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## Spice Mobility Limited (Formerly Spice Mobiles Limited)

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

### NOTICE

Notice is hereby given that the Twenty-Second Annual General Meeting of Spice Mobility Limited will be held on Wednesday, 29<sup>th</sup> day of September 2010 at 'Spice World', I-2, Sector-25A, Noida - 201 301, Uttar Pradesh at 10.30 A.M. to transact the following business:

#### ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March 2010 and the Profit & Loss Account for the year ended on that date along with the Directors' and Auditors' Report thereon.
2. To declare dividend on Equity Shares for the financial year ended 31<sup>st</sup> March 2010.
3. To consider and appoint a Director in place of Mr. Krishan Lal Chugh, who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and appoint Auditors to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting and to fix their remuneration. M/s S. R. Batliboi & Co., Chartered Accountants, the retiring auditors, being eligible, offer themselves for re-appointment.

#### SPECIAL BUSINESS:

5. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** Dr. Bhupendra Kumar Modi, who was appointed as an Additional Director and holds office upto the date of this Annual General Meeting pursuant to the provisions of Section 260 of the Companies Act, 1956 ("the Act") and in respect of whom the Company has received a notice in writing, along with requisite deposit under Section 257 of the Act, proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company, liable to retire by rotation."

6. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** Mr. Kashi Nath Memani, who was appointed as an Additional Director and holds office upto the date of this Annual General Meeting pursuant to the provisions of Section 260 of the Companies Act, 1956 ("the Act") and in respect of whom the Company has received a notice in writing, along with requisite deposit under Section 257 of the Act, proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company, liable to retire by rotation."

7. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** Mr. Subroto Chattopadhyay, who was appointed as an Additional Director and holds office upto the date of this Annual General Meeting pursuant to the provisions of Section 260 of the Companies Act, 1956 ("the Act") and in respect of whom the Company has received a notice in writing, along with requisite deposit under Section 257 of the Act, proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company, liable to retire by rotation."

8. To consider and, if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution:

**"RESOLVED THAT**, subject to the provisions of Sections 198, 269, 309, 310, 314 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 ("the Act") (including any notification(s) or re-enactment thereof, for the time being in force) and such other approvals including approval of Central Government, if required, the Company hereby approves the appointment of Mr. Dilip Modi as Managing Director of the Company for a period of 3 (three) years with effect from 24<sup>th</sup> April 2010 on the terms and at remuneration as specified hereinbelow:

Basic Salary (including Special Allowance)	Such sum as may be decided from time to time by the Board of Directors or any Committee thereof but not exceeding Rs. 2,50,00,000/- per annum.
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Perquisites & other allowances:	Mr. Modi shall be entitled to the following perquisites, benefits and allowances:
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- A) Company leased accommodation (furnished or otherwise) or house rent allowance in lieu thereof, medical reimbursement, leave travel allowance/ concession for self and family including dependants and Medical Insurance will be as per policy of the Company.

- B) Company's car (whether leased or owned by the Company) together with reimbursement of expenses and/or allowances for fuel, car maintenance and driver's wages, and telephone at residence.
- C) Contribution to Provident Fund, Superannuation Fund and Gratuity Fund will be as per policy of the Company.
- D) Other Perquisites including Personal Accident Insurance will be as per rules of the Company.
- E) Participation in the Employee Stock Options Scheme, Employee Stock Purchase Scheme, Employee Benefit Scheme or any other such scheme as may be formulated by the Company or any Employee Benefit Trust will be as per policy of the Company/ Trust.

**Bonus:** Such sum as may be decided by the Board of Directors or any Committee thereof based on achievement of such performance parameters as may be laid down by the Board of Directors or any Committee thereof.

**Reimbursement of expenses:** Reimbursement of expenses incurred for traveling, boarding and lodging, provision of car for use on the Company's business, telephone expenses and club membership shall be reimbursed and not considered as perquisites.

All other terms and conditions of employment will be as per the service rules of the Company as applicable from time to time.

**RESOLVED FURTHER THAT** the Board of Directors of the Company or Committee thereof be and is hereby authorized to vary the terms and conditions of appointment including the remuneration payable to Mr. Modi provided however that such remuneration shall not exceed the maximum limits specified in Schedule XIII to the Companies Act, 1956, or any amendments thereto, as may be made from time to time.

**RESOLVED FURTHER THAT** pursuant to paragraphs (B) and (C) of Section II (1) of Part II of Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company be and is hereby authorized to pay the above-mentioned remuneration as minimum remuneration to Mr. Dilip Modi, Managing Director for that financial year, in which there is inadequacy or absence of profits during the period of three years from the effective date of his appointment, subject to the approval of the Central Government as may be necessary.

**RESOLVED FURTHER THAT** Mr. Dilip Modi shall continue to hold office of Managing Director if he is reappointed as Director immediately after the retirement by rotation and the retirement by rotation & re-appointment shall not be deemed to constitute a break in his appointment as Managing Director.

**RESOLVED FURTHER THAT** the Board of Directors or Committee thereof be and is hereby authorized to take all such steps as may be considered necessary, proper or expedient in order to give effect to the above resolution."

9. To consider and, if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution:

**"RESOLVED THAT** Ms. Preeti Malhotra, who was appointed as an Additional Director and holds office upto the date of this Annual General Meeting pursuant to the provisions of Section 260 of the Companies Act, 1956 ("the Act") and in respect of whom the Company has received a notice in writing, along with requisite deposit under Section 257 of the Act, proposing her candidature for the office of Director, be and is hereby appointed as Director of the Company, liable to retire by rotation.

**RESOLVED FURTHER THAT**, subject to the provisions of Sections 198, 269, 309, 314 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 ("the Act") (including any notification(s) or re-enactment thereof, for the time being in force) and such other approvals including approval of Central Government, if required, the Company hereby approves the appointment of Ms. Preeti Malhotra as Wholetime Director designated as Executive Director of the Company for a period of 3 (three) years with effect from 24<sup>th</sup> April 2010 on the terms and at remuneration as specified hereinbelow:

**Basic Salary** (including Special Allowance): Such sum as may be decided from time to time by the Board of Directors or any Committee thereof but not exceeding Rs. 70,00,000/- per annum.

**Perquisites & other allowances:** Ms. Malhotra shall be entitled to the following perquisites, benefits and allowances:

- A) Company leased accommodation (furnished or otherwise) or house rent allowance in lieu thereof, medical reimbursement, leave travel allowance/ concession for self and family including dependants and Medical Insurance will be as per policy of the Company.



- B) Company's car (whether leased or owned by the Company) together with reimbursement of expenses and/or allowances for fuel, car maintenance and driver's wages, and telephone at residence.
- C) Contribution to Provident Fund, Superannuation Fund and Gratuity Fund will be as per policy of the Company.
- D) Other Perquisites including Personal Accident Insurance will be as per rules of the Company.
- E) Participation in the Employee Stock Options Scheme, Employee Stock Purchase Scheme, Employee Benefit Scheme or any other such scheme as may be formulated by the Company or any Employee Benefit Trust will be as per policy of the Company/ Trust.

Bonus: Such sum as may be decided by the Board of Directors or any Committee thereof but not exceeding Rs. 50,00,000/- per annum, based on achievement of such performance parameters as may be laid down by the Board of Directors or any Committee thereof.

Reimbursement of expenses: Reimbursement of expenses incurred for traveling, boarding and lodging, provision of car for use on the Company's business, telephone expenses and club membership shall be reimbursed and not considered as perquisites.

All other terms and conditions of employment will be as per the service rules of the Company as applicable from time to time.

**RESOLVED FURTHER THAT** the Board of Directors of the Company or Committee thereof be and is hereby authorized to vary the terms and conditions of appointment including the remuneration payable to Ms. Malhotra provided however that such remuneration shall not exceed the maximum limits specified in Schedule XIII to the Companies Act, 1956, or any amendments thereto, as may be made from time to time.

**RESOLVED FURTHER THAT** pursuant to paragraphs (B) and (C) of Section II (1) of Part II of Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the Company be and is hereby authorized to pay the above-mentioned remuneration as minimum remuneration to Ms. Preeti Malhotra, Executive Director for that financial year, in which there is inadequacy or absence of profits during the period of three years from the effective date of her appointment, subject to the approval of the Central Government as may be necessary.

**RESOLVED FURTHER THAT** Ms. Preeti Malhotra shall continue to hold office of Executive Director if she is reappointed as Director immediately after the retirement by rotation and the retirement by rotation & re-appointment shall not be deemed to constitute a break in her appointment as Executive Director.

**RESOLVED FURTHER THAT** the Board of Directors or Committee thereof be and is hereby authorized to take all such steps as may be considered necessary, proper or expedient in order to give effect to the above resolution."

10. To consider and, if thought fit, to pass, with or without modifications, the following resolution as a Special Resolution:

**"RESOLVED THAT** subject to the provisions of Sections 198, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956 and such other approvals including approval of Central Government, if required, the consent of the Company be and is hereby accorded for the payment of commission upto one percent per annum of the net profits of the Company in the aggregate to the Independent Directors of the Company.

**RESOLVED FURTHER THAT** the remuneration so computed shall be paid in such proportions to all such Independent Directors as may be decided by the Board of Directors and shall exclude the remuneration by way of sitting fees for attending the meetings of Board and Committee thereof."

**By Order of the Board  
For Spice Mobility Limited**

**(Preeti Malhotra)**

Executive Director & Company Secretary

Date : 3<sup>rd</sup> August 2010

Place: Noida

## NOTES

1. An Explanatory Statement as required pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM DULY COMPLETED AND SIGNED SHOULD REACH THE COMPANY'S REGISTERED OFFICE NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
3. Only registered Members carrying the attendance slip and the holders of valid proxies registered with the Company will be permitted to attend the Meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 23<sup>rd</sup> day of September 2010 to 29<sup>th</sup> day of September 2010 (both days inclusive).
5. The dividend as recommended by the Board of Directors, if declared at the meeting, will be paid to those members whose names appear in the Register of Members as on 29<sup>th</sup> September 2010 after giving effect to all valid transfers in physical form lodged on or before 22<sup>nd</sup> September 2010 with the Company and/or its Registrar & Share Transfer Agent and in respect of shares held in electronic mode on the basis of beneficial ownership of shares as per details furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as at the end of business hours on 22<sup>nd</sup> September 2010.
6. (a) In order to provide protection against fraudulent encashment of dividend warrants, Members who hold shares in physical form are requested to intimate the Company's Registrar and Share Transfer Agent, MAS Services Limited, T-34, 2<sup>nd</sup> Floor, Okhla Industrial Area, Phase - II, New Delhi - 110 020, under the signature of the Sole / First joint holder, the following information to be printed on dividend warrants :
  - (i) Name of the Sole / First joint holder and the Folio number
  - (ii) Particulars of Bank Accounts, viz:
    - (a) Name of the Bank
    - (b) Name of the Branch
    - (c) Complete address of the Bank with pin code number
    - (d) Account type, whether Saving Bank (SB) or Current Account (CA)
    - (e) Bank Account Number
- (b) Members who hold shares in dematerialized form may kindly note that their Bank Account details, as furnished by their Depositories to the Company, will be printed on their dividend warrant as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such Members for deletion of or change in such Bank Account details. Further instructions, if any, already given by them in respect of shares held in physical form will not be automatically applicable to shares held in dematerialized form. Members who wish to change such Bank Account details are therefore requested to advise their Depository Participant about such change, with complete details of Bank Account.
7. Members are requested to bring their copy of Annual Report with them at the Annual General Meeting.
8. Members holding shares in physical form are requested to intimate the following directly to the Company's Registrar and Share Transfer Agent, MAS Services Ltd.:
  - i) Changes, if any, in their address with pin code numbers.
  - ii) Quote their ledger Folio No. in all their correspondence.
  - iii) Request for nomination forms for making nominations as per amended provisions of the Companies Act, 1956.Members holding shares in dematerialized (electronic) form are requested to intimate the aforesaid changes directly to their Depository Participant, as applicable.
9. Pursuant to the requirements on Corporate Governance under Clause 49 of the listing agreements entered into with the stock exchanges, the information about the Directors proposed to be appointed /reappointed is given in the Annexure to the Notice.
10. Members desiring any information with regard to Accounts/Reports are requested to submit their queries addressed to the Company Secretary at least 10 days in advance of the meeting so that the information called for can be made available at the meeting.
11. All documents referred to in the accompanying Notice and Explanatory Statement are open for inspection at the Registered Office of the Company on all working days, except Saturdays, Sundays and holidays, between 11.30 a.m. to 01.30 p.m. upto the date of the Annual General Meeting.



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

### Item No. 5

Dr. Bhupendra Kumar Modi, was appointed as an Additional Director of the Company by the Board of Directors on 24<sup>th</sup> April 2010 and holds office upto the date of this Annual General Meeting pursuant to Section 260 of the Companies Act, 1956 ("the Act"). A notice under Section 257 of the Act, along with the requisite deposit of Rs. 500/- has been received by the Company from a member signifying his intention to propose the name of Dr. Bhupendra Kumar Modi for appointment as a Director of the Company. It will be in the best interest of the Company if he is appointed as a Director liable to retire by rotation.

No Director, other than Dr. Bhupendra Kumar Modi and Mr. Dilip Modi, is in any way concerned or interested in this Resolution.

### Item No. 6

Mr. Kashi Nath Memani, was appointed as an Additional Director of the Company by the Board of Directors on 24<sup>th</sup> April 2010 and holds office upto the date of this Annual General Meeting pursuant to Section 260 of the Companies Act, 1956 ("the Act"). A notice under Section 257 of the Act, along with the requisite deposit of Rs. 500/- has been received by the Company from a member signifying his intention to propose the name of Mr. Kashi Nath Memani for appointment as a Director of the Company. It will be in the best interest of the Company if he is appointed as a Director liable to retire by rotation.

No Director, other than Mr. Kashi Nath Memani, is in any way concerned or interested in this Resolution.

### Item No. 7

Mr. Subroto Chattopadhyay, was appointed as an Additional Director of the Company by the Board of Directors on 24<sup>th</sup> April 2010 and holds office up to the date of this Annual General Meeting pursuant to Section 260 of the Companies Act, 1956 ("the Act"). A notice under Section 257 of the Act, along with the requisite deposit of Rs. 500/- has been received by the Company from a member signifying his intention to propose the name of Mr. Subroto Chattopadhyay for appointment as a Director of the Company. It will be in the best interest of the Company if he is appointed as a Director liable to retire by rotation.

No Director, other than Mr. Subroto Chattopadhyay, is in any way concerned or interested in this Resolution.

### Item No. 8

Mr. Dilip Modi, Director, was appointed as Managing Director of the Company for a period of 3 years by the Board of Directors on 24<sup>th</sup> April 2010. The Board of Directors in their meeting held on 15<sup>th</sup> May 2010, on the recommendation of Remuneration Committee, approved the terms of remuneration of Mr. Modi as specified in the Resolution no. 8 of the Notice.

Being a Managing Director under the provisions of Section 198, 269, 309, 310, 314 read with Schedule XIII of Companies Act, 1956, his appointment and remuneration requires to be approved by the Shareholders of the Company by means of a Special Resolution. It will be in the best interests of the Company if he is appointed as a Managing Director of the Company.

Any further increase or variation in future, in the remuneration payable to Mr. Modi, shall be finalized by the Board or any Committee thereof and shall also be subject to the overall ceilings prescribed under the Companies Act, 1956.

Where in any financial year, during the tenure of Mr. Modi as Managing Director of the Company, the Company has no profits or its profits are inadequate, the aforesaid remuneration including bonus, perquisites, allowances etc. shall be minimum remuneration subject to such approval(s), as may be required. In this regard, Schedule XIII of the Companies Act, 1956 provides that the minimum remuneration payable to such Managing Director is to be approved by the members by way of a special resolution and said resolution is valid for a period of three years.

Although your Company has achieved growth and profit from operations in the previous financial years and is expected to earn profits in the future years also, it is proposed to approve the above in order to enable the Company to pay the remuneration to its Managing Director in the eventuality of loss/inadequacy of profits. However, if the total remuneration to be paid by way of salary, bonus, perquisites or any other allowance exceeds the ceiling specified in Clause 1, Section II of Part II of Schedule XIII of the Companies Act (excluding the perquisites provided in Clause 2, Section II of Part II of Schedule XIII of the said Act or such other amount and perquisites as may be provided in the said Schedule XIII), it shall be payable subject to the approval of Central Government.

The information as required under Schedule XIII Part II Section II (1)(B)(iv) and (C)(iv) is given for item no 8 and 9 together after explanatory statement for item no. 10.

This explanatory statement together with the accompanying Notice should be treated as an abstract of the terms and Memorandum of concern or interest under section 302 of the Companies Act, 1956.

No Director, other than Dr. Bhupendra Kumar Modi and Mr. Dilip Modi, is in any way concerned or interested in this Resolution.

The Board recommends the resolution for your approval.

**Item No. 9**

Ms. Preeti Malhotra, was appointed as an Additional Director and designated as Executive Director of the Company by the Board of Directors on 24<sup>th</sup> April 2010. Pursuant to the provisions of Section 260 of the Companies Act, 1956 ("the Act"), Ms. Preeti Malhotra holds office upto the date of this Annual General Meeting. A notice under Section 257 of the Act, along with the requisite deposit has been received by the Company from a member signifying his intention to propose the name of Ms. Malhotra for appointment as a Whole Time Director, designated as Executive Director, of the Company.

The Board of Directors in their meeting held on 15<sup>th</sup> May 2010, on the recommendation of Remuneration Committee, approved the terms of remuneration of Ms. Malhotra for a period of 3 years effective from 24<sup>th</sup> April 2010 as specified in the Resolution no. 9 of the Notice.

Being a Whole Time Director under the provisions of Section 198, 269, 309, 310, 314 read with Schedule XIII of Companies Act, 1956, her appointment and remuneration requires to be approved by the Shareholders of the Company by means of a Special Resolution. It will be in the best interests of the Company if she is appointed as a Whole Time Director, designated as Executive Director of the Company.

Any further increase or variation in future, in the remuneration payable to Ms. Malhotra, shall be finalized by the Board or any Committee thereof and shall also be subject to the overall ceilings prescribed under the Companies Act, 1956.

Where in any financial year, during the tenure of Ms. Malhotra as Whole Time Director of the Company, the Company has no profits or its profits are inadequate, the aforesaid remuneration including bonus, perquisites, allowances etc. shall be minimum remuneration subject to such approval(s), as may be required. In this regard, Schedule XIII of the Companies Act, 1956 provides that the minimum remuneration payable to such Whole Time Director is to be approved by the members by way of a special resolution and said resolution is valid for a period of three years.

Although your Company has achieved growth and profit from operations in the previous financial years and is expected to earn profits in the future years also, it is proposed to approve the above in order to enable the Company to pay the remuneration to its Whole Time Director in the eventuality of loss/inadequacy of profits. However, if the total remuneration to be paid by way of salary, bonus, perquisites or any other allowance exceeds the ceiling specified in Clause 1, Section II of Part II of Schedule XIII of the Companies Act (excluding the perquisites provided in Clause 2, Section II of Part II of Schedule XIII of the said Act or such other amount and perquisites as may be provided in the said Schedule XIII), it shall be payable subject to the approval of Central Government.

The information as required under Schedule XIII Part II Section II (1)(B)(iv) and (C)(iv) is given for item no 8 and 9 together after explanatory statement for item no. 10.

This explanatory statement together with the accompanying Notice should be treated as an abstract of the terms and Memorandum of concern or interest under section 302 of the Companies Act, 1956.

No Director, other than Ms. Preeti Malhotra, is in any way concerned or interested in this Resolution.

The Board recommends the resolution for your approval.

**Item No. 10**

As the roles and responsibilities of independent directors have undergone significant changes under the corporate governance norms and it demands their greater involvement in the supervision of the Company including their roles in various committees, the Board of Directors in its meeting held on 30<sup>th</sup> June 2010 recommended to pay commission upto 1% per annum of the net profits of Company in aggregate to Independent Directors.

Hence approval of the shareholders is sought to enable the Company to make payment of commission to independent directors, commensurate with their enhanced role and involvement, subject to a maximum of 1% of the net profits of the Company for each financial year. The actual quantum of remuneration payable within the aforesaid limit will be decided by the Board of Directors from year to year.

The Board recommends the resolution for your approval.

None of the directors, other than Mr. Kashi Nath Memani, Mr. Krishan Lal Chugh and Mr. Subroto Chattopadhyay (Independent Directors), is in any way concerned or interested in this Resolution.





Pursuant to Item No. 8 and 9 above, the information as required under Schedule XIII Part II Section II (1)(B)(iv) and (C)(iv) is given below:

## I. GENERAL INFORMATION

(1)	Nature of industry :	Mobile Devices		
(2)	Date or expected date of commencement of commercial production:	Not Applicable (The Company is an existing Company)		
(3)	In case of new Companies expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:	Not Applicable		
(4)	Financial performance based on given indicators :	Rs. in lacs		
	<b>Particulars</b>	<b>For the year ended 31<sup>st</sup> March 2010</b>	<b>For the fifteen months ended 31<sup>st</sup> March 2009</b>	<b>For the nine months ended 31<sup>st</sup> December 2008</b>
	Total Income	104,829.30	67,782.32	29,128.58
	Profit before Tax	10,719.94	156.66	1,876.96
	Profit after Tax	7,050.82	102.60	1,467.33
(5)	Export performance and net foreign exchange collaborations/earnings:	The Company had foreign exchange earnings of Rs.622.64 lacs during the financial year April 1 2009 to March 31 2010.		
(6)	Foreign investments or collaborators, if any.	There is no foreign collaboration in the Company. The total foreign holding in the share capital of the Company as on 30 <sup>th</sup> June 2010 was as under: Foreign Holders No. of Equity Shares (%) 120 4089226 (5.48%)		

## II. INFORMATION ABOUT THE APPOINTEE:

		<b>Mr. Dilip Modi</b>	<b>Ms. Preeti Malhotra</b>
1.	Background details	The background details of Mr. Dilip Modi and Ms. Preeti Malhotra are given in Directors' Profile below in this notice.	
2.	Past remuneration	Rs. 337 lacs p.a.	Rs. 65 lacs p.a.
3.	Recognition or awards	The recognition or awards are specified in the respective Director's Profile below.	
4.	Job profile and its suitability	Mr. Modi being the Managing Director of the Company is responsible for leading Spice Mobility's business, strategic alliance initiative and leveraging growth opportunities. Given the profile of Mr. Modi, it is imperative that he draws the remuneration as proposed.	Ms. Malhotra, Executive Director & Company Secretary, has over 20 years of varied experience in the fields of Secretarial, Legal, Taxation and Corporate Affairs. Given her qualification, profile and experience, Ms. Malhotra is best suited for such remuneration.
5.	Remuneration proposed	As per details in the Resolution no. 8	As per details in the Resolution no. 9
6.	Comparative remuneration profile with respect to industry, size of the Company, profile of position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)	The remuneration payable to the appointees has been benchmarked with the remuneration being drawn by similar positions in the companies of comparable size in the industry and has been approved by the Remuneration Committee and Board of Directors of the Company.	
7.	Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.	Mr. Modi is one of the promoters of the Company. There is no other pecuniary relationship directly or indirectly with the Company except to the extent of his shareholding in the Company and as a relative of the Chairman of the Company.	Ms. Malhotra has no pecuniary relationship directly or indirectly with the Company except to the extent of her shareholding in the Company

### III. OTHER INFORMATION

(1) Reasons of loss or inadequate profits (2) Steps taken or proposed to be taken for improvement (3) Expected increase in productivity and profits in measurable terms.	The Company has achieved profits from its operation during the year and it is expected to earn profits in the future years also. This is an enabling provision for payment of remuneration in the scenario of loss/ inadequacy of profits.
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### IV. DISCLOSURE

- (1) The shareholders of the Company shall be informed of the remuneration package of the Managerial Person: This information has been furnished above.
- (2) The following disclosures shall be mentioned in the Board of Directors' report under the heading 'Corporate Governance' if any, attached to the Annual Report:
  - i) All elements of remuneration package such as salary, benefits, bonuses, stock options, pension etc. of all the directors: This has been fully covered under the Corporate Governance Report.
  - ii) Details of fixed component and performance linked incentives along with the performance criteria: Performance criteria are based on the net profits as specified under the Companies Act, 1956 and Schedule XIII of the said Act and the performance of the WTDs is as may be determined by the Board from time to time.
  - iii) Service Contracts, notice period, severance fees: There is no severance fee and the employment may be terminated by either side on three months notice or on payment of three months salary in lieu thereof. All other terms and conditions of employment will be as per the service rules of the Company as applicable from time to time.
  - iv) Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable: Not applicable

#### Details of Directors seeking appointment/re-appointment in the forthcoming Annual General Meeting (in pursuance of Clause 49 IV(G) of the Listing Agreement)

##### DIRECTORS' PROFILE:

A brief resume of all Directors seeking appointment/re-appointment in the Annual General Meeting required as per Clause 49 IV(G) of the Listing Agreement are specified hereinbelow. These Directors have been appointed on 24<sup>th</sup> April 2010 except Mr. Dilip Modi & Mr. Krishan Lal Chugh who were appointed on 21<sup>st</sup> August 2006 and 27<sup>th</sup> October 2007, respectively:

##### Dr. Bhupendra Kumar Modi, Chairman

**Dr. Modi**, born on 2<sup>nd</sup> January 1949, holds a Bachelors' degree in chemical engineering from Banaras Hindu University. He did MBA from the University of South California, he also holds a Ph. D in Financial Management from Meerut University, and has been conferred with D. Litt. in Industrial Management by Bundelkhand University, Jhansi. Dr. Modi, Global Chairman - Spice Group, has set up joint ventures in partnership with global companies such as Xerox Ltd, Alcatel Network Systems Ltd, Telstra Corporation, Telekom Malaysia and ING. C. Olivetti & C. S.p.A. in the field of information technology, document processing, telecommunications and cellular telephony. He engineered the Spice brand which is driving business involving technology-innovations, communication and entertainment. He has also written several books on management including "Performance – A Managers' Challenge". He heads the Asia Crime Prevention Foundation and has been recognized for his humanitarian efforts worldwide. Dr. Modi was conferred with a proclamation by the 108<sup>th</sup> Congress, in New York, USA and is a Member of the International Advisory Board, Global Corp Governance Research Center of the Conference Board, New York, USA. He was appointed by United Nations as a coordinator for the Indian sub-continent for the Millennium World Peace Summit, New York, USA. Dr. Modi is a Founder Member of the Asian Business Council, Hong Kong, Chairman, Asia Crime Prevention Foundation, India Chapter Tokyo Japan. He was also the President of Maha Bodhi Society of India and Chairman of World Council of Spiritual & Religious Leaders. Dr. Modi did not hold any shares of the Company as on 30<sup>th</sup> June 2010.

##### Mr. Dilip Modi, Managing Director

**Mr. Modi**, born on 12<sup>th</sup> March 1974, is an alumni of the Brunel University, London, UK, having graduated with First Class Honours in Bachelor of Science (Management & Technology) in 1995. He has also done his Master's in Business Administration from the Management School, Imperial College, London, UK, with specialisation in Finance. Mr. Modi started his professional career in 1996, working closely with McKinsey & Company to help restructure the B.K Modi group businesses. Mr. Modi has worked with Spice Corp taking on different roles and responsibilities and playing an instrumental role in its growth. In addition to providing executive and management oversight, he is directly responsible for overseeing the Spice Group entry into emerging businesses of retailing, onshore business, process outsourcing and telecom value added services. Mr. Modi was the Chairman and Managing Director of Spice Communications Limited, a one of the leading service provider in the states of Punjab & Karnataka for a period of 3 (three)





years. He led the task of building 'Spice Telecom' into one of the most valuable and enduring brands. He has also worked actively from 1998 in building Modi Telstra Limited [India's first cellular service provider in partnership with Telstra] in the city of Kolkata. He held various positions in Modi Telestra Limited and became its Chairman in July 1999. Mr. Modi is Sr. Vice President (precedent designate) of Associated Chamber of Commerce (ASSOCHAM). Mr. Modi has held the positions of Chairman, Cellular Operators Association of India ("COAI") for the year 2004-2005, the industry organization of mobile telephony operators of the country; Chairman, Retail Committee of Associated Chamber of Commerce ("ASSOCHAM") and has also been actively involved with the GSM World Congress. He held 10 lacs shares of the Company as on 30<sup>th</sup> June 2010.

#### **Ms. Preeti Malhotra, Executive Director**

Ms. Malhotra, born on 9<sup>th</sup> April 1964, holds a Bachelor's (Hons.) Degree Commerce from Delhi University and is also a law graduate from Law Faculty, Delhi University. She is a fellow member of the Institute of Company Secretaries of India ("ICSI"). She has over 20 years of varied experience in the fields of secretarial, legal, taxation and corporate affairs. Previously she was Group President, Corporate Affairs, and held leadership positions in Spice Communications Limited, Xerox Modicorp Limited, Modi Telstra Limited and Spice Corp Limited etc., where she undertook restructuring initiatives including mergers, takeovers, joint venture collaborations and initial public offerings etc. Ms. Malhotra was the President of the ICSI and was the first woman to be elected as President amongst the premier national professional bodies in India. She is presently a Council Member of the ICSI and was elected as a Central Council Member for two (2) successive terms for the period from 2004-2010. Ms. Malhotra was a member of the Dr. JJ Irani Expert Committee constituted by the Ministry of Corporate Affairs, Gol and was also a member of Indo-UK task force constituted by the Ministry of Company Affairs, Gol. She is presently the Chairperson of the National Committee of Corporate Governance and CSR of Associated Chambers of Commerce ("ASSOCHAM") and Chairperson of Corporate Law and Governance Committee of ICSI. Ms. Malhotra was awarded the prestigious Bharat Nirman Talented Ladies Award in the field of Profession in the year 2003 and Vocational Service Excellence Award by Rotary Club of New Delhi in the year 2009. She held 2,16,243 shares of the Company as on 30<sup>th</sup> June 2010.

#### **Mr. Kashi Nath Memani, Independent Director**

Mr. Memani, born on 1<sup>st</sup> January 1939, holds Bachelors' degree in Commerce from Calcutta University and is fellow member of the Institute of Chartered Accountants of India ("ICAI") and was Chairman and Country Managing Partner, Ernst and Young, India until March 31, 2004. He was also member of Ernst and Young Global Council for 10 years. Mr. Memani specializes in business and corporate advisory, foreign taxation, financial consultancy etc. and is consulted on the corporate matters by several domestic and foreign companies. He was also member of various committees of ICAI. For two (2) consecutive years, Mr. Memani was on the External Audit Committee ("EAC") of the International Monetary Fund and was appointed the Chairman of EAC for the year 1999-2000, the first Indian to be appointed in the committee. Previously, Mr. Memani has been the Chairman of American Chamber of Commerce in India and former President of Indo American Chamber of Commerce and PHD Chamber of Commerce and Industry. Presently, he is also member of managing committees of Federation of Indian Chambers of Commerce and Industry, ASSOCHAM, PHD Chamber of Commerce and Industry. Mr. Memani was co-chairman of New Company Law Drafting Committee i.e. the Dr. J.J. Irani Committee and first chairman of Quality Review Board, both set-up by Gol. He did not hold any shares of the Company as on 30<sup>th</sup> June 2010.

#### **Mr. Krishan Lal Chugh, Independent Director**

Mr. Chugh, born on 13<sup>th</sup> September 1937, holds a Bachelor's Degree in Mechanical Engineer from Delhi University. Mr. Chugh was Chairman of ITC Group from November 1991 to December 1995. On retirement from the ITC Group, he was honored with the title of Chairman Emeritus – ITC. Mr. Chugh is credited with the creation of ITC Bhadrachalam Paperboards, a paperboard mill, set up in the remote tribal area of Andhra Pradesh. Prior to joining ITC Group, Mr. Chugh worked for 10 years in the public sector, with Heavy Engineering Corporation. Mr. Chugh was elected by Business Week as CEO Asia for the year 1994 and was elected amongst the top two (2) Indian CEOs in 1993 by Business World. He was elected one of the five (5) "Tobacco Men" of the year by World Tobacco International. Mr. Chugh was a director on the Central Board of the Reserve Bank of India. He was also the Chairman, ASSOCHAM Knowledge Millennium Council. He holds 80,944 shares of the Company as on 30<sup>th</sup> June 2010.

#### **Mr. Subroto Chattopadhyay, Independent Director**

Mr. Chattopadhyay, born on 4<sup>th</sup> September 1958, holds a Bachelor's (Hons.) degree in Economics from St. Xavier College, University of Kolkata. He has also completed a course in Finance for Senior Management BAT from University of Michigan. He is Chairman of the Penninsula Foundation and Audit Bureau of Circulations and Trustee of Techno Serve of India. He is a member of Indian Polo Association and is associated with Sri Arbindo Society in Pondicherry. He has worked for 28 years at management positions in Brooke Bond Limited (Unilever), British American Tobacco Industries (ITC Limited), PepsiCo Inc. and RPG Enterprise. His experience covers food and beverage industry. He taught in ASCI and ISB in Hyderabad and Indian Institute of Management, Bangalore. He has produced "The Japanese Wife" and published music albums with the likes of Ustad Amjad Ali Khan. He did not hold any shares of the Company as on 30<sup>th</sup> June 2010.

**List of Directorship in other Companies as on 30<sup>th</sup> June 2010**

<b>Dr.Bhupendra Kumar Modi</b>	<b>Mr. Dilip Modi</b>	<b>Ms. Preeti Malhotra</b>	<b>Mr. Kashi Nath Memani</b>	<b>Mr. Krishan Lal Chugh</b>	<b>Mr. Subroto Chattopadhyay</b>
<ul style="list-style-type: none"> <li>• Spice Digital Ltd.</li> <li>• Spice Televentures Pvt. Ltd.</li> <li>• Spice Impex Pvt. Ltd.</li> <li>• Spice Innovative Technologies Pvt.Ltd.</li> <li>• Spice Investments &amp; Finance Advisors Pvt. Ltd.</li> <li>• G.M. Modi Hospitals Corporation Pvt. Ltd.</li> <li>• Spice Internet Service Provider Pvt. Ltd.</li> <li>• Buddha Films Ltd.</li> <li>• Shenzhan Spice Indian Food Management Ltd.</li> <li>• Mcorp (Europe) Ltd.</li> <li>• Spice Global Holding Pte. Ltd.</li> <li>• Spice i2i Ltd. (Formerly MediaRing Ltd.)</li> <li>• Mcorp Investments Pte. Ltd.</li> <li>• Spice Global Pte. Ltd.</li> <li>• Spice Circle Pte. Ltd.</li> <li>• Spice-CSL Pte. Ltd.</li> <li>• Spice Bulls Pte. Ltd.</li> <li>• Spice Studios Pte. Ltd.</li> <li>• Spice Mobile VAS Pte. Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>• Spice Televentures Pvt. Ltd.</li> <li>• Spice Global Investments Pvt. Ltd.</li> <li>• Mobisoc Technology Pvt. Ltd.</li> <li>• Spice Retail Ltd.</li> <li>• Spice Distribution Ltd.</li> <li>• Spice Digital Ltd.</li> <li>• Bharat BPO Services Ltd.</li> <li>• Spice Global Holdings Pte. Ltd.</li> <li>• Hindustan Retail Pvt. Ltd.</li> <li>• Spice Investments &amp; Finance Advisors Pvt. Ltd.</li> <li>• Spice Labs Pvt. Ltd.</li> <li>• Spice Infrastructure Ltd.</li> <li>• G. M. Modi Hospitals Corporation Pvt. Ltd.</li> <li>• Spice VAS (Africa) Pte. Ltd.</li> <li>• Spice Global Holding Pte. Ltd.</li> <li>• Spice i2i Ltd.</li> <li>• Spice-CSL Pte. Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>• Spice Digital Ltd.</li> <li>• Spice Investments &amp; Finance Advisors Pvt. Ltd.</li> <li>• Spicebulls Investments Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>• Aegon Religare Life Insurance Company Limited</li> <li>• DLF Limited</li> <li>• Great Eastern Energy Corporation Limited</li> <li>• ICICI Venture Funds Management Company Limited</li> <li>• National Engineering Industries Limited</li> <li>• HT Media Ltd.</li> <li>• Chambal Fertilisers &amp; Chemicals Ltd.</li> <li>• Spice Digital Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>• Gati Ltd.</li> <li>• Sandhar Technologies Ltd.</li> <li>• Bharat BPO Services Ltd.</li> <li>• Fozal Power Pvt. Ltd.</li> <li>• Kullu Valley Power Pvt. Ltd.</li> <li>• Solaryan Technologies Pvt. Ltd.</li> <li>• Spice Digital Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>• Audit Bureau of Circulations Ltd.</li> <li>• Plus Paper Foodpac Ltd.</li> <li>• Spice Digital Ltd.</li> </ul>



Chairman/Member of the Committees of the Boards of other Companies on which he/she is a Director as on 30 <sup>th</sup> June 2010					
Dr. Bhupendra Kumar Modi	Mr. Dilip Modi	Ms. Preeti Malhotra	Mr. Kashi Nath Memani	Mr. Krishan Lal Chugh	Mr. Subroto Chattopadhyay
<b>Investor's Grievance Committee</b> Chairman • Spice Digital Ltd. <b>Remuneration Committee</b> Chairman • Spice Digital Ltd. <b>Executive Committee</b> Chairman • Spice i2i Ltd. <b>Shareholders Value Enhancement Committee</b> Chairman • Spice i2i Ltd.	<b>Audit Committee</b> Chairman • Mobisoc Technology Pvt. Ltd. Member • Spice Digital Ltd.	<b>Audit Committee</b> Member • Spicebulls Investments Ltd. <b>Investors' Grievances Committee</b> Member • Spicebulls Investments Ltd. • Spice Digital Ltd. <b>Remuneration Committee</b> Chairman • Spicebulls Investments Ltd	<b>Audit Committee</b> Chairman • HT Media Ltd. • DLF Ltd. • ICICI Venture Funds Management Co. Ltd. • Aegon Religare Life Insurance Company Ltd. Member • National Engineering Industries Ltd. • Chambal Fertilisers & Chemicals Ltd. • Great Eastern Energy Corp. Ltd. • Spice Digital Ltd. <b>Investors' Grievances Committee</b> Member • Great Eastern Energy Corp. Ltd. <b>Nomination/Remuneration/ Compensation Committee</b> Chairman • Aegon Religare Life Insurance Company Ltd. Member • Great Eastern Energy Corp. Ltd. • HT Media Ltd. • ICICI Venture Funds Management Co. Ltd. • Chambal Fertilisers & Chemicals Ltd. • Spice Digital Ltd. <b>IPO Committee</b> Member • Great Eastern Energy Corp. Ltd. <b>Clause 41 Committee</b> Member • HT Media Ltd. <b>Corporate Governance Comm.</b> Member • DLF Ltd. • ICICI Venture Funds Management Co. Ltd. <b>Special Committee</b> Member • DLF Ltd. <b>Policy Holder Protection Committee</b> Member • Aegon Religare Life Insurance Company Ltd. <b>Ethics &amp; Compliance Comm.</b> Member • Aegon Religare Life Insurance Company Ltd.	<b>Compensation Committee</b> Chairman • Gati Ltd. <b>Remuneration Committee</b> Member • Spice Digital Ltd.	<b>Audit Committee</b> Member • Spice Digital Ltd. <b>Remuneration Committee</b> Member • Spice Digital Ltd.



# ANNUAL REPORT 2009-10





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1

## CHAIRMAN'S MESSAGE

Dear Shareholders,

It gives me great pleasure to address all of you at the conclusion of a very eventful year for your company. We have reported strong operating results and continued our focus on a number of high impact strategic initiatives that positions us well for strong growth in the years to come.

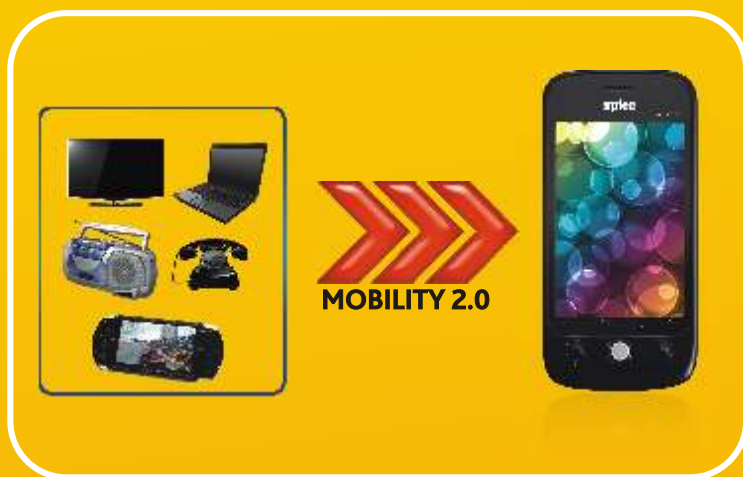
Your company has delivered excellent results in FY09-10 resulting in gross revenues of ₹1,048 crores, with an EBITDA of ₹109.3 crores and PAT of ₹70.5 crores. Our strong and efficient operations are reflected in our EBITDA increasing over 50 times. As part of your company's continuing endeavour to share its success with all its shareholders, the Board of Directors have recommended a dividend payout of 50% on the paid up equity share capital of the company.

I must share with you at this point, that the significant improvement in performance of the company may be attributed to greater focus in achieving operating efficiencies, cost containment, concentration on products with high margins, greater investments in building the brand and by further ramping up our distribution channels & service network. It is with much pride that I would like to share that your company offers mobility devices across nearly 50,000 retail points backed up by a network of more than 300 service counters across all major cities and towns in India. We are confident that the strategic initiatives we have undertaken will continue to improve our operating performance year after year.





## CHAIRMAN'S MESSAGE



## KEY SHIFTS IN DIGITAL CONSUMPTION PATTERN

### From

#### > Devices

Multiple stand-alone devices often shared in the family e.g., TVs, Radio/Music Players, PCs, Phones, etc..

#### > Retail

Low penetration of organised retail in consumer devices

#### > Value Added Services

First-generation services e.g., Ringtones and Caller Tunes

### To

#### > Devices

Mobile phones/small screen devices achieve highest penetration as a personalised device

#### > Retail

Specialised mobility retailers thrive in the organised world and new formats emerge e.g., digital/virtual stores

#### > Value Added Services

2<sup>nd</sup> generation services e.g., music, video gaming and 3<sup>rd</sup> generation utilities e.g., mPayments, mHealth, mEducation take off

## CREATION OF SPICE MOBILITY & THE SCHEME OF AMALGAMATION

To add further value to your company's business, one of the key strategic initiatives we launched this year was the creation of Spice Mobility through the merger of Spice Televentures with Spice Mobiles. The Board of Directors proposed a Scheme of Amalgamation of Spice Televentures Pvt. Ltd. with the Company in January 2010. The result of the amalgamation will see the unlocking of the true potential of the company, as well as create an integrated business of mobility offering devices, Mobile VAS, Digital Lifestyle retail and Mobile Internet Apps.

The merger is currently under way and the scheme of amalgamation has been approved by the shareholders, creditors and Hon'ble High Court of Allahabad and we hope to conclude the process by September end, post the approval from the Hon'ble High Court of Delhi. Subsequent to the completion of the merger, Spice Retail, Spice Digital and Spice Labs which were subsidiaries of Spice Televentures Pvt. Ltd. will become subsidiaries of Spice Mobility Ltd.



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3

## CHAIRMAN'S MESSAGE



**CSL'S TIME IS NOW. CONNECTED SPICE LIFE. SIGNIFYING A CONNECTED WORLD. WHICH IS WHAT SPICE MOBILITY STRIVES TO ACHIEVE THROUGH THE OVERALL DELIVERY OF PRODUCTS AND SERVICES UNDER ONE MOBILITY.**

### OUTLOOK

Our emphasis going forward will be to drive growth both organically and inorganically. Expanding our portfolio, we aim at introducing quality offerings, relevant to our target consumers, at the correct price. We plan to invest significantly to expand our reach and presence in target geographies, both domestically and internationally. I am confident that we will meet again next year with an even better performance, which will make all of us proud. I congratulate the team of your company on its success.

Thank you!

Dr. Bhupendra Kumar Modi  
30th August, 2010

# SPICE MOBILITY LIMITED

(Formerly Spice Mobiles Limited)

## BOARD OF DIRECTORS

Dr. Bhupendra Kumar Modi  
*Chairman*

Mr. Dilip Modi  
*Managing Director*

Ms. Preeti Malhotra  
*Executive Director & Company Secretary*

Mr. Kashi Nath Memani  
*Independent Director*

Mr. Krishan Lal Chugh  
*Independent Director*

Mr. Subroto Chattopadhyay  
*Independent Director*

## BOARD COMMITTEES

### I) Audit Committee

Mr. Kashi Nath Memani  
*Chairman*

Mr. Subroto Chattopadhyay  
Mr. Dilip Modi

### II) Remuneration Committee

Dr. Bhupendra Kumar Modi  
*Chairman*

Mr. Kashi Nath Memani  
Mr. Krishan Lal Chugh  
Mr. Subroto Chattopadhyay

### III) Investors' Grievance Committee

Dr. Bhupendra Kumar Modi  
*Chairman*

Ms. Preeti Malhotra

## CHIEF EXECUTIVE OFFICER

Mr. Kunal Ahooja

## CHIEF FINANCIAL OFFICER

Mr. Manish Pengoriya

## REGISTERED & HEAD OFFICE

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

## FACTORY

Village Billanwali, Baddi P. O, Teh. Nalagarh,  
Distt. Solan, Himachal Pradesh - 173205

## AUDITORS

**M/s S. R. Batliboi & Co.**

Chartered Accountants

Golf View Corporate Tower - B  
Sector 42, Sector Road  
Gurgaon – 122 002 (Haryana)

## REGISTRAR & SHARE TRANSFER AGENT

**MAS Services Ltd.**

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

## BANKERS

HDFC Bank Limited

IndusInd Bank Limited

## CONTENTS

Directors' Report	5
Management Discussion & Analysis Report	8
Corporate Governance Report	12
Financial Statements	
• Auditors' Report	23
• Balance Sheet	26
• Profit & Loss Account	27
• Cash Flow Statement	28
• Schedules forming part of Balance Sheet and Profit & Loss Account	29
• Notes to the Accounts	37
• Balance Sheet Abstract & Company's General Business Profile	53
• List of Regional Distributors	54
Human Capital @ Spice	58



## DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Twenty Second Annual Report together with the audited Statement of Accounts for the financial year ended on 31<sup>st</sup> March 2010.

### FINANCIAL RESULTS

PARTICULARS	For the year ended 31.03.2010 (12 months) (Rs. '000)	For the period ended 31.03.2009 (15 months) (Rs.'000)
<b>Net Turnover and Other Income</b>	<b>10,482,930</b>	<b>6,778,232</b>
Profit before Financial Expenses, Depreciation & Tax	1,093,487	49,697
Financial Expenses	10,736	26,825
Profit after Financial Expenses but before Depreciation & Tax	1,082,751	22,872
Depreciation	10,757	7,206
<b>Profit before Tax</b>	<b>1,071,994</b>	<b>15,666</b>
Current Tax	360,600	9,901
Fringe Benefit Tax	—	2,884
Deferred Tax Charge/(Credit)	6,312	(7,379)
<b>Net Profit</b>	<b>705,082</b>	<b>10,260</b>
Balance brought forward from previous year	170,022	183,339
<b>Profit available for appropriation</b>	<b>875,104</b>	<b>193,599</b>
Proposed dividend	111,957	20,152
Tax on dividend	19,027	3,425
Transfer to General Reserve	70,508	—
<b>Surplus carried to Balance Sheet</b>	<b>673,612</b>	<b>170,022</b>

The Board of Directors are pleased to state that during the year ended on 31<sup>st</sup> March 2010, the Company has made best use of the market forces and has taken advantage of the business opportunities that has come its way. During the 12 months period under review, the Net Turnover of the Company was Rs. 10,482.93 million as against previous period of 15 months' Net Turnover of Rs. 6,778.23 million. The Profit after tax for the year was Rs. 705.08 million as compared to Rs. 10.26 million during the previous period of 15 months ended on 31<sup>st</sup> March 2009. The improvement in performance of the Company may be attributed to greater focus on achieving operating efficiencies, cost containment and concentration on products with high margins. Today, the Company has a substantial presence and market share in India and strong presence in countries such as Nepal, Bangladesh, Sri Lanka and Uganda amongst several other markets.

### DIVIDEND

Your Directors are pleased to recommend a dividend @ 50% on the paid-up Equity Share Capital of the Company (i.e. @ Rs. 1.50 per share) for the year ended on 31<sup>st</sup> March 2010.

### COMMENCEMENT OF MANUFACTURING FACILITY FOR MOBILE HANDSETS AT BADDI, HIMACHAL PRADESH

During the year under review, the Company commenced the manufacturing of Mobile Handsets at the factory premises of the Company situated at Baddi, Distt. Solan, Himachal Pradesh. With this, the Company became the first Indian Mobile Phone brand to commence local manufacturing of mobile phones in India. With lower manufacturing cost of handsets and economies of scale, the Company would be able to tap a larger share of the Mobile Handsets market. This will also enable the Company to create an aspirational brand at the entry level mobile phones, by offering affordable yet feature rich handsets with innovative solutions and pre-embedded contents. This would result in increased competitiveness and raising the returns on deployed capital.

### LISTING OF SECURITIES

The Equity Shares of the Company are presently listed on The Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The Annual Listing Fee for the Year 2010-11 has been paid to the stock exchanges.

## **CHANGE OF NAME OF COMPANY**

The name of the Company was changed from 'Spice Mobiles Ltd.' to 'Spice Mobility Ltd.' with effect from 7<sup>th</sup> June 2010. The new name of the company reflects the wide diversity of business that it transacts and undertakes including mobile devices, technology, development, trade and services.

## **HOLDING COMPANY**

During the year ended on 31<sup>st</sup> March 2010, Spice Televentures Private Limited (STPL), presently our holding Company has made an open offer to the equity shareholders of the Company as required under the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997. Post closure of the open offer by STPL and acquisition of entire shareholding of other promoters, STPL is now holding 63.25% of the paid up capital of the Company and has become holding company of the Company w.e.f. 11<sup>th</sup> July 2009.

## **AMALGAMATION OF SPICE TELEVENTURES PRIVATE LIMITED WITH THE COMPANY**

With the view to achieve synergies of operations, optimum utilization of resources and control of costs, the Board of Directors decided to amalgamate Spice Televenture Pvt. Ltd. with Spice Mobility Limited w.e.f. 1<sup>st</sup> January 2010.

The Company filed an application with the Hon'ble High Court of Allahabad and the application has also been filed by Spice Televentures Pvt. Ltd. with the Hon'ble High Court of Delhi for their approval to the said amalgamation.

The Hon'ble High Court of Allahabad by its order dated 26<sup>th</sup> August 2010 sanctioned the Scheme of Amalgamation between Spice Televentures Pvt. Ltd. and Spice Mobility Limited. The matter is now listed for hearing with Hon'ble High Court of Delhi on 24<sup>th</sup> September 2010.

## **SUBSIDIARIES**

Presently, there are no subsidiaries of the Company. Post amalgamation of Spice Televentures Private Limited with the Company (as mentioned above), all the subsidiaries of Spice Televentures Private Limited shall become the subsidiaries of the Company.

## **FIXED DEPOSITS**

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

## **CONSOLIDATED FINANCIAL STATEMENTS**

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

## **DIRECTORS**

Mr. Parikshit Bhasin resigned from the Board of Directors w.e.f. 28<sup>th</sup> October 2009 and Mr. Subramanian Murali was appointed on 29<sup>th</sup> October 2009 as Director in casual vacancy caused by the resignation of Mr. Bhasin. Mr. Radha Krishna Panday, Mr. Ram Nath Bansal, Mr. Kunal Ahooja and Mr. Vivek Bali resigned from the Board of Directors w.e.f. 23<sup>rd</sup> April 2010. Mr. Subramanian Murali and Mr. Hanif Mohamed Dahya resigned from the Board w.e.f. 24<sup>th</sup> April 2010. The Board of Directors place on record its sincere appreciation for the guidance and assistance provided by them during their tenure as Directors of the Company.

Mr. Krishan Lal Chugh, retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

Dr. Bhupendra Kumar Modi, Mr. Kashi Nath Memani, Mr. Subroto Chattopadhyay and Ms. Preeti Malhotra were appointed as Additional Directors on the Board of the Company on 24<sup>th</sup> April 2010. In terms of Section 260 of Companies Act, 1956, they shall hold office upto the date of ensuing Annual General Meeting and are eligible for appointment as Directors of the Company. The Company has received notices under Section 257 of the Companies Act, 1956, alongwith the requisite deposit from the Shareholders proposing their candidature for the office of the Director of the Company, liable to retire by rotation. Further, Mr. Dilip Modi and Ms. Preeti Malhotra have been appointed as Managing Director and Executive Director of the Company respectively w.e.f. 24<sup>th</sup> April 2010.

## **DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to the requirement under Section 217(2AA), of the Companies Act, 1956, with respect to the Directors' Responsibility Statement, the Directors hereby confirm that:

- (i) in the preparation of annual accounts for the year ended 31<sup>st</sup> March 2010, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March 2010 and of the profit of the Company for the year ended on that date;



- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- (iv) the Directors have prepared the annual accounts on a going concern basis.

## **AUDITORS AND AUDITORS' REPORT**

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

The Company has received letters from them to the effect that their reappointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for reappointment within the meaning of Section 226 of the said Act.

There has been a slight delay in a few cases of deposit of statutory dues as per the Auditors' Report. The Company is further strengthening its processes so that even such minor delays do not occur in future. The Notes to Accounts referred to in the Auditors' Report are self explanatory and do not call for any further comments.

## **CORPORATE GOVERNANCE**

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

## **CASH FLOW ANALYSIS**

In conformity with the provisions of Clause 32 of the Listing Agreement, the Cash Flow Statement for the year ended on 31<sup>st</sup> March 2010 is annexed hereto.

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

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

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

The particulars relating to energy conservation, technology absorption, foreign exchange earnings and outgo as required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, are annexed hereto in Annexure-B and forms an integral part of this report.

## **PARTICULARS OF EMPLOYEES**

In terms of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975, as amended, the names and other particulars of the employees who, if employed throughout the year were in receipt of remuneration of Rs. 24,00,000 per annum or if employed for a part of financial year, were in receipt of remuneration at Rs. 2,00,000 per month are set out in Annexure-C, and forms an integral part of this report.

## **ACKNOWLEDGEMENT**

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

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

(Dr. Bhupendra Kumar Modi)  
Chairman

Date : 30<sup>th</sup> August 2010



## ANNEXURE - A

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

#### 1. BUSINESS SEGMENT: TELECOMMUNICATIONS - MOBILES

##### a) Industry structure and developments

The Indian telecommunications industry is the world's fastest growing telecommunications industry, with 671.69 million telephone (landlines and mobile) subscribers and 635.51 million mobile phone connections as of June 2010. It is also the second largest telecommunication network in the world in terms of number of wireless connections after China. The Indian Mobile subscriber base has increased in size by a factor of more than one-hundred since 2001 when the number of subscribers in the country was approximately 5 million to 635.51 million in June 2010.

##### b) Opportunities

India has a user base of over 500 million subscribers across the country with 10 million new users being added every month. Increasing demand from working professionals and consumers looking forward to garner more value from the same device will help the demand for converged devices grow. Also we believe that the identification of specific consumer segments and the provision of customized products and services to such segments will differentiate us from our competitors and increase customer loyalty. The Company, therefore, focuses on creating value for money in the entire product line-up i.e. offer more features across categories. Our current portfolio stands at 40 products which cover all the segments - Colour/ FM / Music /Camera / Bluetooth / CDMA / Dual / Qwerty Smartphones / Pocket PC phone and Android platform based Smartphones.

Further, the Company has also introduced 3G handsets and plans to introduce more handsets once the operators start the services. The expected launch of 3G, which will provide better network speed, will meet the entertainment and multimedia needs of business consumers and style-conscious users in the long run. In this context, we foresee Android OS based phones as next big phenomena. We intend to launch affordable Smartphones based on this platform. The Company has also invested in building a strong portfolio of Qwerty Smartphones and OMH CDMA products.

We are now on the verge of taking advantage of global opportunities. The Company has already started operations in Nepal, Bangladesh, Sri Lanka and Uganda. As part of our global business strategy, we will shortly be expanding to other markets like Afghanistan and Zimbabwe. These markets are similar to India with low margins and high volumes.

##### c) Threats, Risk & Concern

The handset industry is fiercely competitive as more and more new players enter the market. Aggressively controlled cost cutting measures taken by the end customers have shifted more focus of the Industry on the entry end segment thus impacting the average revenue per handset. However, it is believed that this impact on the mobile phone industry would be short term as India is expected to witness phenomenal growth in this sector. On the technology front, the delay in the 3G rollout in India has impacted the business opportunity from the high end segment and hence impacting average revenue per handset.

##### d) Product Performance

All Spice products launched have got very good response and appreciated by industry and research organizations. The products have been developed considering Indian customer needs and usage trends and launched at affordable prices. The Company created history by launching three products which are India's first products. Two products are India's first Dual phones with Pocket PC, one with GSM+GSM and other is GSM+CDMA. Third product is feature loaded Gaming GSM phone with gaming console. The Company is making continuous efforts to add many more innovations in its product portfolio considering customer's requirements.

##### e) Outlook

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

- **Marketing**

Keeping in mind the strong, energetic and growing persona of brand Spice, Ms Sonam Kapoor, a leading Bollywood actress has been engaged as the new face of Spice Mobility. A vivacious actress, Sonam Kapoor is the perfect fit for the ethos and belief of smart thinking. As a brand ambassador for Spice Mobility, she will play a vital role in building a strong bond with Indian consumers. Spice will continue to benefit with the association with the actress who is one of the brightest emerging stars of the Indian Film Industry with a lot of potential and successful movies to her credit.



- **Sales & Distribution**

With our concentrated focus on the rural and up-country markets, we have successfully established a pan-India distribution network through officially appointed Regional Distributors and down below Micro Distributors. Our strategy to minimize tiers of distribution and pass on the margin to the Regional, Micro Distributors and Retailers has complimented us in ensuring increased profitability and larger transparency to our channel partners.

- **Product**

To provide value-added products with differentiated features and customized content at affordable price in GSM, 3G, CDMA, Dual SIM, Qwerty products and Smart Phones across various platforms.

- **After Sales Service**

Spice team gets driven by the philosophy of 'Customer First - Always'. The current year saw a huge expansion in the service network. 101 authorized service centers were opened up in the year to take total number of centers to 330 by end of March 2010.

- **Intellectual Property Development**

Our management team has in-depth industry knowledge and extensive managerial experience in Mobile phones business and operations. We have structured our operations to enable and encourage decision-making and empowerment at various levels and have invested in our human resources' and have a performance driven reward system. We seek to constantly train our employees and utilize information technology to improve our operations.

## 2. BUSINESS SEGMENT – OTHERS

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

## 3. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has in place adequate systems of internal control commensurate with its size and the nature of its operations. These have been benchmarked against best practices and have been designed to provide reasonable assurance with regards to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorized use or losses, prevention and detection of fraud, executing transactions with proper authorization and ensuring compliance of corporate policies.

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

The internal audit is carried out based on an internal audit plan, which is reviewed each year in consultation with the Statutory Auditors and the Audit Committee. The planning and conduct of internal audit is oriented towards the review of controls in the management of risks and opportunities in the Company's activities. The internal audit process is designed to review the adequacy of internal control checks in the system and covers all significant areas of the Company's operations such as sales, purchases, inventory, debtors, creditors, fixed assets and also their protection against unauthorized use.

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

## 4. FINANCIAL PERFORMANCE

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

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

## 5. TALENT DEVELOPMENT

The Human Resources initiatives of the Company were given a new boost this year in order to keep pace with the changing global scenario. We as a group undertook the Initiative called "Chrysalis" which entailed two sub-projects. One was about the Winning Organisation and other was a Leadership Imperative. By virtue of the Winning Organisation, we created a baseline of employee engagement level. Next step would be to follow through this year in terms of action planning for enhanced engagement

level. Leadership Imperative helped work groups to create the baseline of existing competencies and create a comprehensive competency framework required for growth of Spice Mobility.

Other new initiatives taken this year include the Sales Staff Training Scheme, which aims to bring new blood into the organization and develop them into Future Managers. Plans are also being created to timely reward and recognise star performers through a quarterly performance.

The appraisal system has been re-defined and has been made more objective with the intention of increasing the productivity of each and every employee & capturing training needs of the employees. HR also intends to design clear career paths and succession plan for its key employees.

The Company has 180 on roll employees as on 31<sup>st</sup> March 2010.

## 6. HEALTH & SAFETY MEASURES

The Company continues to focus on the health and safety of its workers and staff at its factories and establishments. Adequate safety measures for prevention of any untoward incident have already been taken care of. We are very conscious about proper health management at all levels as a part of Human Resource Development Programme. We have also taken Group Medclaim and Accidental Insurance for our employees.

## 7. CAUTIONARY STATEMENT

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

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

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## ANNEXURE-B

### STATEMENT OF PARTICULARS UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

#### (A) Conservation of Energy

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

#### (B) Technology Absorption

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

##### FORM B

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

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

No R&D was carried out during the period.

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

Not Applicable

#### 3. Future plan of action

To add some more technical skills to provide better solutions to customers.

#### 4. Expenditure on R&D

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



## Technology absorption, adaptation and innovation

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

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

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

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

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

- Technology imported : N. A.
- Year of Import : N. A.
- Has technology been fully absorbed : N. A.
- If not fully absorbed, areas where this has taken place, reasons therefore and future plan of action : N. A.

### (C) Foreign Exchange Earnings and Outgo

The Company used Foreign Exchange amounting to Rs. 83,847.64 Lacs and earned Foreign Exchange of Rs. 622.64 Lacs during the year under review.

## ANNEXURE-C

### PARTICULARS OF EMPLOYEES, AS PER SECTION 217 (2A) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2010

Name	Gross Remuneration (in Rs.)	Designation	Qualification	Age	Total Experience	Date of Joining	Last Employment Held
Mr. Kunal Ahooja	23,515,992#	Chief Executive Officer	B.A. (Hons.) Economics	50	25 Years	09.01.2005	Samsung India Ltd.
Mr. Kamal Sharma	2,791,271	General Manager	B.Tech	45	22 Years	13.05.2005	Samsung India Ltd.
Ms. Payal Gaba	2,894,410	General Manager	MBA	32	9 Years	01.06.2005	Samsung India Ltd.
Mr. Anuj Nangia	2,917,672	General Manager	MBA	32	9 Years	16.01.2009	Samsung India Ltd.
Mr. Shalabh Sharma*	1,857,319	General Manager	MBA	37	13 Years	03.09.2008	Reliance Communication Ltd.
Mr. Nitin Jagtap*	1,075,425	General Manager	Diploma in E&C+PGDBA	44	19 Years	09.11.2009	ACME Telepower Ltd.
Late Ms. Renu Gupta*	1,132,143	Company Secretary	Company Secretary	38	15 years	01.07.2006	Bougainvillea Multiplex & Entertainment Centre Pvt. Ltd.

#### Notes:

- Remuneration includes salary, incentives, expenditure incurred in connection with residential accommodation, house rent allowance, ex-gratia, reimbursement of medical expenses, Company's contribution towards provident fund etc. but does not include contribution made for gratuity and provision made for leave encashment.
- The nature of employment is contractual in all the above cases. Other terms and conditions are as per Company's rules.
- Above employees are not related to any Director of the Company.
- None of the employees holds 2% or more of the paid up equity share capital of the Company.
- The employees marked \* are employed for a part of the year. Remaining employees were employed through out the period from April 2009 to March 2010.
- # Salary include arrears of last year.

## CORPORATE GOVERNANCE REPORT

In compliance with the Corporate Governance requirements as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges, a Report containing details of the governance system and processes followed at Spice Mobility Ltd. for the financial year ended 31<sup>st</sup> March 2010 are given hereinbelow.

Corporate Governance Voluntary Guidelines 2009, released by the Ministry of Corporate Affairs provide the framework for corporate governance that may be adopted voluntarily by the Companies. At Spice, we have been adopting some of these voluntary guidelines such as separation of office of Chairman and CEO, constitution of Remuneration Committee etc.

### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Spice Mobility Limited is adopting high standards of excellence in Corporate Governance and believes that sound and efficient corporate governance practices are the basis for stimulating the performance of Company, maximizing its operational efficiency, achieving sustained productivity as well as enhancing investors' confidence. The four pillars of corporate governance i.e. transparency, fairness, disclosure and accountability, have always been central to the working of the Company, its management and its Board of Directors. Company's vision is "one step ahead of dreams of mobile society" and the Company believes that good Corporate Governance practices should be enshrined in all activities of the Company to realize this aspiration of ours. This would ensure efficient conduct of the affairs of the Company and help the Company to achieve its goal of maximizing value for all its stakeholders.

Spice understands and respects its responsibility towards all its stakeholders, which includes its esteemed customers, providers of capital, employees, those from whom we buy and through whom we sell and the society at large. Corporate Governance norms are an integral part of all our activities and are respected not just in letter, but more importantly, in spirit.

### 2. BOARD OF DIRECTORS

#### a) Composition of the Board

The Board of the Company is in conformity with Clause 49 of the Listing Agreement. The Company has an optimum combination of Executive and Non-Executive directors. The Chairman of the Board is a Non-Executive Director. The Board has been constituted in such a way that it has understanding and competence to deal with current emerging business issues and also ensuring Directors' commitment to participate in the affairs of the business of the Company. As on 31<sup>st</sup> March 2010, the Board consisted of eight (8) Directors, of which seven (7) are Non-Executive (includes four (4) Independent) and one (1) is Executive. The Non-Executive Directors were eminent professionals, drawn from amongst persons with experience in business, finance, law, marketing, branding and other key functional areas.

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

During the year ended 31<sup>st</sup> March 2010, the Board of Directors of the Company met five times on 12<sup>th</sup> May 2009, 22<sup>nd</sup> June 2009, 30<sup>th</sup> July 2009, 29<sup>th</sup> October 2009 and 30<sup>th</sup> January 2010. The intervening period between the Board Meetings were within the maximum time gap prescribed under Companies Act, 1956 and Clause 49 of Listing Agreement.

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

Necessary disclosures regarding committee positions in other Public Companies as at 31<sup>st</sup> March 2010 have been made by the Directors. The composition of the Board and position held by Directors on the Board / Committees of other public limited Companies, as on 31<sup>st</sup> March 2010 and their attendance at Board meetings and Annual General Meeting of the Company during the period under review is given below:

Name of Directors	Category	No. of Positions held in other Public Companies as on 31 <sup>st</sup> March 2010			Attendance at Board Meetings held during the period	Attendance at last AGM
		Board@	Committee@@			
			Membership	Chairmanship		
Mr.Dillip Modi	Non-Executive	6	1	-	5	Yes
Mr. Radha Krishna Pandey	Independent	11	2	2	5	Yes
Mr. Ram Nath Bansal	Independent	9	4	4	4	Yes
Mr. Krishan Lal Chugh	Independent	4	-	-	5	Yes
Mr. Vivek Bali	Non-Executive	4	1	-	4	No
Mr. Parikshit Bhasin*#	Non-Executive	2	-	-	-	No
Mr. Hanif Mohamed Dahya#	Independent	1	-	-	-	No
Mr. Kunal Ahooja	Executive	-	-	-	4	No
Mr. Subramanian Murali**	Non-Executive	5	2	1	2	N.A.



\*Mr. Parikshit Bhasin ceased to be a director of the Company w.e.f. 28<sup>th</sup> October 2009.

\*\*Mr. Subramanian Murali was appointed as Director in casual vacancy caused due to resignation of Mr. Parikshit Bhasin w.e.f. 29<sup>th</sup> October 2009.

# Mr. Parikshit Bhasin and Mr. Hanif Mohamed Dahya have sought leave of absence for not attending the Board Meetings respectively. The Board granted them the leave of absence.

@ Private Limited Companies, Foreign Companies and Companies under Section 25 of the Companies Act, 1956 are excluded for the above purpose.

@@ The committees considered for the purpose are those prescribed in the Listing Agreement, i.e. Audit Committee and Shareholders/Investors' Grievance Committee in other Public Limited Companies.

**Present Board of Directors:** The composition of Board of Directors of the Company was reconstituted as under at the meeting of Directors held on 24<sup>th</sup> April 2010.

Name of Directors	Category
Dr. Bhupendra Kumar Modi	Chairman
Mr. Dilip Modi	Managing Director
Ms. Preeti Malhotra*	Executive Director
Mr. Kashi Nath Memani	Non Executive Independent Director
Mr. Krishan Lal Chugh	Non Executive Independent Director
Mr. Subroto Chattopadhyay	Non Executive Independent Director

\*Ms. Preeti Malhotra was further appointed as Company Secretary and Compliance Officer of the Company w.e.f. 15<sup>th</sup> May 2010.

Note: Mr. Kunal Ahooja, Mr. Radha Krishna Pandey, Mr. Ram Nath Bansal & Mr. Vivek Bali has resigned from the Board w.e.f. 23<sup>rd</sup> April 2010 respectively and Mr. Hanif Mohamed Dahya & Mr. Subramanian Murali has resigned from the Board w.e.f. 24<sup>th</sup> April 2010.

### c) Information supplied to the Board

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

## 3. DIRECTORS' REMUNERATION

Remuneration / Sitting fee paid to Director(s) during the year ended 31<sup>st</sup> March 2010 is given below:

### a) Executive Director

(Amount in Rs.'000)

Name of Director	Salary	Contribution to Provident fund	Perquisites (at actual)	Total Salary
Mr. Kunal Ahooja	16,140	360	-	16,500

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

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

### b) Non-Executive Directors

(Amount in Rs.'000)

Name of Directors	Sitting Fee*
Mr. Radha Krishna Pandey	155
Mr. Ram Nath Bansal	75
Mr. Krishan Lal Chugh	40
<b>Total</b>	<b>270</b>

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



The details of the shares of the Company held by Non-executive Directors as on 31<sup>st</sup> March 2010 are set out here in below:

<b>Name of Directors</b>	<b>No. of Shares</b>
Mr. Dillip Modi	10,00,000
Mr. Radha Krishna Pandey	NIL
Mr. Ram Nath Bansal	NIL
Mr. Krishan Lal Chugh	65,709
Mr. Vivek Bali	NIL
Mr. Hanif Mohamed Dahya	NIL
Mr. Subramanian Murali	20,000

There were no other pecuniary relationships or transactions of the Non-Executive Directors vis-à-vis the Company. None of the Directors of the Company has any relationship with other Directors of the Company except Dr. Bhupendra Kumar Modi and Mr. Dilip Modi, who are relative of each other within the meaning of Schedule IA of the Companies Act 1956.

#### **4. DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT**

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

#### **5. BOARD COMMITTEES**

##### **Audit Committee**

##### **a) Constitution of the Committee:**

As a measure to good Corporate Governance and to provide assistance to the Board of Directors fulfilling the Board's oversight responsibilities, an Audit Committee has been constituted as per Section 292A of the Companies Act, 1956 and the provisions of Clause 49 of the Listing Agreement. The Committee acts as a link between the management, the statutory and internal auditors and the Board of Directors. The Audit Committee is responsible for effective supervision of the financial reporting process, ensuring financial and accounting controls and ensuring compliance with the financial policies of the Company. The Committee reviews the financial statements with special emphasis on accounting policies and practices, compliance with Accounting Standards, the related party transactions under AS 18 as per the requirement of Listing Agreement and other legal requirements concerning financial statements before they are submitted to the Board. The terms of reference of the Audit Committee includes the matters specified under Clause 49 (II) of the Listing agreement.

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

##### **b) Composition and Meetings of the Committee:**

As on 31<sup>st</sup> March 2010, the Audit Committee comprised of four Independent and one Non-Executive Director. The Chairman of the Committee is an Independent Director. All members of the Committee possess financial/accounting expertise.

Members of the Audit Committee met five (5) times during the year on 12<sup>th</sup> May 2009, 22<sup>nd</sup> June 2009, 30<sup>th</sup> July 2009, 29<sup>th</sup> October 2009 and 30<sup>th</sup> January 2010.

The composition of Audit Committee as on 31<sup>st</sup> March 2010 and attendance at the meetings held during the year is as follows:

<b>Name of Directors</b>	<b>Designation</b>	<b>Category</b>	<b>Attendance at the meetings held during the year ended 31<sup>st</sup> March 2010</b>
Mr. Ram Nath Bansal	Chairman	Non-Executive Independent Director	4
Mr. Radha Krishna Pandey	Member	Non-Executive Independent Director	5
Mr. Hanif Mohamed Dahya	Member	Non-Executive Independent Director	-
Mr. Krishan Lal Chugh*	Member	Non-Executive Independent Director	2
Mr. Subramanian Murali**	Member	Non-Executive Director	1

\*Appointed as Member of the Audit Committee w.e.f. 14<sup>th</sup> October 2009

\*\*Appointed as Member of the Audit Committee w.e.f. 29<sup>th</sup> October 2009.

The Company Secretary acts as the Secretary to the Committee.

Mr. Ram Nath Bansal, Chairman of the Audit Committee was present at the last Annual General Meeting of the Company which was held on 25<sup>th</sup> September 2009.



**Note:** The Audit Committee of the Company was reconstituted as under at the meeting of Directors held on 24<sup>th</sup> April 2010.

Name of Directors	Designation	Category
Mr. Kashi Nath Memani	Chairman	Non-Executive Independent Director
Mr. Subroto Chattopadhyay	Member	Non-Executive Independent Director
Mr. Dilip Modi	Member	Managing Director

The Company Secretary acts as the Secretary to the Committee.

## Investors' Grievance / Share Transfer Committee

The Committee formed by the Board of Directors to look into the Investors' Grievances and Share Transfers and related matters held its meetings regularly throughout the year ended on 31<sup>st</sup> March 2010. The Committee met 24 times during the year. The meetings are held on fortnightly basis to consider and approve / resolve the Investors Grievances / Shareholder related matters and the Board is regularly updated on the matters transacted at the Committee meetings.

As on 31<sup>st</sup> March 2010, the Investors' Grievance/ Share Transfer Committee comprised of the following as its members:

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

The Company Secretary acts as Secretary to this Committee.

Other particulars relating to the Committee are as follows:

The Committee approves transfer / transmission of shares issued by the Company, issue of duplicate certificates and certificates after split /consolidation/ dematerialization. During the year ended on 31<sup>st</sup> March 2010 the Company has received 26 (Twenty six) complaints which were properly attended and resolved to the satisfaction of the shareholders. There is no pending complaint and transfer relating to the year ended 31<sup>st</sup> March 2010.

**Note:** The Investors' Grievance / Share Transfer Committee of the Company was reconstituted as under at the meeting of Directors held on 24<sup>th</sup> April 2010.

Name of Directors	Designation	Category
Dr. Bhupendra Kumar Modi	Chairman	Non-Executive Chairman
Ms. Preeti Malhotra	Member	Executive Director

The Company Secretary acts as Secretary to this Committee.

## Remuneration Committee

The Remuneration Committee reviews and recommends the remuneration and performance linked bonuses of the Executive Directors and also evaluates their performance based on the overall performance and financial results of the Company during the financial year and on the assessment of the personal contribution and achievements of the individual. There is one Executive Director in the Company namely Mr. Kunal Ahooja, CEO, who was appointed as Whole Time Director w.e.f. 1<sup>st</sup> October 2008 for a period of 3 years. He has resigned from the Directorship of the Company on 23<sup>rd</sup> April 2010. The members of Committee met once during the year on 12<sup>th</sup> May 2009. The Company pays sitting fees only to its Non-Executive Independent Directors for attending the meetings of the Board and Committees of the Board.

The composition of the Remuneration Committee as on 31<sup>st</sup> March 2010 and attendance at the meetings held during the year is as follows:

Name of Directors	Designation	Category	Attendance at the meetings held during the year ended 31 <sup>st</sup> March 2010
Mr. Radha Krishna Pandey	Chairman	Non-Executive Independent Director	1
Mr. Ram Nath Bansal	Member	Non-Executive Independent Director	1
Mr. Krishan Lal Chugh	Member	Non-Executive Independent Director	1
Mr. Subramanian Murali*	Member	Non-Executive Director	N.A.

\*Appointed as Member of the Remuneration Committee w.e.f. 29<sup>th</sup> October 2009.

The Company Secretary acts as Secretary to this Committee.

Mr. Radha Krishna Pandey, Chairman of the Committee was present at the last Annual General Meeting of the Company held on 25<sup>th</sup> September 2009.

**Note :** The Remuneration Committee of the Company was reconstituted as under at the meeting of Directors held on 24<sup>th</sup> April 2010.

Name of Directors	Designation	Category
Dr. Bhupendra Kumar Modi	Chairman	Non-Executive Chairman
Mr. Kashi Nath Memani	Member	Non-Executive Independent Director
Mr. Krishan Lal Chugh	Member	Non-Executive Independent Director
Mr. Subroto Chattopadhyay	Member	Non-Executive Independent Director

The Company Secretary acts as Secretary to this committee.

## 6. GENERAL BODY MEETINGS

### I Meeting details

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

Year	Location	Date	Time
2009	'Spice World', I-2 Sector-25A Noida-201 301, Uttar Pradesh	Friday 25/09/2009	09.30 A.M.
2008	'Spice World', I-2 Sector-25A Noida-201 301, Uttar Pradesh	Friday 27/06/2008	09.30 A.M.
2007	'Spice World', I-2 Sector-25A Noida-201 301, Uttar Pradesh	Thursday 27/09/2007	09.00 A.M.

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

#### Annual General Meeting held on 25<sup>th</sup> September 2009

- Amendment in Articles of Association of the Company for:
  - Deletion of Article 2(y) i.e., meaning of promoter;
  - Substitution of Article 96 'Number of Directors' shall not be less than 3 and not more than 12 (excluding Alternate Directors);
  - Deletion of Article 97 (a) and (b) for appointment and election of Non-retiring Directors;
  - Deletion of Article 98 (a), (c) and (d) for Non-retiring Directors of Promoters;
  - Substitution of Article 119 i.e. Quorum for the Board shall consist of 1/3<sup>rd</sup> of Directors or 2 Directors, whichever is higher.

#### Annual General Meeting held on 27<sup>th</sup> June 2008

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

#### Annual General Meeting held on 27<sup>th</sup> September 2007

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

### II Postal Ballot

#### A) The Company had issued Postal Ballot Notice dated 30<sup>th</sup> July 2009 for obtaining the approval of the Members on:

- Ordinary Resolution to authorize Board of Directors of the Company to create security on any borrowings of the Company pursuant to Section 293(1) (a) of Companies Act, 1956 for an amount not exceeding Rs. 50 crores.

The procedure for conducting Postal Ballot was carried out as notified in the Companies (Passing of the Resolution under Postal Ballot) Rules, 2001, as amended. Mr. Gopal Chandra Sharda, FCA, LLB, a Practicing Chartered Accountant was appointed as the Scrutinizer for the Postal Ballot, who carried out the postal Ballot process in fair and transparent manner. The results were announced on 15<sup>th</sup> September 2009.

Details of the Ordinary Resolution passed are as under:

Voting pattern:

Voting	No. of Shares	% of total valid votes
Votes cast in Favor	5,73,15,511	100.00
Votes cast Against	Nil	Nil
<b>Total</b>	<b>5,73,15,511</b>	<b>100.00</b>

Result: Passed with the requisite majority



**B) The Company had issued Postal Ballot Notice dated 16<sup>th</sup> March 2010 for obtaining the approval of members on:**

- Ordinary Resolution to increase the borrowing limits from Rs.50 crores to Rs. 250 crores under Section 293(1)(d) of Companies Act, 1956.
- Ordinary Resolution to authorize Board of Directors of the Company to mortgage and/or charge all or any part of immovable and/or movable properties/assets of the Company under Section 293(1)(a) of Companies Act, 1956 in order to secure the loan.
- Special Resolution to revise the managerial remuneration of Mr. Kunal Ahooja, Whole-Time Director of the Company under Section 198, 269, 310 read with Schedule XIII of the Companies Act, 1956.
- Special Resolution to raise the money through the domestic and/or international offering and/or QIP under Section 81(1A) of the Companies Act, 1956.

The procedure for conducting Postal Ballot was carried out as notified in the Companies (Passing of the Resolution under Postal Ballot) Rules, 2001, as amended. Mr.Amit Goel, FCS, LLB, AICWA, Practicing Company Secretary was appointed as the Scrutinizer for the Postal Ballot, who carried out the Postal Ballot process in fair and transparent manner. The results were announced on 1<sup>st</sup> May 2010. Details of the Resolutions passed are as under:

Voting Pattern for all the aforesaid four resolutions was as under:-

Voting	No. of Shares	% of total valid votes
Votes cast in Favor	4,72,10,742	100.00
Votes cast Against	Nil	Nil
<b>Total</b>	<b>4,72,10,742</b>	<b>100.00</b>

Result: Passed with requisite majority.

**C) The Company had issued Postal Ballot Notice dated 16<sup>th</sup> April 2010 for obtaining the approval of members on:**

- Special Resolution to Change the Name of the Company from 'Spice Mobiles Limited' to 'Spice Mobility Limited'.

The procedure for conducting Postal Ballot was carried out as notified in the Companies (Passing of the Resolution under Postal Ballot) Rules, 2001, as amended. Mr. Sanjay Grover, FCS, Practising Company Secretary was appointed as the Scrutinizer for the Postal Ballot, who carried out the Postal Ballot process in fair and transparent manner. The results were announced on 28<sup>th</sup> May 2010.

Details of the Resolution passed are as under:

Voting Pattern:

Voting	No. of Shares	% of total valid votes
Votes cast in Favor	4,75,13,102	99.994
Votes cast Against	2,753	0.006
<b>Total</b>	<b>4,75,15,855</b>	<b>100.00</b>

Result: Passed with requisite majority

**D) None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing a special resolution through Postal Ballot.**

## 7. CEO / CFO CERTIFICATION

As required by Clause 49 of the Listing Agreement, the CEO and CFO certification of the Financial Statements and the Cash Flow Statements for the year ended 31<sup>st</sup> March 2010 are enclosed at the end of this Report.

## 8. CODE OF CONDUCT

The Company has laid down a Code of Conduct for all Board members and senior management personnel of the Company. A copy of the said Code of Conduct is available on the Company's website ('www.spice-mobile.com').

All Board Members and Senior Managerial Personnel have affirmed compliance with the Code of Conduct as applicable to them for the year under review. A declaration to that effect is mentioned in the CEO / CFO certification specified above.

## 9. DISCLOSURES

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

There had been no materially significant related party transactions with the Directors or the management, subsidiaries or relatives of Directors during the period under review that have potential conflict with the interest of the Company at large.

Details of the related party transactions (as per AS-18) of the Company in the ordinary course of business during the year ended 31<sup>st</sup> March 2010 are given in Note 4 of the Notes to Accounts.

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

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

- **Details of Compliance with mandatory requirements**

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

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

The status of compliance in respect of non-mandatory requirements under Clause 49 of the Listing Agreement is mentioned below:

- (1) The Board

No separate office is maintained for Non-executive Chairman but expenses incurred in the performance of duties by the Non-executive Chairman were reimbursed. There is no fixed tenure for Independent Directors.

- (2) Remuneration Committee

The Company has a Remuneration Committee constituted by the Board. The Chairman of the Remuneration Committee is an Independent Director.

- (3) Shareholders' Rights

The quarterly financial results are published in the newspapers as mentioned under the heading "Means of Communication" at Sl. No. 10 herein below and also displayed on the website of the Company. The results are not separately circulated to the shareholders.

- (4) Audit qualifications

The Company believes in maintaining its accounts in a transparent manner and aims at receiving unqualified report of auditors on the financial statements of the Company.

The Company has followed the Guidelines of Accounting Standards to the extent applicable as laid down by the Institute of Chartered Accountants of India (ICAI) in preparation of its financial statements.

- (5) Whistle Blower Policy

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

- (6) The other non-mandatory requirements not yet adopted by the Company are as under:

- i. Training of Board Members

- ii. Mechanism for evaluating non-executive Board Members

## 10. MEANS OF COMMUNICATION

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

All material information about the Company is promptly sent to the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) and is displayed as Corporate Announcements on the website of BSE and NSE. The Company regularly updated the media and investor community about its financial as well as other organizational developments. In addition to the above, quarterly and annual results are displayed on our website at [www.spice-mobile.com](http://www.spice-mobile.com) for the information of all shareholders.

The Management of the Company now regularly holds Investors'/Analysts' Conference Call for discussing the performance of the Company subsequent to declaration of its quarterly, half yearly, yearly financial results. The transcripts of the conference call are posted on the website of the Company.

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

## 11. GENERAL SHAREHOLDER INFORMATION

- |                                  |   |  |
|----------------------------------|---|--|
| a) <b>Registered Office</b>      | : | D-1, Sector-3, Noida-201 301 (U.P.)                |
| b) <b>Annual General Meeting</b> |   |  |
| <b>Date</b>                      | : | Wednesday, 29 <sup>th</sup> September 2010         |
| <b>Time</b>                      | : | 10:30 A.M.   |
| <b>Venue</b>                     | : | Spice World', I-2, Sector-25A, Noida-201 301, U.P. |



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

Financial reporting for the quarter ending 30 <sup>th</sup> June 2010	Mid August 2010
Financial reporting for the quarter ending 30 <sup>th</sup> September 2010	Mid November 2010
Financial reporting for the quarter ending 31 <sup>st</sup> December 2010	Mid February 2011
Financial reporting for the year ended 31 <sup>st</sup> March, 2011 (Audited)	End May 2011
Annual General Meeting for the year ended 31 <sup>st</sup> March 2011	On or before September 2011

**d) Date of book-closure** : 23<sup>rd</sup> September 2010 to 29<sup>th</sup> September 2010 (Both days inclusive)

**e) Dividend payment date**

The dividend @ Rs. 1.50 per equity share as recommended by the Board of Directors, if declared at the meeting, will be paid within 30 days of the declaration to those members whose names appear in the Register of Members as on 29<sup>th</sup> September, 2010 after giving effect to all valid transfers in physical form lodged on or before 22<sup>nd</sup> September, 2010 with the Company and/or its Registrar & Share Transfer Agent and in respect of shares held in electronic mode on the basis of beneficial ownership of shares as per details furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as at the end of business hours on 22<sup>nd</sup> September, 2010

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

**g) Scrip Code/Scrip name of the Company**

Bombay Stock Exchange Limited:

Scrip name : Spice Mobility Limited  
Scrip ID : SPICEMOBIL  
Scrip code : 517214

National Stock Exchange of India Limited:

Scrip name : Spice Mobility Limited  
Scrip ID : SPICEMOBIL

**h) Market price data**

The details of monthly highest and lowest closing quotations of the equity shares of the Company and the number of shares traded during each calendar month at the Stock Exchange(s) where the shares of the Company are listed during the period ended 31<sup>st</sup> March 2010 in comparison to broad based indices - BSE Sensex and NSE Nifty are as under:

**Bombay Stock Exchange Limited (BSE)**

(Face Value Rs.3/share)

Month	BSE PRICES		VOLUME	BSE SENSEX	
	High Price (Rs.)	Low Price (Rs.)		High (Rs.)	Low (Rs.)
April 2009	11.78	9.80	1008296	11,492.10	9,546.29
May 2009	14.95	10.30	1563478	14,930.54	11,621.30
June 2009	19.18	14.60	2081096	15,600.30	14,016.95
July 2009	17.25	12.20	1837405	15,732.81	13,219.99
August 2009	19.77	13.65	1746767	16,002.46	14,684.45
September 2009	20.25	17.10	1915083	17,142.52	15,356.72
October 2009	19.80	15.55	756138	17,493.17	15,805.20
November 2009	29.60	17.55	3899472	17,290.48	15,330.56
December 2009	41.05	27.00	2942825	17,530.94	16,577.78
January 2010	45.25	32.25	2734936	17,790.33	15,982.08
February 2010	50.20	35.85	5435046	16,669.25	15,651.99
March 2010	49.00	35.90	6006404	17,793.01	16,438.45

(source: [www.bseindia.com](http://www.bseindia.com))

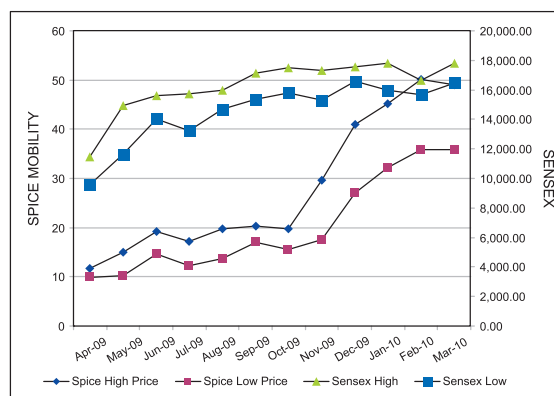
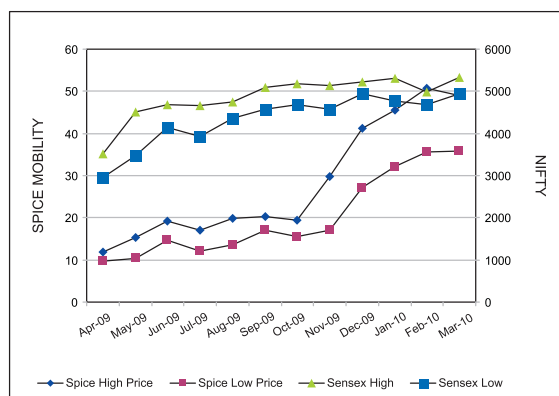


# National Stock Exchange of India Limited (NSE)\*

Face Value Rs.3/share

Month	NSE PRICES		VOLUME	NIFTY	
	High Price (Rs.)	Low Price (Rs.)		High (Rs.)	Low (Rs.)
April 2009	11.85	9.65	807430	3517.25	2965.70
May 2009	15.30	10.30	1075587	4509.40	3478.70
June 2009	19.25	14.60	1605056	4693.20	4143.25
July 2009	17.15	12.00	539950	4669.75	3918.75
August 2009	19.95	13.70	2019456	4743.75	4353.45
September 2009	20.30	17.15	2232986	5087.60	4576.60
October 2009	19.50	15.50	834751	5181.95	4687.50
November 2009	29.80	17.00	5984333	5138.00	4538.00
December 2009	41.20	27.10	4959832	5221.85	4943.95
January 2010	45.50	32.15	4458056	5310.85	4766.00
February 2010	50.75	35.65	9390504	4992.00	4675.40
March 2010	49.00	35.85	7328174	5329.55	4935.35

(source: [www.nseindia.com](http://www.nseindia.com))



## i) Dematerialization of shares:

The trading in equity shares of the Company is permitted compulsorily in dematerialization form w.e.f. 29<sup>th</sup> January 2001 as per notification issued by SEBI. The International Securities Identification Number (ISIN) of the Company, as allotted by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) is INE927C01020. As on 31<sup>st</sup> March 2010, 95.57% of the Share Capital of the Company is held in dematerialized form with NSDL and CDSL.

## j) Registrar and Transfer Agents:

### MAS Services Limited

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

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

## k) Share Transfer System

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

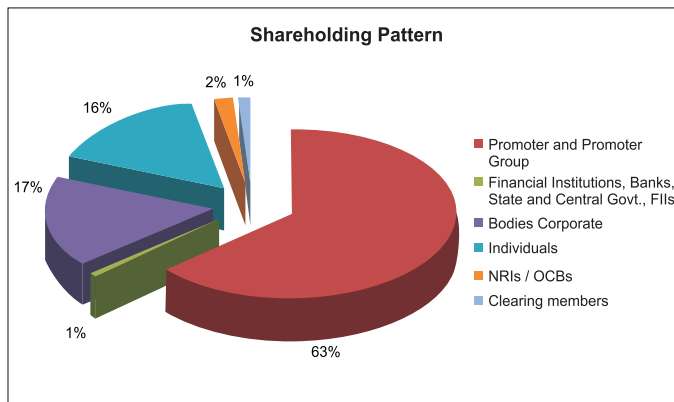


**l) Distribution of Shareholding as on 31<sup>st</sup> March 2010:**

No. of Equity Shares (Face Value of Rs. 3/- each)	Number of Shareholders	% to Total No. of Shareholders	No. of Shares Held	Amount in Rs.	% to Total Capital
UP to 5,000	29169	96.852	5463845	16391535	7.320
5,001 to 10,000	451	1.497	1023023	3069069	1.371
10,001 to 20,000	234	0.777	1112570	3337710	1.491
20,001 to 30,000	98	0.325	831097	2493291	1.114
30,001 to 40,000	27	0.090	311614	934842	0.418
40, 001 to 50,000	17	0.056	251149	753447	0.336
50,001 to 1,00,000	61	0.203	1446207	4338621	1.938
1,00,001 and above	60	0.199	64198495	192595485	86.013
<b>Total</b>	<b>30117</b>	<b>100.000</b>	<b>74638000</b>	<b>223914000</b>	<b>100.000</b>

**Shareholding pattern as on 31<sup>st</sup> March 2010:**

Category	No. of shares held	% of total Capital
Promoter and Promoter Group	47205529	63.25
Financial Institutions, Banks, State and Central Govt., FIs	609713	0.82
Bodies Corporate	12741025	17.07
Individuals	11829545	15.85
NRIs / OCBs	1426691	1.91
Clearing members	825497	1.10
<b>Total</b>	<b>74638000</b>	<b>100.00</b>



**m) Plant Location:**

Village Billanwali, Baddi P. O, Teh . Nalagarh, Distt. Solan, Himachal Pradesh - 173205

**n) Convertible instruments:**

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

**o) Address for correspondence:**

The Company Secretary  
Spice Mobility Limited, D-1, Sector-3, Noida-201 301 (U.P.)  
Tel : (0120) 4363600,4363800; Fax: (0120) 4320467, 4363845  
E-mail: [complianceofficer@spicemobile.in](mailto:complianceofficer@spicemobile.in)

The above Report has been placed before the Board at its meeting held on 3<sup>rd</sup> August 2010 and the same was approved.

## CERTIFICATE ON CORPORATE GOVERNANCE

To,  
The Members,  
Spice Mobility Limited  
(Formerly known as Spice Mobiles Limited)  
D-1, Sector-3, Noida – 201 301, Uttar Pradesh

We have examined the compliance of conditions of Corporate Governance by Spice Mobility Limited (formerly known as Spice Mobiles Limited) ("the Company"), for the Financial Year ended March 31, 2010 as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

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

In our opinion and to the best of our information and according to the explanations furnished to us, we certify that the Company has complied with the conditions of the said Clause 49 of the Listing Agreement.

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

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

Date : 3<sup>rd</sup> August 2010  
Place : New Delhi

**SANJAY GROVER**  
**C.P. No. 3850**

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### CERTIFICATION BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER OF SPICE MOBILITY LIMITED FOR THE FINANCIAL YEAR ENDED ON 31<sup>st</sup> MARCH 2010

We, Kunal Ahooja, CEO and Manish Pengoriya, CFO of Spice Mobility Limited ['the Company'], to the best of our knowledge and belief, certify that:

1. We have reviewed the Balance Sheet and Profit & Loss Account and all its Schedules and Notes to Accounts as well as the Cash Flow Statement for the year ended 31st March 2010.
2. Based on our knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements or any statement that might be misleading;
3. Based on our knowledge and information, the Financial Statements and other information included in this report, present a true and fair view of the Company's affairs and are in compliance with the existing Accounting Standards and / or applicable laws and regulations;
4. To the best of our knowledge and belief, no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's code of conduct;
5. We are responsible for establishing and maintaining internal controls over financial reporting for the Company and we have evaluated the effectiveness of the Internal Control Systems of the Company;
6. We have disclosed based on our most recent evaluation, wherever applicable, to the Company's Auditors and the Audit Committee of the Company's Board of Directors:
  - a) all deficiencies in the design or operation of internal controls and have identified for the Company's Auditors any material weaknesses in internal controls over financial reporting including any corrective actions with regard to deficiencies;
  - b) significant changes in internal controls during the year covered by this report;
  - c) all significant changes in accounting policies during the year under review and that the same have been disclosed in the notes to the financial statements;
  - d) instances of significant fraud of which we are aware, that involves management or other employees who have significant role in the Company's internal control systems.
7. We further declare that all Board Members and Senior Managerial Personnel have affirmed compliance with the code of conduct for the year under review.

Date : 3<sup>rd</sup> August 2010  
Place : Noida

**Kunal Ahooja**  
CEO

**Manish Pengoriya**  
CFO



## AUDITORS' REPORT

To

**The Members of Spice Mobiles Limited**

1. We have audited the attached balance sheet of Spice Mobiles Limited ('the Company') as at March 31, 2010 and also the profit and loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of Sub-Section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account ;
  - iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956.
  - v. On the basis of the written representations received from the directors, as on March 31, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956.
  - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
    - a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2010;
    - b) in the case of the profit and loss account, of the profit for the year ended on that date; and
    - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

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

Firm Registration No.: 301003E  
Chartered Accountants

**per Anil Gupta**

Partner

Membership No.: 87921

Place: Gurgaon

Date: 15<sup>th</sup> May 2010

## Annexure referred to in paragraph 3 of our report of even date

### Re: Spice Mobiles Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) There was no substantial disposal of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) The Company has granted loan to one director covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount outstanding during the year and the year-end balance of the loan was Rs.10,000,000.
- (b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for the loan are not prima facie prejudicial to the interest of the Company.
- (c) The loan granted is re-payable on demand. As informed, the Company has not demanded repayment of the loan during the year, thus, there has been no default on the part of the director to whom the money has been lent. The payment of interest has been regular.
- (d) There is no overdue amount of the loan granted to the director of the Company.
- (e) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Therefore, the provisions of clause 4(iii) (e), (f) and (g) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (iv) Purchase of components for manufacturing passbook printers and mobile handsets and the major portion of the traded goods including mobile handsets are stated to be of proprietary nature, and hence, in such cases, the comparison of prices with the market rates or with purchases with other parties cannot be made. Read with the above, in our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the Company.
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act that need to be entered into the register maintained under Section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, or employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty and excise duty have generally been regularly deposited with the appropriate authorities *though there has been a slight delay in a few cases*.  
Further, since the Central Government has till date not prescribed the amount of cess payable under Section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.
- (b) According to the information and explanations given to us, no undisputed dues in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other statutory dues were outstanding at the year end for a period of more than six months from the date they became payable.



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

Name of the statute	Nature of dues	Amount (Rs '000)	Period to which the amount relates	Forum where dispute is pending
Tamil Nadu General Sales Tax Act, 1959	Tax on transfer/ replacement of material under Annual maintenance Contract	814	1993-94 & 1996-97	High Court, Chennai
Delhi Sales Tax Act, 1975	Demand against non submission of form 'C' and treating exempted sales as sales	408	2002-03	Additional Commissioner Appeals, Delhi
Central Sales Tax Act, 1956 read with the Delhi Sales Tax Act, 1975	Demand against non submission of Form 'C'	3,289	2002-03 and 2003-04	Additional Commissioner Appeals, Delhi
Central Sales Tax Act, 1956	Demand for Sales Tax	737	2005-2006	Joint Commissioner of Commercial Taxes, Kolkata
West Bengal Sales Tax Act, 1994	Demand for Sales Tax	394	2005-2006	Joint Commissioner of Commercial Taxes, Kolkata
Central Excise Act, 1944	Demand for Excise duty including penalty	64,263	1990-91 to 1993-94	CESTAT, Delhi

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

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

Firm Registration No.: 301003E

Chartered Accountants

**per Anil Gupta**

Partner

Membership No.: 87921

Place: Gurgaon

Date: 15<sup>th</sup> May 2010



**Spice Mobility Limited** (formerly Spice Mobiles Limited)  
**Balance Sheet as at March 31, 2010**

Particulars	Schedules	As at Mar 31, 2010 Rs. '000	As at March 31, 2009 Rs. '000
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share capital	1	223,914	223,914
Reserves and surplus	2	1,117,156	543,058
		<b>1,341,070</b>	<b>766,972</b>
<b>Loan Funds</b>			
Secured loans	3	–	17,200
Unsecured loans	4	–	12
		–	17,212
Deferred tax liabilities (net)	5	585	–
<b>Total</b>		<b>1,341,655</b>	<b>784,184</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>	6		
Gross block		110,914	70,599
Less : Accumulated depreciation / amortisation		29,929	20,574
Net block		80,985	50,025
Capital work in progress including Capital Advances		–	496
		<b>80,985</b>	<b>50,521</b>
<b>Investments</b>	7	220,823	100,823
<b>Deferred tax assets (net)</b>	5	–	5,727
<b>Current Assets, Loans and Advances</b>			
Inventories	8	1,196,693	250,326
Sundry debtors	9	1,042,076	518,583
Cash and bank balances	10	1,239,167	559,944
Other current assets	11	45,225	22,480
Loans and advances	12	336,200	221,022
		<b>3,859,361</b>	<b>1,572,355</b>
<b>Less: Current Liabilities and Provisions</b>			
Current liabilities	13	2,483,958	869,188
Provisions	14	335,556	76,054
		<b>2,819,514</b>	<b>945,242</b>
<b>Net Current Assets</b>		<b>1,039,847</b>	<b>627,113</b>
<b>Total</b>		<b>1,341,655</b>	<b>784,184</b>
<b>Notes to Accounts</b>	24		

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

As per our report of even date

**For S.R. BATLIBOI & CO.**  
Firm Registration No. 301003E  
Chartered Accountants

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

Place : New Delhi  
Date : 15th May, 2010

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

**Dilip Modi**  
Managing Director

**Subroto Chattopadhyay**  
Director

**Preeti Malhotra**  
Executive Director & Company Secretary

**Manish Pengoriya**  
Chief Financial Officer



# spice

27

## Spice Mobility Limited (formerly Spice Mobiles Limited) Profit and Loss Account for the year ended March 31, 2010

Particulars	Schedules	For the year ended Mar 31, 2010 Rs. '000	For the period from January 1, 2008 to March 31, 2009 Rs. '000
<b>INCOME</b>			
Turnover (Gross)	15	11,276,708	7,084,488
Less: Service tax		—	(46)
Less: Discounts, Incentives etc.		(878,912)	(368,462)
<b>Turnover (Net)</b>		<b>10,397,796</b>	<b>6,715,980</b>
Other income	16	85,134	62,252
<b>Total</b>		<b>10,482,930</b>	<b>6,778,232</b>
<b>EXPENDITURE</b>			
Purchase of goods for trading		8,640,501	5,527,583
Raw materials consumed	17	16,950	1,895
Personnel expenses	18	135,189	137,440
Operating and other expenses	19	1,557,290	1,014,436
(Increase) / Decrease in inventories	20	(960,487)	12,030
Depreciation / amortisation		10,757	7,206
Financial expenses	21	10,736	26,825
<b>Total</b>		<b>9,410,936</b>	<b>6,727,415</b>
<b>Profit before tax and prior period adjustments</b>		<b>1,071,994</b>	<b>50,817</b>
Prior period adjustments	22	—	35,151
<b>Profit before tax</b>		<b>1,071,994</b>	<b>15,666</b>
<b>Provision for tax</b>			
— Current tax (Including Rs.650 thousand (previous period Rs.1,718 thousand) for earlier years)		360,600	9,901
— Deferred tax charge / (credit)		6,312	(7,379)
— Fringe benefit tax		—	2,884
<b>Total tax expense</b>		<b>366,912</b>	<b>5,406</b>
<b>Net profit for the year / period</b>		<b>705,082</b>	<b>10,260</b>
Balance brought forward from previous period		170,022	183,339
<b>Profit available for appropriation</b>		<b>875,104</b>	<b>193,599</b>
<b>Appropriations:</b>			
Proposed dividend		111,957	20,152
Tax on dividend		19,027	3,425
Transfer to General Reserve		70,508	—
<b>Surplus carried to Balance Sheet</b>		<b>673,612</b>	<b>170,022</b>
<b>Earnings per share (in Rs.)</b>	23	<b>9.45</b>	<b>0.14</b>
Basic and Diluted {Nominal value of shares Rs.3 (Previous period : Rs.3)}			
<b>Notes to Accounts</b>	24		

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

As per our report of even date

**For S.R. BATLIBOI & CO.**  
Firm Registration No. 301003E  
Chartered Accountants

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

Place : New Delhi  
Date : 15th May, 2010

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

**Dilip Modi**  
Managing Director

**Subroto Chattopadhyay**  
Director

**Preeti Malhotra**  
Executive Director & Company Secretary

**Manish Pengoriya**  
Chief Financial Officer

# Spice Mobility Limited (formerly Spice Mobiles Limited)

## Cash Flow Statement for the year ended March 31, 2010

Particulars	For the year ended March 31, 2010 Rs. '000	For the period ended March 31, 2009 Rs. '000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Profit before taxation	1,071,994	15,666
<b>Adjustment for :</b>		
Depreciation	10,757	7,206
Loss on sale / discard of assets (net)	725	536
Unrealised exchange (gain) (net)	(19,581)	(3,132)
Interest expense	7,759	19,142
Interest income	(65,512)	(46,421)
Dividend Income	(433)	(432)
Provisions and unclaimed balances written back (net)	—	(5,000)
Provision for doubtful debts / advances (net)	—	13,965
Bad debts and advances written off	10,455	—
<b>Operating profit before working capital changes</b>	1,016,164	1,530
Movements in working capital:		
(Increase) in inventories	(946,367)	(1,109)
(Increase) in sundry debtors	(527,426)	(147,702)
(Increase) / Decrease in loans and advances	(97,689)	138,923
(Increase) in other current assets	(4,204)	(3,230)
Increase in current liabilities	1,634,045	239,855
Increase in provisions	152,364	15,686
Cash generated from Operations	1,226,883	243,953
Direct taxes paid (including fringe benefit tax) (net of refunds)	(358,028)	(52,232)
<b>Net cash from operating activities</b>	(A) 868,855	191,721
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets (including capital work in progress)	(41,946)	(20,428)
Proceeds from sale of fixed assets	—	306
Purchase of investment	(120,000)	—
Loan to bodies corporate	(26,850)	(47,050)
Interest received	46,971	44,011
Dividend Received	433	432
Movement in fixed deposits with banks (including those pledged with banks and others)	(381,958)	(36,792)
<b>Net cash (used in) investing activities</b>	(B) (523,350)	(59,521)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
(Repayment) of short term borrowings (net)	(17,212)	(3,294)
Interest paid	(7,759)	(14,539)
Dividend paid	(19,844)	(33,132)
Taxes on dividend paid	(3,425)	(5,708)
<b>Net cash (used in) financing activities</b>	(C) (48,240)	(56,673)
<b>Net increase in cash and cash equivalents (A + B + C)</b>	297,265	75,527
<b>Cash and cash equivalents at the beginning of the year / period</b>	136,900	61,373
<b>Cash and cash equivalents at the end of the year / period</b>	434,165	136,900
<b>Components of cash and cash equivalents:</b>		
Cash on hand (including Stamps in hand Rs. 85 thousand, Previous period Rs. 85 thousand)	171	184
Balances with scheduled banks:		
On collection accounts	—	224
On current accounts	432,328	125,132
On fixed deposit accounts	—	10,000
On unpaid dividend accounts*	1,666	1,360
	434,165	136,900

### Notes:

- The Cash Flow Statement has been prepared under the Indirect method as set out in Accounting Standard-3 on Cash Flow Statements notified by Companies (Accounting Standards) Rules, 2006 (as amended).
  - Negative figures have been shown in brackets.
  - Components of cash and cash equivalents exclude Fixed deposits of Rs.805,002 thousand (Previous period Rs. 423,044 thousand) which are considered as Movement in fixed deposits with banks' under 'Cash Flows from Investing Activities'
- \* These balances are not available for use by the Company as they represent corresponding unpaid dividend liabilities.

As per our report of even date

**For S.R. BATLIBOI & CO.**  
Firm Registration No. 301003E  
Chartered Accountants

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

Place : New Delhi  
Date : 15th May, 2010

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

**Dilip Modi**  
Managing Director

**Subroto Chattopadhyay**  
Director

**Preeti Malhotra**  
Executive Director & Company Secretary

**Manish Pengoriya**  
Chief Financial Officer



## Spice Mobility Limited (formerly Spice Mobiles Limited) Schedules to the Balance Sheet

Particulars	As at Mar 31, 2010		As at Mar 31, 2009	
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>Schedule 1: Share capital</b>				
<b>Authorised</b>				
170,000,000 equity shares of Rs.3 each (Previous period 170,000,000 equity shares of Rs.3 each)		510,000		510,000
<b>Issued, subscribed and paid up</b>				
74,638,000 (Previous period 74,638,000) equity shares of Rs. 3/– each fully paid–up.		223,914		223,914
Note: Out of the above, 47,205,529 (Previous period 32,133,964) shares are held by Spice Televentures Private Limited, the holding company. As at previous period end, Spice Entertainment Limited was the holding company, holding 29,060,270 shares.				
<b>Schedule 2: Reserves and surplus</b>				
<b>Securities Premium Account</b>				
Balance as per last account		288,070		288,070
<b>General Reserve</b>				
Balance as per last account	84,966			84,966
Add : Transferred from Profit and Loss Account	70,508	155,474		
<b>Profit and Loss Account</b>		673,612		170,022
		1,117,156		543,058
<b>Schedule 3: Secured loans</b>				
<b>Loans and advances from banks</b>				
– Cash credit facilities		–		17,200
		–		17,200
Note: Cash credit facilities were taken from consortium of banks led by State Bank of India and were secured by hypothecation of inventories, book debts and other movable assets, both present and future. The facilities were further secured by charge by way of deposit of the title deeds of the Company's immovable property at Baddi, Himachal Pradesh.				
<b>Schedule 4: Unsecured loans</b>				
<b>Short term loans and advances</b>				
– From Banks		–		12
		–		12
<b>Schedule 5: Deferred Tax Assets (net)</b>				
<b>Deferred Tax Liabilities</b>				
– Differences in depreciation / amortisation and other differences in block of fixed assets as per tax books and financial books		5,726		3,143
<b>Gross Deferred Tax Liabilities</b>		5,726		3,143
<b>Deferred Tax Assets</b>				
– Provision for doubtful debts and advances		1,843		5,338
– Effect of expenditure debited to Profit and Loss Account in the current / earlier periods but allowable for tax purposes in following periods		3,298		3,532
<b>Gross Deferred Tax Assets</b>		5,141		8,870
<b>Deferred Tax Liabilities / Assets (net)</b>		585		(5,727)

## Spice Mobility Limited (formerly Spice Mobiles Limited)

### Schedules to the Balance Sheet

#### Schedule 6: Fixed Assets

(Amount in Rs. '000)

Particulars	Freehold Land	Factory Building	Plant and Machinery	Furniture and Fittings	Office Equipments	Computers	Computer Softwares	Vehicles	Leasehold Improvements	Total	Previous period
<b>Gross Block:</b>											
At April 1, 2009	9,456	17,743	26,940	1,133	2,199	7,410	–	995	4,723	70,599	56,740
Additions	–	1,012	8,085	239	179	12,127	18,833	–	1,967	42,442	19,932
Deductions	–	–	59	34	179	880	–	975	–	2,127	6,073
<b>At March 31, 2010</b>	<b>9,456</b>	<b>18,755</b>	<b>34,966</b>	<b>1,338</b>	<b>2,199</b>	<b>18,657</b>	<b>18,833</b>	<b>20</b>	<b>6,690</b>	<b>110,914</b>	<b>70,599</b>
At March 31, 2009	9,456	17,743	26,940	1,133	2,199	7,410	–	995	4,723	70,599	
<b>Depreciation:</b>											
At April 1, 2009	–	5,640	9,061	706	476	2,270	–	807	1,614	20,574	18,573
Additions	–	1,290	2,136	135	98	4,309	714	17	2,057	10,756	7,206
Deductions	–	–	41	34	77	445	–	804	–	1,401	5,205
<b>At March 31, 2010</b>	<b>–</b>	<b>6,930</b>	<b>11,156</b>	<b>807</b>	<b>497</b>	<b>6,134</b>	<b>714</b>	<b>20</b>	<b>3,671</b>	<b>29,929</b>	<b>20,574</b>
For previous period	–	1,620	2,180	327	175	1,547	–	27	1,330	7,206	
<b>Net Block:</b>											
<b>At March 31, 2010</b>	<b>9,456</b>	<b>11,825</b>	<b>23,810</b>	<b>531</b>	<b>1,702</b>	<b>12,523</b>	<b>18,119</b>	<b>–</b>	<b>3,019</b>	<b>80,985</b>	<b>50,025</b>
At March 31, 2009	9,456	12,103	17,879	427	1,723	5,140	–	188	3,109	50,025	
<b>Capital work in progress including capital advances (unsecured, considered good)</b>										<b>–</b>	<b>496</b>

#### Notes:

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

(Amount in Rs. '000)

Particulars	Gross Block		Depreciation		Accumulated Depreciation	
	As at Mar 31, 2010	As at Mar 31, 2009	For the year ended March 31, 2010	For the period from January 1, 2008 to Mar 31, 2009	As at Mar 31, 2010	As at March 31, 2009
Factory Building	<b>6,920</b>	6,920	<b>495</b>	618	<b>2,651</b>	2,156

2. Additions to Computers and Computer Software during the year includes fixed assets of the cost of Rs. 7,290 thousand and Rs. 18,833 thousand respectively (WDV of Rs. 7,014 thousand and Rs. 18,119 thousand respectively) in joint ownership with another Company.

Particulars	As at March 31, 2010 Rs. '000	As at March 31, 2009 Rs. '000
<b>Schedule 7: Investments</b>		
<b>Long Term Investments (at cost)</b>		
<b>Trade</b>		
<b>Quoted</b>		
<b>In equity shares</b>		
Godfrey Philips India Limited 17,300 (Previous period 17,300) equity shares of Rs.10 each fully paid up	<b>24,925</b>	24,925
Spicejet Limited 140,288 (Previous period 140,288) equity shares of Rs.10 each fully paid up	<b>7,788</b>	7,788
<b>Other than trade</b>		
<b>Unquoted</b>		
<b>In mutual fund units</b>		
5,717,840 (previous period NIL) units of HDFC Mutual Funds Monthly Income Plan – Long Term Growth	<b>120,000</b>	–



## Spice Mobility Limited (formerly Spice Mobiles Limited) Schedules to the Balance Sheet

Particulars	As at March 31,2010 Rs. '000	As at March 31,2009 Rs. '000
<b>Unquoted</b>		
Government securities		
5 (Previous period 5) National Saving Certificates of Rs.10,000 each (Purchased in the name of an employee of the Company and pledged with sales tax department)	50	50
Plus Paper Foodpac Limited 3,403,000 (Previous period 3,403,000) equity shares of Rs.10 each fully paid up	68,060	68,060
	220,823	100,823
Aggregate amount of quoted investments in equity shares [Market Value Rs. 42,087 thousand, (Previous Period Rs. 14,360 thousand)]	32,713	32,713
Aggregate amount of investments in units of Mutual Fund [Net Asset Value Rs. 120,664 thousand, (Previous Period Rs. Nil)]	120,000	–
Aggregate amount of other unquoted investments	68,110	68,110
<b>Schedule 8: Inventories</b> (at lower of cost and net realisable value)		
Raw materials	1,181	15,301
Service components and spares	54,221	52,577
Work-in-progress	1,557	–
Finished goods and traded goods (Including stock in transit Rs. 60,708 thousands, Previous period Rs. 31,454 thousands)	1,139,734	182,448
	1,196,693	250,326
<b>Schedule 9: Sundry debtors</b> (Unsecured)		
<b>Debts outstanding for a period exceeding six months</b>		
Considered good	5,643	9,996
Considered doubtful	–	9,696
<b>Other debts</b>		
Considered good	1,036,433	508,587
Considered doubtful	–	1,540
	1,042,076	529,819
Less : Provision for doubtful debts	–	11,236
	1,042,076	518,583
<b>Schedule 10: Cash and bank balances</b>		
Cash on hand (including Stamps in hand Rs. 85 thousand, Previous period Rs. 85 thousand)	171	184
Balances with scheduled banks:		
On collection accounts	–	224
On current accounts	432,328	125,132
On unpaid dividend accounts	1,666	1,360
On fixed deposit accounts (Receipts pledged with banks and others Rs. 495,661 thousand, Previous period Rs. 228,440 thousand)	805,002	433,044
	1,239,167	559,944



## Spice Mobility Limited (formerly Spice Mobiles Limited)

### Schedules to the Balance Sheet

Particulars	As at March 31, 2010		As at March 31, 2009	
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>Schedule 11: Other current assets</b>				
Fixed Assets held for sale (at lower of net book value and estimated net realisable value)		10,307		10,307
Unamortised Premium on Forward Contract		7,434		3,230
Interest accrued on fixed deposits		17,428		3,741
Interest accrued on loan to others*		10,056		5,202
		45,225		22,480
*Included in other current assets are :				
Due from a director of the Company (Maximum amount outstanding during the year / period Rs 2,533 thousand (Previous period Rs 2,832 thousand))		2,533		1,483
<b>Schedule 12: Loans and advances</b>				
<b>Unsecured, considered good</b>				
Loan to bodies corporate		73,900		47,050
Loans to employees / director*		10,099		10,040
Advances recoverable in cash or kind or for value to be received		59,388		79,449
Balances with customs, excise, etc		185,080		73,803
Security deposits		1,782		1,887
Advance Tax / Tax deducted at source	416,153		62,447	
Less: Provision for Income Tax	(410,202)	5,951	(53,654)	8,793
<b>Unsecured, considered doubtful</b>				
Advances recoverable in cash or kind or for value to be received		5,380		5,831
Security deposits		—		333
		341,580		227,186
Less: Provision for doubtful loans and advances		5,380		6,164
		336,200		221,022
*Included in Loans and Advances are:				
Due from a director of the Company (Maximum amount outstanding during the year Rs. 10,000 thousand (Previous period Rs. 25,000 thousand))		10,000		10,000
<b>Schedule 13: Current Liabilities</b>				
Acceptances		8,340		12,173
Sundry creditors				
a) total outstanding dues of Micro and Small Enterprises (Refer Note no. 13 in Schedule 24)		—		—
b) total outstanding dues of creditors other than Micro and Small Enterprises		2,440,086		826,482
Advances from customers		16,846		15,503
Security deposits		17,020		13,670
Unpaid dividend - to be transferred to Investor Education and Protection Fund (as and when due)		1,666		1,360
		2,483,958		869,188



## Spice Mobility Limited (formerly Spice Mobiles Limited) Schedules to the Balance Sheet

Particulars	As at March 31, 2010		As at March 31, 2009	
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>Schedule 14: Provisions</b>				
Provision for Fringe benefit tax	5,315		5,315	
Less: Fringe benefit tax paid	(5,136)	179	(4,866)	449
Proposed dividend		111,957		20,152
Tax on proposed dividend		19,027		3,425
Provision for leave encashment		7,878		4,910
Provision for gratuity (Refer Note no.12 in Schedule 24)		1,871		347
Provision for warranties (Refer Note no.11.1 in Schedule 24)				
– Opening balance	46,771		32,477	
– Additions during the year / period	363,292		190,471	
– Amount used / adjusted during the year / period	(215,419)	194,644	(176,177)	46,771
		335,556		76,054

**Spice Mobility Limited** (formerly Spice Mobiles Limited)  
**Schedules to the Profit and Loss Account**

Particulars	For the year ended March 31, 2010		For the period from January 1, 2008 to March 31, 2009	
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>Schedule 15: Turnover (Gross)</b>				
Sales of manufactured goods		16,039		784
Sales of trading goods		11,260,669		7,083,284
Maintenance service revenue		—		420
		<b>11,276,708</b>		<b>7,084,488</b>
<b>Schedule 16: Other Income</b>				
<b>Interest</b>				
— On Bank deposits (Tax deducted at source Rs.5,618 thousand, Previous period Rs. 10,065 thousand)		53,623		39,053
— On loan to an Employee and Bodies corporate (Tax deducted at source Rs.1,631 thousand, previous period Rs.1,090 thousand)		11,889		7,368
Dividend on Long term trade investments		433		432
Rent Received		330		473
Provisions and unclaimed balances written back (net)		—		5,000
Miscellaneous income		18,859		9,926
		<b>85,134</b>		<b>62,252</b>
<b>Schedule 17: Raw materials consumed</b>				
Inventories as at March 31, 2009		15,301		2,162
Add : Purchases		2,830		15,034
		<b>18,131</b>		<b>17,196</b>
Less : Inventories as at March 31, 2010		(1,181)		(15,301)
		<b>16,950</b>		<b>1,895</b>
<b>Schedule 18: Personnel expenses</b>				
Salaries, wages and bonus		116,899		119,511
Leave encashment expenses		3,220		3,847
Contribution to provident fund and other funds		3,634		3,642
Gratuity expenses (Refer Note no.12 in Schedule 24)		1,591		1,824
Workmen and staff welfare expenses		9,845		8,616
		<b>135,189</b>		<b>137,440</b>



## Spice Mobility Limited (formerly Spice Mobiles Limited) Schedules to the Profit and Loss Account

Particulars	For the year ended March 31, 2010		For the period from January 1, 2008 to March 31, 2009	
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>Schedule 19: Operating and other expenses</b>				
Power and fuel		807		167
Rent		25,330		27,210
Rates and taxes		49,415		37,528
Insurance		4,871		4,877
Repairs and maintenance				
– Others		1,901		3,961
Freight and forwarding charges		65,080		45,269
Advertisement and sales promotion		922,614		616,628
Commission on sales – other than sole selling agent		–		34
Travelling and conveyance		37,163		32,335
Directors' sitting fees		270		387
Legal and professional expenses		56,126		18,593
Customer service expenses		363,292		191,093
Donation and contributions to charitable institutions		–		100
Provision for doubtful debts / advances		–		13,965
Bad debts and advances written off	22,475		1,296	–
Less : Adjusted against provision for doubtful debts and advances	(12,020)	10,455	(1,296)	–
Loss on sale / discard of fixed assets (net)		725		536
Miscellaneous expenses		19,241		21,753
		1,557,290		1,014,436
<b>Schedule 20: (Increase) / Decrease in inventories</b>				
<b>Inventories as at Mar 31, 2010</b>				
Work-in-progress		1,557		–
Finished goods and Traded goods		1,139,734		182,448
Service components and spares		54,221		52,577
		1,195,512		235,025
<b>Inventories as at March 31, 2009</b>				
Work-in-progress		–		1,459
Finished goods and Traded goods		182,448		214,104
Service components and spares		52,577		31,492
		235,025		247,055
(Increase) / Decrease in inventories		(960,487)		12,030

**Spice Mobility Limited** (formerly Spice Mobiles Limited)  
**Schedules to the Profit and Loss Account**

Particulars	For the year ended March 31, 2010		For the period from January 1, 2008 to March 31, 2009	
	Rs. '000	Rs. '000	Rs. '000	Rs. '000
<b>Schedule 21: Financial expenses</b>				
Interest				
– to banks		1,092		14,493
– to bodies corporate		–		4,161
– to others		6,668		4,649
Bank charges		2,976		3,522
		<b>10,736</b>		<b>26,825</b>
<b>Schedule 22: Prior period adjustments</b>				
Advertisement and sales promotion		–		30,851
Rates and taxes		–		4,300
		<b>–</b>		<b>35,151</b>
<b>Schedule 23: Earnings per share (EPS) *</b>				
Net profit as per profit and loss account		<b>705,082</b>		10,260
Net profit for calculation of Basic and Diluted EPS		<b>705,082</b>		10,260
Number of equity shares at the beginning of the year / period		<b>74,638,000</b>		74,638,000
Number of equity shares at the end of the year / period		<b>74,638,000</b>		74,638,000
Weighted average number of equity shares in calculating basic and diluted EPS		<b>74,638,000</b>		74,638,000
<b>Basic and Diluted Earnings per share (in Rs.)</b>		<b>9.45</b>		0.14
*Not annualised				



## Spice Mobility Limited (formerly Spice Mobiles Limited)

### Schedule 24

### Notes to Accounts

#### 1. Nature of Operations

The Company is primarily engaged in the trading and manufacturing of Mobile handset and accessories. During the year, the Company has set up a plant at its facility in Baddi, in the state of Himachal Pradesh, for manufacturing of mobile handsets.

#### 2. Statement of Significant Accounting Policies

##### a) Basis of Preparation

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

##### b) Change in Accounting Policy

During the year with effect from January 8, 2010, the Company has implemented SAP system under ERP Platform. Accordingly, the Company has changed its method of valuation of inventory of traded goods, raw materials, service components and spares from monthly weighted average method to transaction moving weighted average method. The impact of change has not been ascertained. However the same is not likely to have a material impact on the profit of the Company for the current year.

##### c) Use of estimates

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

##### d) Fixed Assets

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

##### e) Depreciation / Amortisation

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

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

ii) Leasehold improvements are depreciated over the primary lease period or its useful life whichever is lower.

iii) All individual assets costing Rs. 5,000 or less are depreciated in full in the year of addition.

iv) Intangible Assets (Software's) are amortised over their useful lives not exceeding six years.

##### f) Impairment

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

##### g) Leases

*Where the Company is the lessee*

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



## Spice Mobility Limited (formerly Spice Mobiles Limited)

### Schedule 24

### Notes to Accounts

*Where the Company is lessor*

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

#### h) Investments

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

#### i) Inventories

Inventories are valued as follows:	
Raw materials, service components and spares	Lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on transaction moving weighted average method.
Work-in-progress and finished goods (Manufactured)	Lower of cost and net realizable value. Cost includes direct materials (determined on transaction moving weighted average basis) and labour and an appropriate proportion of manufacturing overheads based on normal operating capacity.
Traded Goods	Lower of cost and net realizable value. Cost is determined on transaction moving weighted average method.
Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.	

#### j) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

##### **Sale of Goods**

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, which coincides with their delivery to the customers.

##### **Revenue from Maintenance Contracts**

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

##### **Interest**

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

##### **Dividend**

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

#### k) Foreign Currency Transactions

##### (i) Initial Recognition

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



## Spice Mobility Limited (formerly Spice Mobiles Limited)

### Schedule 24

### Notes to Accounts

#### (ii) *Conversion*

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

#### (iii) *Exchange Differences*

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

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

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

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

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

#### **m) Income Taxes**

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

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

#### **n) Earnings Per Share**

Basic earnings per share are calculated by dividing the net profit or loss for the year / period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year / period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year / period attributable to equity shareholders and the weighted average number of shares outstanding during the year / period are adjusted for the effects of all dilutive potential equity shares.

## Spice Mobility Limited (formerly Spice Mobiles Limited)

### Schedule 24

#### Notes to Accounts

**o) Provisions**

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

**p) Warranty**

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

*Telecommunications – Mobiles*

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

*Information Technology*

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

**q) Segment Reporting Policies**

*Identification of segments*

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

*Intersegment Transfers*

The Company generally accounts for intersegment sales and transfers as if the sales or transfers were to third parties at current market prices.

*Allocation of common costs*

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

*Unallocated items*

The unallocated items include general corporate income and expense items which are not allocated to any business segment.

**r) Cash and cash equivalents**

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

**s) Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the year they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

**t) Derivative Instruments**

As per the ICAI Announcement, accounting for derivative contracts, other than those covered under AS-11, are marked to market on a portfolio basis, and the net loss is charged to the income statement. Net gains are ignored.

**3. Segment Information**

*Primary segments: Business Segments*

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

*Secondary Segments: Geographical Segment*

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



## Spice Mobility Limited (formerly Spice Mobiles Limited)

### Schedule 24

### Notes to Accounts

#### Segment information

The following table presents segment revenues, results, assets and liabilities in accordance with AS– 17. (Amt. in Rs. '000)

Business Segments						
	Telecommunications – Mobiles		Information Technology		Consolidated Total	
	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009	March 31, 2010	March 31, 2009
<b>Revenue</b>						
External Revenue/Sales	10,400,866	6,620,474	16,119	110,904	10,416,985	6,731,378
Unallocated corporate revenue					65,945	46,854
Total revenue					10,482,930	6,778,232
<b>Results</b>						
Segment Result	1,037,073	9,259	(22,995)	(15,605)	1,014,078	(6,346)
Unallocated corporate expenses (Net)					(270)	(1,538)
Operating Profit					1,013,808	(7,886)
Interest Income					65,512	46,421
Dividend Income					433	432
Interest expense					(7,759)	(23,303)
Net Profit before tax					1,071,994	15,666
Income tax (expense)					360,600	9,901
Fringe benefit tax					–	2,884
Deferred tax charge / (credit)					6,312	(7,379)
Net Profit after tax					705,082	10,260
<b>Other Information</b>						
Segment Assets	2,948,813	1,024,971	67,224	88,408	3,016,037	1,113,379
Unallocated corporate assets					1,145,132	616,047
Total Assets					4,161,169	1,729,426
Segment Liabilities	2,625,847	900,603	54,347	16,229	2,680,194	916,832
Unallocated corporate liabilities					139,905	45,622
Total Liabilities					2,820,099	962,454
Capital Expenditure	41,946	20,428	–	–	41,946	20,428
Depreciation\Amortisation	9,064	4,993	1,693	2,213	10,757	7,206
<b>Other non cash expenses</b>						
Provision for doubtful debts and advances	–	6,181	–	7,784	–	13,965
Bad debts and advances written off	2,227	–	8,228	–	10,455	–

#### Secondary Segment Reporting (by Geographical Segments)

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

(Amt. in Rs. '000)

Geographical Segment	March 31, 2010	March 31, 2009
Revenue from the Domestic market	10,213,313	6,707,516
Revenue from the Overseas markets	184,483	8,464
<b>Total Revenue</b>	<b>10,397,796</b>	<b>6,715,980</b>
Debtors of Domestic market	1,024,761	514,600
Debtors of Overseas markets	17,315	3,983
<b>Total Debtors</b>	<b>1,042,076</b>	<b>518,583</b>

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

## Spice Mobility Limited (formerly Spice Mobiles Limited)

### Schedule 24

### Notes to Accounts

#### 4. Related parties :

##### List of related parties (As certified by the management)

Relation		Name of the related party
Ultimate Holding Company	:	Spice Global Investments Private Limited (w.e.f. July 11, 2009)
Holding Company	:	Spice Televentures Private Limited (w.e.f. July 11, 2009) Spice Enfotainment Limited (Till July 10, 2009)
Fellow Subsidiary	:	Bharat IT Services Limited (Till November 26, 2009) Spice Labs Pvt. Ltd. (w.e.f. September 7, 2009) Spice Distribution Limited (w.e.f. July 11, 2009) Spice BPO Services Limited (w.e.f. July 11, 2009 till December 30, 2009) Hindustan Retail Private Limited (w.e.f. December 31, 2009) Spice Retails Limited (w.e.f. December 31, 2009) Cellucom Retail Indian Private Limited (w.e.f. December 31, 2009) Spice Digital Limited (w.e.f. July 11, 2009) IO System Limited Mudaliar & Sons Hotels Private Limited M Pictures Distribution Limited Buddha Pictures Limited (Till March 14, 2010) Mobisoc Technology Private Limited (w.e.f. July 11, 2009) Spice Mobile VAS Pte. Ltd. (w.e.f. July 11, 2009) Spice VAS (Africa) Pte. Ltd. (w.e.f. October 27, 2009) Spice Digital Nigeria Limited (w.e.f. March 3, 2010) Kimaan Exports Private Limited (w.e.f. July 11, 2009) Spice Innovative Technologies Pvt. Ltd. (w.e.f. July 11, 2009) Spice Solar Technology Pvt. Ltd. (w.e.f. March 11, 2010) Spice Internet Service Provider Pvt. Ltd. (w.e.f. March 12, 2010) Spice Wimax Service Provider Pvt. Ltd. (w.e.f. March 30, 2010) Spice Investments & Finance Advisors Pvt. Ltd. (w.e.f. July 11, 2009) Spice Enfotainment Limited (w.e.f. July 11, 2009) Wall Street Finance Limited (w.e.f. September 7, 2009) Goldman Securities Pvt. Ltd. (w.e.f. September 7, 2009) Bharat Towers Private Limited (w.e.f. July 11, 2009) Spice Commodities Private Limited (w.e.f. September 2, 2009) Spice Stock Broking Private Limited (w.e.f. September 3, 2009) Spice Insurance Services Private Limited (w.e.f. September 2, 2009) Nutshell Technology Private Limited (w.e.f. March 16, 2010)
Individual having significant influence over the Company	:	Mr. Dilip Modi
Key Management Personnel (KMP)	:	Mr. Kunal Ahooja– CEO and Whole time Director w.e.f. Oct 1, 2008
Enterprises over which individuals having significant influence over the Company is able to exercise significant influence	:	Spice Global Investments Private Limited Spice Televentures Private Limited (till July 10, 2009) Spice Communications Limited (till June 25, 2008) Bharat BPO Services Limited Spice Distribution Limited (till July 10, 2009) Spice Digital Limited (till July 10, 2009) Plus Paper Foodpac Ltd. Spice Retails Limited (till December 30, 2009)



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43

## Spice Mobility Limited (formerly Spice Mobiles Limited)

### Details of related party transactions for the year ended March 31, 2010 (Amount in Rs. '000)

Particulars		Holding Company		Fellow Subsidiary				
		Spice Televentures Pvt Ltd	Spice Enfortainment Limited	Bharat IT Services Ltd.	Spice Distribution Ltd.	Spice BPO Services Limited	Spice Retails Ltd.	Spice Digital Limited
<b>Transactions during the year</b>								
Sales of Traded Goods	<b>March 31, 2010</b>	306	19	15,893	523,575	29	2,677	37
	March 31, 2009	(12)	(321)	(108,957)	(207,270)	(17)	(3,547)	(12)
Sales of Manufactured Goods	<b>March 31, 2010</b>	-	-	-	-	-	-	-
	March 31, 2009	-	-	(784)	-	-	-	-
Sales of Fixed Assets	<b>March 31, 2010</b>	-	-	-	-	-	-	-
	March 31, 2009	-	-	(211)	-	-	-	-
Purchase of Fixed Assets	<b>March 31, 2010</b>	7,177	-	-	-	-	33	4,366
	March 31, 2009	-	-	(333)	-	-	-	-
Purchases of traded goods and spares	<b>March 31, 2010</b>	-	-	-	-	-	-	96,288
	March 31, 2009	-	-	(6)	-	-	(135)	-
Interest Expense	<b>March 31, 2010</b>	-	-	-	-	-	-	-
	March 31, 2009	(838)	-	-	-	-	-	-
Interest Income	<b>March 31, 2010</b>	-	-	5,464	-	-	-	-
	March 31, 2009	-	-	(4,809)	-	-	-	-
Remuneration	<b>March 31, 2010</b>	-	-	-	-	-	-	-
	March 31, 2009	-	-	-	-	-	-	-
Customer Service Expenses	<b>March 31, 2010</b>	-	-	10,333	-	-	-	-
	March 31, 2009	-	-	(341)	-	-	(1,444)	-
Legal and Professional charges	<b>March 31, 2010</b>	40,340	-	224	-	-	-	-
	March 31, 2009	-	-	(1,744)	-	-	-	-
Advertisement and sales promotion	<b>March 31, 2010</b>	8,830	-	-	-	-	886	-
	March 31, 2009	-	-	-	(4,826)	-	-	-
Miscellaneous Expenses	<b>March 31, 2010</b>	-	-	-	-	1,621	-	165
	March 31, 2009	(1,298)	(11)	(245)	-	-	-	-
Rent Expense	<b>March 31, 2010</b>	-	-	18	-	-	-	2,206
	March 31, 2009	-	-	-	-	-	-	(882)
Rent Income	<b>March 31, 2010</b>	-	-	-	-	-	-	-
	March 31, 2009	-	-	(70)	-	-	-	-
Recovery of excess remuneration	<b>March 31, 2010</b>	-	-	-	-	-	-	-
	March 31, 2009	-	-	-	-	-	-	-
Dividend paid	<b>March 31, 2010</b>	12,745	-	-	-	-	-	-
	March 31, 2009	(6,777)	(13,077)	-	-	-	-	-
Loans taken during the period	<b>March 31, 2010</b>	-	-	-	-	-	-	-
	March 31, 2009	(35,000)	-	-	-	-	-	-
Loans given during the period	<b>March 31, 2010</b>	-	-	-	-	-	-	-
	March 31, 2009	-	-	(58,300)	-	-	-	-
Loans repaid during the period	<b>March 31, 2010</b>	-	-	-	-	-	-	-
	March 31, 2009	(35,000)	-	-	-	-	-	-
Loan received back during the period	<b>March 31, 2010</b>	-	-	3,150	-	-	-	-
	March 31, 2009	-	-	(11,250)	-	-	-	-
<b>Reimbursement of Expenses</b>								
Personnel Expenses	<b>March 31, 2010</b>	-	-	-	-	-	-	-
	March 31, 2009	(1,815)	-	-	-	-	-	-
Operating and other expenses	<b>March 31, 2010</b>	-	-	-	-	-	-	-
	March 31, 2009	(25,415)	-	-	-	-	-	-
<b>Outstanding balances at the end of year</b>								
Receivables Considered Good	<b>March 31, 2010</b>	-	-	399	163,695	-	-	-
	March 31, 2009	-	(15)	-	(58,533)	-	-	-
Payables	<b>March 31, 2010</b>	10,890	-	7,728	-	70	244	47,960
	March 31, 2009	(1,354)	-	-	(2,188)	-	(577)	(184)
Loan receivable	<b>March 31, 2010</b>	-	-	43,900	-	-	-	-
	March 31, 2009	-	-	(47,050)	-	-	-	-
Interest Receivable	<b>March 31, 2010</b>	-	-	2,655	-	-	-	-
	March 31, 2009	-	-	(3,719)	-	-	-	-

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

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



# Spice Mobility Limited (formerly Spice Mobiles Limited)

## Details of related party transactions for the year ended March 31, 2010

(Amount in Rs. '000)

Particulars		KMP	Individual having significant influence over the company	Enterprises over which individual having significant influence over the Company is able to exercise significant influence			Total
		Kunal Ahooja	Dilip Modi	Spice Communications Ltd	Plus Paper Foodpac Ltd.	Bharat BPO Services Limited	
<b>Transactions during the year</b>							
Sales of Traded Goods	March 31, 2010	–	–	–	–	–	542,535
	March 31, 2009	–	–	(290,688)	–	–	(610,826)
Sales of Manufactured Goods	March 31, 2010	–	–	–	–	–	–
	March 31, 2009	–	–	–	–	–	(784)
Sales of Fixed Assets	March 31, 2010	–	–	–	–	–	–
	March 31, 2009	–	–	–	–	–	(211)
Purchase of Fixed Assets	March 31, 2010	–	–	–	–	–	11,576
	March 31, 2009	–	–	–	–	–	(333)
Purchases of traded goods and spares	March 31, 2010	–	–	–	–	–	96,288
	March 31, 2009	–	–	–	–	–	(141)
Interest Expense	March 31, 2010	–	–	–	–	–	–
	March 31, 2009	–	–	–	–	–	(838)
Interest Income	March 31, 2010	1,050	–	–	–	–	6,514
	March 31, 2009	(2,559)	–	–	–	–	(7,368)
Remuneration	March 31, 2010	16,500	–	–	–	–	16,500
	March 31, 2009	(37,814)	–	–	–	–	(37,814)
Customer Service Expenses	March 31, 2010	–	–	–	–	–	10,333
	March 31, 2009	–	–	–	–	–	(1,785)
Legal and Professional charges	March 31, 2010	–	–	–	–	–	40,564
	March 31, 2009	–	–	–	–	–	(1,744)
Advertisement and sales promotion	March 31, 2010	–	–	–	–	2,724	12,440
	March 31, 2009	–	–	(17,207)	–	–	(22,033)
Miscellaneous Expenses	March 31, 2010	–	–	–	–	–	1,786
	March 31, 2009	–	–	(471)	–	–	(2,024)
Rent Expense	March 31, 2010	–	–	–	–	–	2,224
	March 31, 2009	–	–	(3,293)	–	–	(4,174)
Rent Income	March 31, 2010	–	–	–	330	–	330
	March 31, 2009	–	–	–	(413)	–	(483)
Recovery of excess remuneration	March 31, 2010	2,073	–	–	–	–	2,073
	March 31, 2009	–	–	–	–	–	–
Dividend paid	March 31, 2010	–	450	–	–	–	13,195
	March 31, 2009	–	(450)	–	–	–	(20,304)
Loans taken during the period	March 31, 2010	–	–	–	–	–	–
	March 31, 2009	–	–	–	–	–	(35,000)
Loans given during the period	March 31, 2010	–	–	–	–	–	–
	March 31, 2009	–	–	–	–	–	(58,300)
Loans repaid during the period	March 31, 2010	–	–	–	–	–	–
	March 31, 2009	–	–	–	–	–	(35,000)
Loan received back during the period	March 31, 2010	–	–	–	–	–	3,150
	March 31, 2009	(15,000)	–	–	–	–	(26,250)
<b>Reimbursement of Expenses</b>							
Personnel Expenses	March 31, 2010	–	–	–	–	–	–
	March 31, 2009	–	–	–	–	–	(1,815)
Operating and other expenses	March 31, 2010	–	–	–	–	–	–
	March 31, 2009	–	–	(30,851)	–	–	(5,436)
<b>Outstanding balances at the end of year</b>							
Receivables Considered Good	March 31, 2010	–	–	–	–	–	164,094
	March 31, 2009	–	–	–	–	–	(58,548)
Payables	March 31, 2010	500	–	–	–	1,621	69,013
	March 31, 2009	(9,375)	–	–	–	–	(13,677)
Loan receivable	March 31, 2010	10,000	–	–	–	–	53,900
	March 31, 2009	(10,000)	–	–	–	–	(57,050)
Interest Receivable	March 31, 2010	2,533	–	–	–	–	5,188
	March 31, 2009	(1,483)	–	–	–	–	(5,203)

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

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



## Spice Mobility Limited (formerly Spice Mobiles Limited)

### Schedule 24

### Notes to Accounts

#### 5. Merger

The Board of Directors of the Company approved amalgamation of Spice Televenture Private Limited, its holding company, with the Company in the meeting held on January 30, 2010. Pursuant to this approval, the Company has on 15th April 2010, filed with Honourable High Court at Allahabad (U.P.), a scheme of amalgamation entailing merger of the holding company with the Company. As per the said scheme, with effect from the Appointed Date i.e. January 01, 2010, the undertaking of the holding company, pursuant to the provisions contained in Sections 391 to 394 and other applicable provisions of the Companies Act 1956, shall stand transferred to and vested in the Company on a going concern basis without any further act, deed or matter. However, the amalgamation shall be effective from the date of filing of the certified copy of the Order of the Honourable High Court with Registrar of Companies of Uttar Pradesh and Uttranchal. Pending the approval of the said High Court, the effect of the amalgamation has not been given.

#### 6. Leases

##### a) Assets taken under Operating Leases

Office premises and office equipments are obtained on operating lease. There are no contingent rents in the lease agreements. The lease terms are for 1–3 years and renewable by mutual agreement of both the parties. There is no escalation clause in the lease agreements. There are no restrictions imposed by lease arrangements. There are no subleases and all the leases are cancellable in nature.

##### b) Assets given on Operating Leases

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

(Amt in Rs. '000)

Particulars	Year ended March 31, 2010	Period ended March 31, 2009
<b>Future minimum lease payments</b>		
Not later than one year	330	330
Later than one year but not later than five years	757	1,087
Later than five years	Nil	Nil
<b>Total</b>	<b>1,087</b>	<b>1,417</b>

#### 7. a) Derivative Instruments and Un hedged Foreign Currency Exposure

Particulars of Derivatives	Purpose
<b>Forward contract outstanding as at Balance Sheet date</b>	
Sell	
US \$ 33,588,537 (previous period US\$ 13,100,000)	Hedge of Import Creditors

The amounts of foreign currency exposure that are not hedged by a derivative instrument or others as on March 31, 2010 are as under:

	March 31, 2010			March 31, 2009		
Particulars	Amt (Rs. '000)	Foreign currency	Exchange Rate	Amt (Rs. '000)	Foreign currency	Exchange Rate
Import creditors	559,815	USD 12,468,040	44.90	34,899	USD 688,074	50.72
Advance to suppliers and other receivable*	605,275	USD 13,480,513	44.90	142,475	USD 2,809,041	50.72
Debtors	17,315	USD 385,635	44.90	3,983	USD 78,537	50.72

\* Rs 586,640 thousand at the year end (previous period Rs 133,510 thousand) have been adjusted from balances of the creditors in the financial statements.

## Spice Mobility Limited (formerly Spice Mobiles Limited)

### Schedule 24

### Notes to Accounts

#### 7. b)

	Year ended March 31, 2010	Period ended March 31, 2009
Net foreign exchange variation charged to profit and loss account	6,277	109,495

7. c) A sum of Rs.7,434 thousand (previous period Rs.3,230 thousand) on account of unamortized foreign exchange premium on outstanding forward exchange contracts is being carried forward to be charged to Profit and Loss Account of subsequent period.

8. Advances recoverable in cash or in kind or for value to be received as shown under Schedule 12 to the financial statements include Rs. 24,436 thousand (Previous period Rs. 26,044 thousand) receivable from a company with whom a binding sale agreement has been entered into for sale/transfer of some of the assets/liabilities of the IT Business.

#### 9. Capital commitments:

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

10. The Company has an investment of Rs 68,060 thousand in the equity shares of Plus Paper Foodpac Limited (PPFL). As per the latest provisional financial statements of PPFL as certified by the management, the value of one equity share as per net asset value is Rs 13.98; however, the Company has made the investments @ Rs 20 per share. The said company has earned profit during the financial years ended 31st March 2007, 31st March 2008 and 31st March 2010. This being long term investment and also in view of the projected profitable operations of the Company, the management is of the view that the diminution in the value of this investment is temporary in nature and hence no provision is required to be made there against.

#### 11. Provisions and Contingencies

##### 11.1 Provision for Warranty

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

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

(Amt. in Rs '000)

		Year ended March 31, 2010	Period ended March 31, 2009
(i)	Various Sales Tax Demands for the assessment periods 1991-92 to 2004-05 being disputed by the Company.	5,642*	5,573*
(ii)	Demand raised by the Excise Authorities being disputed by the Company. The Company has deposited Rs 2,000 thousand (Previous period Rs Nil) under protest and the same has been included in the Schedule of Loans and Advances.	66,263*	66,263*
(iii)	Various other claims against the Company not acknowledged as debts.	—	2,810*

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

#### 12. Details of employee benefits

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

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



## Spice Mobility Limited (formerly Spice Mobiles Limited)

### Schedule 24

### Notes to Accounts

#### Profit and Loss Account

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

(Amt. in Rs. '000)

	March 31, 2010	March 31, 2009
Current service cost	1,832	1,601
Interest cost on benefit obligation	310	297
Expected return on plan assets	(346)	(221)
Net actuarial gain recognised during the year	(205)	147
Past service cost	Nil	Nil
Net benefit expense	1,591	1,824
Actual return on plan assets	346	245

#### Balance sheet

#### Details of Provision for Gratuity

(Amt. in Rs. '000)

	March 31, 2010	March 31, 2009
Defined benefit obligation	6,064	4,127
Fair value of plan assets	4,193	3,780
Less: Unrecognised past service cost	Nil	Nil
Plan (liability)	(1,871)	(347)

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

(Amt. in Rs. '000)

	March 31, 2010	March 31, 2009
Opening defined benefit obligation	4,127	3,571
Current service cost	1,832	1,601
Interest cost	310	297
Benefits paid	–	(1,511)
Actuarial gain on obligation	(205)	169
Closing defined benefit obligation	6,064	4,127

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

(Amt in Rs. '000)

	March 31, 2010	March 31, 2009
Opening fair value of plan assets	3,780	437
Expected return	346	221
Contributions by employer	67	3,102
Benefits paid	–	(3)
Actuarial gains/ (losses)	–	23
Closing fair value of plan assets	4,193	3,780

The Company's expected contribution to the fund in the next year is Rs. 2,250 thousand (Previous period Rs 2,000 thousand.)

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

	March 31, 2010	March 31, 2009
Investments with insurer	100%	100%

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

## Spice Mobility Limited (formerly Spice Mobiles Limited)

### Schedule 24

### Notes to Accounts

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

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

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

Gratuity obligation and plan assets at the end of current year and previous three periods are as follows: (Amt. in Rs.'000)

	As at March 31, 2010	As at March 31, 2009	As at December 31, 2007	As at March 31, 2007
Defined benefit obligation	6,064	4,127	3,571	3,646
Plan assets	4,193	3,780	437	2,138
Deficit	1,871	347	3,134	1,508
Experience adjustments on plan liabilities (loss)/ gain	205	623	Not Available	
Experience adjustments on plan assets (loss)/gain	6	(2)		

#### Notes:

- The actuarial valuation has been done from the year 2006–07 in accordance with the revised Accounting Standard 15, Employee benefits. Prior to that, the Actuarial valuation was done in accordance with the pre-revised Accounting Standard 15, Employee benefits. Accordingly, comparative numbers have been disclosed since the date of adoption.
- Information relating to experience adjustments to plan assets and liabilities as required by Para 120 (n) (ii) of the Accounting Standard 15 (Revised) on Employee Benefits for earlier two periods is not available with the Company.
- The Company has never had any obligation towards the provident fund trust except for the contributions due to the trust. Pending issuance of the Guidance Note from the Actuarial Society of India, the Company's actuary has expressed his inability to reliably measure the Provident Fund liability. Accordingly, no additional disclosures as required by paragraph 120 of AS 15 (revised 2005) have been furnished.

- Details of dues to Micro, Small and Medium Enterprises as per Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 (as certified by the management)

(Amt. in Rs '000)

	Particulars	March 31 2010	March 31 2009
i)	The principal amount and the interest due thereon remaining unpaid to any supplier – Principal amount – Interest thereon	Nil	Nil
ii)	The amount of interest paid by the buyer in terms of Section 18, along with the amount of the payment made to the supplier beyond the appointed day	Nil	Nil
iii)	The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding the interest specified under this Act	Nil	Nil
iv)	The amount of interest accrued and remaining unpaid	Nil	Nil
v)	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small investor	Nil	Nil



## Spice Mobility Limited (formerly Spice Mobiles Limited)

### Schedule 24

### Notes to Accounts

#### 14. Supplementary Statutory Information

##### i) Remuneration to Director and Managers

(Amt. in Rs. '000)

Particulars	Manager		Manager, Whole Time Director and C.E.O.*	
	Year ended March 31, 2010	Period ended March 31, 2009	Year ended March 31, 2010	Period ended March 31, 2009
Salaries	Nil	744	16,140	10,858
Contribution to Provident Fund	Nil	36	360	225
<b>Total</b>	<b>Nil</b>	<b>780</b>	<b>16,500</b>	<b>11,083</b>

\* Relates to Kunal Ahooja who ceased to be manager w.e.f. 15-02-2008 and re-appointed as whole time director w.e.f. 01-10-2008.

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

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

(Amt. in Rs. '000)

Particulars	Year ended March 31, 2010	Period ended March 31, 2009
<b>As auditor :</b>		
Statutory Audit fees	2,647	1,323
Right Issue Audit fees	—	955
Limited Reviews of Quarterly Results	993	674
Tax Audit Fees	662	612
Audit of Tax Accounts	—	502
Out of pocket expenses	140	81
<b>In Other manner:</b>		
Certification and other services	441	503
<b>Total</b>	<b>4,883</b>	<b>4,650</b>

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

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

	March 31, 2010	March 31, 2009
Licensed Capacity	N.A.	N.A.
Installed Capacity(Annualised)		
– Baddi Plant		
System (in units)	24,000	24,000
Printers (in units)	8,000	8,000
Software ( in Rs. thousand)	25,000	25,000
Mobile Handsets (in Units)	600,000	

## Spice Mobility Limited (formerly Spice Mobiles Limited)

### Schedule 24

### Notes to Accounts

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

(Amt. in Rs. '000)

	Handset		Passbook printers		Computer Systems		Total
	Units	Amount	Units	Amount	Units	Amount	Amount
<b>Opening stock</b>							
<b>April 1, 2009</b>	—	—	—	—	—	—	—
January 1, 2008	—	—	9	28	21	487	515
<b>Production</b>							
<b>March 31, 2010</b>	90	—	975	—	—	—	—
March 31, 2009	—	—	48	—	—	—	—
<b>Sales (Including excise duty)</b>							
<b>March 31, 2010</b>	90	146	975	15,893	—	—	16,039
March 31, 2009	—	—	57	344	21	440	784
<b>Closing stock</b>							
<b>March 31, 2010</b>	—	—	—	—	—	—	—
March 31, 2009	—	—	—	—	—	—	—

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

(Amt. in Rs. '000)

	Passbook printers		Computer Systems		IT Peripherals and spare parts	Mobile Handsets		Bluetooth\ Micro S.D. Cards		Spare parts of Mobile Hand sets	Total
	Units	Amt.	Units	Amt.	Amt.	Units	Amt.	Units	Amt.	Amt.	Amt.
<b>Opening Stock</b>											
<b>April 1, 2009</b>	—	—	—	—	—	70,011	182,448	217	171	52406	235,025
January 31, 2008	2,050	24,412	35	766	5,426	94,135	180,681	1,125	2,305	31,492	245,082
<b>Purchases (2)</b>											
<b>March 31, 2010</b>	—	—	—	—	—	5,552,283	8,526,914	299,399	98,539	15,048	8,640,501
March 31, 2009	4,160	64,216	—	—	786	2,712,077	5,425,240	—	—	37,341	5,527,583
<b>Sales</b>											
<b>March 31, 2010</b>	—	—	—	—	—	4,865,200	11,205,542	125,053	1,012	53,812	11,260,669
March 31, 2009	6,210	99,332	35	766	5,549	2,735,422	6,955,723	757	212	21,702	7,083,284
<b>Miscellaneous Issues</b>											
<b>March 31, 2010</b>	—	—	—	—	—	1649	—	4,267	—	—	—
March 31, 2009	—	—	—	—	—	779	—	151	—	—	—
<b>Closing stock</b>											
<b>March 31, 2010</b>	—	—	—	—	—	755,445	1,085,069	170296	54,665	54,221	1,193,955
March 31, 2009	—	—	—	—	—	70,011	182,448	217	171	52,406	235,025

Notes:

- (1) As there are large numbers of items of IT peripheral and spare parts and spares parts of mobile handsets and there are no individual items accounting for 10 per cent or more of the value, the quantitative details in respect thereof have not been furnished.
- (2) Purchase of mobile handsets are net of 26,030 units (Previous period 31,948 units) issued for warranty consumption.
- (3) \*Sales in value terms is included under the same of mobile handsets, being given under various schemes.





## Spice Mobility Limited (formerly Spice Mobiles Limited)

### Schedule 24

### Notes to Accounts

#### iv) Consumption of Raw Materials:

(Amt. in Rs. '000)

Particulars	Year ended March 31, 2010		Period ended March 31, 2009	
	Quantity (in units)	Amount	Quantity (in units)	Amount
Mobile Handsets	90	1350	–	–
Kits for Passbook Printers	975	15,600	–	–
Others*		–		1,895
<b>Total</b>		<b>16,950</b>		<b>1,895</b>

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

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

(Amt. in Rs. '000)

Particulars	Year ended March 31, 2010		Period ended March 31, 2009	
	Value	%	Value	%
– Imported	16,632	98	971	51
– Indigenous	318	2	924	49
<b>Total</b>	<b>16,950</b>	<b>100</b>	<b>1,895</b>	<b>100</b>

#### vi) Value of Imports on C.I.F. Basis:

(Amt. in Rs. '000)

Particulars	Year ended March 31, 2010	Period ended March 31, 2009
Traded and Service Goods	8,374,594	5,423,178
Raw Materials	2,524	13,104
Capital Goods	4,950	–
<b>Total</b>	<b>8,382,068</b>	<b>5,436,282</b>

#### vii) Earning in Foreign Currency (accrual basis):

(Amt. in Rs. '000)

Particulars	Year ended March 31, 2010	Period ended March 31, 2009
FOB Value of Export	46,542	–
Miscellaneous Income	15,722	8,464
<b>Total</b>	<b>62,264</b>	<b>8,464</b>

#### viii) Expenditure in Foreign Currency (accrual basis):

(Amt. in Rs. '000)

Particulars	Year ended March 31, 2010	Period ended March 31, 2009
Travelling and Conveyance	2,463	2,041
Miscellaneous Expenses	233	–

## Spice Mobility Limited (formerly Spice Mobiles Limited)

### Schedule 24

### Notes to Accounts

- ix) Net dividend remitted in foreign exchange

Particulars	Year ended March 31, 2010	Period ended March 31, 2009
Period to which it relates	January 1, 2008 to March 31, 2009	April 1, 2007 to December 31, 2007
– Number of non–resident shareholders	78	54
– Number of equity shares held on which dividend was due	3,557,432	3,705,916
– Amount remitted in foreign exchange (Rs. in thousand)*	NIL	NIL
– Currency in which dividend was remitted	Not Applicable	Not Applicable

\*An amount of Rs. 960 thousand (Previous Period Rs 1,668 thousand) has been paid as dividend to the Non Resident shareholders (including Foreign Institutional Investors).

#### 16. Previous period comparatives

- Previous period's figures have been regrouped where necessary to conform to current period's classification.
- The accounts for the current period have been prepared for 12 months and are not comparable with the previous period accounts prepared for 15 months.

#### Signatures to Schedules 1 to 24

As per our report of even date

**For S.R. BATLIBOI & CO.**  
Firm Registration No. 301003E  
Chartered Accountants

**per Anil Gupta**  
Partner  
Membership No. 87921  
Place : New Delhi  
Date : 15<sup>th</sup> May 2010

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

**Dilip Modi**  
Managing Director

**Subroto Chattopadhyay**  
Director

**Preeti Malhotra**  
Executive Director & Company Secretary

**Manish Pengoriya**  
Chief Financial Officer



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53

## Spice Mobility Limited (formerly Spice Mobiles Limited)

### BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE (All amounts in thousand of Rs.)

#### I. REGISTRATION DETAILS :

Registration No. 

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

 State Code : 

2	0
---	---

Balance Sheet Date : 

3	1
---	---

0	3
---	---

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

Date                      Month                      Year

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

Public Issue : 

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

 Rights Issue : 

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

Bonus Issue : 

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

 Private Placement : 

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

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

Total Liabilities : 

1	3	4	1	6	5	5
---	---	---	---	---	---	---

 Total Assets : 

1	3	4	1	6	5	5
---	---	---	---	---	---	---

##### Sources of Funds

Paid-up-Capital : 

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

 Reserves & Surplus : 

1	1	1	7	1	5	6
---	---	---	---	---	---	---

Share Application Money : 

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

 Secured Loans : 

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

Deferred Tax Liabilities (net) 

				5	8	5
--	--	--	--	---	---	---

##### Application of Funds

Net Fixed Assets : 

		8	0	9	8	5
--	--	---	---	---	---	---

 Investments : 

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

Deferred Tax Assets (net) 

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

 Net Current Assets : 

1	0	3	9	8	4	7
---	---	---	---	---	---	---

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

Turnover (Incl. other Income): 

1	0	4	8	2	9	3	0
---	---	---	---	---	---	---	---

 Total Expenditure : 

9	4	1	0	9	3	6
---	---	---	---	---	---	---

Profit / (Loss) before Tax : 

+	-					
✓						
1	0	7	1	9	9	4

 Profit / (Loss) after tax : 

+	-				
✓					
7	0	5	0	8	2

Earnings Per Share (Rs.) 

				9	.	4	5
--	--	--	--	---	---	---	---

 Dividend Rate (%) : 

					5	0
--	--	--	--	--	---	---

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

Item Code No. (ITC Code) 

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

Product Description 

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

Item Code No. (ITC Code) 

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

Product Description 

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

Item Code No. (ITC Code) 

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

Product Description 

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

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

**Dilip Modi**  
Managing Director

**Preeti Malhotra**  
Executive Director & Company Secretary

**Subroto Chattopadhyay**  
Director

**Manish Pengoriya**  
Chief Financial Officer

Place : Noida  
Date : 15<sup>th</sup> May 2010

## List of Regional Distributors of Spice Mobility Limited

### ANDHRA PRADESH

**Guntur** :Sri Saradhi Agencies  
D. No. 20-3-21, Shop No - 20,  
Vasavi Complex, Chowtra, Guntur - 522003  
Mob: +919440262721/+919246759666, Office :0863-2337831

**Hyderabad** :V.J. Enterprises  
D.No.1-3-1/C/1, Jayamansion, Airtel Show Room Upstairs  
Kawadiguda, Hyderabad- 500080  
Mob: +91 9246969600, Office :040-65528081

**Kurnool** :Vineesha Enterprises  
Dr. No. -40/37-L2, Upstair, Beside Balaji Hotel  
Bellary Road, Kurnool - 518004  
Mob: +91 9963488555, Office :0851-8276493

### ASSAM

**Guwahati** :K B International Trading Pvt. Ltd.  
AAC Comercial Complex, 1st Floor, Opposite Sikaria Complex  
S.J. Road, Athgaon, Guwahati - 781001  
Mob.: 9435044116/ 9954024365, Office :0361-2606850

### BIHAR

**Patna** :Citadel Vigilant System  
2nd Floor, Madhuri Bhawan, Jamal Road, Patna, Bihar  
Mob.: 9891982623/ 9431023872  
Office: 0612-2228544, 9334387451

**Samastipur** :Pioneer Teleservices  
Pethhia Gachhi, Samastipur, Bihar  
Mob.: 9431010642

### CHANDIGARH

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

### CHATTISGARH

**Raigarh** :Aviskar Electronics  
6, Kevdabadi Bus Stand, Raigarh, Chattisgarh  
Mob.: 9755250001

**Bilaspur** :Shriram Tradecom  
Shop No B-19, Zone 2, Vyapar Vihar, Bilaspur, Chattisgarh  
Mob.: 9893640000, Office : 07752-405040

**Raipur** :Kavita Marketing  
C-5, RDA Building Sharda Chowk  
Raipur, Chattisgarh, Pin- 492001  
Mobile : 9826161919, Office : 0771-4053919

**Raipur** :Suchita Enterprises  
Plot No B-3, Radha Swami Nagar, Bhata Gaon,  
Raipur (Chattisgarh)  
Mob.: 9839556633, Office : 077-3013569

### DELHI

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

**East Delhi** :Kwality Telecom  
1/4650, Ram Nagar Extn., Mandoli Road, Shahdara, Delhi  
Mob.: 9312233236

**South Delhi** :SPG Distributions  
1770/7, Govindpuri Extension, New Delhi-110019.  
Mob.:09311387282

### GOA

**Ponda** :Osia Enterprises  
C/o Navketan Roller Flour Mills Pvt. Ltd.,  
No. 60-62, Bethora Indl. Estate, Ponda- 403409, Goa  
Mob: 09822102605, Office : 0832-2330333, 2330461

### GUJARAT

**Ahmedabad** :True Solusales Pvt. Ltd  
206, Gala Argos, 2nd Floor, Nr.Harikrupa Tower,  
Nr. Ladies Hostel, Gujarat College Road,  
Mob.: 098250 33777, 09924449700, Office: 079-26402179

### HARYANA

**Faridabad** :SPG Distributions  
B-363, 364 & 365, Second floor, Nehru Ground,  
Opposite Post Office, N.I.T., Faridabad - 121001  
Mob.: 09899297282, Office : 01294037282

**Karnal** :Sach Telecom Pvt. Ltd.  
SCO-3-4, First Floor, Sanjiv Hospital Market, Railway Road  
Mob: 09215210000

### HIMACHAL PRADESH

**Shimla** :In touch Communications  
3, Regal Building, Lakkar Bazar, Shimla  
Mob.: 09817023000/09882023000

**Kullu** :Navkar Sales  
Akahara Bazar, Kullu  
Mob: 09418024091

**Kangra** :Grover Enterprises  
Opposite Main Bus Stand, Kangra(Hp)  
Mob: 09817135755, Office : 01892262853

**Una** :Lakshmi Trading Group  
Nangal Road, Una  
Mob: 9816013575/ 9218523575, Office : 01975-223575

**Solan** :Hindustan Agencies  
Thakur Buld. 1st floor Opp. CJM Residence Saproon  
Solan (HP)  
Mob: 09418034729

### J & K

**Jammu** :EL-Tronics  
44, A-2, South Block, Bahu Plaza,  
Railhead Complex, Gandhi Nagar, Jammu  
Mob : 09419194373, Office : 01912474177



**Srinagar** :Kashmir Watch House  
2nd Floor, Yemberzal Shopping Complex,  
Court Road, Lal Chowk SRINAGAR, Srinagar  
Mob.: 09419008765/09419015612  
Mobile: 0194-2486009, 0194-2474444

## **JHARKHAND**

**Ranchi** :Saraswati Enterprises  
Radium Road, Opp-Kumar Market  
C/O - Appetite Restaurant, Ist Floor, Ranchi-834001  
Mobile : 09931102629/ 09431708708  
Office :0651-2330547/ 3299722

## **KARNATKA**

**Bangalore**: Radiant Distributors  
No.1072/1073,Ground Floor, PRS Lane,  
Nagarathpet Cross, Bangalore-560002  
Mob: +91 9845545933, Office: 080 - 41155933

## **KERALA**

**Tirpur**:Cee Kay Pee Agencies  
M/s. Cee Key Pey Agencies, 5/164B, Chembra Road,  
Payanangadi, Tirpur – 676101  
Mob: +91 9249500000, Office :0494-2424081

## **MADHYA PRADESH**

**Jabalpur**: Modern Electronics  
4, Nigam Market , Tulram Chowk  
Opp. State Bank of India, Jabalpur  
Mob.: 09425153383, Office : 0761-2310885/ 4019888

**Indore** :Kamal Eternity Pvt. Ltd.  
104-105, Sunrise Tower, 579, M.G. Road, Indore (MP)  
Mob.: 09893077599, Office : 0731-4088568

## **Bhopal** :Meera's

1, New Market, Hanuman Mandir Lane, Bhopal - 462003, MP  
Mob.:98260-74422, Office : 0755 - 2579178, 5220725

**Gwalior** :Maa Kaila Devi Communication  
Bhaskar Lane, In Front of Multan Bhavan,  
Jayandra Ganj,Lashkar, Gwalior  
Mob.:9826216926, Office : 0755 - 2579178, 5220725

**Jabalpur** :Ekta Associates  
4, Nigam Market , Tulram Chowk,  
Opp. State Bank of India, Jabalpur  
Mob.: 09425153383, Office : 0761-2310885/ 4019888

## **MAHARASHTRA**

**Pune** : KC Marketing  
Office No.13, Symphony -C, Ashok Nagar, Pune-411020  
Mob.: 099230 99666, Office : 020-25534198

**Nagpur** :A B Agency  
Gupta Sadan, Plot No. 213, Nandanwan Main Road, Nagpur  
Mob: 9822775906, Office : 0712-3252106

**Akola** :Rajesh Electronics  
Shop No. 2, Rayat Havale, Old Cotton Market, Akola- 444001  
Mob.: 09422861116, Office : 0724-2442028

**Gonda** :Swastik Brothers  
Near Gandhi Statue  
Mob.: 09890349145/ 09225665137

## **MUMBAI**

**Mumbai** :Hitech Communication  
E-101, 1st Floor, Ranjit Studio,  
Dadasaheb Phalke Road, Dadar (E), Mumbai - 400014  
Mob.: 09820478568/ 09867046636

**Thane** :Inter Gap Connections  
A/4 Nirmal Apartments, Below Janam Hospital, Uttam Angre  
Road, Joshi Wada, Charai Thane Wset, Pin - 400601  
Mob.: 09820140074, Office : 022-25385342/45

**Navi Mumbai** :A-One Agency  
Shop No 100, Chadda Crescent CHS, Sector-17, Vashi,  
Navi Mumbai, Pin- 400703  
Mob.: 09819342300

**Mumbai** : Jupiter Marketing  
176, SVP Road, Opp- Gol Deval Mandir, Mumbai, Pin- 400004  
Mob: 9819726580

## **ORISSA**

**Bhubneshwar** :Sri Guru Sanchar  
Plot. No. 224, Bapuji Nagar, Bhubaneswar-751009  
Mob.: 9937277117

**Cuttack** : P. K. Agency  
Khuntia Lane, Samanta Sahi, Cuttack  
Mob.: 09937060012

**Badgad** : Debta Enterprises  
Rajiv Gandhi Chowk, Bargarh, Pin-768028  
Mob.: 09437052350

**Khariar** : Sri Krishna Computer  
Main Road,Near Utkal Nursing Home, Khariar Road,766104  
Mobile :9437877777

**Puri** : U B Telecom  
College Sqare, Near- Amla Club,Puri-752001  
Mob.: 09338666999

**Berhampur** :Chandan Enterprises  
Sri Sai Complex,1st Floor,Block -F,Gandhi Nagar,760001  
Mob.: 09861070192

## **PUNJAB**

**Zirakpur** : Vee Kay Distributor, Old Pabhat Road,  
Village Pabhat, Zirakpur (Punjab)  
Mob.: 09988882808/09988801010

**Ludhiana** :Jindal Enterprises  
51 E, Saraph Nagar, Opposite Kips Market, Ludhiana  
Mob: 09814669999

**Jallandhar** : Chadha Mobile House Pvt. Ltd.  
Opp. Old Police Div No. 3, Near Bhagat Singh Chowk  
Phagwara Gate, Jalandhar City  
Mob.: 09815542798/ 09815549950

**Bathinda:** S R Communications  
Shop No. 4693, Hospital Bazar, Bathinda  
Mob.: 09814600066, Office : 0164-2250040

**Amritsar :** Milen Agencies  
First Floor, 77, Hall Bazar, Amritsar  
Mobile: 9814651501, Office : 0183-2210504, 2210532

#### **RAJASTHAN**

**Jaipur :** Delta Prime Marketing Pvt. Ltd.  
244, Frontier Colony, Nr. PNB Bank,  
Adersh Nagar, Jaipur - 302004  
Mobile : 9828154545 / 9828024848, Office : 0141-4007384

**Jaipur :** Delta Sales and Services CDMA  
244, Frontier Colony, Adarsh Nagar,  
Jaipur (Rajasthan), Pin- 302004  
Mobile : 9828154545 / 9828024848, Office : 0141-4007384

#### **TAMIL NADU**

**Chennai :** Arihant Mobiles Pvt. Ltd.  
13, Clemens Road, Purasawakkan, Pin-600007  
Mobile-9841033762

**Madurai :** Manivannan Enterprises  
149A, East Veli Street, Madurai- 625001  
Mobile-09894425307, Office : 0452-2336434

**Tiruvannamalai :** N.S.Communication  
134/50, Mathalangula Street, Tiruvannamalai, Pin-606601  
Mobile- 9894463115

#### **U.P. (EAST)**

**Ballia :** Info World  
Infront of Bishunipur Masjid, Ballia (U.P.), Pin- 277001  
Mobile : 9984557700, Office : 05498-224171

**Gorakhpur :** Jaiswal Distributors  
16, AVAS Vikas Colony, Betiahata, Gorakhpur, U.P.  
Mobile : 09935086070, Office : 09935157493

**Lucknow :** Chandra Telecom  
2nd Floor, Aaj Press Building,  
Suraj Deep Complex Jopping Road, Lucknow  
Mobile : 9839212348/ 9839015845, Office : 0522-2206962

#### **U.P. (WEST)**

**Bareilly :** Ram Rikh Dass Khiali Ram  
22-Marwari Ganj, Bareilly, Uttar Pradesh- 243005  
Mobile : 9927088557, 9219507469, Office : 0581-2540247

**Noida :** GNH Telecom  
Tilak Bhawan, Sharma Mkt, Atta Chowk Sector 27, Noida  
Mobile : 9811220555, Office : 0120-4322062

**Moradabad :** Gupta Agencies  
Katrana, Moradabad, Uttar Pradesh  
Mobile : 9837066100, Office : 9837020500

**Saharanpur :** S. K. Marketing  
Shivi Communication, More Ganj, Saharanpur  
Mobile: 98370-39790, Office: 98370-50335

**Meerut :** Aggarwal Associates  
676/2, Shastri Nagar, Meerut  
Mob: 9837133333, Office : 0121-2768315

**Agra :** Mittal Traders  
33, Basant Bihar, Kamla Nagar, Agra (UP), Pin - 282005  
Mob: 9719002571

#### **UTTARANCHAL**

**Dehradun :** Wadhwa Traders  
30, Chakrata Road, Dehradun - 248001  
Mobile : 9719203781 / 9837604500, Office : 0135-3252991

**Rudrapur :** Tenet Agency  
Near Sanjivani Hospital, Kashipur Road, Rudrapur (U.S.Nagar)  
Office : 9758006755, Residence : 05944-244068

**Rudrapur :** Matrix Marketing  
Near Furniture Palace, Kashipur Road,  
Rudrapur (Uttarakhand), Pin-263135  
Mobile : 97581-12345, Office : 98370-82222

#### **WEST BENGAL**

**Kolkata :** Saraswati Enterprises  
31, Burtolla Street, Gr. Floor, Kolkata - 700 007  
Mobile : 9831816016, Office : 033-22687862

**Siliguri :** K.B.Marketing  
17/65, Haren Mukherjee Road, Near Vivekananda Club,  
Hakimpara, P.O- Siliguri, Distt: Darjeeling, Pin- 734001  
Mobile : 9333940584, 9832020490

**Bankura :** Unique Infocomm  
S.P. Mukherjee Road Nutanganj, Ambika Market  
Bankura, West Bengal-722101  
Mobile : 9434160180, Office : 03242-250319

**Purulia :** Balaji Communication  
Vill- Balarampur, Dist - Purulia, P.O.- Rangadih  
West Bengal-722101, Pin-723143  
Mobile : 9800468972/ 9800100114, Office : 9800997484





# spice

57



S-7000

Mi-300

QT-66

## SMART THINKING

### Introduction

#### Innovation gets smarter

In its belief of delivering the best to its customers, Spice Mobiles ups the ante in the mobile phone industry with the launch of three power-packed mobile handsets. These innovatively designed phones carry unparalleled aesthetics and cutting edge software to appeal to the hard-to-satisfy sensibilities of trendy and tech-savvy consumers. Smart consumers need smart products and Spice aims to carve a unique niche for itself by focusing on innovation in every field.

### QT-66

#### Dual is the way to go

Finally, phones that match your sharp wits, idea by idea. The iQ series is as intelligent as a QWERTY keypad, Multi-SIM, dual expandable memory, long battery life, large screen and a whole world of smart VAS applications. Now, wherever are looking for smart company, just bring out your iQ phone.

### S-7000

#### The multiplex goes portable

Your movie watching experience gets a whole new twist with the S-7000. Now you can watch your favourite flick, irrespective of where you are. Forget blocking an entire evening and going out for a movie, or waiting dearly for it to be broadcast on TV. Be smart and watch movies on the go with the S7000, which can play videos in all the popular video formats. Stock up on some popcorn!

### & series

Connecting with life, love and work just became a lot more easier. The & phones from Spice are set to become the new rage in the touch phone market with over 70,000 downloadable applications that will connect you with the world like never before. We call it the Connected Spice Life; a life, where you're up to date with your friends, work, family and the world!



# Human Capital

## Board of Directors – Spice Mobility

---

Dr. Bhupendra Kumar Modi, Chairman

Dilip Modi, Managing Director

Preeti Malhotra, Executive Director

Kashi Nath Memani, Independent Director

Krishan Lal Chugh, Independent Director

Subroto Chattopadhyay, Independent Director

## Leadership Team @ Spice

---

Dr. Bhupendra Kumar Modi, Global Chairman & MD, Spice Global

Dilip Modi, Managing Director, Spice Mobility

Divya Modi, Jt. Managing Director (Retail Business), Spice Mobility

Dato Eric Chuah Seong Ling, Managing Director, Spice CSL

Preeti Malhotra, Executive Director, Spice Mobility

Sam Gulve, Jt. Managing Director (Services Business), Spice Mobility

Subramanian Murali, Chief Financial Officer, Spice Mobility

Kunal Ahooja, Chief Executive Officer, Spice Mobility

Sanjeev Mahajan, Chief Executive Officer, Spice Retail

Ashok Goyal, Chief Financial Officer, Spice Global

Vivek Bali, Group President, Global Brand & Marketing, Spice Global

A. V. K. Mohan, Group President, Global Human Resources, Spice Global

Sanjeev Singhal, Group President, Performance Assurance Services, Spice Global

Maneesh Tripathi, Chief Executive Officer, Spice i2i & Global Supply Chain Management

KTS Anand, Chief Financial Officer, Spice i2i

Saket Agarwal, Chief Executive Officer, Spice Digital

Lokesh Gupta, Chief Executive Officer, Spice Lab

Manish Pengoriya, Chief Financial Officer, Spice Mobility

Rajneesh Arora, Chief Financial Officer, Spice Retail

Madhusudan V, Chief Financial Officer, Spice Digital

Joseph Stephen Tan, Group President, Strategic Planning



## Top Management Team



### (Left to Right) First Row

Kuber Maheshwari  
Jai Dev Singh Jolly  
Rukmani Sharma  
Vidya Chabbra  
Monika Sehgal  
Bhawna Raina  
Pragya Parashar

### Second Row

Abhinav Mathur  
Sumi  
Preeti Malhotra  
Divya Modi  
Eric Chuah

Rajesh Gupta  
Dr. B K Modi  
Sonika Jain  
Gunjan Dang  
RP Goyal  
Dilip Modi  
Yvonee Felix  
Sandeep Bajpai  
Manish Pengoriya  
Naveen Kumar  
Ajeet Chauhan

### Third Row

Sanjeev Mahajan  
Amit Sudan  
Sanjeev Singhal

Amandeep Khurana  
Mukesh Sharma  
Praveen Pahuja  
Jeetender Joshi  
Sanjay Johari  
Naveen Sharma  
Atul  
Naveen Paul  
Vikram Arya  
Sudeep Sen Gupta

### Fourth Row

Rajneesh Arora  
S Murali  
Subhashish Gope  
Girish PK

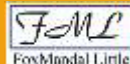
Lokesh Gupta  
V Madhusudan  
Parikshit Markandey  
Atul Prakash  
Akhlesh Saxena  
Naveen Jain  
Karan Kumar  
Nitant Mittal  
HK Shah  
Anuj Nangia  
Vinod Dhingra

### Fifth Row

Chris  
Vivek Bali  
SK Jain

Vikram Dheer  
Lalit Khanna  
M R Bothra  
Sachin (Mc Kinsey)  
Krishan Kumar  
Sandeep Bajpai  
Vinay Nath  
Kunal Ahooja  
AVK Mohan  
YP Gupta

## Our Consultants



## BRAND MANIFESTO





**spice**

**Spice Mobility Limited**  
D-1, Sector-3, Noida- 201301  
[www.spice-mobile.com](http://www.spice-mobile.com)



# spice

## Spice Mobility Limited

(Formerly Spice Mobiles Limited)

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

### Proxy Form

Master Folio No. \_\_\_\_\_ No. of Shares held \_\_\_\_\_

D.P. Id\* \_\_\_\_\_ Client ID\* \_\_\_\_\_

I/We \_\_\_\_\_ of \_\_\_\_\_

\_\_\_\_\_ being a

member / members of SPICE MOBILITY LIMITED, hereby appoint Mr. / Miss / Mrs. \_\_\_\_\_

of \_\_\_\_\_ or

failing him / her, Mr. / Miss / Mrs. \_\_\_\_\_ of

\_\_\_\_\_ as my / our proxy to vote for me/us on my / our

behalf at the Twenty Second Annual General Meeting of the Company to be held on Wednesday, the 29th day of September, 2010 at 10:30 A.M. at 'Spice World', I-2, Sector-25A, Noida - 201 301, U.P. or at any adjournment(s) thereof.

Specimen Signatures of the Proxy \_\_\_\_\_

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2010.

Affix  
1 Rupee  
Revenue  
Stamp here

Signature of Member

Note :The Proxy Form must be duly stamped, completed, signed and deposited at the Registered Office of the Company not less than 48 hours before the time for holding the Meeting.

\* Applicable for investors holding shares in electronic form

## Spice Mobility Limited

(Formerly Spice Mobiles Limited)

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

### Attendance Slip

(THIS ATTENDANCE SLIP, DULY FILLED IN, IS TO BE HANDED OVER AT THE MEETING)

Master Folio No. \_\_\_\_\_ No. of Shares held \_\_\_\_\_

D.P. Id\* \_\_\_\_\_ Client ID\* \_\_\_\_\_

Name of attending member \_\_\_\_\_  
(in Block Letters)

Name of Proxy(s) \_\_\_\_\_  
(in Block Letters)

(to be filled in, if a Proxy attends instead of the member)

I/We hereby record my/our presence at the Twenty Second Annual General Meeting of Spice Mobility Limited held on Wednesday, the 29th day of September, 2010 at 10:30 A.M. at 'Spice World', I-2, Sector-25A, Noida - 201 301, U.P.

Member's / Proxy's Signature

\* Applicable for investors holding shares in electronic form

(to be signed at the time of handing over this slip)