	Transferred pursuant to Scheme of arrangement Refer note no.38 2017-18	Recognised in profit or loss during 2017-18	Recognised in OCI 2017-18	Balance as at 31 March 2018	Recognised in profit or loss during 2018-19	Recognised in OCI 2018-19	Balance as at 31 March 2019
Investment at fair value through profit or loss	(30.55)	30.55	9.13	-	(9.13)	(9.13)	-	-
investments at fair value through OCI	-	-	-	-	-	-	-	-
borrowings	-	-	-	-	-	-	-	-
Other financial liabilities at fair value (Security deposits)	-	-	0.07	-	(0.07)	(0.07)	-	-
ESOP provision	-	-	-	-	-	(92.87)	-	92.87
Loans at fair value (security deposits)	-	-	(0.56)	-	0.56	0.34	-	0.22
Other financial assets at fair value	-	-	-	-	-	(0.39)	-	0.39
Provisions-employee benefits	157.49	(157.49)	(56.04)	(1.17)	57.21	(12.97)	0.72	70.91
Provisions- bad and doubtful debts	113.01	(113.01)	(8.01)	-	8.01	-	-	8.01
Other items	5.98	(5.98)	(2.78)	-	2.78	18.18	-	(15.40)
MAT credit receivables	1,059.33	-	-	-	1,059.33	(20.13)	-	1,079.46
	1,115.88	(56.55)	19.37	(1.17)	1,041.13	(87.76)	0.72	1,129.62

Disclosed in the balance sheet as follows:

	As at 31st March, 2019	As at 31st March, 2018
Deferred Tax Assets	1,251.86	1,127.89
Deferred Tax Liabilities	122.24	86.76
Deferred Tax assets (Net)	1,129.62	1,041.13

Disclosed in the statement of profit and loss as follows:

	As at 31st March, 2019	As at 31st March, 2018
Tax income/(expense) during the year	(87.76)	19.37
Income tax impact on OCI	0.72	(1.17)
Deferred Tax assets (Net)	(88.48)	20.54

- The Company offsets deferred tax assets and deferred tax liabilities if and only if it relate to income taxes levied by the same tax authority.

- The MAT credit of INR 1079.46 Lakhs (31 March 2018: INR 1059.33 Lakhs) recognised by the Company as 'MAT credit entitlement' under 'Deferred tax assets' in respect of MAT payment for earlier years, represents that portion of MAT credit which can be recovered and set off in future 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 Company to utilize MAT credit assets.



Spice Digital Limited
Notes to the standalone financial statements for the year ended 31 March 2019
(INR in lakhs unless otherwise stated)

9. Non current tax assets (net)

Advance income-tax (net of provision for taxation)
Total

As at 31 March 2019	As at 31 March 2018
1,767.44	2,181.54
1,767.44	2,181.54

10. Other assets

Unsecured and considered good

Receivable from others

Prepaid rent

Prepaid expenses

Balance with statutory/government authorities

Advances to service providers

Unsecured and considered doubtful

Advances to service providers

Less : Allowance for doubtful receivable

Total

As at 31 March 2019		As at 31 March 2018	
Non-current	Current	Non-current	Current
0.87	0.11	0.72	0.09
-	88.68	12.13	88.86
-	67.99	-	24.23
-	434.68	-	323.51
-	25.53	-	25.53
0.87	616.99	12.85	462.22
-	(25.53)	-	(25.53)
0.87	591.46	12.85	436.69

11. Inventories

Traded goods (at lower of cost and net realisable value)

Total

As at 31 March 2019	As at 31 March 2018
31.34	5.53
31.34	5.53

12. Trade receivables

Receivables from related parties (refer note 36)

Receivables from others

Secured, considered good

Unsecured, considered good

Unsecured, Credit Impaired*

Provision for Credit Impaired

Total

As at 31 March 2019	As at 31 March 2018
-	-
298.94	81.20
298.94	81.20
-	-
298.94	81.20
-	-
298.94	81.20

13. Cash and cash equivalents

Balance with banks:

On current accounts

Deposit with original maturity of less than three months

Cheques/drafts on hand

Cash on hand

Total

As at 31 March 2019	As at 31 March 2018
1,746.36	1,769.90
-	21.00
0.10	0.08
-	2.37
1,746.46	1,793.35

- 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.

14. Other bank balances*

Deposits with remaining maturity of less than 12 months

Total

As at 31 March 2019	As at 31 March 2018
40.31	321.63
40.31	321.63

*Includes FD pledged with bank INR 40.31 Lakhs and against issuance of bank guarantees INR : 35 Lakhs and for pre paid instrument business INR : NIL Lakhs (31 March 2018: INR 321.63 Lakhs)



Spice Digital Limited
Notes to the standalone financial statements for the year ended 31 March 2019
(INR in lakhs unless otherwise stated)

15. Equity Share capital

A. Authorised share capital

100,000,000 (100,000,000) Equity shares of Rs. 10 each
Total

As at 31 March 2019	As at 31 March 2018
10,000.00	10,000.00
10,000.00	10,000.00

Issued, subscribed and fully paid up

43,459,338 (as at March 31, 2018: 43,347,338) Equity shares of Rs. 10 each
Total

4345.93	4334.74
4,345.93	4,334.74

Equity shares outstanding at the beginning of the year
Shares issued during the year
Equity shares outstanding at the end of the year

As at 31 March 2019 No. of Share	As at 31 March 2019 INR in lakhs	As at 31 March 2018 No. of Share	As at 31 March 2018 INR in lakhs
43,347,338	4,334.73	39,770,984	3,977.10
112,000	11.20	3,576,354	357.64
43,459,338	4,345.93	43,347,338	4,334.74

B. Rights, preferences and restrictions attached to equity shares

The Company has single class of equity shares having a par value of INR 10 per share. Accordingly, all equity shares rank equally with regard to dividends and share in the company's residual assets on winding up. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on the a poll (not on show of hands) are in proportion to his/its share of the paid-up equity share capital of the company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable has not been paid. Failure to pay any amount called up on shares may lead to their forfeiture.

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

C. Equity shares held by holding Company

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

Particulars	As at 31 March 2019	As at 31 March 2018
Spice Mobility Limited	4,335.07	4,333.95
4,34,51,475 (31 March 2018: 4,33,39,475) equity shares of Rs.10 each	4,335.07	4,333.95
Total		

D. Details of shareholders holding more than 5% shares in the Company

Name of the shareholder	As at 31 March 2019		As at 31 March 2018	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Spice Mobility Limited	43,451,475	99.98%	43,339,475	99.98%
	43,451,475	99.98%	43,339,475	99.98%

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.



Splice Digital Limited
Notes to the standalone financial statements for the year ended 31 March 2019
(INR in lakhs unless otherwise stated)

16. Other equity

	As at 31 March 2019	As at 31 March 2018
Securities premium	3,153.18	3,074.13
Share buy back reserve account	311.87	311.87
General reserve	-	-
Capital Reserve	(429.48)	(429.48)
Share based payment Reserve	333.84	-
Retained earnings	(977.05)	(326.69)
Re- Measurement Gain/(Losses) on Defined Benefit Plans(OCI)	0.99	2.85
Total	2,393.35	2,632.68

	As at 31 March 2019	As at 31 March 2018
Securities premium		
Opening balance	3,074.13	549.94
Add : Premium on equity shares issued #	79.05	2,524.19
Closing balance	3,153.18	3,074.13

	As at 31 March 2019	As at 31 March 2018
Share buy back reserve account		
Opening balance	311.87	311.87
Additions during the year	-	-
Closing balance	311.87	311.87

	As at 31 March 2019	As at 31 March 2018
Capital Reserve		
Opening balance	(429.48)	-
Additions during the year	-	(429.48)
Closing balance	(429.48)	(429.48)

	As at 31 March 2019	As at 31 March 2018
Share based payment Reserve		
Opening balance	-	-
Additions during the year	333.84	-
Closing balance	333.84	-

	As at 31 March 2019	As at 31 March 2018
General Reserve		
Opening balance	-	957.79
Transferred pursuant to Scheme of arrangement Refer note no.38	-	(957.79)
Closing balance	-	-

	As at 31 March 2019	As at 31 March 2018
Retained earnings		
Opening balance	(323.84)	24,125.53
Transferred pursuant to Scheme of arrangement Refer note no.38	-	(24,438.53)
Profit/ (loss) for the year (including other comprehensive income)	(652.22)	(10.84)
Closing balance	(976.06)	(323.84)

Description of nature and purpose of each component of Other Equity

- (i) Security premium account represents amount of premium recognised on issue of shares to shareholders at a price more than its face value.
(ii) Share buy back reserve account represents amount transferred from general reserve account on cancellation of equity shares bought back pursuant to buy back scheme.
(iii) Capital reserve represent reserve created pursuant to scheme of arrangement, refer note no. 38.
(iv) Share based payment reserve relates to stock options granted to employees under Employee Stock Option Plan 2015 and shall be transferred to securities premium account/retained earnings on exercise/cancellation of options (refer Note no.39).
(v) General reserve is transferred from retained earning and transfer pursuant to scheme of arrangement (Refer note no. 38)".



Spice Digital Limited
Notes to the standalone financial statements for the year ended 31 March 2019
(INR in lakhs unless otherwise stated)

17. Other financial liabilities

Payable to related parties (refer note no. 36 and 38)*	3,851.63	-	5,260.01	40.22
Payable to others				
Employee related payable (includes salary payable and variable compensation)	-	261.18	-	266.63
Total	3,851.63	261.18	5,260.01	306.85

* includes INR 3851.63 as on 31st March, 2019 (INR 5260.01 as on 31st March, 2018) money payable to Spice Mobility Limited (Holding Company) on implementation of scheme of arrangement (refer note no.38)*.

- Other payables are non-interest bearing and having short term maturity or payable on demand.

18. Provisions

Provision for employees benefits

Gratuity (Refer Note 34)	110.16	14.83	84.44	12.15
Compensated absences	75.62	14.92	58.97	10.76
Total	185.78	29.75	143.41	22.91

19. Other liabilities

	As at 31 March 2019		As at 31 March 2018	
	Non-current	Current	Non-current	Current
Deferred revenue	-	0.88	-	21.28
Advances from customers	-	5,350.14	-	2,306.49
Statutory dues payable	-	247.77	-	214.47
Other payable	-	-	-	4.78
Total	-	5,598.79	-	2,547.02

20. Borrowings

Bank overdraft facility

	As at 31 March 2019	As at 31 March 2018
Bank overdraft facility	2,000.00	399.47
Total	2,000.00	399.47

- The bank overdraft facility from the bank is secured by exclusive charge by way of hypothecation on entire receivable from NPCI routed through RBI. The facility carries interest at base rate plus 1.30% (31 March 2018 : 1.10%).

21. Trade Payable

	As at 31 March 2019	As at 31 March 2018
Trade payables to related parties (refer note 36)	13.21	19.36
-Total outstanding (refer note 46 for details of due to micro and small enterprises)		
-Total outstanding dues of creditors other than Micro and Small Enterprises	623.45	220.25
Total	636.66	239.61

- Due to micro, small and medium enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Company. This has been relied upon by the auditors.



Spice Digital Limited
Notes to the standalone financial statements for the year ended 31 March 2019
(INR in lakhs unless otherwise stated)

22. Revenue from operations

	For the year ended 31 March 2019	For the year ended 31 March 2018
Sale of traded goods		
Airtime	6,530.68	3,220.88
Payment devices	549.29	130.52
Sale of traded goods	7,079.97	3,351.40
Sales/rendering of services	6,841.82	2,498.01
	6,841.82	2,498.01
Total	13,921.79	5,849.41

23. Other income

	For the year ended 31 March 2019	For the year ended 31 March 2018
Interest received on financial and non financial assets -Carried at amortised cost		
Bank deposits	13.06	24.04
Others	3.14	2.04
Net gain on sale of current investments in mutual fund units	(1.93)	8.90
Other non-operating income		
Fair value gain on financial instruments at fair value through profit or loss	-	4.73
Other non-operating income	-	91.13
	14.27	130.84

- Fair value gain on financial instruments at fair value through profit or loss relates to investment in debt securities.

24. Purchase of traded goods

	For the year ended 31 March 2019	For the year ended 31 March 2018
Purchase of Traded Goods	6,845.90	3,143.87
Total	6,845.90	3,143.87

25. Change in inventories of traded goods

	For the year ended 31 March 2019	For the year ended 31 March 2018
Inventory at the beginning of the year	5.53	195.60
Less: inventory at the end of the year	31.34	5.53
Total change in inventories of traded goods	(25.81)	190.07

26. Service & Commission Charges

	For the year ended 31 March 2019	For the year ended 31 March 2018
Domestic Money Transfer Charges	514.57	342.28
Commission and License cost related to Railways service	3,318.35	453.49
GSP Services Charges	10.60	0.25
	3,843.52	796.02

27. Employee benefits expenses

	For the year ended 31 March 2019	For the year ended 31 March 2018
Salaries, wages and bonus*	1,947.91	885.20
Contribution to provident and other funds	122.42	67.23
Gratuity expense (Refer Note 34)	32.90	23.65
Staff welfare expenses	68.09	23.90
	2,171.32	999.98
Less: Capitalized as intangible assets	112.60	162.41
	2,058.72	837.57

28. Finance costs

	For the year ended 31 March 2019	For the year ended 31 March 2018
Interest on:		
Security deposit	-	1.75
Bill discounting charges	40.63	2.50
Total	40.63	4.25



Spice Digital Limited
Notes to the standalone financial statements for the year ended 31 March 2019
(INR in lakhs unless otherwise stated)

29. Depreciation and amortization expense

Depreciation on property, plant and equipment (Note 3)
Amortisation on intangible assets (Note 4)

	For the year ended 31 March 2019	For the year ended 31 March 2018
	238.86	104.76
	201.88	143.11
	440.74	247.87

30. Other expenses

Rent
Rates and taxes**
Insurance
Repair
- Computers and others
- Buildings
Electricity and water
Advertising and sales promotion
Brokerage and discounts
Travelling and conveyance
Communication costs
Legal and professional fees
Director's sitting fees
Payment to auditors (Refer details below)
Vehicle running and maintenance
Allowance for doubtful advances
Miscellaneous expenses

	For the year ended 31 March 2019	For the year ended 31 March 2018
	145.00	75.75
	0.66	6.78
	5.85	2.49
	90.57	25.56
	0.36	3.30
	34.50	13.94
	57.74	9.09
	1.89	0.15
	264.80	51.13
	101.14	105.13
	457.96	414.02
	2.07	1.66
	14.80	8.41
	213.91	119.49
	-	(15.17)
	86.10	26.05
	1,477.35	847.78
	27.00	92.86
	1,450.35	754.92

Less: Expense capitalized as intangible assets

** includes stamp duty value INR 0.09 Lakhs (31 March 2018: INR 2.88 lakhs) for right issue of shares.

A. Payment to auditors (excluding taxes)

Statutory Audit fee
Tax Audit fee
Limited Review
Other services (certification fees and special audit fees)
Reimbursement of expenses

	For the year ended 31 March 2019	For the year ended 31 March 2018
	2.36	1.40
	0.59	0.18
	2.95	2.28
	8.74	3.77
	0.16	0.78
	14.80	8.41

* Includes fee paid to erstwhile auditor amounting to Rs 8.51 Lakhs (31 March 2018: Rs 8.41 Lakhs).



31. Income tax

The major components of income tax expense for the years ended 31 March 2019 and 31 March 2018 are:

A. Amount recognised in profit and loss:

	For the year ended 31 March 2019	For the year ended 31 March 2018
Current Income Tax:		
Current Income Tax	-	-
Adjustment in respect of current tax of previous year	20.13	-
Deferred tax:		
Relating to origination and reversal of temporary differences	(87.76)	19.37
Income tax expense reported in the statement of profit or loss	(67.63)	19.37
Deferred tax impact on component of other comprehensive income (OCI)		
Re-measurement of defined benefit obligations	0.72	(1.17)
Total income tax benefit recognised in other comprehensive income	0.72	(1.17)

B. Reconciliation of effective tax rate

	For the year ended 31 March 2019	For the year ended 31 March 2018
	Amount	Amount
Profit/(Loss) for the year	(717.99)	5.68
Income Tax using the domestic tax rate (CY- 27.82%, PY- 29.12%)	(199.74)	1.65
Non-deductible expense	0.22	0.87
Adjustment in respect of current income tax of previous years	20.13	-
Others	7.64	(5.30)
Changes in estimates related to prior years	(20.13)	-
Unrecognised Tax losses	124.28	22.16
	(67.61)	19.38

C. Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the company can use the benefits therefrom:

	As at 31 March, 2019	Expiry Date	As at 31 March, 2018	Expiry Date
Unabsorbed Depreciation	446.73	Carry forward indefinite life	76.08	Carry forward indefinite life
Total	446.73		76.08	
Potential tax benefits	124.28		22.16	

32. Components of other comprehensive income (OCI)

	For the year ended 31 March 2019	For the year ended 31 March 2018
Re-measurement gains (losses) on defined benefit plans		
Deferred tax impact	(2.58)	4.02
	0.72	(1.17)
	(1.86)	2.85

33. Earning per share (EPS)

Basic EPS amounts are calculated by dividing the loss for the year attributable to equity holders of the Company 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 (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 income and share data used in the basic and diluted EPS computations:

	For the year ended 31 March 2019	For the year ended 31 March 2018
Loss attributable to equity holders of the Company:	(652.22)	(10.84)
Weighted average number of equity shares	43,451,053	40,237,357
Basic and diluted earnings per share of INR 10 each	(1.50)	(0.03)

*There have been no transactions involving Equity shares or potential equity shares between the reporting date and the date of authorisation of these financial statements, hence the weighted average number of shares remain same as at 31 March 2019 and 31 March 2018.



34. Employee benefits

a. Defined Contribution Plan

The Company has made following contribution to defined contribution plan

Provident and Other Fund

	For the year ended March 31, 2019	For the year ended March 31, 2018
	122.42	67.23
	122.42	67.23

b. Defined Benefit Plans

Present value of obligation
Fair value of Plan assets
Net liability recognised in balance sheet
Current
Non-Current

	As at March 31, 2019	As at March 31, 2018
	125.00	97.83
	0.00	1.24
	125.00	96.59
	14.84	12.15
	110.16	84.44

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 is 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 separation.

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:

Gratuity Plan

Amounts recognized in statement of profit and loss in respect of this defined benefit plan are as follows :-

Current service cost
Interest cost on benefit obligation
Contribution paid from the Fund
Expected return on plan assets
Net benefit expense

	For the year ended March 31, 2019	For the year ended March 31, 2018
	23.94	17.21
	7.82	6.53
	1.24	-
	(0.10)	(0.09)
	32.90	23.65

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

Opening defined benefit obligation
Acquisition adjustment for the previous year*
Interest cost
Current service cost
Benefits paid
Re-measurements gain
Closing defined benefit obligation

	For the year ended March 31, 2019	For the year ended March 31, 2018
	97.83	87.43
	4.81	(0.07)
	7.82	6.53
	23.94	17.21
	(9.14)	(9.25)
	(0.26)	(4.02)
	125.00	97.83

* Includes INR 2.38 Lakhs as per Actuarial certificate. Includes INR 1.19 Lakhs on account of merger, the same adjustment is appearing in digispice.

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

Opening fair value of plan asset
Expected return
Benefits paid
Actuarial gains/(loss) on plan assets
Closing fair value of plan asset

	For the year ended March 31, 2019	For the year ended March 31, 2018
	1.24	1.24
	0.10	0.09
	(1.24)	-
	(0.10)	(0.09)
	0.00	1.24



The principal assumptions used in determining gratuity are shown below:

	As at March 31, 2019	As at March 31, 2018
Discount rate	7.66%	7.80%
Future salary increases	8.00%	8.00%
Retirement Age (Years)	58	58
Mortality rates inclusive of provision for disability	100% of IALM	
Ages	Withdrawal Rate %	
Upto 30 years	15%	15%
From 31 to 44 years	15%	15%
Above 44 years	15%	15%

Gratuity plan:

A quantitative sensitivity analysis for significant assumption as at 31 March 2019 is as shown below:

Assumptions	Discount rate		Future salary increases	
	0.5% Increase	0.5% Decrease	0.5% Increase	0.5% Decrease
Impact on defined benefit obligation	(3.37)	3.55	3.06	(2.96)

A quantitative sensitivity analysis for significant assumption as at 31 March 2018 is as shown below:

Assumptions	Discount rate		Future salary increases	
	0.5% Increase	0.5% Decrease	0.5% Increase	0.5% Decrease
Impact on defined benefit obligation	(2.67)	2.81	2.37	(2.30)

The following payments are expected contributions to the defined benefit plan of year ended March 2019 in future years:

	(Amount in INR)
Between 0 and 1 years	14.84
Between 1 and 2 years	14.09
Between 2 and 3 years	12.88
Between 3 and 4 years	11.85
Between 4 and 5 years	10.28
Between 5 and 10 years	8.72
Beyond 10 years	52.34
Total expected payments	125.00

The following payments are expected contributions to the defined benefit plan of year ended March 2018 in future years:

Within the next 12 months (next annual reporting period)	9.95
Between 1 and 6 years	46.30
Beyond 6 years	41.58
Total expected payments	97.83

The average remaining working life of the defined benefit plan obligation at the end of the reporting period is 23.88 years (31 March 2018: 24.16 years).



Spice Digital Limited
Notes to the standalone financial statements for the year ended 31 March 2019
(INR in lakhs unless otherwise stated)

35. Commitments and contingencies

(a) Leases

Operating lease commitments — Company as lessee

Office premises and guest house has been obtained on operating lease. In the case of office premises and guest houses, the lease term vary between 11 months to 3 years. There are no restrictions imposed by lease arrangements. There is no contingent rent. All the leases are cancellable in nature. The Company has paid INR 145.00 Lakhs (previous year- Rs. 75.75 Lakhs) towards minimum lease payment.

(b) Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for:

	As at 31 March 2019	As at 31 March 2018
Estimated value of contracts (net of advances) remaining to be executed on capital account and not provided for.	111.09	13.00

Other Commitments

The Company has entered into an agreement with its Holding Company (Spice Mobility Limited) for purchase of equity shares of Kimaan Exports Pvt.

(c) Contingent liabilities

	As at 31 March 2019	As at 31 March 2018
Claims against the Company not acknowledged as debts	Nil	Nil



Spice Digital Limited

Notes to the standalone financial statements for the year ended 31 March 2019
(INR in lakhs unless otherwise stated)

36 Related party transaction details

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:

Ultimate holding Company

Smart Global Corporate Holding Private Limited

Holding Company

Spice Mobility Limited (Formerly known as S Mobility Limited)
Spice Connect Private Limited (Formerly known as Smart Ventures Private Limited)

Subsidiaries

Kimsan Exports Private Limited
Luharia Technologies Private Limited (w.e.f. 1 January 2018 upto 25th July, 2018)

Other related parties with whom transactions have taken place during the year

Fellow subsidiaries

Wall Street Finance Limited
Goldman Securities Private Limited
Hotspot Sales & Solutions Private Limited (upto 12 February 2018)
Spice Online Private Limited (upto 12 February 2018)
New Spice Sales & Solutions Limited (Formerly known as Spice Retail Limited)
Singlestop Evaluation Private Limited
Hindustan Retail Private Limited
Bougainvillea Multiplex & Entertainment Center Private Limited
Sterea Infratech Limited
Smart Entertainment Limited (Formerly known as Spice Entertainment Limited)
Smartvalue Ventures Private Limited (Formerly known as Spice Investments & S Global Services Pte. Limited (Formerly known as S GIC Pte. Limited)
Beoworld SDN. BHD
PT Spice Digital Indonesia
Omnia Pte. Limited
S Mobility Pte. Limited
Spice VAS (Africa) Pte. Limited
Spice Digital Nigeria Limited
Spice VAS Kenya Limited
Spice VAS Uganda Limited
Spice VAS Ghana Limited
Spice VAS Zambia Limited
Spice VAS Tanzania Limited
Spice Digital FZCO

Ziiki Media SA(Pty.) Ltd (Earlier known as Spice VAS South Africa Pty Limited)
(ceased to be a subsidiary w.e.f. 07th february, 2019 and become associate after that)

Spice VAS RDC Limited
SVA (Mauritius) Pvt Limited
Spice Smart Solutions Limited

Key management personnel (KMP)

Mr. Saket Agarwal (Chief Executive Officer)
Mr. Umang Das (Independent Director)
Mr. Suman Ghose Hazra (Independent Director)
Mr. Sunil Kumar Kapoor (Chief Financial Officer)
Mrs. Kokila Arora (Company Secretary)
Mr. Dilip Kumar Modi (Non-executive director)
Mr. Subramanian Murali (Non-executive director)
Mr. Suresh Kumar Jain (Non-executive director)



Spice Digital Limited

Notes to the standalone financial statements for the year ended 31 March 2019

(INR in lakhs unless otherwise stated)

Particulars	Relationship	For the year ended 31 March 2019	For the year ended 31 March 2018
Revenue from commission			
Spice Mobility Limited	Holding	0.78	4.48
Sale of airtime			
HotSpot Sales & Solutions Pvt. Ltd. (upto 12 February 2018)	Fellow Subsidiary	-	50.21
Purchase of airtime			
Spice Mobility Limited	Holding	84.00	328.18
Travel commission			
Spice Mobility Limited	Holding Company	2.53	0.65
Spice Connect Private Limited	Holding Company	1.48	0.63
Spice Vas (Africa) Pte. Limited	Subsidiary	-	0.14
Wall Street Finance Limited	Fellow Subsidiary	-	0.30
Smart Entertainment Private Ltd	Fellow Subsidiary	0.02	-
Commission expense			
Wall Street Finance Limited	Fellow Subsidiary	-	4.66
HotSpot Sales & Solutions Pvt. Ltd. (upto 12 February 2018)	Fellow Subsidiary	-	0.63
Rent paid			
Spice Mobility Limited	Holding Company	121.31	37.58
Legal & professional charges			
Spice Connect Private Limited	Holding Company	-	120.09
Interest income			
Kimaan Exports Private Limited (w.e.f. 30 March 2018)	Subsidiary	-	24.52
Remuneration paid (Short-term employee benefits)			
Saket Agarwal	KMP-CEO	240.00	165.00
Sunil Kapoor	KMP-CFO	50.00	62.97
Kokila Arora	KMP-CS	14.47	13.72
Director sitting fees			
Umang Das	KMP-Independent Director	1.18	0.83
Suman Ghose Hazra	KMP-Independent Director	0.89	0.83
Reimbursement of expenses paid to related companies			
Spice Mobility Limited	Holding Company	23.82	2.29
Reimbursement of expenses received from related companies			
Spice Connect Private Limited	Holding Company	18.76	20.41
Wall Street Finance Limited	Fellow Subsidiary	1.59	0.80
New Spice Sales & Solutions Limited	Fellow Subsidiary	-	0.60
Single Stop Evaluation Private Limited	Subsidiary	-	2.34
Smart Entertainment Limited	Subsidiary	0.02	-
Equity Shares Purchased of Kimaan Exports Private Limited			
Spice Mobility Ltd	Holding Company	-	6,276.00
Investment in preference share capital			
Luharia Technology Private Limited	Subsidiary	-	625.03
Loan received back during the year			
Kimaan Exports Private Limited	Subsidiary	-	560.63
Sale of Investments			
Luharia Technologies Pvt ltd	Subsidiary	625.03	-
Advance recoverable			
Spice Mobility Limited		1.31	-
Shares issued during the year at premium			
Spice Mobility Limited	Holding Company	90.25	2,881.83
Movement in money payable on implementation of Scheme			
Spice Mobility Limited	Holding Company	(1,408.38)	2,834.11
(change during approval process of scheme of arrangement)			
Purchase of assets			
Smart Value Ventures Private Limited	Fellow Subsidiary	-	0.90



Spice Digital Limited
Notes to the standalone financial statements for the year ended 31 March 2019
(INR in lakhs unless otherwise stated)

The following table provides a total amount of transactions that have been entered into with related parties for the relevant financial year in continuation with the previous page

Particulars	Relationship	As at 31 March 2019	As at 31 March 2018
Payables			
Spice Mobility Limited	Holding Company	13.21	8.66
Payables to KMP			
Saket Aggrawal	KMP-CEO	14.65	18.13
Sunil Kapoor	KMP-CFO	10.91	20.34
Kokila Arora	KMP-CS	1.13	1.72
Receivable against ticketing			
Spice Mobility Limited	Holding Company	13.24	19.88
Spice Connect Private Limited	Holding Company	12.46	21.04
Stereia Infrotech Limited	Fellow Subsidiary	0.52	0.52
Smart Entertainment Limited	Fellow Subsidiary	0.04	2.62
Smartvalue Ventures Private Limited	Fellow Subsidiary	4.74	4.74
Spice Vas (Africa) Pte. Limited	Subsidiary	0.97	0.97
Wall Street Finance Limited	Fellow Subsidiary	-	1.10
Spice Smart Solutions Limited	Fellow Subsidiary	3.22	-
Loans/Money payable			
Spice Mobility Limited	Holding Company	3,851.63	5,260.01
(change/arise during approval process of scheme of arrangement)			
Amt. Paid against Purchase of Investment			
Spice Mobility Limited	Holding Company	-	5,334.65

Note:

(i) Summarized details of remuneration to Key Managerial Personnel are as under:

Particulars	FY 2018-19	FY 2017-18
Short term Benefits	306.53	243.35
Post Employment Benefits	-	-
Share Based payments	-	-

The above remuneration to the key managerial personnel 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 and charge taken towards share based payments.



Spice Digital Limited

Notes to the standalone financial statements for the year ended 31 March 2019

(INR in lakhs unless otherwise stated)

37 Segment information

The Company is engaged in the information technology business rendering financial technology and ticket booking services. The board of directors of the Company which have been identified as being the chief operating decision maker (CODM), evaluate the Company's performance. Based on identical services the Company deals in, which have similar risks and rewards, the entire business has been considered as a single segment in terms of Ind AS-108 on segment reporting.

Accordingly, the disclosure requirements of Ind AS 108 are not applicable.

38 Scheme of Arrangement

Pursuant to a Scheme of Arrangement between Spice Mobility Limited ("SML") and Spice Digital Limited ("the Company") and Spice IOT Solutions Limited and Mobisoc Technology Private Limited and Spice Labs Private Limited and their respective shareholders and creditors ("Scheme") under Sections 230-232 and other applicable provisions of the Companies Act, 2013 which was approved by the Hon'ble National Company Law Tribunal, New Delhi, Principal Bench ("NCLT") vide order dated May 20, 2019. DTS business is engaged in providing value added service to telecom operators and hardware & software solutions. Accordingly, the Scheme of Arrangement has been given effect from appointed date April 01, 2017. Necessary procedural formalities in this respect is under process.

The Accounting Effect of this Amalgamation in the Financial Statements has been given as under:-

(a) The assets and liabilities of Digital Technology Services (DTS) Business of Spice Digital Limited were transferred to and vested with the Spice Mobility Limited (Amalgamated Company) with effect from the appointed date viz. April 01, 2017.

(b) The amalgamation being a common control transaction has been accounted for under the 'pooling of interest' method as prescribed by the Ind AS 103 (Business Combinations)

(c) Previous year's figures have been restated by demerging the financial information of the DTS Business of Spice Digital Limited extracted from audited financial statements audited by other auditor. Further the figures have been regrouped and/or rearranged wherever required to align with disclosure parameters of the Company.

Assets and liabilities of demerged business transferred to Spice Mobility Limited as on April 01, 2017 are as under:

Particulars	Rs. In Lakhs
Assets:	
Non-current assets	
Property, plant and equipment	1,758.99
Capital work-in-progress	8.30
Other intangible assets	265.71
Intangible assets under development	129.89
Financial assets	
(i) Investments	8092.21
(ii) Loans	311.30
(iii) Other financial assets	381.12
Deferred tax assets (Net)	264.03
Non current tax assets	-
Other assets	93.19
Total non-current assets(A)	11,304.74
Current assets	
Inventories	36.92
Financial assets	
(i) Investments	-
(ii) Trade receivables	4,775.04
(iii) Cash and cash equivalents	930.71
(iv) Bank balances other than(iii) above	1,440.23
(v) Loans	5,153.60
(vi) Other financial assets	3,019.15
Other assets	169.30
Total current assets(B)	15,524.95
Total assets(C=A+B)	26,829.69
Equity and liabilities	
Equity	
Equity share capital	-
Other equity	25,394.20
Total equity (D)	25,394.20
Liabilities	
Non-current liabilities	
Borrowing	-
Provisions	327.45
Financial liabilities	
(i) Other financial liabilities	15.92
Other liabilities	3.14
Total non-current liabilities (E)	346.51
Current liabilities	
Financial liabilities	
Borrowing	524.94
(i) Trade payables	2,035.04
(ii) Other financial liabilities	431.82
Provisions	57.33
Other liabilities	36.27
Total current liabilities (F)	3,085.40
Total liabilities(G=E+F)	3,431.91
Total equity and liabilities(H=G+D)	28,826.11
Money Payable to Amalgamated Company (I)	2,425.90
Capital Reserve(Balancing Figure) (J=C-H+I)	429.48



39 Share-Based Payments

The Company has an employee stock option plan namely, 'SDL Employee Stock Option Plan 2015'.

The Company has been party to a Comprehensive Scheme of Arrangement between the Company, Spice Mobility Limited ("SML") and Spice IOT Solutions Limited and Mobisoc Technology Private Limited and Spice Labs Private Limited and their respective shareholders and creditors ("Scheme") under Sections 230-232 and other applicable provisions of the Companies Act, 2013. The Scheme is approved by the Hon'ble National Company Law Tribunal, New Delhi, Principal Bench ("NCLT") vide order dated May 20, 2019 and is effective from June 1, 2019 and operative from April 1, 2017.

In May 2018, in order to motivate the employees of the Fintech Business Undertaking ('designed employees'), the Nomination and Remuneration Committee granted Options to the designated employees pursuant to the Company's stock option plan namely, 'SDL Employee Stock Option Plan 2015' ('ESOP 2015'). The Options so granted will vest over a period of 3 years from the date of grant in the manner given below:

Time Period	% of Options granted
1 st Vesting	40
2 nd Vesting	30
3 rd Vesting	30

The maximum period for exercise of options is 3 years from end of each vesting date. Each option, when exercised, would be converted into one fully paid-up equity share of 10 each of the Company. The options granted under ESOP 2015 carry no rights to dividends and no voting rights till the date of exercise.

The fair value of the share options is estimated at the grant date using Black and Scholes Model, taking into account the terms and conditions upon which the share options were granted.

During the year, certain unvested options were cancelled on non-fulfillment of certain vesting conditions under ESOP 2015. As at the end of the financial year, details and movements of the outstanding options are as follows:

Particulars	As at March 31, 2019	
	No. of Options	Weighted Average exercise price (₹)
Options outstanding at the beginning of the year	-	-
Options granted under ESOP 2015	5692919	34.10
Options exercised during the year	-	-
Options cancelled during the year	266400	-
Options expired during the year	-	34.10
Options outstanding at the end of the year	5426519	34.10
Options exercisable at the end of the year	-	-
Remaining contractual life of outstanding options (years)	4yrs for 1st Vesting	
	5yrs for 2nd Vesting	
	6yrs for 3rd vesting	

The fair value of each option is estimated on the date of grant based on the following assumptions:

Particulars	ESOP 2015
Dividend Yield (%)	Nil
Expected Life	2.5 yrs for 1st vesting
	3.5yrs for 2nd vesting
	4.5 yrs for 3rd vesting
Risk free Interest Rate(%)	6.82% for 1st Vesting
	7.04% for 2nd vesting
	7.21% for 3rd Vesting
Volatility(%)	24.90%
Market price on date of grant/re-pricing (₹)	34.10
Fair Value Per Option(Rs.)	9.81



Spice Digital Limited

Notes to the standalone financial statements for the year ended 31 March 2019
(INR in lakhs unless otherwise stated)

40. Fair values

Set out below is a comparison by class of the carrying amounts and fair value of the Company's financial instruments:

Particulars	Carrying amount	As at 31 March 2019		
		FVTPL	FVOCI	Amortised Cost
Financial assets				
-Loans	29.43	-	-	29.43
-Trade receivables	298.94	-	-	298.94
-Cash and cash equivalent	1,746.46	-	-	1,746.46
-Bank balances other than above	40.31	-	-	40.31
-Loans (Current)	39.14	-	-	39.14
-Other financial assets (Current)	5,278.36	-	-	5,278.36
Total financial assets	7,432.64	-	-	7,432.64
Financial liabilities				
-Other financial liabilities (Non-current)	3,851.63	-	-	3,851.63
-Borrowing (Current)	2,000.00	-	-	2,000.00
-Trade payables	636.66	-	-	636.66
-Other financial liabilities (Current)	261.18	-	-	261.18
Total financial liabilities	6,749.47	-	-	6,749.47
Particulars	Carrying amount	As at 31 March 2018		
		FVTPL	FVOCI	Amortised Cost
Financial assets				
Loans	25.03	-	-	25.03
-Investments (Current)	232.82	232.82	-	-
-Trade receivables	81.20	-	-	81.20
-Cash and cash equivalent	1,793.35	-	-	1,793.35
-Bank balances other than above	321.63	-	-	321.63
-Loans (Current)	32.67	-	-	32.67
-Other financial assets (Current)	1,251.99	-	-	1,251.99
Total financial assets	3,738.69	232.82	-	3,505.87
Financial liabilities				
-Other financial liabilities (Non-current)	5,260.01	-	-	5,260.01
-Borrowing (Current)	399.47	-	-	399.47
-Trade payables	239.61	-	-	239.61
-Other financial liabilities (Current)	306.85	-	-	306.85
Total financial liabilities	6,205.94	-	-	6,205.94



Spice Digital Limited

Notes to the standalone financial statements for the year ended 31 March 2019
(INR in lakhs unless otherwise stated)

41. Fair value hierarchy

The company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The Company 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 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 2019 was assessed.

Financial Instruments by Category

	31 March 2019		31 March 2018	
	FVTPL	Amortised Cost	FVTPL	Amortised Cost
Financial assets				
-Loans (Non-Current)	-	29.43	-	25.03
-Investments (Current)	-	-	232.82	-
-Trade receivables	-	298.94	-	81.20
-Cash and cash equivalent	-	1,746.46	-	1,793.35
-Bank balances other than above	-	40.31	-	321.63
-Loans (Current)	-	39.14	-	32.67
-Other financial assets (Current)	-	5,278.36	-	1,251.99
Total financial assets	-	7,432.64	232.82	3,505.87
Financial liabilities				
-Other financial liabilities (Non-current)	-	3,851.63	-	5,260.01
-Borrowing (Current)	-	2,000.00	-	399.47
-Trade payables	-	636.66	-	239.61
-Other financial liabilities (Current)	-	261.18	-	306.85
Total financial liabilities	-	6,749.47	-	6,205.94

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 2019:

	Total	Fair value measurement using		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		INR	INR	INR
-Loans (Non-Current)	29.43	-	-	29.43
-Trade receivables	298.94	-	-	298.94
-Cash and cash equivalent	1,746.46	1,746.46	-	-
-Bank balances other than above	40.31	40.31	-	-
-Loans (Current)	39.14	-	-	39.14
-Other financial assets (Current)	5,278.36	-	-	5,278.36
Total	7,432.64	1,786.77	-	5,645.87

Quantitative disclosures fair value measurement hierarchy for liabilities as at 31 March 2019:

	Total	Fair value measurement using		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		INR	INR	INR
-Other financial liabilities (Non-current)	3,851.63	-	-	3,851.63
-Borrowing (Current)	2,000.00	-	2,000.00	-
-Trade payables	636.66	-	-	636.66
-Other financial liabilities (Current)	261.18	-	-	261.18
Total	6,749.47	-	2,000.00	4,749.47

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 2018:

	Fair value measurement using			
	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	INR	INR	INR	INR
-Loans (Non-Current)	25.03	-	-	25.03
-Other financial assets (Non-Current)	-	-	-	-
-Investments (Current)	232.82	-	232.82	-
-Trade receivables	81.20	-	-	81.20
-Cash and cash equivalent	1,793.35	-	1,793.35	-
-Bank balances other than above	321.63	-	321.63	-
-Loans (Current)	32.67	-	-	32.67
-Other financial assets (Current)	1,251.99	-	-	1,251.99
	3,738.69	-	2,347.80	1,390.89

Quantitative disclosures fair value measurement hierarchy for liabilities as at 31 March 2018:

	Fair value measurement using			
	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	INR	INR	INR	INR
-Other financial liabilities (Non-current)	5,260.01	-	-	5,260.01
-Borrowing (Current)	399.47	-	399.47	-
-Trade payables	239.61	-	-	239.61
-Other financial liabilities (Current)	306.85	-	-	306.85
	6,205.94	-	399.47	5,806.47

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

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



Spice Digital Limited

Notes to the standalone financial statements for the year ended 31 March 2019
(INR in lakhs unless otherwise stated)

42. 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 and support the operations of the Company. The Company's principal financial assets include trade receivables, cash and cash equivalents, bank balances, loans and other financial assets 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 policies for managing each of these risks, which are summarised below.

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: currency risk, interest rate 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 affected by commodity risk and currency risk.

The sensitivity analyses in the following sections relate to the position as at 31 March 2019 and 31 March 2018.

The sensitivity analyses have been prepared on the basis that the amount of net debt and 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 and provisions.

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

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 2019 and 31 March 2018.

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 Company's short-term debt obligations with floating interest rates and loan advanced by Company to fellow subsidiaries and a body corporate.

The Senior Management of the Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate borrowings.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings affected, with all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, present rate is 3 Month MCLR plus 1.30%(31 March 2018: MCLR 1.10%), the impact of change in rate is as follows:

In the current year, interest rate sensitivity is calculated on borrowing and interest bearing deposits from customers while in the previous year it was calculated on borrowing. The impact of change in interest rate is given below:-

	Increase/d ecrease in basis points	Effect on profit before tax
31 March 2019	50	(10.00) 10.00
31 March 2018	50	(2.00) 2.00



Spice Digital Limited

Notes to the standalone financial statements for the year ended 31 March 2019

(INR in lakhs unless otherwise stated)

Other risk/inherent risk

The Company operates in financial services sector and manages very high volume of transactions, which have the inherent risk of funds management in comparison to other services sector.

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.

The Company has used a practical expedient and analysed the recoverable amount of the receivables on an individual basis by computing the expected loss allowance for financial assets based on historical credit loss experience and adjustments for forward looking informations.

The following table provides information about exposure to credit risk and expected credit loss for trade receivables for customers for the year ended 31 March 2019:

In INR Lakhs	Gross Carrying Amount	Weighted-Average Loss Rate	Loss Allowance	Credit-Impaired
Not Due	0	0%	-	No
1- 90 days	295.69	0%	-	No
91-180 days	1.31	0%	-	No
181-270 days	0.77	0%	-	No
271-360 days	-	0%	-	No
More than 360 days	1.17	0%	-	No
	298.94		-	

Movement in the expected credit loss allowance of receivables

	For the year ended March 31, 2019
Balance at beginning of the year	-
Add: Provided during the year	-
Less: Reversals of provision	-
Less: Amounts written off	-
Balance at the end of the year	-

Trade receivables

Customer credit risk is managed by the Company's established credit policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment and also based upon agreement/terms with respective customers. Outstanding customer receivables are regularly monitored.

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 Company does not hold collateral as security. The Company 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 is managed in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. All investments are reviewed by the Company's board of directors on a quarterly basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.



Spice Digital Limited**Notes to the standalone financial statements for the year ended 31 March 2019
(INR in lakhs unless otherwise stated)****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 balance between continuity of funding and flexibility through the use of bill discounting facility. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

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 to 12 months	1 to 5 years	Total
As at 31 March 2019					
Borrowing(Non-current)	-	-	-	-	-
Borrowing	2,000.00	-	-	-	2,000.00
Trade payables	-	634.34	2.33	-	636.67
Other financial liabilities	-	261.18	-	3,851.63	4,112.80
	2,000.00	895.52	2.33	3,851.63	6,749.47
As at 31 March 2018					
Borrowing(Non-current)	-	-	-	-	-
Borrowing	399.47	-	-	-	399.47
Trade payables	-	239.45	0.15	-	239.60
Other financial liabilities	-	306.85	-	5,260.01	5,566.86
	399.47	546.30	0.15	5,260.01	6,205.93

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 short-term deposits with banks as margin money against issuance of bank guarantees in order to fulfil the collateral requirements for its various contracts and for pre paid instrument business. At 31 March 2019 and 31 March 2018, the fair values of the short-term deposits pledged were INR 40.31 Lakhs and INR 321.63 Lakhs respectively. The counterparties have an obligation to return the deposits to the Company upon settlement of the obligations under the contracts. There are no other significant terms and conditions associated with the use of collateral.



Spice Digital Limited

Notes to the standalone financial statements for the year ended 31 March 2019
(INR in lakhs unless otherwise stated)

43. 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 of the parent. 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 75%. The Company includes within net debt, interest bearing loans and borrowings less cash and cash equivalents.

	As at 31 March 2019	As at 31 March 2018
	INR	INR
Borrowing	2,000.00	399.47
Less: cash and cash equivalents	(1,746.46)	(1,793.35)
Net Debt	253.54	(1,393.88)
Total equity	6,739.28	6,967.42
Gearing ratio	3.76%	-20.01%

In order to achieve this overall objective, the Company's 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 period.

44. Group information

Information about subsidiaries, associates and joint venture

The consolidated financial statements of the Group includes subsidiaries listed in the table below:

Name of subsidiary Company	Principal place of business	Proportion of ownership		Method of accounting of investment
		As at March 31, 2019	As at March 31, 2018	
Kimazn Exports Private Limited	India	100.00%	100.00%	Cost
Luharia Technologies Private Limited	India	0.00%	30.00%	Cost

45. Disclosures required under Section 186(4) of the Companies Act 2013

Details of Investments made (At cost)

Particulars	Opening investments	Investments made during the year	Investment sold during the year	Closing investments
Kimazn Exports Private Limited	6,276.00	-	-	6,276.00
Luharia Technologies Private Limited	625.03	0.00	625.03	-



Spice Digital Limited

Notes to the standalone financial statements for the year ended 31 March 2019
(INR in lakhs unless otherwise stated)

46 Details of dues to micro, small and medium enterprises as defined under the MSMED Act, 2006

Particulars	As at March 31, 2019	As at March 31, 2018
- The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of accounting year	Nil	Nil
- The amount of interest paid by the buyer under 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 (where the principal has been paid but interest under the MSMED Act, 2006 not paid)	Nil	Nil
- The amount of interest accrued and remaining unpaid at the end of accounting year; and	Nil	Nil
- The amount of further interest due and payable even in the succeeding year, 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	Nil	Nil



Spice Digital Limited

Notes to the standalone financial statements for the year ended 31 March 2019

(INR in lakhs unless otherwise stated)

47. Significant accounting judgements, estimates and assumptions

The preparation of the Company's separate 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.

A) Taxes

The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company respective companies in the Company 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 1079.46 Lakhs (31 March 2018: Rs 1059.33 Lakhs) recognised by the Company 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 Company 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 Company has tax losses carried forward. These losses may 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.

B) 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.

C) 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 judgment is required in establishing fair values. Judgments 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.

D) Intangible asset under development

The Company capitalises intangible asset under development for a project in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgment 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.

E) Useful lives of depreciable assets

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

F) Provision and contingent liability

On an ongoing basis, Company reviews pending cases, claims by third parties and other contingencies. For contingent losses that are considered probable, an estimated loss is recorded as an accrual in financial statements. Loss contingencies that are considered possible are not provided for but disclosed as Contingent liabilities in the financial statements. Contingencies the likelihood of which is remote are not disclosed in the financial statements. Gain contingencies are not recognized until the contingency has been resolved and amounts are received or receivable.

G) Investment in equity instruments of subsidiary companies

During the year, the Company assessed the investment in equity instrument of subsidiary companies carried at cost for impairment testing. Detailed analysis has been carried out on the future projections and the Company is confident that investments do not require any further impairment over the amount already considered in previous years.




H) Allowance for bad and doubtful debts and advances

Trade receivables do not carry any interest and are stated at their amortised cost as reduced by appropriate allowances for estimated irrecoverable amounts. Individual trade receivables are written off when management deems them not to be collectible. Impairment is made on the expected credit losses, which are the present value of the cash shortfall over the expected life of the financial assets.

I) Share based payments

The Company measures the cost of equity-settled transactions with employees using Black Scholes model to determine the fair value of options. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions relating to vesting of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 39.

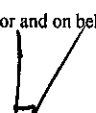
As per our report of even date attached
For Singhi & Co
Chartered Accountants
Firm Registration No. 302049E


B. K. Sipani
Partner
Membership No.: 088926





Place: Noida
Date: 20 May 2019

For and on behalf of the Board of Directors


Dilip Kumar Modi
(Chairman)
DIN: 00029062


Sunil Kumar Kapoor
(Director & Chief Financial Officer)
(Mem. No. F079430)


Suman Ghose Hazra
(Independent Director)
DIN: 00013223


Koonia
(Company Secretary)
(Mem. No. A21670)