



NorthgateTM
Com Tech Limited

**5th ANNUAL REPORT
2014-15**

BOARD OF DIRECTORS

Name	Designation
1 Mr P Srinivasu	- Executive Director
2 Mr P Parthasarthi	- Independent Director
3 Mr T Naresh Kumar	- Independent Director
4 Mr Y Ramesh	- Independent Director
5 Mrs P Naazneen	- Woman Director

REGISTERED OFFICE

H.No.8-2-686/8/B/1, GAMUT Square, 3rd Floor,
Road No. 12, Banjara Hills, Hyderabad-500034
Telangana, India
Tel : +91-40-23548353
Fax : +91-40-23548537
URL : www.northgatetech.com
CIN : L72200TG2010PLC068624

STATUTORY AUDITORS

M/s Navitha and Associates
Chartered Accountants
H.No.16-2-740/75, Plot No.26,
VK Dhage Nagar, Dilsukhnagar
Hyderabad - 500060

INTERNAL AUDITORS

M/s A S NAIDU and Co.,
Chartered Accountants
Off: SRT 453, Sanath Nagar
Hyderabad – 500 018

SECRETARIAL AUDITORS

ALB & CO
Company Secretaries
Plot No.240, 1st Floor,
Kalyan Nagar, Beside ICICI Bank,
Hyderabad - 500038

SHARE TRANSFER AGENT

CIL Securities Limited
214, Raghava Ratna Towers,
Chirag Ali Lane,
Hyderabad-500001
Phone : +91 040-23203155

BANKERS

Bank of Baroda
HDFC Bank Limited

TABLE OF CONTENTS

S.No.	Item	Page No.
1	Notice of Annual General Meeting	05
2	Directors' Report	19
3	Report on Corporate Governance	37
4	Management Discussion and Analysis	43
5	Auditors' Report on Consolidated Financial Statements	47
6	Consolidated Financial Statements	49
7	Auditors' Report on Standalone Financial Statements	74
8	Standalone Financial Statements	78
9	Proxy Form	101
10	Attendance Slip	102

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 5th Annual General Meeting of the Members of Northgate Com Tech Limited will be held on Wednesday, the 30th day of September 2015 at 02.30 P.M. at Kalinga Cultural Trust, Plot No. 1269, Road No.12, Banjara Hills, Hyderabad - 500 034 to transact the following business:

1. Adoption of Financial Statements

To receive, consider and adopt the audited Balance Sheet as at 31st March, 2015 and the Audited Profit and Loss Account for the year ended as on that date together with the Reports of the Auditors and the Board of Directors thereon.

2. Appointment of Director

To appoint a Director in place of Mr P.Srinivasu, who retires by rotation and being eligible, offers himself for re-appointment.

3. Re-appointment of Auditors

To consider and if thought fit to pass, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 139 (2) and 142(1) and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modifications or amendments or re-enactments thereof for the time being in force), the reappointment of the statutory auditors of company M/s Navitha and Associates, Chartered Accountants (Regn No. 012026S) Hyderabad be and are hereby ratified by the members of the company for the financial year 2015-16 at such remuneration as may be determined by the Board of Directors of the Company.

SPECIAL BUSINESS

4. To appoint Mr. Srinivasu Palacharla (DIN: 02950420) as a Whole time Director of the company designated as Executive Director and in this regard, to consider and, if thought fit, to pass, the following resolution as a Special Resolution:

“RESOLVED that in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the Company hereby approves the appointment and terms of remuneration of Mr. Srinivasu Palacharla as the Executive Director of the Company for the period from 14 November 2014 to 13 November 2017, upon the terms and conditions set out in the Explanatory Statement annexed to the Notice convening this meeting, including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year, with liberty to the Directors to alter and vary the terms and conditions of the said appointment in such manner as may be agreed to between the Directors and Mr. Srinivasu Palacharla.

RESOLVED FURTHER that the Board of Directors of the Company (which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution), be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this Resolution.”

5. To appoint Mrs.Pathan Naazneen (DIN:07195917) as a Non-Executive Director and in this regard to consider and if thought fit, to pass, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of section 149, 152 and all other applicable provisions of the Companies Act, 2013 and the Rules made there under, Mrs. Pathan Naazneen, who has given her consent to act as director and is not disqualified from being appointed as the director of the Company, in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 signifying his intention to propose Mrs. Pathan Naazneen as a candidate for the office of director of the Company, be and is hereby appointed as a Non-Executive Director of the Company whose term of office is liable to retire by rotation."

RESOLVED FURTHER that the Board of Directors of the Company (which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution), be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this Resolution."

6. To change the name of the Company and in this regard to consider and if thought fit, to pass, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 13(2) and all other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and subject to approval of Central Government, Registrar of Companies and all other statutory approvals as may be required in this matter, consent of the Company be and is hereby granted for changing the name of the Company from "NORTHGATE COM TECH LIMITED" to "SPACENET ENTERPRISES INDIA LIMITED" or any other name as may be approved by the Registrar of Companies, Andhra Pradesh and Telangana."

"RESOLVED FURTHER THAT the name "NORTHGATE COM TECH LIMITED" wherever it occurs in the Memorandum and Articles of Association of the Company be substituted by the name "SPACENET ENTERPRISES INDIA LIMITED" or any other name as may be approved by the Registrar of Companies."

"RESOLVED FURTHER THAT any of the Directors of the Company be and are hereby authorized to sign and file all the e-forms and other documents with any statutory authorities and to do all such acts, deeds, things and matters as may be required or necessary in this matter on behalf of the Company."

7. To adopt new set of Articles of Association containing Articles in conformity with the Companies Act, 2013 and in this regard to consider and if thought fit, to pass, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 5 and 14 and all other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the existing Articles of Association of the company be and is hereby replaced with the new set of Articles of Association and the said new Articles of Association be and is hereby approved and adopted as the Articles of Association of the company in place of, in substitution and to the entire exclusion of the existing Articles of Association of the company.

RESOLVED FURTHER THAT the Board of Directors of the Company, be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary, proper, expedient, required or incidental thereto, in this regard.”

8. To approve material related party transactions and in this regard to consider and, if thought fit, to pass the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to Section 188 and other applicable provisions, if any of the Companies Act, 2013 (the “Companies Act”) read with the applicable provisions of the Companies (Meetings of Board and its Powers) Rules, 2014 and all other provisions of applicable laws/rules and subject to the approval/consent of such appropriate authorities, as may be required, under any statute for the time being in force, consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the “Board”, which term shall include any committee constituted by the Board of Directors of the Company or any person(s) authorized by the Board to exercise the powers conferred on the Board of Directors of the Company by this Resolution) for entering into related party transactions by the company by way of investment / disinvestment / providing any security(ies) / guarantee(s) in connection with loan(s) and/or any form of debt and/or provide inter corporate loan(s) or a combination thereof, up to an amount of Rs.50 Crores (Rupees Fifty Crores only) to subsidiary companies viz., Social Media India Limited, Northgate Investments Pte Ltd., Globe 7 Pte Ltd. and Associate Companies viz., Kling Holdings Limited, Green Fire Agri Commodities Limited and any other related parties”.

“RESOLVED FURTHER THAT the Board be and is hereby authorised to take from time to time all decisions and steps necessary or expedient or proper in respect of the above investment / disinvestment / loan(s) / guarantee(s) / security(ies) including the timing, the amount and other terms and conditions of such investment / disinvestment / loan(s) / guarantee(s) / security(ies) and further including variation of such timing, amount, terms, conditions etc. as it may, in its absolute discretion, deem appropriate for the purpose of giving effect to this Resolution”.

9. To approve Reduction of Share Capital and in this regard to consider and, if thought fit, to pass the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 100 of the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force), Listing Agreement with the Stock Exchanges, Clause V(a) of Memorandum of Association, Article 10 of the Articles of Association of the Company and subject to the confirmation of the Hon’ble High Court of Judicature at Hyderabad for the state of Telangana and the state of Andhra Pradesh and such other approvals as may be required, from to time, the approval of the Shareholders be and is hereby given that:

- a) The reduction in Paid up Share Capital of the Company from ₹ 49,01,85,900/- (Rupees Forty Nine Crores One Lacs Eighty Five Thousand Nine Hundred Only) divided into 4,90,18,590 Equity Shares of ₹ 10 each to ₹ 4,90,18,590/- (Rupees Four Crores Ninety Lacs Eighteen Thousand Five Hundred Ninety Only) divided into 4,90,18,590 equity shares of ₹ 1 each and that such reduction be effected by canceling the paid up share capital which has been lost or is unrepresented by available assets, to the extent of ₹ 9 per share upon each of the 4,90,18,590 equity shares of ₹10 each which have been issued and by reducing the paid up value of all the shares in the Company’s paid up share capital from ₹10 per share to ₹ 1 per share.

- b) the major part of accumulated losses of the Company ₹ 44,11,67,310 out of ₹ 66,03,88,285 shown in the Profit & Loss Account as on 31.03.2015 be written off by utilizing the aforesaid reduction in the Paid up Capital amount of ₹ 44,11,67,310. An amount of ₹ 44,11,67,310 be written off, out of the accumulated losses of ₹ 66,03,88,285 as shown in the Profit & Loss Account as on 31.03.2015, by utilizing the aforesaid reduction in the Paid up Capital amount of ₹ 44,11,67,310.
- c) and Reduce the par value of each share from ₹ 10 each to ₹ 1 each, consequent to reduction of capital, on and from the date on which the scheme will come into effect, by way of a reduction on a proportionate basis from each Equity Share of ₹ 10 pursuant to the aforesaid reduction.

“RESOLVED FURTHER THAT Pursuant to the reduction of capital of the company, Clause No.V (a) in Memorandum of Association of the Company be altered as given hereunder:

- V. a) “The Authorised Share Capital of the Company is ₹ 50,00,00,000/- (Rupees Fifty Crores Only) divided into 50,00,00,000 (Fifty Crores) equity shares of ₹ 1 (Rupee One Only) each with power of the company to consolidate & convert, subdivide, reduce or increase the capital to issue any new shares with any preferential or special rights and conditions attached there to, subject to the provisions of Companies Act, 2013”

“RESOLVED FURTHER THAT for the purpose of giving effect to the above Resolution and for removal of any difficulties or doubts, the Board or the Committee of the Board specially constituted for this purpose or any person(s) whom the Board or the above Committee may nominate, to exercise its powers, including the power, conferred under this Resolution, be and is hereby authorized to do all such acts, deeds, matters, things, as it may in its absolute discretion, deem necessary, expedient, usual or proper and to settle any claim any question or difficulty that may arise with regard to utilization / adjustment of the paid up Share Capital Account including passing of such accounting entries and/or making such other adjustments in the books of account, as considered necessary to give effect to the above Resolution or to carry out such modifications / directions as may be ordered by the Hon’ble High Court of Judicature at Hyderabad for the state of Telangana and the state of Andhra Pradesh to implement the aforesaid Resolutions.”

Regd Office:

H.No. 8-2-686/8/B/1,
GAMUT SQUARE, Third Floor,
Road No. 12, Banjara Hills,
Hyderabad-500034
Date: 5 September, 2015

for and on behalf of the Board
for **Northgate Com Tech Limited**

P. Srinivasu
Executive Director
DIN: 02950420

NOTES

1. The Statement pursuant to Section 102(1) of the Companies Act, 2013 in respect of the Special Business is annexed hereto.

2. PROXIES

- a. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES (WHETHER MEMBER OR NOT) TO ATTEND AND VOTE INSTEAD OF HIMSELF OR HERSELF AND A PROXY SO APPOINTED NEED NOT BE A MEMBER OF THE COMPANY.**
- b. A person can act as a proxy on behalf of members not exceeding 50 and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the company carrying voting rights, then such proxy shall not act as proxy for any other person or shareholder.
- c. Members' voting rights shall be in proportion to his/her share of paid up equity share capital of the Company.
- d. This notice ("AGM Notice") is being sent to all the members, whose names appear in the Register of Members as on 04 September, 2015.
- e. Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board resolution authorizing their representative to attend and vote on their behalf at the meeting.
- f. Members desirous of asking any questions at the General Meeting are requested to send their questions so as to reach the Company Registered office at least Seven (7) days before the General Meeting so that the same can be suitably replied to.
- g. Members/ Proxies are requested to bring their attendance slip, sent herewith, duly filled in, for attending the meeting.
- h. Proxy forms in order to be effective, must be deposited at the Registered Office of the Company, not later than 48 hours before the time fixed for the meeting.
- i. Pursuant to Section 103 of the Companies Act, 2013 at least Thirty (30) members should be personally present to form quorum for a meeting of the Company.
- j. Members who have registered their e-mail Id for the receipt of documents in electronic mode are being sent AGM Notice by e-mail and others are sent by the permitted mode. Members who have received AGM Notice by e-mail and wish to vote physically can do the same by remaining present in the meeting.

- k. Documents specifically stated in the explanatory statement are open for inspection at the Registered office of the Company between 10:00 a.m. to 01:00 p.m. on all working days (except Saturdays, Sundays and public holidays) up to the date of AGM.
- l. The Company has notified closure of Register of Members and Share Transfer Books from 24 September, 2015 to 30 September, 2015 (both days inclusive).
- m. The business as set out in this AGM Notice may be transacted through electronic voting system and the Company will provide a facility for voting by electronic means. In compliance with the provisions of Section 108 of the Act, read with Rule 20 of Companies (Management and Administration) Rules, 2014 the Company is pleased to offer the facility of voting through electronic means, as an alternate, to all its members to enable them to cast their votes electronically instead of casting their vote at the Meeting. Please note that the voting through electronic means is optional. The members who wish to vote physically in the meeting (instead of e-voting) can do the same by voting in the meeting dated 30 September, 2015.
- n. The voting through an electronic means will commence on 26 September, 2015 at 9:00 a.m. and will end on 29 September, 2015 at 5:00 p.m. The members will not be able to cast their vote electronically beyond the date and time mentioned above.
- o. The Company has appointed M/s. A.S.Naidu and Co, Chartered Accountants (FRN:008549S) to act as Scrutinizer for conducting the electronic voting process in a fair and transparent manner.
- p. The instructions for shareholders voting electronically are as under:
 - (i) The voting period begins on 26 September, 2015 at 09.00 a.m. and ends on 29 September, 2015 at 05.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 23 September, 2015 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
 - (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.

The shareholders should log on to the e-voting website www.evotingindia.com.

- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.

- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

- (viii) After entering these details appropriately, click on “SUBMIT” tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.

- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xvii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xviii) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

- q. Kindly note that the members can opt only one mode of voting i.e. either by physical voting or e-voting. If you are opting for e-voting, then you are not eligible for physical voting. However, once the vote on resolution is cast by the shareholder by e-voting, he shall not be allowed to change it subsequently at the physical meeting.
- r. The Scrutinizer will submit his/her report addressed to the Chairman within a period not exceeding three working days from the date of conclusion of e-voting period. The result of the voting on Resolutions at the meeting shall be announced by the Chairman on 30 September, 2015. The results declared along with the Scrutinizer’s report, will be posted on the Company’s website and on [CDSL’s website] and stock exchanges on or before 3 October, 2015.

Regd Office:

H.No. 8-2-686/8/B/1,
GAMUT SQUARE, Third Floor,
Road No. 12, Banjara Hills,
Hyderabad-500034
Date: 5 September, 2015

for and on behalf of the Board
for **Northgate Com Tech Limited**

P. Srinivasu
Executive Director
DIN: 02950420

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013:

Item No.4 : Re-appointment of Mr.Srinivasu Palacharla as Executive Director (ED):

Mr.Srinivasu Palacharla, has more than 10 years of experience in Online Advertising Industry. He has over 17 years of experience in information technology including system analysis, data base designing, MIS and risk management. Mr. Srinivasu is an engineering graduate from Nagpur University.

A. Tenure of Appointment:

The appointment is for a period of 3 (Three) years with effect from 14 November, 2014 to 13 November, 2017.

B. Nature of Duties:

The ED shall devote his whole time and attention to the business of the Company and carry out such duties as may be entrusted to him by the Board and exercise such powers as may be assigned to him, subject to the Superintendence, Control and Directions of the Board in connection with and in the best interests of the Business of the Company and the business of any one or more of its Associate Companies and/or Subsidiaries including performing duties as assigned by the Board from time to time by serving on the Boards of such Associate Companies/Subsidiaries or any other Executive Body or a Committee of such Companies.

C. Remuneration:

The ED shall be entitled to remuneration as stated hereunder in terms of Schedule V of the Companies Act, 2013 (“the Act”)

1. Remuneration:

- (a) Basic Salary upto a Maximum of Rs.1,00,000 per Month, with authority to the Board or a Committee thereof to fix his Basic Salary within the said Maximum amount;
- (b) Commission and/or Incentive Remuneration based on performance criteria to be laid down by the Board; and
- (c) Benefits, Perquisites and Allowances as may be determined by the Board from time to time over and above the Basic Salary within the Limits allowed under the Companies Act, 2013 read with Schedule V of the said Act.

2. Minimum Remuneration: Notwithstanding anything to the contrary herein contained where in any Financial Year during the currency of the tenure of ED the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of Basic Salary, Benefits, Perquisites, Allowances and Incentive Remuneration as specified above within the Limits allowed under the Companies Act, 2013 read with Schedule V of the said Act.

D. Other terms and conditions of the appointment of the ED are set out in the Appointment deed signed between the Company and Mr. Srinivasu Palacharla.

In compliance with the applicable provisions of the Companies Act, 2013, read with Schedule V of the Act, the terms and conditions of the appointment of Mr. Srinivasu Palacharla as specified above, are

now placed before the members for their approval.

Other than Mr. Srinivasu Palacharla, none of the Directors / Key Managerial Personnel (KMP) or relatives of directors and KMP, are concerned or interested in the Resolution at Item No.4 of the Notice.

The Board commends the Special Resolution set out at Item No.4, of the Notice for approval by the shareholders.

Item No.5: Appointment of Woman Director :

Mrs. Pathan Naazneen was appointed by the board at its meeting held on 29.05.2015 as an additional director (woman director). The Company has received notice in writing from member along with the deposit of requisite amount under Section 160 of the Act proposing the candidature of Mrs. Pathan Naazneen as Woman Director to be appointed under the provisions of Section 149 and 152 of the Companies Act, 2013. Mrs. Pathan Naazneen possesses business experience of more than 5 years.

Save and except Mrs. Pathan Naazneen none of the other Directors / Key Managerial Personnel (KMP) or relatives of directors and KMP, are concerned or interested in the resolution as set out in Item No.5 of the Notice.

The Board commends the Ordinary Resolution set out at Item No.5, of the Notice for approval by the shareholders.

Item No.6: Change in name of the Company

Pursuant to the provisions of Section 13(2) of the Companies Act, 2013, any alteration in the name clause of the Memorandum of Association of the Company shall be made only after obtaining the consent of the shareholders by passing a Special resolution and the approval of the Central Government, Registrar of Companies and all other statutory approvals. The Board has proposed the name of the Company be changed from “NORTHGATE COM TECH LIMITED” to “SPACENET ENTERPRISES INDIA LIMITED” or any other name as may be approved by the Registrar of Companies.

The Board recommends passing of the Special Resolution set out in Item no. 6 of the Notice.

None of the Directors / Key Managerial Personnel of the Company / their relatives are in any way, concerned or interested, financially or otherwise, in the Special Resolution, except as shareholders of the Company.

A copy of the Memorandum of Association and Articles of Association of the Company together with the proposed amendments is available for inspection by the Shareholders of the Company at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day of the Company upto the date of Annual General Meeting.

Item No.7:Adoption of new set of Articles of Association of the Company containing Articles in conformity with the Companies Act, 2013

The existing Articles of Association (“AoA”) are based on the Companies Act,1956 and several

regulations in the existing AoA contain reference to specific sections of the Companies Act, 1956 and some articles in the existing AoA are no longer in conformity with the Act. With the enactment of the Companies Act, 2013 and substantive sections of the Act which deal with the general working of the Companies stand notified, several regulations in the existing AoA of the company require alteration and/or deletion. Given this position it is considered expedient to wholly replace the existing AoA by a new set of Articles.

The new set of AoA to be replaced in place of the existing AoA is based on Table F of Schedule I of the Companies Act, 2013 which sets out the model AoA for a company limited by shares and also carries forward certain provisions from the existing AoA suitably rephrased and which are not in conflict with the provisions of the Companies Act, 2013.

The proposed new draft of AoA is available for inspection to the shareholders at the registered office of the company on all working days (except Saturdays, Sundays and Public Holidays) between 11.00 A.M and 1.00 P.M till the date of the meeting.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the Special Resolution set out at Item No. 7 of the Notice.

The Board commends the Special Resolution set out at Item No. 7 of the Notice for approval by the shareholders.

Item No.8: Transactions with Related parties under Section 188 of the Companies Act, 2013:

The provisions of Section 188 of the Companies Act, 2013 that govern the related party transactions require a company to obtain prior approval of the Board of Directors and in case the paid up share capital of the Company is Rs.10 Crore or more, the prior approval of shareholders by way of special resolution.

Since the proposed transactions are between the holding and subsidiary company and Associate companies which fall under the ambit of related party as per Section 2(76) of the Companies Act, 2013 and therefore require your approval.

The disclosures required to be provided under the provisions of the Companies Act, 2013 and the Companies (Meeting of Board and its Powers) Rules, 2014 are given herein below for perusal of the members.

- (a) Name of the related party and nature of relationship: The Subsidiary/Associate companies detailed in item no.8 of the resolution.
- (b) Name of the director or key managerial personnel who is related, if any: NIL
- (c) Nature of relationship : Subsidiary company / Associate company
- (d) Nature, material terms, monetary value and particulars of the contract or arrangement: As may be decided by the Board of Directors at relevant time within the overall limits approved by the members.
- (e) Any other information relevant or important for the members to take a decision on the proposed resolution: Nil

Your Company being a holding company of the companies referred to in resolution at item no.8 and

hence a related party and therefore may be deemed to be concerned in the said resolution.

None of the directors or Key Managerial Persons are concerned or interested, financial or otherwise in the resolution except to the extent of their shareholding in the said subsidiary/Associate companies.

Item No.9: Reduction of Share Capital

Your Company is envisaging the reduction of share capital by writing off the part of the Paid Up Capital. The Authorized Share Capital of the Company as on 31st March, 2015 is Rs.50,00,00,000 divided into 5,00,00,000 equity shares of Rs.10 each and the Issued share capital is Rs.49,01,85,900 divided into 4,90,18,590 Equity Shares of Rs.10 and Subscribed and fully Paid up Share Capital is Rs. 49,01,85,900 made up of 4,90,18,590 Equity Shares of Rs.10 each. As per the Balance Sheet as on 31.03.2015, the Company has accumulated losses of Rs. 66,03,88,285/-.

Proposal and Justification:

Your company is a Internet Media Technology Company engaged in the business of online advertisement/digital marketing and owns valued added global websites like Axill.com, Globe7.com and Bharatstudent.com.

The Company has incurred accumulated losses for the last 4 years due to a downturn in global economy and recession in US and Europe.

The media industry is undergoing rapid change along the entire value chain, propelled by continuously rising consumer demand, digital technology, ubiquitous connectivity and evolving devices. Even as one form of media's growth slows or loses relative share, another takes its place, gaining our attention with new modes of digital interaction, mobility, or social networking. And, while technology has always been a driver of change in this sector increasing digitization has escalated the speed of its transformation. As a result, new trends are emerging at rapid speed around social media, mobile devices, wearables, cloud computing, real-time bidding, micro-transactions, and programmatic buying just to mention a few.

Therefore your company envisages to restructure the capital position by reducing the paid up share value of the shares for writing off the accumulated losses so as to bring in true and fair representation of the company by the available assets of the company and thus place itself in position to raise further capital.

Clause V(a) of Memorandum of Association, Article 10 of the Articles of Association of the Company enables the Company to reduce the Share Capital by a special resolution in the General Meeting and the resolution in terms of Sections 100 of the Companies Act, 1956 for reduction of the share capital as detailed in the Resolution.

Regd Office:

H.No. 8-2-686/8/B/1,
GAMUT SQUARE, Third Floor,
Road No. 12, Banjara Hills,
Hyderabad-500034
Date: 5 September, 2015

for and on behalf of the Board
for **Northgate Com Tech Limited**

P. Srinivasu
Executive Director
DIN: 02950420

EXPLANATORY STATEMENT AS PER THE CLAUSE 49 OF THE LISTING AGREEMENT:

Name of the Director	Mr.Srinivasu Palacharla
DIN	02950420
Date of Birth	29-06-1966
Type of appointment	Director liable to retire by rotation
Date of Appointment/ Re-appointment	17-07-2010
Areas of Specialization	Expert in Business matters
Qualifications	B.E.
No. of Shares Held in the Company	5,900
List of Directorship held in outside Public Limited Companies	Nil
Chairman/member of the Committee of the Board of Directors of this Company	No
Chairman/member of the Committee of the Board of Directors of other Companies	No
Relation with Key Managerial Personnel and Directors	NA
Justification for appointment	Had more than 17 years of business experience

Name of the Director	Ms. Pathan Naazneen
DIN	07195917
Date of Birth	1-06-1981
Type of appointment	Woman Director
Date of Appointment/ Re-appointment	29-05-2015
Areas of Specialization	Expert in Business matters
Qualifications	B.Com
No. of Shares Held in the Company	Nil
List of Directorship held in outside Public Limited Companies	1
Chairman/member of the Committee of the Board of Directors of this Company	No
Chairman/member of the Committee of the Board of Directors of other Companies	No
Relation with Key Managerial Personnel and Directors	NA
Justification for appointment	Had more than 5 years of business experience

FOR THE ATTENTION OF THE MEMBERS:

1. Members are requested to send intimation of any changes in their addresses, applications for demat of shares, application for transfer of shares and any related correspondence to the Company's Share Transfer Agent, M/s. CIL Securities Limited, 214, Raghava Ratna Towers, Chirag Ali Lane, Hyderabad-500 001, Telangana, Ph.No.040-23203155, Email: rta@cilsecurities.com.

Sending notices and documents to shareholders through email:

As a part of "Green Initiative" in Corporate Governance, the Ministry of Corporate Affairs has allowed sending communication to the shareholders through electronic mode. Accordingly, we propose to send documents like notices convening general meetings, Annual Reports, etc., to the email addresses of the shareholders. For this purpose, shareholders holding shares in physical form are requested to register their valid email address and any changes therein from time to time with the Share Transfer Agents of the Company M/s. CIL Securities Limited at their postal address/ email address given above. Please give the details in the attached format for registering your email ID. Those holding shares in demat form are requested to register their email IDs with their Depository Participants.

DIRECTORS REPORT

TO THE MEMBERS OF NORTHGATE COMTECH LIMITED

Your Directors have pleasure in presenting the Fifth Annual Report together with the Audited Accounts for the year ended 31st March, 2015.

FINANCIAL HIGHLIGHTS:

(₹ lakhs)

Particulars	Consolidated		Standalone	
	For the year ended March 31			
	2015	2014	2015	2014
Revenue				
Revenue from Operations	6,091.34	3,706.82	336.70	623.57
Other income	35.57	98.47	9.79	12.32
Total Revenue	6,126.91	3,805.29	346.49	635.89
Expenditure				
Operating expenses.....	5,703.31	2,589.16	115.30	381.32
Employee benefits expense.....	355.81	317.29	157.79	176.10
Finance costs	183.43	138.76	62.31	75.40
Depreciation expense	12.08	30.08	5.10	3.90
Other expenses.....	560.56	1,354.81	-	-
Provision for impairment of assets....	-	-	-	-
Total Expenses	6,815.19	4,430.10	3,40.50	636.72
Profit/(Loss) Before Tax	(6,88.28)	(624.81)	5.99	(0.84)
Less: Tax Expense	-	-	-	-
Profit/(Loss) After Tax	(6,88.28)	(630.02)	5.99	(0.84)
Earnings / (Loss) per share				
- Basic	1.40	1.29	0.018	0.001
- Diluted	1.40	1.29	0.018	0.001

REVIEW OF OPERATIONS:

For the financial year ended March 31, 2015, your Company achieved revenues of ₹ 6,091.34 Lakhs as against ₹ 3,706.82 Lakhs during the previous financial year on consolidated basis. The company incurred a consolidated Net Loss of ₹ 688.28 lakhs compared to ₹ 630.02 lakhs in the previous financial year.

DIVIDEND:

Your directors express their inability to declare dividends for the FY 2014-15.

BORROWINGS:

The company has no borrowings as on 31-3-2015.

DIRECTORS:

In accordance with Sections 149, 150, 152 & other applicable provisions if any, of the Companies Act, 2013 Shri P.Srinivasu (DIN: 02950420) Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. He was also proposed to be appointed as Executive Director of the company for a period of 3 (three) years from 14 November, 2014 to 13 November, 2017. On 29 May, 2015 Mrs.Pathan Naazneen (DIN:07195917) was appointed as Additional Director. Her term of office is expiring at the conclusion of this Annual General Meeting. The company proposes to appoint her as Non-Executive woman Director on the Board whose term of office is liable to retire by rotation. On 31-3-2015 Mrs.M.V.Laxmi was appointed as Woman Director of the company who resigned on 27-4-2015.

AUDITORS:

Statutory Auditors:

The Statutory Auditors, M/s Navitha and Associates, Chartered Accountants, have been appointed as statutory auditors of the company at the last Annual General Meeting held on 30.09.2014 for a period of Three (3) years subject to ratification by members at every consequent Annual General Meeting. Therefore, ratification of appointment of Statutory Auditors is being sought from the members of the Company at the ensuing Annual General Meeting.

Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s ALB & CO, Company Secretaries to undertake the secretarial audit of the company. The Secretarial Audit Report is annexed herewith as 'Annexure 1'.

Internal Auditors

M/s.A.S.Naidu & Co, Chartered Accountants perform the duties of internal auditors of the company and their report is reviewed by the audit committee from time to time.

PUBLIC DEPOSITS:

The Company has not accepted any deposits within the meaning of Companies Act, 2013 and the rules framed there under.

VIGIL MECHANISM:

In pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013, a Vigil Mechanism for directors and employees to report genuine concerns has been established. The Vigil Mechanism Policy has been uploaded on the website of the Company at www.northgatetech.com

PREVENTION OF INSIDER TRADING:

The company has adopted a code of conduct for prevention of Insider Trading with a view to regulate trading in securities by the directors, KMPs and designated employees of the company. The code requires pre-clearance for dealing in the companies securities and prohibits the dealing in securities of the company while in possession of unpublished price sensitive information in relation to the company. The Board and the designated employees have confirmed compliance with the code.

RELATED PARTY TRANSACTIONS:

There were no contracts or arrangements entered into by the company in accordance with provisions of section 188 of the Companies Act, 2013. However, there were material related party transactions in terms of clause 49 of the listing agreement. All material related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business.

There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

All Related Party Transactions are placed before the Audit Committee as also the Board for approval. The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website. None of the Directors has any pecuniary relationships or transactions vis-à-vis the Company.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.

PARTICULARS OF EMPLOYEES:

None of the employees are in receipt of the remuneration as set out under the Companies Act, 2013 and read with Rules made there under and as such the statement as required under the Companies Act, 2013 is not applicable.

SUBSIDIARIES:

Subsidiary Companies as per the provisions of Section 129 of the companies Act, 2013 read with Companies (Accounts) Rules, 2014, a separate statement containing the salient features of the financial statements of the subsidiary company is prepared in Form AOC-1 and same is enclosed to this report as Annexure-A.

Your company has following subsidiaries viz., Northgate Investments Pte Ltd, Adgog UK Ltd and following step down subsidiaries viz., Globe 7 Pte Ltd, Social Media India Ltd.

LISTING OF SHARES

The shares of the company are listed on National Stock Exchange. The listing fee for the year 2015-16 has already been paid to the NSE.

CORPORATE GOVERNANCE:

In accordance with Clause 49 of the Listing Agreement, a report on Corporate Governance along with the Practicing Company Secretary Certificate on compliance of conditions of Corporate Governance is annexed herewith and forms part of this report.

CORPORATE SOCIAL RESPONSIBILITY

The provisions of Companies Act, 2013 regarding Corporate Social Responsibility are not attracted to the company.

DIRECTORS' RESPONSIBILITY STATEMENT

In compliance to the provisions of Section 134(3)(c) of the Companies Act, 2013, your Directors confirm that:

- (i) in the preparation of the Annual Accounts, the applicable accounting standards have been followed and no material departures have been made from the same;
- (ii) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
- (iii) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) the directors have prepared the annual accounts on a going concern basis;
- (v) the directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (vi) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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

The company has no activities relating to Conservation of Energy, Technology Absorption. Foreign Exchange earnings and Outgo during the year under review, as given below:

Foreign Exchange Earnings and Outgo:

Particulars	For the Year ended March 31	
	2015	2014
Foreign Exchange Earnings	336.70	379.00
Foreign Exchange outgo	Nil	Nil

EXTRACT OF ANNUAL RETURN:

The details forming part of the extract of thye Annual Return in Form MGT 9 is annexed herewith as "Annexure-2".

ACKNOWLEDGEMENTS:

Your Directors thank all the members, banks and regulatory and governmental authorities for their continued support. We take this opportunity to place on record our sincere thanks to our Bankers, State and Central Government agencies for their timely support, co-operation and valuable guidance.

For **Northgate Com Tech Limited**

Place : Hyderabad

Date : 05 September, 2015

P.Srinivasu

Executive Director

DIN: 02950420

P.Parthasarathi

Director

DIN: 00004936

Annexure-A

AOC-1

(Pursuant to first provision to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies / joint ventures

Part-A: Subsidiaries

(All amounts in Indian Rupees, except share data and where otherwise stated) (₹ in Lacs)

Particulars	Adgog UK Limited (Formerly Globe7 UK Ltd)	Northgate Investments Pte Limited	Globe7 Pte Limited	Social Media India Limited	Globe7 HK Limited
Name of the Subsidiary					
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	01-04-2014 to 31-3-2015	01-04-2014 to 31-3-2015	01-04-2014 to 31-3-2015	01-04-2014 to 31-3-2015	01-04-2014 to 31-3-2015
Reporting Currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	GBP	USD	USD	NA	HKD
Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	92.55	62.36	62.36	NA	7.76
Share capital	59.09	64,372.62	64,354.87	2,944.69	620.73
Reserves & Surplus	(56.03)	(63,156.83)	(64,479.95)	(2,239.42)	(713.96)
Total Assets	3,010.05	1,224.03	861.71	2,643.59	0.39
Total Liabilities	3,006.99	8.24	985.79	1,938.33	93.62
Investments	-	-	-	-	-
Turnover	4,603.60	-	2,538.68	4.86	-
Profit before taxation	(74.42)	(0.80)	(441.14)	(181.17)	-
Provision for taxation	-	-	-	-	-
Profit after taxation	(74.42)	(0.80)	(441.14)	(181.17)	-
Proposed Dividend	-	-	-	-	-
% of share holding	100%	100%	100%	100%	100%

Notes: the following information shall be furnished at the end of the statement:

- Names of subsidiaries which are yet to commence operations - Nil
- Name of subsidiaries which have been liquidated or sold during the year - Nil

Part-B: Associates and Joint Ventures

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures - Nil

Annexure-1

**SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2015**

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

To,
The Members,
Northgate Com Tech Limited
H.No. 8-2-686/8/B/1,
GAMUT SQUARE, Third Floor,
Road No. 12, Banjara Hills
Hyderabad - 500034

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

Based on our verification of the **Northgate Com Tech Limited** books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit. We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on **31st March, 2015** complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **Northgate Com Tech Limited** ("the Company") for the financial year ended on 31st March, 2015 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made there under;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

We have also examined compliance with the applicable clauses of the following:

- a) Secretarial Standards issued by The Institute of Company Secretaries of India under the provisions of Companies Act, 2013 and
- b) The Listing Agreements entered into by the Company with the National Stock Exchange.

During the financial year under report, the Company has complied with the provisions of the New Companies Act, 2013, and to the extent applicable and the Rules, Regulations, Guidelines, Standards, etc., mentioned above subject to the following observations ;

Observations:

- (a) As per the information and explanations provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we report that the provisions Section 203 (1) of the Companies Act, 2013 and Rule-8 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for appointment of Chief Financial Officer and Company Secretary has not been complied with.
- (b) There is a delay in Filing of forms with Registrar of Companies, Ministry of Corporate Affairs.
- (c) We have relied on the information and representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws, and Regulations to the Company.

We further report that

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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

We further report that during the audit period the company has Major decisions taken by the members in pursuance to section 180 of the Companies Act, 2013, having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above.

For ALB & CO
Company Secretaries

CS. L. BABU ARE
CP No.12976
ACS No. 19447

Date: 5 September, 2015
Place: Hyderabad

This report is to be read with our letter of even date which is annexed as 'Annexure 1A' and forms an integral part of this report.

Annexure-1A

To,
The Members,
Northgate Com Tech Limited
H.No. 8-2-686/8/B/1,
GAMUT SQUARE, Third Floor,
Road No. 12, Banjara Hills
Hyderabad - 500034

Our report of even date is to be read along with this letter.

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

For ALB & CO
Company Secretaries

CS. L. BABU ARE
CP No.12976
ACS No. 19447

Date: 5 September, 2015
Place: Hyderabad

Annexure-2

**EXTRACT OF ANNUAL RETURN
FORM MGT 9**

(Pursuant to Section 92 (3) of the Companies Act, 2013 and
Rule 12(1) of the Company (Management & Administration) Rules, 2014)
Financial Year ended on 31.03.2015

I.REGISTRATION & OTHER DETAILS :		
i	CIN	L72200TG2010PLC068624
ii	Registration Date	28-05-2010
iii	Name of the Company	Northgate Com Tech Limited
iv	Category/Sub-category of the Company	IT, ITES
v	Address of the Registered office & contact details	8-2-686/8/B/1, GAMUT SQUARE, THIRD FLOOR, ROADNO-12, BANJARA HILLS, HYDERABAD - 34
vi	Whether listed company	Yes; Listed on NSE
vii	Name , Address & contact details of the Registrar & Transfer Agent, if any.	CIL Securities Limited 214, Raghava Ratna Towers, Chirag Ali Lane, Hyderabad – 500001 Phone:040-23203155

II.PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY :

All the business activities contributing 10% or more of the total turnover of the company shall be stated

S.No.	Name & Description of main Products/Services	NIC Code of the Product/Service	% to total turnover of the company
1.	IT & ITES – Online Advertising	6312	100

III. PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES :

S.No.	Name and Address of the company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Adgog UK Ltd.		Subsidiary	100	2(87)
2.	Northgate Investments Pte Ltd		Subsidiary	100	2(87)
3.	Globe 7 Pte Ltd		Subsidiary	100	2(87)
4.	Social Media India Limited	U92100TG2007PLC055089	Subsidiary	100	2(87)
5.	Globe 7 HK Ltd		Subsidiary	100	2(87)

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

(i) Category-wise Share Holding

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total	Demat	Physical	Total	% of Total	
A.Promoters									
1) Indian									
a) Individual/HUF	10630116	-	10630116	21.69	10547116	-	10547116	21.52	-0.17
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) state Govt.	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) any others	-	-	-	-	-	-	-	-	-
Sub-total (A) (1)	10630116	-	10630116	21.69	10547116	-	10547116	21.52	-0.17
2) Foreign									
a) NRIs- Individulas	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any other...	-	-	-	-	-	-	-	-	-
Sub-total (A) (2)	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoter (A)= (A)(1) +(A) (2)	10630116	-	10630116	21.69	10547116	-	10547116	21.52	-0.17
B.Public Shareholding									
1)	Institutions								
a) Mutual Funds	-								
b)	Banks/FI	-	-	-	-	-	-	-	--
c) Central Govt.	-	-	-	-	-	-	-	-	-
d)	State Govt.	-	-	-	-	-	-	-	--
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	12103441	-	12103441	24.69	8288492	-	8288492	16.91	-7.78
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others(Specify)	-	-	-	-	-	-	-	-	-
Sub-Total (B) (1)	12103441	-	12103441	24.69	8288492	-	8288492	16.91	-7.78
2) Non-Institutions									
a) Bodies Corp.									
i) Indian	4347451	-	4347451	8.87	4413307	-	4413307	9.00	0.13
ii) Overseas									

b) Individuals									
i) Individual shareholders holding nominal share capital up to Rs.1 lakhs	11918931	20126	11939057	24.36	12360117	22346	12382463	25.26	0.90
ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	9275040	-	9275040	18.92	12856363	-	12856363	26.23	7.31
c) Others (Specify)									
NRIs	510727	-	510727	1.04	515212	-	515212	1.05	0.01
Trusts Custodians/Clearing members	212758	-	212758	0.43	15637	-	15637	0.03	-0.40
Sub-total(B)(2)	26264907	20126	26285033	53.62	30160636	22346	30182982	61.57	7.95
Total Public Shareholding (B)=(B)(1)+(B)(2)	38368348	20126	38388474	78.31	38449128	22346	38471474	78.48	0.17
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	48998464	20126	49018590	100.00	48996244	22346	49018590	100.00	-

(ii) Shareholding of Promoters

S.No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% in share holding during the year
		No. of shares	% of total shares of the company	% of shares pledged/encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged/encumbered to total shares	
1	Meenavalli Venkata Srinivas	3254586	6.64	-	3254586	6.64	-	-
2	Meenavalli Usha Rani	3226360	6.58	-	3226360	6.58	-	-
3	Bhaskara Reddy Kunareddy	1562000	3.19	-	-	-	-	-3.19
4	Uma Kunareddy	842652	1.72	-	842652	1.72	-	-
5	Naimi Kunareddy	756266	1.54	-	756266	1.54	-	-
6	Simi Kunareddy	750000	1.53	-	2312000	4.72	-	3.19
7	B.Kavitha	83000	0.17	-	-	-	-	-
8	Meenavalli Krishna Mohan	80786	0.16	-	80786	0.16	-	-
9	M V Laxmi	74466	0.15	-	74466	0.15	-	-

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

S.No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	10630116	21.69	10547116	21.52
	Data wise increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease(e.g allotment/transfer/bonus/seat/equity etc.)	-	-	-	-
	At the end of the year	10630116	21.69	10547116	21.52

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

S.No.	For each of the Top 10 shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of the total shares of the company
I	CRESTA FUND LTD-NSDL	4500000	9.18		
				4500000	9.18
II	INDIA FOCUS CARDINAL FUND-NSDL	3814949	7.78		
	Sale on 16-5-2014	78292	0.16	3736657	7.62
	Sale on 23-5-2014	520501	1.06	3216156	6.56
	Sale on 30-5-2014	259574	0.53	2956582	6.03
	Sale on 6-6-2014	245000	0.50	2711582	5.53
	Sale on 13-6-2014	597676	1.22	2113906	4.31
	Sale on 20-6-2014	80109	0.16	2033797	4.15
	Sale on 4-7-2014	490000	1.00	1543797	3.15
	Sale on 18-7-2014	490000	1.00	1053797	2.15
	Sale on 25-7-2014	735000	1.50	318797	0.65
	At the end of the year			318797	0.65
III	ALBULA INVESTMENT FUND LTD-NSDL	2832492	5.78		
	At the end of the year			2832492	5.78

IV	MARSHAL GLOBAL CAPITAL FUND LTD-NSDL	956000	1.95		
	At the end of the year			956000	1.95
V	CHITTURI VIJAYADURGA-NSDL	409200	0.83		
	At the end of the year			409200	0.83
VI	SARADA VIJAYA KUMARI KALIDINDI-NSDL	400000	0.82		
	At the end of the year			400000	0.82
VII	EL DORADO BIOTECH PRIVATE LTD.-NSDL	292000	0.60		
	At the end of the year			292000	0.60
VIII	MARFATIA STOCK BROKING PRIVATE LIMITED-CDSL	243826	0.48		
	Sale on 27-6-2014	96172	0.20	138654	0.28
	At the end of the year			138654	0.28
IX	KRISHNAM RAJU KALIDINDI-NSDL	225000	0.46		
	Sale on 05-12-2014	10340	0.02	214660	0.44
	At the end of the year			214660	0.44
X	SURESH T-NSDL	205452	0.42		
	At the end of the year			205452	0.42

(v) Shareholding of Directors and Key Managerial Personnel:

S.No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Srinivasu Palacharla	5900	0.01	5900	0.01
2	Partha Sarthi Prattipati	0	0.00	0	0.00
3	Tarimela Naresh Kumar	80779	0.16	80779	0.16
4	Yarlagadda Ramesh	0	0.00	0	0.00
5	K.Vijay Shree	0	0.00	0	0.00

V. INDEBTEDNESS

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

Particulars	Secured loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	437,608	89,545,702	-	89,983,310
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	437,608	89,545,702	-	89,983,310
Change in Indebtedness during the financial year				
*Addition	-	6,830,728	-	6,830,728
*Reduction	175,922	8,431,304	-	8,607,226
Net Change	175,922	(1,600,576)	-	(1,776,498)
Indebtedness at the end of the financial year				
i) Principal Amount	261,686	87,945,126	-	88,206,812
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	261,686	87,945,126	-	88,206,812

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

S.No.	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount (Rs)
		Srinivasu Palacharla	
1	Gross Salary		
	a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	-	-
	b) Value of perquisites u/s 17(2) Income Tax Act, 1961	-	-
	c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-

4	Commission as % of profit others, specify....	-	-
5	Others, Please specify Total (A)	-	-
	Ceiling as per the Act		

B. Remuneration to other Directors:

S.No.	Particulars of Remuneration	Name of the Director			Total Amount (Rs)
		P.Partha Sarthi	T.Naresh Kumar	Ramesh	
1	Independent Directors: <ul style="list-style-type: none"> • Fee for attending board committee meetings • Commission • Others, Pls specify 	-	-	-	-
	TOTAL (1)	-	-	-	-
2	Other Non- Executive Directors <ul style="list-style-type: none"> • Fee of attending board committee meetings • Commission • Others, Pls specify 	-	-	-	-
	TOTAL (2)	-	-	-	-
	TOTAL = (1+2)	-	-	-	-

C) Remuneration To Key Managerial Personnel Other Than MD/Manager/WTD

S.No.	Particulars of Remuneration	Name of the Key Managerial Personnel	Total Amount (Rs)
1	Gross Salary <ul style="list-style-type: none"> a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961 b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961 c) Profits in lieu of salary under section 17 (3) Income Tax Act, 1961 	-	-
2	Sweat Equity	-	-
3	Stock Options	-	-
4	Commission <ul style="list-style-type: none"> • As % of profit • Others , specify 	-	-
5	Others, Please specify	-	-
	TOTAL	-	-

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES: NIL

TYPE	Section of the Companies Act	Brief Description	Details of Penalty/Punishment Compounding Fees imposed	Authority RD/NCLT/ Court	Appeals made if any (give details)
A. Company					
Penalty					
Punishment					
Compounding					
B. Directors					
Penalty					
Punishment					
Compounding					
C. Other Officers					
in Default					
Penalty					
Punishment					
Compounding					

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The concept of Corporate Governance hinges on total transparency, integrity and accountability of the management team. Your Company has been following the Corporate Governance practices like striking out reasonable balance in the composition of Board of Directors, setting up Audit Committee and other business committees, adequate disclosures and business to be deliberated by the Board etc. Your Company is committed to follow good Corporate Governance practices and improve upon them year after year.

2. BOARD OF DIRECTORS

The Board of Directors of the Company has an optimum combination of Executive and Non-Executive Directors with not less than Fifty percent of the Board of Directors comprising of Non-Executive Directors. The Company has Non-Executive Chairman and 50% of the Board consisting of Independent and Non-Executive Directors.

a) Composition and Category of Board of Directors

Category	No. of Directors	% of Total Board
*Promoter and Non-Independent Director	00	0
Executive Director	01	20%
Non-Executive and Independent Director	01	80%
Total	05	100%

*Resigned w.e.f. 14.08.2014

b) Attendance of each Director at the Board Meetings held during year 2014-15 and at the Last Annual General Meeting:

Sl. No.	Name and Designation of the Director	Board Meetings held during the year	Board Meetings Attended during the year	Attendance at Last AGM (Yes/No)
1	Mr Venkat S Meenavalli, Chairman	05	01	No
2.	Mr P Srinivasu, Executive Director	05	05	Yes
3.	Mr P Parthasarathi, Director	05	05	Yes
4.	Mr T Naresh Kumar, Director	05	05	Yes
5.	Mr Y Ramesh, Director	05	05	Yes
6.	Mrs M V Laxmi, Director	05	Nil	No

c) Number of other Boards or Board Committees in which Directors are Member or Chairperson

Name of the Director	Board@		Committee	
	Chairman	Director	Chairman	Member
Mr P Parthasarthi	1	3	2	05
Mr Venkat S Meenavalli	1	Nil	Nil	Nil
Mr P Srinivasu	Nil	1	Nil	Nil
Mr T Naresh Kumar	Nil	1	Nil	3
Mr Y Ramesh	Nil	1	Nil	3
Mrs M V Laxmi, Director	Nil	2	Nil	Nil

d) Number of Board meetings held, dates on which held

The Board of Directors met 5 times during the year 2014-15 on May 30, 2014, August 14, 2014, November 14, 2014, February 14, 2015 and March 31, 2015.

3. AUDIT COMMITTEE

The Audit Committee was constituted in terms of Section 177 of the Companies Act, 2013 and as per the provisions of Clause 49 of the Listing Agreement. The Audit Committee consists of Independent Directors and provides assistance to the Board of Directors in fulfilling its overall responsibilities.

i. Brief description of terms of reference;

The terms of reference of the Audit Committee are in conformity with the provisions of Clause 49 of the Listing Agreement which inter alia, including the following:

- Overseeing of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Reviewing the adequacy of internal audit functions.
- Reviewing the quarterly and annual financial statements before submission to the Board.
- Reviewing the adequacy of internal control and their compliance thereof.
- Reviewing the company's financial and risk management policies

ii. Composition, name of members and Chairperson

The composition of Audit Committee is as follows:

S.No.	Name of Director	Designation in the Audit Committee
1	Mr P Parthasarthi	Chairman
2	Mr T Naresh Kumar	Member
3	Mr Y Ramesh	Member

iii. Meetings and attendance during the year

During the Financial Year 2014-15, the Audit Committee met 04 times on May 30, 2014, August 14, 2014, November 14, 2014 and February 13, 2015.

4. NOMINATION AND REMUNERATION COMMITTEE:

The composition of the Nomination and Remuneration Committee is as follows:

S No	Name of Director	Designation in the Compensation/Remuneration Committee
1	Mr P Parthasarathi	Chairman
2	Mr T Naresh Kumar	Member
3	Mr Y Ramesh	Member

(a) Brief description of terms of reference:

The terms of reference of the Nomination and Remuneration Committee, inter alia include determination of compensation package of Executive Directors and Senior Management of the Company and to frame policies and procedures for Employee Stock Option plans approved by the members of the company.

(b) Remuneration policy:

The Company has a credible and transparent policy in determining and accounting for the remuneration of the Executive/ Non executive Directors. Their remuneration is determined in accordance with the experience and nature of responsibilities as well as industry standards. The same is subject to the approval of the Remuneration Committee of the Board of Directors and the members.

5. STAKEHOLDERS RELATIONSHIP COMMITTEE:

The composition of the Stakeholders Relationship Committee is as follows:

S No	Name of Director	Designation in the Shareholders/Investors Grievances Committee
1	Mr P Srinivasu	Chairman
2	Mr P Parthasarathi	Member
3	Mr Y Ramesh	Member

The Stakeholders Relationship Committee focuses on shareholders' grievances and strengthening of investor relations. The functions of the committee include the redressal of shareholders/investor complaints/grievances pertaining to transfers/transmissions of shares, dividend, and dematerialization of shares, replacement of lost/stolen/mutilated share certificates and other related issues. There are no complaints pending as on the date of this report.

The details of investor's complaints received and resolved during the financial year 2014-15 is as under.

No. of Investor's Complaints received during the financial year 2013-15	No. of Investor's Complaints resolved during the financial year 2014-15	Investor Complaints pending at the end of financial year 2014-15
0	0	Nil

6. GENERAL BODY MEETING

Details date, time and venue of the last three Annual General Meetings of the Company

<i>Financial year ended</i>	<i>Date</i>	<i>Venue</i>	<i>Time</i>
March 31, 2014	30.09.2014	Kalinga Cultural Trust, Plot No.1269, Road No.12, Banjara Hills, Hyderabad-500034	10.30 A.M.
March 31, 2013	30.09.2013	Kalinga Cultural Trust, Plot No.1269, Road No.12, Banjara Hills, Hyderabad-500034	12.30 P.M.
March 31, 2012	31.12.2012	Kalinga Cultural Trust, Plot No.1269, Road No.12, Banjara Hills, Hyderabad-500034	3.30 P M

No special resolution has been passed by the Company in the last year through postal ballot.

7. DISCLOSURES

- i. The summary of the materially significant relating party transactions is given in the Notes to the Accounts appearing in this Annual Report. However, none of the related party transactions have potential conflict with the interests of the Company at large, as all the transactions were entered into on an arms-length basis.
- ii. The Company has complied with all the requirements of the Listing Agreement of the Stock exchanges as well as regulations and guidelines of SEBI. No penalties have been levied or strictures have been passed by SEBI, Stock Exchanges or any other Statutory Authority on matters relating to capital markets, in the last three years. There were no non-compliances by the company, penalties, strictures imposed on the company by Stock Exchanges or SEBI or any statutory authority, on any matter related to Capital Market during the last three financial years.
- iii. The Company has complied with the requirements relating to Corporate Governance as mandated by Listing Agreements with the Stock Exchanges and also with the non-mandatory requirements as Remuneration Committee, Disclosures, Communication and General Information to the shareholders.

8. MEANS OF COMMUNICATION

The main source of information to the shareholders is the annual report of the Company, which includes, inter alia, Directors' Report and the Report of Board of Directors on Corporate

Governance, Management Discussion and Analysis Report and the audited financial results together with the auditors report. Pursuant to Clause 51 of the Listing Agreement, all data related to quarterly financial results, shareholding pattern etc., are hosted on the Electronic Data Information Filing and Retrieval (EDIFAR) website maintained by SEBI in association with the National Informatics Centre, within the time frame prescribed in this regard. The quarterly / audited results are also published for the information of the shareholders in “The Financial Express” (English Language) and “Andhra Prabha” (Telugu Language) daily newspapers, intimation to Stock Exchanges as required under the Listing Agreements and through press releases.

9. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

As required by sub-clause V of Clause 49 of the Listing Agreement, Management Discussion and Analysis Report is annexed to the Directors’ Report.

10. GENERAL SHAREHOLDERS INFORMATION:

i. Annual General Meeting:

Date	: 30 September, 2015
Time	: 02.30 P.M.
Venue	: Kalinga Cultural Trust, Banjara Hills, Hyderabad

ii. **Financial Year** : 1st April to 31st March

iii. **Date of Book Closure** : 24 September to 30 September 2015
(both days inclusive)

iv. **Listing on Stock Exchange** : National Stock Exchange

v. **Stock Symbol & Code** : NGCT

vi. **Market price data** : High/Low during the each month in the financial year, 2014-15 and performance in comparison to broad based indices, NSE’ Nifty.

Month & Year	NSE (in ₹)		NSE NIFTY	
	High	Low	High	Low
April 2014	2.50	1.95	6725.15	6650.40
May 2014	2.45	1.70	7563.50	6638.55
June 2014	2.30	1.80	7700.05	7239.50
July 2014	2.90	1.20	7840.95	7422.15
August 2014	2.20	1.70	7968.25	7540.10
September 2014	1.80	1.45	8161.90	7990.65
October 2014	2.20	1.45	8181.55	7723.85
November 2014	1.80	1.25	8617.00	8290.25
December 2014	1.55	1.15	8626.95	7961.35
January 2015	1.45	0.70	8996.60	8065.45
February 2015	1.30	0.70	8941.10	8470.50
March 2015	1.55	1.30	9119.20	8269.15

vii. Registrar and Transfer Agent:

M/s CIL Securities Limited
214, Raghava Ratna Towers, Chirag Ali Lane, Hyderabad-500001
Phone: +91 040-23203155, Email id: rta@cilsecurities.com

viii. Share Transfer System:

Share transfers are registered and returned within a period of fifteen days from the date of receipt, if the documents are in order in all respects.

ix. Distribution of shareholding (As on 31st March, 2015):

Category	Number of Members	(%) of Total Members	Number of Equity Shares	(%) of Total Shareholding
0-500	13015	69.64	2420209	4.94
501-1000	2423	12.96	2096669	4.28
1001-2000	1356	7.26	2168144	4.42
2001-3000	564	3.02	1476158	3.01
3001-4000	282	1.51	1034098	2.11
4001-5000	267	1.43	1286678	2.62
5001-10000	354	1.89	2674871	5.46
10001-above	428	2.29	35861763	73.16
Total	18689	100.00	49018590	100.00

x. Dematerialization of shares and Liquidity:

As on 31st March 2015, 99.95% of the paid up equity capital of the Company has been dematerialized and the trading of Equity shares in the Stock Exchanges is under compulsory dematerialization.

ISIN: INE970N01019

xi. Address for correspondence:

Northgate Com Tech Limited
D.No.8-2-686/8/B/1, 3rd Floor, GAMUT SQUARE, Road No-12,
Banjara Hills, Hyderabad – 500034, Telangana. India

11. WHISTLE BLOWER POLICY:

The Company promotes ethical behavior in all its business activities and has put in place a mechanism of reporting illegal or unethical behavior. The Company has a whistle blower policy wherein the employees are free to report violations of laws, rules, regulations or unethical conduct of their immediate supervisor or such other person as may be notified by the management to the workgroups. The confidentiality of those reporting violations is maintained and they are not subjected to any discriminatory practice.

MANAGEMENT DISCUSSION & ANALYSIS

Overview

Our principal business is online advertising services. Through this service, we aggregate, position and track Internet advertisements for online advertising agencies and other advertisers on websites controlled by third parties or by ourselves (collectively, “publishers”) with the goal of increasing awareness and actions through the Internet in respect of the advertised products. We earn revenues based on the number of Internet-user impressions, leads, sales or other actions that these advertisements generate. Our key own web properties include www.globe7.com (“Globe7”), www.bharatstudent.com (“bharatstudent.com”).

Global Industry Overview

While there are large disparities between sectors and equally large disparities between regions, the global media industry as a whole has been remarkably stable over the past five years. Global spending rose 6.2 percent in 2013, the fourth consecutive year of increases in the 5.9 to 6.5 percent range. We forecast that global growth to remain stable over the next five years, varying in the 6.1 to 6.8 percent range, with an overall compound annual increase of 6.4 percent to 2018. Current state of the sectors Looking across the global media industry, many of the disparities in sector growth are explained by the ongoing transition towards digital provisional spend. Digital advertising and broadband were the fastestgrowing segments in 2013, increasing 18.5 percent and 12.8 percent, respectively, followed by video games at 9.9 percent. Both digital advertising and broadband are entirely digital and video games are largely digital, while out-of-home advertising—at 5.1 percent, the only other segment to grow by more than 5 percent in 2013—is benefiting from the expanding footprint of digital boards. By contrast, the print-oriented segments were the weakest performers. Consumer magazine publishing and newspaper publishing each declined in 2013, while educational publishing and consumer books rose by 1.5 percent or less. Taken together, the four print-oriented segments fell by 1.4 percent. The remaining segments expanded at modest rates in 2013. TV advertising, audio entertainment, and cinema each rose by 3 percent or more, while in-home video entertainment grew by 4.6 percent. Outlook for sector spending We expect digital advertising, broadband, and video games to continue to lead the way as the fastestgrowing segments over the next five years, with projected compound annual increases to 2018 of 15.1 percent, 9.6 percent, and 9.3 percent, respectively. TV advertising, out-of-home advertising, and cinema will be the only other categories to grow by more than 5 percent on a compound annual basis. The print-oriented segments will remain the weakest over the next five years. Consumer magazines will be lower in 2018 than in 2013, while educational publishing, consumer books, and newspaper publishing will grow at compound annual rates of 1.0 percent or less. Nonetheless, taken together, the four print-oriented segments will increase at a 0.3 percent CAGR over the next five years, an improvement compared with the past five years, when combined spending for the these four segments fell at a 2.2 percent CAGR. Our expectation that these segments have bottomed out, reflect their expanding digital revenues as well as slower declines in the print market. In fact, consumer books and educational publishing posted small increases in 2013, and by 2016, we project newspapers and consumer magazines to return to growth. (McKinsey & Company Global Media Report 2014)

Consolidated Financial Performance (₹ lakhs)

Particulars	For the year ended March 31	
	2015	2014
Revenue		
Revenue from Operations	6,091.34	3,706.82
Other income	35.57	98.47
Total Revenue	6,126.91	3,805.29
Expenditure		
Operating expenses	5,703.31	2,589.16
Employee benefits expense	355.81	317.29
Finance costs	183.43	138.76
Depreciation expense	12.08	30.08
Other expenses	560.56	1,354.81
Provision for impairment of assets	-	-
Total Expenses	6,815.19	4430.10
Profit/(Loss) Before Tax	(6,88.28)	(624.81)
Less: Tax Expense	-	5.21
Profit/(Loss) After Tax	(688.28)	(630.02)
Earnings / (Loss) per share		
- Basic	1.40	(1.29)
- Diluted	1.40	(1.29)

Income from operations

The revenues increased to ₹ 6,091.34 lakhs in FY' 15 from ₹ 3,706.82 lakhs in FY' 14. In FY' 15 company incurred net loss of ₹ 688.28 lakhs against net loss of ₹ 630.02 lakhs in FY' 14.

Internal Control systems and their adequacy

The Company has adequate internal control systems commensurate with its size and nature of business to ensure to safeguard and protect the interests and assets of the Company.

CEO/CFO Certificate

I, P Srinivasu, Executive Director of Northgate Com Tech Limited certify that:

1. We have reviewed the financial statements for the year and that to the best of our knowledge and belief:
 - (a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (b) these statements present a true and fair view of the state of affairs of the Company and of the results of the operations and cash flows. The financial statements have been prepared in conformity, in all material respects, with the existing generally accepted accounting principles including accounting standards, applicable laws and regulations.
2. There are, to the best our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of Company's code of conduct.
3. We accept overall responsibility for establishing and monitoring the Company's internal control system for financial reporting and evaluating its effectiveness. Internal Audit function monitors the internal control system for financial reporting, which encompasses the examination and evaluation of the adequacy and effectiveness. Internal Audit works with all levels of management and statutory Auditors, and reports significant issues to the Audit Committee of the Board. The Auditors and Audit Committee are apprised of any corrective action taken with regard to significant deficiencies and material weakness.
4. We indicate to the Auditors and to the Audit Committee:
 - (a) Significant changes in internal controls over financial reporting during the year;
 - (b) Significant changes in the accounting policies during the year;
 - (c) No instances of significant fraud of which we have become aware of and which involve the management or other employees who have significant role in the Company's internal control system over financial reporting.

However, during the year there were no such changes and instances.

Place: Hyderabad
Date : 5 September, 2015

P Srinivasu
Executive Director
DIN: 02950420

CERTIFICATE ON CORPORATE GOVERNANCE TO THE MEMBERS OF NORTHGATE COM TECH LIMITED

We have examined the compliance of conditions of Corporate Governance by Northgate Com Tech Limited, for the year ended March 31, 2015, 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 procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

We state that in respect of Investor Grievances no such Grievances are pending for a period exceeding one month against the Company as per the record maintained by the Shareholders/Investors Grievance Committee.

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

For ALB & CO
Company Secretaries

Date: 05 September, 2015
Place: Hyderabad

CS. L. BABU ARE
CP No.12976
ACS No. 19447

DECLARATION ON CODE OF CONDUCT UNDER CLAUSE 49(1)(D) BY EXECUTIVE DIRECTOR OF THE COMPANY

I hereby declare that all the Members of the Board and Senior Management of the Company have complied with all the provisions of the Code of Conduct.

**For and on behalf of the Board
For Northgate Com Tech Limited**

Place: Hyderabad
Date: 5 September, 2015

P. Srinivasu
Executive Director
DIN:02950420

INDEPENDENT AUDITORS' REPORT**To The Members of
NORTHGATE COM TECH LIMITED****Report on the Financial Statements**

We have audited the accompanying consolidated financial statements of Northgate Com Tech Limited ("the company"), and its subsidiaries (collectively referred to as "the Group") which comprise the consolidated Balance Sheet as at 31 March 2015, the consolidated Profit and Loss Statement and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements.

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

Auditor's Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements,

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

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

Opinion

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

Other Matters

Financial Statements or Consolidated Financial Statements of certain subsidiaries which reflect total assets of ₹ 2643.59 Lakhs as at March 31, 2015, total Revenues of ₹ 75.12 Lakhs and net cash flows amounting to ₹.11.36 Lakhs for the Year then ended, have been audited by us.

We did not audit the financial statements/consolidated financial statements of certain subsidiaries whose financial statements or consolidated financial statements reflect total assets of ₹. 5096.18 Lakhs, total revenue of ₹ 7,159.55 Lakhs and net cash flows amounting to ₹ 14.00 Lakhs for the year then ended on that date. These financial statements/consolidated financial statements have been audited by other auditors whose reports have been furnished to us and our opinion is based solely on the reports of the other auditors.

Our report is not qualified in respect of other matters.

for E V B Reddy & Associates
Chartered Accountants
Firm Reg. No. 011050S

Place : Hyderabad
Date : 29-05-2015

CA.Navitha.K
Partner
M.No: 221085

Consolidated Balance Sheet as at 31 March 2015*(All amounts in Indian Rupees, except share data and where otherwise stated)*

EQUITY AND LIABILITIES	Note	As at 31 March 2015	As at 31 March 2014
Shareholders' funds			
Share capital.....	2.1	490,185,900	490,185,900
Reserves and surplus.....	2.2	(541,743,279)	(473,791,628)
		(51,557,379)	16,394,272
Non-current liabilities			
Long term provisions.....	2.3	632,485	615,818
		632,485	615,818
Current liabilities			
Short-term borrowing.....	2.4	112,781,351	97,169,507
Trade payables.....	2.5	413,324,750	123,419,678
Other current liabilities.....	2.6	39,111,138	30,232,278
Short term provisions.....	2.7	542,280	20,751,421
		565,759,519	271,572,884
Total		514,834,625	288,582,974
ASSETS			
Non current assets			
Fixed assets.....	2.8		
- Tangible assets.....		2,552,816	3,650,310
- Intangible assets.....		512,506	-
Other non current assets.....	2.9	23,905,200	44,160,102
		26,970,522	47,810,412
Current assets			
Trade receivables.....	2.10	384,893,322	140,398,667
Cash and bank balances.....	2.11	2,667,530	3,966,970
Short term loan and advances.....	2.12	100,303,251	96,406,925
		487,864,103	240,772,562
Total		514,834,625	288,582,974

Significant accounting policies and notes to consolidated financial statements

1 & 2

The notes referred to above form an integral part of consolidated financial statements.

As per our report of even date attached
for **E V B Reddy & Associates**
Chartered Accountants
Firm Registration No:011050S

for **Northgate Com Tech Limited**

Navitha K
Partner
Membership No: 221085

P. Srinivasu
Executive Director
DIN : 02950420

T. Naresh Kumar
Director
DIN : 00018575

Y. Ramesh
Director
DIN : 02549429

Place: Hyderabad
Date: 29 May 2015

Consolidated Statement of Profit and Loss for the year ended 31 March 2015

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	Note	For the year ended	For the year ended
		31 March 2015	31 March 2014
Revenue			
Revenue from operations.....	2.13	609,134,537	370,682,085
Other income.....	2.14	3,556,827	9,847,117
Total revenue		612,691,364	380,529,202
Expenses			
Operating expenses.....	2.15	570,331,436	258,916,670
Employee benefits expense.....	2.16	35,581,108	31,728,574
Finance costs	2.17	18,342,492	13,876,498
Depreciation and amortisation.....	2.8	1,207,886	3,007,537
Other expenses	2.18	56,056,290	135,481,141
Total expenses		681,519,212	443,010,420
Profit/(Loss) before extraordinary items and tax		(68,827,848)	(62,481,218)
Extraordinary items		-	-
Profit/(Loss) before tax		(68,827,848)	(62,481,218)
Tax expense			
- Earlier year's tax.....		-	-
- Current tax.....		-	520,764
- MAT entilement		-	-
Loss for the year		(68,827,848)	(63,001,982)
Earnings per share - par value ₹ 10 per share			
Basic.....	2.21	(1.40)	(1.29)
Diluted.....		(1.40)	(1.29)

Significant accounting policies and notes to consolidated financial statements 1 & 2

The notes referred to above form an integral part of consolidated financial statements.

As per our report of even date attached
for **E V B Reddy & Associates**
Chartered Accountants
Firm Registration No:011050S

for **Northgate Com Tech Limited**

Navitha K
Partner
Membership No: 221085

P. Srinivasu
Executive Director
DIN : 02950420

T. Naresh Kumar
Director
DIN : 00018575

Y. Ramesh
Director
DIN : 02549429

Place: Hyderabad
Date: 29 May 2015

Consolidated Cash Flow Statement for the year ended 31 March 2015*(All amounts in Indian Rupees, except share data and where otherwise stated)*

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
I. Cash flows from operating activities		
Loss before tax	(68,827,848)	(62,481,218)
Adjustments:		
Depreciation and amortisation	1,207,886	3,007,537
Interest expense	18,342,492	13,876,498
Bad and doubtful debts written off	11,092,731	99,209,791
Bad and doubtful advance written off	-	10,207,173
Creditors written back	(1,556,198)	(5,112,202)
Fixed assets discarded/written off, net	-	2,564,037
Interest income	(850,284)	(90,000)
Unrealised foreign exchange gain / (loss)	2,632,533	(2,954,397)
Operating cash flow before working capital changes	(37,958,688)	58,227,219
(Increase)/Decrease in trade receivable	(255,587,386)	(95,865,428)
(Increase)/Decrease in loans and advances	16,358,576	28,078,505
Increase/(Decrease) in current liabilities and provisions	278,591,459	24,687,773
Operating cash flow after working capital changes and taxes	1,403,961	15,128,069
Taxes paid	-	-
<i>Net cash used in operating activities</i>	<u>1,403,961</u>	<u>15,128,069</u>
II. Cash flows from investing activities		
Purchase of fixed assets	(823,037)	(3,345,807)
Interest received on deposits and inter corporate deposit	850,284	90,000
<i>Net cash from in investing activities</i>	<u>27,247</u>	<u>(3,255,807)</u>
III. Cash flows from financing activities		
Proceeds from avaliment of cash credit facility, net	15,611,844	738,559
Interest paid	(18,342,492)	(13,876,498)
<i>Net cash used in financing activities</i>	<u>(2,730,648)</u>	<u>(13,137,939)</u>
Net increase in cash and cash equivalents	(1,299,440)	(1,265,677)
Cash and cash equivalents at the beginning of the year	3,966,970	5,232,647
Cash and cash equivalents at the end of the year	<u>2,667,530</u>	<u>3,966,970</u>

As per our report of even date attached
for **E V B Reddy & Associates**
Chartered Accountants
Firm Registration No:011050S

for Northgate Com Tech Limited

Navitha K
Partner
Membership No: 221085

P. Srinivasu
Executive Director
DIN : 02950420

T. Naresh Kumar
Director
DIN : 00018575

Y. Ramesh
Director
DIN : 02549429

Place: Hyderabad
Date: 29 May 2015

Note 1. Significant accounting policies

Overview

Northgate Com Tech Limited (“the Company”) was incorporated as Northgate Com Tech Private Limited on 28 May 2010. The name of the Company was subsequently changed to Northgate Com Tech Limited on 15 June 2011. The Company together with its subsidiaries are collectively referred to as “the Group”. The Group primarily is in the business of online advertising through web exchanges and out of home advertising.

Pursuant to the Approved Scheme, the following companies became subsidiaries and step down subsidiaries, as the case may be, of the Company with effect from 1 April 2011.

Name of the Company	Country of incorporation	Percentage of Holding as at	
		31 March 2015	31 March 2014
Subsidiaries (held directly)			
Northgate Investments Pte Limited	Singapore	100%	100%
Adgog UK Limited	United Kingdom	100%	100%
Subsidiaries (held indirectly)			
Globe7 Pte Limited	Singapore	100%	100%
Social Media India Limited	India	100%	100%
Globe7 HK Limited *	Hong Kong	100%	100%

* Filed petition for winding up on 21 March 2012

a) *Basis of preparation of consolidated financial statements*

The consolidated financial statements of the Company and its subsidiaries (together the 'Group') have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 (“the 2013 Act”)/Companies Act, 1956 (“the Act 1956”), as applicable. The consolidated financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

b) *Use of estimates*

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the consolidated financial statements and reported amounts of revenues and expenses for the year. Actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

Significant accounting policies (continued)**c) *Principles of consolidation***

The consolidated financial statements include the financial statements of Northgate Com Tech Limited, the parent company and all of its subsidiaries and step-down subsidiaries as mentioned in overview, (collectively referred to as “the Group”), in which the Company has more than one-half of the voting power of an enterprise or where the Company controls the composition of the board of directors.

The consolidated financial statements have been prepared on the following basis:

The financial statements of the parent company and the subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances / transactions and resulting unrealised profits in full. Unrealised losses resulting from intra-group transactions have also been eliminated in full. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the balance sheet of the parent company and its share in the post-acquisition increase in the relevant reserves of the subsidiaries.

The excess / deficit of cost to the parent company of its investment in the subsidiaries, joint ventures and associates over its portion of equity at the respective dates on which investment in such entities were made is recognised in the financial statements as goodwill / capital reserve. The parent company's portion of equity in such entities is determined on the basis of the book values of assets and liabilities as per the financial statements of such entities as on the date of investment and if not available, the financial statements for the immediately preceding period adjusted for the effects of significant transactions, up to the date of investment. The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the parent company for its separate financial statements.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Change in Group's ownership interest in a subsidiary, without the loss control is accounted for as an equity transaction (i.e. a transaction with owners in their capacity as owners) and the carrying amounts of the controlling and minority interests are adjusted to reflect the changes in the relative interests in the subsidiary. Any difference between (i) the amounts by which the non-controlling interests are adjusted and (ii) the consideration paid or received is recognised directly in equity and attributed to the owners of the Company. The associated cash flows are classified as financing activities.

d) *Cash flow statement*

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of non-cash nature, any deferrals, or accruals of past or future operating cash receipts or payments and item of expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

Significant accounting policies (continued)

e) Revenue recognition

Online advertisement revenues are generated from several offerings including the display of graphical advertisements (“CPM”) and the display of text based links to an advertiser's website, from which leads are secured by advertisers (i.e., when an internet user provides a name, address or other information for a sales follow-up by the advertiser) or a sale is secured by the advertiser for their products or services (i.e., when an internet user makes a purchase through the advertisement displayed or other defined actions on the part of an internet user) (“CPA”).

Group's revenues are derived principally from CPM on the Internet. Revenue from these services are recognised as “impressions” are delivered at the rate agreed with the advertiser. An “impression” is delivered when an advertisement appears in pages viewed by users.

Group recognises revenues from CPA, based on the specified number of defined actions resulting from the advertisement, i.e., lead generation, sale or other specifically defined action, during a specified period of time, at the agreed rate with the advertiser.

In addition to delivering CPM advertising on the Group's websites, Group also generates revenues from CPM and CPA on other publisher websites. The Group pays these publishers for the revenues generated from the display of these advertisements on their websites. These payments are called traffic acquisition costs (“TAC”). The revenues derived from these arrangements that involve traffic supplied by other publishers are reported gross of the payment to them. These revenues are reported gross due to the fact that Group is the primary obligor to the advertisers who are the customers of the Group.

The Group recognises advertisement revenue as and when the related advertisement is displayed, in accordance with the terms of the related agreements. Further, in all cases, revenue is recognised only when it is measurable and the collectability of the same is reasonably assured.

Dividend income is recognised when the right to receive payment is established. Interest on bank deposits and loans are recognised on the time proportion method using the underlying interest rates.

f) Fixed assets and depreciation

In respect of fixed assets (other than freehold land and capital work-in-progress) acquired during the year, depreciation/ amortisation is charged on a straight line basis so as to write off the cost of the assets over the useful lives and for the assets acquired prior to 1 April, 2014, the carrying amount as on 1 April, 2014 is depreciated over the remaining useful life based on an evaluation

	<u>Years</u>
Furniture, fixtures and office equipment	10
Computer equipment	3
Office equipment	5
Vehicles	10

Significant accounting policies (continued)

Leasehold improvements are amortised or depreciated over the primary period of the lease or estimated useful lives, whichever is lower.

Assets costing less than ₹ 5,000 individually have been fully depreciated in the year of purchase. The estimated useful life of the intangible assets and the amortization period are reviewed at the end of each financial year and the amortization period is revised to reflect the changed pattern, if any.

g) Tangible assets

Fixed assets are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date. Exchange differences arising on restatement / settlement of long-term foreign currency borrowings relating to acquisition of depreciable fixed assets are adjusted to the cost of the respective assets and depreciated over the remaining useful life of such assets. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

h) Intangible assets and amortisation

Intangible assets are carried at cost less accumulated amortization and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase / completion is recognized as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

i) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments.

Long-term investments are carried at cost less any other-than-temporary diminution in value, determined separately for each individual investment. Current investments are carried at the lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investment.

j) Employee benefits

Provision for gratuity, which is a defined benefit scheme, is accrued based on actuarial valuation at the balance sheet date, carried out by an independent actuary. The Group recognises the net obligation of the gratuity plan in the balance sheet as an asset or liability respectively in accordance with AS-15 "Employee Benefits".

Significant accounting policies (continued)

Long term compensated absences is accrued based on actuarial valuation at the balance sheet date, carried out by an independent actuary.

Contributions to the employees' provident fund are charged to the statement of Profit and Loss. Such contributions are made to the authorities administering the fund.

k) *Foreign currency transactions, balances and translation of financial statements of foreign subsidiaries*

Foreign currency transactions are recorded using the exchange rates prevailing on the dates of the respective transactions or at an average monthly rate that approximates the actual rate at the date of transaction. Exchange difference arising on foreign currency transactions settled during the year are recognised in the Statement of Profit and Loss.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at year-end rates. The resultant exchange differences are recognised in the Statement of Profit and Loss. Non-monetary assets are recorded at the rates prevailing on the date of the transaction.

All the consolidated foreign subsidiaries have been identified as non integral operations in accordance with the requirements of AS –11(Revised 2003) “The Effect of Changes in Foreign Exchange rates” issued by ICAI which is effective for the accounting periods commencing on or after 1 April 2004. In accordance with AS –11 (Revised 2003), the financial statements of such non-integral foreign operations are translated into Indian rupees as follows:

- All assets and liabilities, both monetary and non-monetary, are translated using the closing rate.
- Revenue items are translated at the respective monthly average rates.
- The resulting net exchange difference is credited or debited to a foreign currency translation reserve.
- Contingent liabilities are translated at the closing rate.

l) *Income-tax expense*

Income tax expense comprises current tax and deferred tax.

Current tax

The current charge for income taxes is calculated in accordance with the relevant tax regulations applicable to the entities in the Group.

Deferred tax

Deferred tax charge or credit reflects the tax effects of timing differences between accounting income and taxable income for the year. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognised only if

Significant accounting policies (continued)

there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed at each balance sheet date and written-down or written-up to reflect the amount that is reasonably virtually certain (as the case may be) to be realised. The break-up of the major components of the deferred tax assets and liabilities as at the balance sheet date have been arrived at after setting off deferred tax assets and liabilities where the group has a legally enforceable right to set-off assets against liabilities, and where such assets and liabilities relate to taxes on income levied by the same governing taxation laws.

Minimum Alternate Tax (MAT) Credit entitlement

MAT credit entitlement represents amounts paid in a year under Section 115 JA of the Income Tax Act 1961 ('IT Act'), in excess of the tax payable, computed on the basis of normal provisions of the IT Act.

Such excess amount can be carried forward for set off against future tax payments for five succeeding years in accordance with the relevant provisions of the IT Act. Since such credit represents a resource controlled by the Group as a result of past events and there is evidence as at the reporting date that the Group will pay normal income tax during the specified period, when such credit would be adjusted, the same has been disclosed as "MAT Credit entitlement" in the balance sheet with a corresponding credit to the Statement of Profit and Loss, as a separate line item.

Such assets are reviewed as at each balance sheet date and written down to reflect the amount that will not be available as a credit to be set off in future, based on the applicable taxation law then in force.

m) Earnings per share

The basic earnings per share ("EPS") is computed by dividing the net profit after tax for the year by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, net profit after tax for the year and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. The dilutive potential equity shares are deemed converted as of the beginning of the year, unless they have been issued at a later date. The diluted potential equity shares have been adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. the average market value of the outstanding shares).

n) Employee stock option schemes

In accordance with the Securities and Exchange Board of India guidelines, the excess of the market price of shares, at the date of grant of options under the Employee stock option schemes, over the exercise price is treated as employee compensation and amortised over the vesting period.

o) Impairment of assets

The Group assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the

Significant accounting policies (continued)

asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

p) *Provisions and contingent liabilities*

The Group creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions for onerous contracts are recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at lower of the expected cost of terminating the contract and the expected net cost of fulfilling the contract.

q) *Leases*

Assets acquired under lease, where the Group has assumed substantially all the risks and rewards of ownership are classified as finance lease. Such leases are capitalized at the inception of the lease, at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower.

Assets acquired under lease, where a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating lease. Lease payments under operating leases are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

r) *Service Tax input credit*

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing / utilizing the credits.

s) *Segment Information*

The Group has identified geographic segment as its primary segment as the Company is in the business of providing Advertisement services. The Company does not make any distinction amongst the services rendered accordingly there is only one business segment.

2. Notes on consolidated financial statements

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	As at 31 March 2015	As at 31 March 2014
2.1 Share capital		
<i>Authorised*</i>		
Equity shares		
50,000,000 (previous year : 50,000,000) equity of ₹10 each.	500,000,000	500,000,000
	500,000,000	500,000,000
<i>Issued, subscribed and fully paid up</i>		
49,018,590 (previous year : 49,018,590) equity shares of ₹10 each fully paid up	490,185,900	490,185,900
	490,185,900	490,185,900

i. Rights, preferences and restrictions attached to equity shares:

The Company has only one class of equity shares having par value of ₹10 each. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing general meeting.

ii. The reconciliation of the number of equity shares outstanding is set out below:

Particulars	As at 31 March 2015		As at 31 March 2014	
	No. of shares	Amount in ₹	No. of shares	Amount in ₹
Shares outstanding at the beginning of the year	49,018,590	490,185,900	49,018,590	490,185,900
Shares issued during the year..	-	-	-	-
Shares outstanding at the end of the year	49,018,590	490,185,900	49,018,590	490,185,900

iii. The details of shareholder holding more than 5% equity shares is set below:

Name of Shareholder	As at 31 March 2015		As at 31 March 2014	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Cresta Fund Limited	4,500,000	9.18	4,500,000	9.18
India Focus Cardinal Fund	-	-	3,814,949	7.78
Meenavalli Venkatasrinivas	3,254,586	6.64	3,254,586	6.64
Meenavalli Usha Rani	3,226,360	6.58	3,226,360	6.58
Albula Investment Fund Limited	2,832,492	5.78	2,832,492	5.78

Notes on consolidated financial statements (continued)

(All amounts in Indian Rupees, except share data and where otherwise stated)

2.2 Reserves and surplus	<u>As at 31 March 2015</u>	<u>As at 31 March 2014</u>
General reserve	120,682,325	120,682,325
Deficit in the statement of profit and loss		
Balance at the beginning of the year	(643,168,535)	(580,166,553)
Add: Transitional provision *	(231,296)	-
Add: Net loss for the year	(68,827,848)	(63,001,982)
Balance at the end of the year	<u>(712,227,679)</u>	<u>(643,168,535)</u>
Foreign currency translation reserve		
Balance at the beginning of the year	48,694,582	45,900,881
Add: Translation of foreign subsidiaries with non-integral operations	1,107,493	2,793,701
Balance at the end of the year	<u>49,802,075</u>	<u>48,694,582</u>
Total	<u>(541,743,279)</u>	<u>(473,791,628)</u>
* Difference amount of depreciation arrived based on the revised Companies Act, 2013 has been adjusted to reserves and surplus account		
2.3 Long term provisions	<u>As at 31 March 2015</u>	<u>As at 31 March 2014</u>
Provision for employee benefits		
Gratuity (Refer note : 2.26)	570,972	565,769
Compensated absences	61,513	50,049
	<u>632,485</u>	<u>615,818</u>
2.4 Short term borrowing		
<i>Secured loan from bank repayable on demand - Cash credit *</i>	97,816,925	84,269,159
Secured loan from bank against vehicle	261,686	437,608
Un secured loan**	14,702,740	12,462,740
	<u>112,781,351</u>	<u>97,169,507</u>

*Cash credit amounting to ₹ 80,000,000 availed for working capital purposes to be repayable on demand with interest rate of base rate + 5.50 % for outstanding amounting up to ₹ 80,000,000 and base rate + 7.50 % for cash credit outstanding over and above ₹ 80,000,000. The said cash credit is secured by hypothecation of book debts along with personal guarantee of Mr. M.Venkata Srinivas and Mr. K.Bhaskar Reddy and Corporate guarantee of M/s. Globe 7 Pte Limited, Singapore (step down subsidiary) and Greenfire Agri Commodities Limited (formerly Northgate Technologies Limited).

Notes on consolidated financial statements (continued)*(All amounts in Indian Rupees, except share data and where otherwise stated)*

** Unsecured loan amounting to ₹ 15,000,000 availed to repay the adhoc limits taken by the company for working capital purposes received from Mr. Venkata Srinivas Meenavalli, Mr P.Srinivasu and Mr Shaik Gouse to be repayable on demand.

2.5 Trade payables	<u>As at 31 March 2015</u>	<u>As at 31 March 2014</u>
Trade payables		
- Amounts due to Micro, Small and Medium Enterprises (Refer note : 2.28).....	-	-
- Others.....	413,324,750	123,419,678
	<u>413,324,750</u>	<u>123,419,678</u>
 2.6 Other current liabilities		
Advance from customers.....	12,108,920	800,000
Employee payables	1,662,208	1,982,721
Statutory liabilities	9,262,348	13,886,502
Provision for expenses.....	16,077,662	13,563,055
	<u>39,111,138</u>	<u>30,232,278</u>
 2.7 Short term provisions		
Provision for employee benefits		
Gratuity.....	19,483	16,011
Compensated absences.....	20,760	19,555
Others		
Provision for taxation.....	502,037	20,715,855
	<u>542,280</u>	<u>20,751,421</u>

Notes on consolidated financial statements (continued)
(All amounts in Indian Rupees, except share data and where otherwise stated)

Schedule annexed to and forming part of the Consolidated Balance Sheet

2.8 Fixed Assets

Particulars	Gross Block				Depreciation/Amortisation				Net Block			
	As at April 1, 2014	Additions	Foreign Exchange Adjustment	Deletions March 31, 2015	As at March 31, 2015	As at April 1, 2014	For the year	Foreign Exchange Adjustment	Difference of Revised Companies Act **	On Deletions March 31, 2015	As at March 31, 2015	As at March 31, 2014
Tangible Fixed Assets												
Plant and Machinery	60,504,548	-	-	60,504,548	-	-	-	-	-	60,504,548	-	-
Computers	10,652,254	139,561	(175,923)	10,615,892	8,825,514	808,522	(207,066)	54,758	-	-	9,481,728	1,134,164
Furniture and Fixtures	435,000	-	-	435,000	171,918	43,499	-	99,818	-	-	315,235	119,765
Office Equipment	621,146	148,409	-	769,555	78,777	141,475	-	27,600	-	-	247,852	542,369
Vehicles	1,918,131	-	-	1,918,131	900,012	191,815	-	49,120	-	-	1,140,947	777,184
Total	74,131,079	287,970	(175,923)	60,504,548	13,738,578	1,185,311	(207,066)	231,296	60,504,548	11,185,762	2,552,816	3,650,310
Intangible Fixed Assets												
Computer Software	161,103,593	535,067	6,105,699	-	167,744,359	161,103,593	22,575	6,105,685	-	-	167,231,853	512,506
Total	161,103,593	535,067	6,105,699	-	167,744,359	161,103,593	22,575	6,105,685	-	-	167,231,853	512,506
Total	235,234,672	823,037	5,929,776	60,504,548	181,482,937	231,584,362	1,207,886	5,898,619	231,296	60,504,548	178,417,615	3,065,322
Previous Year 2013-14	228,785,613	3,345,807	16,009,291	12,906,039	235,234,672	223,041,917	3,007,537	15,967,249	-	10,432,341	231,584,362	3,650,310

** Difference amount of depreciation arrived based on the revised Companies Act 2013 has been adjusted to reserves and surplus account.

Notes on consolidated financial statements (continued)*(All amounts in Indian Rupees, except share data and where otherwise stated)*

2.9 Other non current assets	As at 31 March 2015	As at 31 March 2014
<i>Unsecured, considered good</i>		
Security deposit	1,656,380	1,397,155
Prepaid expenses	937,503	1,593,875
Advance tax	12,397,832	22,112,211
Balances with government authorities	8,913,485	19,056,861
	<u>23,905,200</u>	<u>44,160,102</u>
2.10 Trade receivables		
Outstanding for a period more than six months from the date they are due for payment		
- Considered good	55,950,587	3,680,269
- Considered doubtful	158,256,722	158,256,722
Other debts, considered good	328,942,735	136,718,398
	<u>543,150,044</u>	<u>298,655,389</u>
Less: Bad debts written off	-	84,673,022
Less: Provision for doubtful debts	158,256,722	73,583,700
	<u>384,893,322</u>	<u>140,398,667</u>
2.11 Cash and bank balances		
Cash and cash equivalents		
Cash on hand	41,373	16,684
Balance with banks		
- in current accounts	1,626,157	2,950,286
	<u>1,667,530</u>	<u>2,966,970</u>
Other bank balances		
Deposits with maturity more than 3 months but less than 12 months	1,000,000	1,000,000
	<u>2,667,530</u>	<u>3,966,970</u>
2.12 Short term loan and advances		
<i>Unsecured, considered good</i>		
Advances given to vendors	92,833,992	87,158,333
MAT credit	6,554,083	6,554,083
VAT receivable	72,982	299,109
Prepaid expenses	50,506	426,905
Others advances	791,688	1,968,495
	<u>100,303,251</u>	<u>96,406,925</u>

Notes on consolidated financial statements (continued)

(All amounts in Indian Rupees, except share data and where otherwise stated)

	For the year ended 31 March 2015	For the year ended 31 March 2014
2.13 Revenue from operations		
Revenue from advertisements	609,134,537	370,682,085
	<u>609,134,537</u>	<u>370,682,085</u>
2.14 Other income		
Interest on fixed deposits	850,284	90,000
Recovery from debtors written off	-	4,196,954
Foreign exchange gain, net	492	250,299
Creditors written back	1,556,198	5,112,202
Miscellaneous income	1,149,853	197,662
	<u>3,556,827</u>	<u>9,847,117</u>
2.15 Operating expenses		
Cost of advertisement space	520,122,930	142,369,506
Data centre charges	2,133,245	7,804,287
Campaign expenses	-	71,811,135
Cost of content acquisition	-	1,696,309
Media exchange tech fee	44,524,918	34,457,203
Hoardings rental expense	3,550,343	778,230
	<u>570,331,436</u>	<u>258,916,670</u>
2.16 Employee benefits expense		
Salaries	33,921,951	30,097,621
Contribution to provident fund and other funds	857,733	910,301
Staff welfare expenses	801,424	720,652
	<u>35,581,108</u>	<u>31,728,574</u>
2.17 Finance cost		
Interest on secured loan	18,342,492	13,876,498
	<u>18,342,492</u>	<u>13,876,498</u>

Notes on consolidated financial statements (continued)*(All amounts in Indian Rupees, except share data and where otherwise stated)*

2.18 Other expenses	For the year ended <u>31 March 2015</u>	For the year ended <u>31 March 2014</u>
Rent	6,167,937	6,942,849
Professional charges	4,776,640	5,902,429
Rates and taxes	1,394,619	323,586
Communication expenses	1,539,622	1,651,616
Power and fuel	1,613,633	1,870,185
Printing and stationery	174,533	328,019
Repairs and maintenance	2,369,691	850,926
Travelling expenses	1,723,262	1,483,806
Bank charges	1,523,995	2,666,429
Foreign exchange Loss, net	3,236,884	-
Fixed assets written off/ discarded	-	2,564,037
Advance written off	-	925,000
Provision for advances	-	9,282,173
Bad debts written off	11,092,731	85,939,046
Provision for debtors	-	13,270,745
Miscellaneous expenses	20,442,743	1,480,295
	<u>56,056,290</u>	<u>135,481,141</u>

Notes on consolidated financial statements (continued)

(All amounts in Indian Rupees, except share data and where otherwise stated)

2.19 Capital commitments and contingent liabilities

<u>Particulars</u>	<u>As at</u> <u>31 March 2015</u>	<u>As at</u> <u>31 March 2014</u>
Capital Commitments	Nil	Nil
Contingent liabilities		
i. Disputed Service Tax liability for which the Group has preferred an appeal	233,501,239	223,636,132
ii. Disputed Income Tax liability for which the Group has preferred an appeal	8,418,723	19,434,355

2.20 Deferred tax

In view of carry forward of losses under tax laws in the current year, the Group is unable to demonstrate virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realised, which is as required under AS 22 'Accounting for taxes on income'. Accordingly, no deferred tax asset has been recognised as at the year-end.

2.21 Earnings Per Share

The computation of earnings per share is set out below:

<u>Particulars</u>	<u>Year ended</u> <u>31 March 2015</u>	<u>Year ended</u> <u>31 March 2014</u>
Earnings (in ₹)		
Loss for the year	(68,827,848)	(63,001,982)
Shares		
Number of shares at the beginning of the year.....	49,018,590	49,018,590
Add: No. of equity shares issued during the year	-	-
Total number of equity shares outstanding at the end of the year	49,018,590	49,018,590
Weighted average number of equity shares outstanding during the year for the purpose of Basic and diluted earnings per share.....	49,018,590	49,018,590
Earnings per share (in ₹)		
- Basic	(1.40)	(1.29)
- Diluted	(1.40)	(1.29)

Notes on consolidated financial statements (continued)*(All amounts in Indian Rupees, except share data and where otherwise stated)***2.22 Related Party Disclosures****A) Entities where control exists**

None

B) Key Managerial Personnel (KMP)

- i. P. Srinivasu – Executive Director
- ii. D.V.S.S.Lakshminarayana – Whole time Director

C) Enterprises where principal shareholders/management personnel have control or significant influence (Significant interest entities)(SIE)

- i. Green Fire Agri Commodities Limited, India
(formerly Northgate Technologies Limited)

Particulars of related party transactions**I. Following is the summary of significant related party transactions:**

<u>Particulars</u>	<u>For the year ended</u> <u>31 March 2015</u>	<u>For the year ended</u> <u>31 March 2014</u>
Green Fire Agri Commodities Limited		
- Inter corporate deposit given	-	790,665
- Repayment of Inter corporate deposit given	-	11,176,000
- Provision created towards doubtful advance	-	9,282,173
- Rent receivable (other income)	180,000	-
Un-secured Loan		
- Loan taken from Mr. Venkata S Meenavalli,	-	15,000,000
Mr. P.Srinivasu		
Mr. Shaik Gouse		

II. The Group has the following amounts due from/to the related parties

<u>Particulars</u>	<u>As at</u> <u>31 March 2015</u>	<u>As at</u> <u>31 March 2014</u>
Un-secured Loan		
- Loan taken from Mr. Venkata S Meenavalli,	14,702,740	12,462,740
Mr. P.Srinivasu		
Mr. Shaik Gouse		
- Rent receivable from Green Fire Agri Commodities Limited	180,000	-

Notes on consolidated financial statements (continued)

(All amounts in Indian Rupees, except share data and where otherwise stated)

2.23 Segment information

The Company is in the business of providing Advertisement services. The Company does not make any distinction amongst the services rendered accordingly there is only one business segment. The information on geographical segments is given below:

A) Primary segment - Geographical segments

31 March, 2015					
Particulars	India	Europe	Singapore	Eliminations	Total
a) Segment Revenue					
Services revenues from external Customer.....	485,878	354,780,219	253,868,440	-	609,134,537
Inter Segment Revenue	33,670,060	105,579,751	-	(139,249,811)	-
Total Segment Revenue	34,155,938	460,359,970	253,868,440	(139,249,811)	609,134,537
b) Segment Results.....	(1,005,833)	(7,442,214)	(45,921,073)	326,982	(54,042,138)
Unallocated Corporate expenses					-
Interest Expense					(18,342,492)
Other income					3,556,827
Loss before tax and minority Interest					(68,827,803)
Income tax expense					-
Minority interest					-
Loss for the year					(68,827,803)
c) Segment Assets	326,158,096	301,004,754	208,613,519	(320,941,697)	514,834,672
Unallocated Corporate Assets					-
Total Assets					514,784,672
d) Segment Liabilities	305,325,003	300,699,318	108,764,626	(148,396,941)	566,392,006
Unallocated Corporate liabilities					-
Total Liabilities					566,392,006
e) Cost incurred during the year to acquire segment fixed assets including intangible					
Assets	-	287,970	535,067	-	823,037
f) Depreciation and amortization	636,594	171,930	399,362	-	1,207,886
g) Non cash expenses other than depreciation and amortization	84,191	1,845,141	1,008,540	-	2,937,872

Notes on consolidated financial statements (continued)*(All amounts in Indian Rupees, except share data and where otherwise stated)***A) Primary segment - Geographical segments**

31 March, 2014

Particulars	India	Europe	Singapore	Eliminations	Total
a) Segment Revenue					
Services revenues from					
external Customer	146,582,122	11,767,244	212,332,719	-	370,682,085
Inter Segment Revenue	37,899,411	26,332,220	-	(64,231,631)	-
Total Segment Revenue	184,481,533	38,099,464	212,332,719	(64,231,631)	370,682,085
b) Segment Results	(64,365,736)	2,275,124	(264,157,915)	267,796,690	(58,451,837)
Unallocated Corporate expenses					-
Interest Expense					(13,876,498)
Other income					9,847,117
Profit/(Loss) before tax and minority Interest					(62,481,218)
Income tax expense					520,764
Minority interest					-
Profit/(Loss) for the year					(63,001,982)
c) Segment Assets	357,772,648	20,064,248	182,754,454	(272,008,376)	288,582,974
Unallocated Corporate Assets					-
Total Assets					288,582,974
d) Segment Liabilities	319,189,889	11,540,648	43,666,979	(102,208,814)	272,188,702
Unallocated Corporate liabilities					-
Total Liabilities					272,188,702
e) Cost incurred during the year to acquire segment fixed assets including intangible assets...	2,175,207	-	1,170,600	-	3,345,807
f) Depreciation and amortization	2,215,323	701,957	90,257	-	3,007,537
g) Non cash expenses other than depreciation and amortization	102,942,991	-	277,399,329	(268,361,319)	111,981,001

Notes on consolidated financial statements (continued)

(All amounts in Indian Rupees, except share data and where otherwise stated)

B) Revenue by geographical location of customers:

<u>Name of the County</u>	For the year ended	For the year ended
	<u>31 March 2015</u>	<u>31 March 2014</u>
India	1,712,742	150,393,353
Singapore	118,462,548	10,551,366
United States of America	181,002,415	128,607,982
Hong Kong	274,647,302	491,382
Others	33,309,530	80,638,002
Total	<u>609,134,537</u>	<u>370,682,085</u>

2.24 Operating Lease

The Group leases offices, residential facilities and vehicles under operating lease agreements that are renewable on a periodic basis at the option of both the lessor and the lessee. Rental expense under those leases was ₹ 6,167,937 (previous year ₹ 6,942,849).

2.25 Auditors' remuneration (included in professional fees, excluding service tax):

<u>Particulars</u>	For the year ended	For the year ended
	<u>31 March 2015</u>	<u>31 March 2014</u>
Statutory audit fees	1,407,220	1,155,856
Other services	25,000	40,000
Out of pocket expenses	-	-
Total	<u>1,432,220</u>	<u>1,195,856</u>

2.26 Employee benefits - Gratuity

The following table sets out the status of the gratuity plan as required under Accounting standard (AS) 15 "Employee Benefits" prescribed by Companies (Accounting Standards) Rules, 2006, ('the Rules'):

<u>Particulars</u>	As at	As at
	<u>31 March 2015</u>	<u>31 March 2014</u>
Obligations		
Obligations at the beginning of the year	581,780	633,776
Service cost	105,986	106,003
Interest cost	46,542	50,702
Benefits settled	-	-
Actuarial gain / (loss)	(143,853)	(208,701)
Obligations at the end of the year	<u>590,455</u>	<u>581,780</u>

Notes on consolidated financial statements (continued)*(All amounts in Indian Rupees, except share data and where otherwise stated)***Change in plan assets**

Plan assets at the beginning of the year, at fair value	1,509,077	1,413,655
Expected return on plan assets	135,817	95,422
Contributions	-	-
Benefits settled	-	-
Plan assets at the end of the year, at fair value.....	1,644,894	1,509,077

Reconciliation of present value of the obligation and the fair value of plan assets

	<u>As at 31 March 2015</u>	<u>As at 31 March 2014</u>
Present value of defined benefit obligations at the end of the year	590,455	581,780
Fair value of the plan assets at the end of the year	1,644,894	(1,509,077)
Liability/(Asset) to be recognised in the balance sheet	2,235,349	(927,297)
Current and noncurrent portion of net liability is as follows:		
Current	4,263	16,011
Non current	426,350	565,769
Total	430,613	581,780
Gratuity cost for the year		
Service cost	105,986	106,003
Interest cost	46,542	50,702
Expected return on plan assets	(135,817)	(95,422)
Actuarial loss.....	(143,853)	(208,701)
Net gratuity cost	(127,142)	(147,418)

Assumptions

Interest rate	8%	8%
Expected rate of salary increase	10%	10%
Attrition rate	10%	10%

Discount rate: The discount rate is based on the gross redemption yield on medium to long term risk free investments.

Salary escalation: 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 factors in the employment market.

Notes on consolidated financial statements (continued)

(All amounts in Indian Rupees, except share data and where otherwise stated)

Attrition rate: The attrition rate is the expected employee turnover for the future periods, adjusted to the current economic environment.

2.27 During the current year, Social Media India Limited (SMIL), a step-down subsidiary of the Company, received an order from the Assistant Commissioner of Income Tax consequent to the order of Commissioner of Income Tax (A) IV, Hyderabad passed under Section 154 of Income Tax Act, 1961 towards adjustment of deposits given, certain Transfer Pricing adjustment and cost of acquisition in computation of capital gains demanding an amount (tax demanded along with interest) of ₹ 16,788,429 for financial year 2008-09.

SMIL has preferred an appeal against the said orders with the Income Tax Appellant Tribunal, Hyderabad for the financial year 2008-09. The Income Tax Appellant Tribunal, Hyderabad has been pronounced its order in favour of the company on majority issues and directed some issues for fresh examination by the Assessing Officer.

2.28 Disclosure under Section 22 of the Micro, Small and Medium enterprises Development Act, 2006 (MSMED)

Based on the information available with the Company, no creditors have been identified as “supplier” within the meaning of “Micro, Small and Medium Enterprises Development (MSMED) Act, 2006”.

2.29 Previous year figures

Previous year figures have been regrouped / reclassified wherever necessary, to correspond with the current year classification/ disclosure.

As per our report of even date attached
for **E V B Reddy & Associates**
Chartered Accountants
Firm Registration No:011050S

for **Northgate Com Tech Limited**

Navitha K
Partner
Membership No: 221085

P. Srinivasu
Executive Director
DIN : 02950420

T. Naresh Kumar
Director
DIN : 00018575

Y. Ramesh
Director
DIN : 02549429

Place: Hyderabad
Date: 29 May 2015

AOC-1

(Pursuant to first provision to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies / joint ventures

Part-A: Subsidiaries

(All amounts in Indian Rupees, except share data and where otherwise stated) (₹ in Lacs)

Particulars	Adgog UK Limited (Formerly Globe7 UK Ltd)	Northgate Investments Pte Limited	Globe7 Pte Limited	Social Media India Limited	Globe7 HK Limited
Name of the Subsidiary					
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	01-04-2014 to 31-3-2015	01-04-2014 to 31-3-2015	01-04-2014 to 31-3-2015	01-04-2014 to 31-3-2015	01-04-2014 to 31-3-2015
Reporting Currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	GBP	USD	USD	NA	HKD
Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	92.55	62.36	62.36	NA	7.76
Share capital	59.09	64,372.62	64,354.87	2,944.69	620.73
Reserves & Surplus	(56.03)	(63,156.83)	(64,479.95)	(2,239.42)	(713.96)
Total Assets	3,010.05	1,224.03	861.71	2,643.59	0.39
Total Liabilities	3,006.99	8.24	985.79	1,938.33	93.62
Investments	-	-	-	-	-
Turnover	4,603.60	-	2,538.68	4.86	-
Profit before taxation	(74.42)	(0.80)	(441.14)	(181.17)	-
Provision for taxation	-	-	-	-	-
Profit after taxation	(74.42)	(0.80)	(441.14)	(181.17)	-
Proposed Dividend	-	-	-	-	-
% of share holding	100%	100%	100%	100%	100%

Notes: the following information shall be furnished at the end of the statement:

- Names of subsidiaries which are yet to commence operations - Nil
- Name of subsidiaries which have been liquidated or sold during the year - Nil

Part-B: Associates and Joint Ventures

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures - Nil

INDEPENDENT AUDITORS' REPORT

To The Members of Northgate Com Tech Limited

Report on the Financial Statements

We have audited the accompanying standalone financial statements of Northgate Com Tech Limited (“the company”), which comprise the Balance Sheet as at 31 March 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements, give the information required by the Act 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, 2015;
- b. In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in the Paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. the balance sheet, the statement of profit and loss, and cash flow statement dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - e. on the basis of written representations received from the directors as on 31 March, 2015, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2015, from being appointed as a director in terms of Section 164(2) of the Act; and
 - f. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements
 - ii. the Company did not have dues on account of Investor Education and Protection Fund.

for **E V B REDDY & ASSOCIATES**
Chartered Accountants
Firm Reg. No. 011050S

CA.Navitha K
Partner
Membership No. 221085

Place : Hyderabad
Date : 29 May 2015

Annexure to Auditors' Report

The Annexure referred to in our Independent Auditors' Report to the members of Northgate Com Tech Limited ("the Company") on the financial statements for the year Ended on 31 March 2015, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The Company has a regular program of physical verification of its fixed assets by which all fixed assets are verified every year. In accordance with this program, fixed assets were verified during the year and no material discrepancies were noted on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets
- (ii) The Company is a service company, primarily rendering IT and ITES services to its wholly owned subsidiary Globe7 Pte Limited, Singapore. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable.
- (iii) (a) The Company has not granted any loans, secured or unsecured to companies firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, paragraph 3(iii) (b) and (c) of the order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and with regard to the sale of services. The activities of the Company do not involve purchase of inventory and the sale of goods. We have not observed any major weakness in the internal control system during the course of the audit.
- (v) The Company has not accepted any deposits from the public. Therefore, the provisions of Clause (v) of paragraph 3 of the CARO 2015 are not applicable to the Company.
- (vi) The Central Government of India has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Income Tax, Service tax, Value added tax, Employees' State Insurance and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities, except for certain cases of Tax deducted at source. As explained to us, the Company did not have any dues on account of Wealth Tax, Customs Duty and Excise Duty.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, service tax, value added tax and

other material statutory dues were in arrears as at 31st March 2015 for a period of more than six months from the date they become payable, except for statutory dues amounting to ₹ 507,259

- (b) According to the information and explanations given to us, there are no Material dues of Sales Tax, Wealth Tax, Customs Duty and Excise Duty which have not been deposited with the appropriate authorities on account of any dispute. However, the Company disputes the following Income Tax dues:-

Name of the Statute	Nature of Dues	Amount in Rupees	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax and Interest	2,971,230	2011-12	CIT -IV Hyderabad

- (c) According to the records of the Company, there are no amounts that are due to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made there under
- (viii) The accumulated losses of the Company are more than fifty percent of its networth as at 31st March 2015. However the company has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (ix) The Company did not have any outstanding dues to financial institutions, banks or debenture holders during the year.
- (x) In our opinion and 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.
- (xi) The Company did not have any term loans outstanding during the year.
- (xii) According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

for E V B REDDY & ASSOCIATES
Chartered Accountants
 Firm Reg. No. 011050S

CA.Navitha K
Partner
 Membership No. 221085

Place: Hyderabad
 Date: 29 May 2015

Balance sheet as at 31 March 2015

(All amounts in Indian Rupees, except share data and where otherwise stated)

	<u>Note</u>	<u>As at 31 March 2015</u>	<u>As at 31 March 2014</u>
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2.1	490,185,900	490,185,900
Reserves and surplus	2.2	(539,879,138)	(540,304,852)
		<u>(49,693,238)</u>	<u>(50,118,952)</u>
Non-current liabilities			
Long-term provision	2.3	467,697	436,169
Long-term borrowing	2.4	88,206,812	89,983,310
		<u>88,674,509</u>	<u>90,419,479</u>
Current liabilities			
Trade payables	2.5	8,705,657	12,629,243
Other current liabilities	2.6	14,094,920	5,287,617
Short-term provisions	2.7	17,165	12,599
		<u>22,817,742</u>	<u>17,929,459</u>
Total		<u><u>61,799,013</u></u>	<u><u>58,229,986</u></u>
ASSETS			
Non current assets			
Fixed assets			
- Tangible assets	2.8	1,440,497	1,935,234
- Intangible assets	2.8	512,492	-
Non current investments	2.9	51,099,492	51,099,492
Other non current assets	2.10	1,199,337	1,601,560
		<u>54,251,818</u>	<u>54,636,286</u>
Current assets			
Trade receivables	2.11	6,797,310	1,800,190
Cash and bank balances	2.12	131,073	1,100,369
Short term loan and advances	2.13	618,812	693,141
		<u>7,547,195</u>	<u>3,593,700</u>
		<u><u>61,799,013</u></u>	<u><u>58,229,986</u></u>

Significant accounting policies and Notes to accounts 1 & 2

The notes referred to above form an integral part of financial statements.

As per our report of even date attached

for **E V B Reddy & Associates**

Chartered Accountants

Firm Registration No:011050S

for **Northgate Com Tech Limited**

Navitha K

Partner

Membership No: 221085

P. Srinivasu

Executive Director

DIN : 02950420

T. Naresh Kumar

Director

DIN : 00018575

Y. Ramesh

Director

DIN : 02549429

Place: Hyderabad

Date: 29 May 2015

Statement of profit and loss for the year ended 31 March 2015*(All amounts in Indian Rupees, except share data and where otherwise stated)*

<u>Particulars</u>	<u>Note</u>	<u>For the year ended 31 March 2015</u>	<u>For the year ended 31 March 2014</u>
Revenue			
Income from operations	2.14	33,670,060	62,356,960
Other income	2.15	979,181	1,231,730
Total revenue		34,649,241	63,588,690
Expenses			
Operating expenses	2.16	11,530,177	38,132,022
Employee benefits expense	2.17	15,779,230	17,610,216
Finance costs	2.18	6,230,780	7,540,343
Depreciation and amortisation expense	2.8	510,162	389,764
Total expenses		34,050,349	63,672,345
Profit/ (Loss) before extraordinary items and tax		598,892	(83,655)
Extraordinary items		-	-
Profit/ (Loss) before tax		598,892	(83,655)
Tax expense			
- Current tax		-	-
- Deferred tax		-	-
Profit/ (Loss) for the year		598,892	(83,655)
Earnings per share - par value ₹ 10 per share			
Basic	2.25	0.018	(0.001)
Diluted.....		0.018	(0.001)
Significant accounting policies and Notes to accounts	1 & 2		

The notes referred to above form an integral part of financial statements

As per our report of even date attached

for E V B Reddy & Associates*Chartered Accountants*

Firm Registration No:011050S

for Northgate Com Tech Limited**Navitha K***Partner*

Membership No: 221085

P. Srinivasu*Executive Director*

DIN : 02950420

T. Naresh Kumar*Director*

DIN : 00018575

Y. Ramesh*Director*

DIN : 02549429

Place: Hyderabad

Date: 29 May 2015

Cash flow statement for the year ended 31 March 2015

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
I. Cash flows from operating activities:		
Net profit/(loss) before taxation:.....	598,892	(83,655)
<i>Adjustments for operating activities:</i>		
Depreciation and amortisation	510,162	389,764
Baddebts written off	84,191	956,747
Finance costs	6,230,780	7,540,343
Fixed Assets discarded	-	1,025,373
Operating profit before working capital changes	7,424,025	9,828,572
Adjustments for		
Decrease/(increase) in trade receivables	(5,081,313)	13,528,047
Decrease/(increase) in loans and advances and other assets ..	476,554	(53,561)
Increase/(decrease) in provisions	36,094	(142,724)
Increase/(decrease) in trade payables and current liabilities ..	4,883,717	3,155,661
Cash generated from operations	7,739,077	26,315,995
Income taxes paid	-	-
Net cash flow from operating activities (A)	7,739,077	26,315,995
II. Cash flows from investing activities		
Purchase of Fixed Assets	(701,095)	(2,136,132)
Net cash flow used in investing activities (B)	(701,095)	(2,136,132)
III. Cash flows from financing activities		
Proceeds from intercorporate deposit, net	(1,776,498)	(15,586,622)
Interest paid	(6,230,780)	(7,540,343)
Net cash used in financing activities (C)	(8,007,278)	(23,126,965)
Net increase in cash and cash equivalents (A+B+C)	(969,296)	1,052,898
Cash and cash equivalents at the beginning of the year	1,100,369	47,471
Cash and cash equivalents at the end of the year (refer note: 2.12)	131,073	1,100,369

As per our report of even date attached

for **E V B Reddy & Associates**

Chartered Accountants

Firm Registration No:011050S

for Northgate Com Tech Limited

Navitha K

Partner

Membership No: 221085

P. Srinivasu

Executive Director

DIN : 02950420

T. Naresh Kumar

Director

DIN : 00018575

Y. Ramesh

Director

DIN : 02549429

Place: Hyderabad

Date: 29 May 2015

Note 1: Significant accounting policies**Background and overview**

Northgate Com Tech Limited (“the Company”) was incorporated as Northgate Com Tech Private Limited on 28 May 2010. The name of the Company was subsequently changed to Northgate Com Tech Limited on 15 June 2011, which is primarily engaged in providing web development, web maintenance and support services to its step down subsidiary, Globe7 Pte Limited, Singapore and online advertising services.

Name of the Company	Country of incorporation	Percentage of Holding as at	
		31 March 2015	31 March 2014
Subsidiaries (held directly)			
Northgate Investments Pte Limited	Singapore	100%	100%
Adgog UK Limited	United Kingdom	100%	100%
Subsidiaries (held indirectly)			
Globe7 Pte Limited	Singapore	100%	100%
Social Media India Limited	India	100%	100%
Globe7 HK Limited *	Hong Kong	100%	100%

* Filed petition for winding up on 21 March 2012

(a) Basis of preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 (“the 2013 Act”) / Companies Act, 1956 (“the 1956 Act”), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

(b) Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and reported amounts of revenues and expenses for the year. Actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

Significant accounting policies (continued)

(c) Current non-current classification

All assets and liabilities are classified into current and non-current.

Assets

An asset is classified as current when it satisfies any of the following criteria:

- a. it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle; or
- b. it is held primarily for the purpose of being traded; or
- c. it is expected to be realised within 12 months after the reporting date; or
- d. it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include current portion of non-current financial assets. All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- a. it is expected to be settled in the Company's normal operating cycle; or
- b. it is held primarily for the purpose of being traded; or
- c. it is due to be settled within 12 months after the reporting date; or
- d. the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current.

(d) Depreciation and amortization

In respect of fixed assets (other than freehold land and capital work-in-progress) acquired during the year, depreciation/ amortisation is charged on a straight line basis so as to write off the cost of the assets over the useful lives and for the assets acquired prior to 1 April, 2014, the carrying amount as on 1 April, 2014 is depreciated over the remaining useful life based on an evaluation:

(e) Tangible fixed assets

Fixed assets are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date. Exchange differences arising on restatement / settlement of long-term foreign currency borrowings relating to acquisition of depreciable fixed assets are adjusted to the cost of the respective assets and depreciated over the remaining useful life of such assets. Subsequent expenditure relating to fixed assets is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Fixed assets retired from active use and held for sale are stated at the lower of their net book value and net realisable value and are disclosed separately in the balance sheet.

Advances paid towards the acquisition of fixed assets outstanding at each balance sheet date and the cost of fixed assets not ready for their intended use before such date, are disclosed as capital

Significant accounting policies (continued)

advances.

(f) Intangible assets

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase / completion is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

(g) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments.

Long-term investments are carried at cost less any other-than-temporary diminution in value, determined separately for each individual investment. Current investments are carried at the lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investment.

(h) Foreign exchange transactions

Foreign currency transactions during the year are recorded at the rates of exchange prevailing on the dates of the respective transactions. Exchange differences arising on foreign currency transactions settled during the year are recognised in the statement profit and loss of the year.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date, the resultant exchange differences are recognised in the statement of profit and loss. 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.

(i) Revenue recognition

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

Revenue from Information Technology services is billed on a 'cost plus mark up' basis, on services performed and is recognised based on the terms of the IT services agreement with, Globe 7 Pte Limited, Singapore.

Dividend income is recognised when the unconditional right to receive the income is established. Interest on bank deposits and loans to subsidiaries are recognised on the time proportion method using the underlying interest rates.

Significant accounting policies (continued)

(j) Employee benefits

Provision for gratuity, which is a defined benefit scheme, is accrued based on actuarial valuation at the balance sheet date, carried out by an independent actuary. The Company recognises the net obligation of the gratuity plan in the balance sheet as an asset or liability respectively in accordance with AS-15 “Employee Benefits”.

Long term compensated absences is accrued based on actuarial valuation at the balance sheet date, carried out by an independent actuary.

Contributions to the employees' provident fund are charged to the statement of profit and loss. Such contributions are made to the authorities administering the fund.

(k) Employee stock option schemes

In accordance with the Securities and Exchange Board of India guidelines (“the Guidelines”), the excess of the market price of shares, at the date of grant of options under the Employee stock option schemes, over the exercise price is treated as employee stock compensation and amortised over the vesting period.

(l) Earnings per share

The basic earnings per share (“EPS”) is computed by dividing the net profit after tax for the year by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, net profit after tax (including post tax effect of any extraordinary items) for the year and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares, unless they are anti-dilutive. The dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. The diluted potential equity shares arising out of employee stock options are issued have been adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. the average market value of the outstanding shares).

(m) Taxes on income

Income tax expense comprise of current tax and deferred tax.

Current tax

The current charge for the income taxes is calculated in accordance with the relevant tax laws applicable to the Company.

Deferred tax

Deferred tax charge or benefit reflects the tax effects of timing differences between accounting income and taxable income, which originate during the year but reverse after the tax holiday period. The deferred tax charge or benefit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognised only if there is a virtual certainty of

Significant accounting policies (continued)

realisation of such assets. Deferred tax assets are reviewed at each balance sheet date and written-down or written-up to reflect the amount that is reasonably / virtually certain to be realised. The break-up of the major components of the deferred tax assets and liabilities as at balance sheet date has been arrived at after setting off deferred tax assets and liabilities where the Company has a legally enforceable right to set-off assets against liabilities and where such assets and liabilities relate to taxes on income levied by the same governing taxation laws.

(n) Provisions and contingent liabilities

The Company recognises a provision when there is a present obligation as a result of an obligating event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions for onerous contracts are recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. The provision is measured at lower of the expected cost of terminating the contract and the expected net cost of fulfilling the contract.

(o) Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that any assets may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs to is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the reassessed recoverable amount subject to a maximum of depreciated historical cost.

(p) Leases

Lease payments (excluding cost for services and maintenance) on operating leases, are recognised as an expense in the statement of profit and loss on a straight line basis over the lease term. The lease term is the non- cancellable period for which the lessee has agreed to take on lease the asset together with any further periods for which the lessee has the option to continue the lease of the asset, with or without further payment and the exercise of such option at the inception of the lease is reasonably certain.

(q) Cash flow statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of non-cash nature, any deferrals, or accruals of past or future operating cash receipts or payments and item of expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

2. Notes on accounts

(All amounts in Indian Rupees, except share data and where otherwise stated)

	As at <u>31 March 2015</u>	As at <u>31 March 2014</u>
2.1 Share capital		
<i>Authorised</i>		
Equity shares		
50,000,000 (previous year : 50,000,000)		
equity of ₹10 each	500,000,000	500,000,000
	<u>500,000,000</u>	<u>500,000,000</u>
<i>Issued, subscribed and fully paid up</i>		
49,018,590 (previous year : 49,018,590)		
equity shares of ₹10 each fully paid up	490,185,900	490,185,900
	<u>490,185,900</u>	<u>490,185,900</u>

i. Rights, preferences and restrictions attached to equity shares:

The Company has only one class of equity shares having par value of ₹10 each. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing general meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by equity shareholders.

ii. The reconciliation of the number of equity shares outstanding is set out below:

<u>Particulars</u>	<u>As at 31 March 2015</u>		<u>As at 31 March 2014</u>	
	<u>Number of shares</u>	<u>Amount in ₹</u>	<u>Number of shares</u>	<u>Amount in ₹</u>
Shares outstanding at the beginning of the year.....	49,018,590	490,185,900	49,018,590	490,185,900
Shares issued during the year.....	-	-	-	-
Shares outstanding at the end of the year.....	<u>49,018,590</u>	<u>490,185,900</u>	<u>49,018,590</u>	<u>490,185,900</u>

Notes on accounts (continued)*(All amounts in Indian Rupees, except share data and where otherwise stated)***iii. The details of shareholder holding more than 5% equity shares is set below:**

Name of the Share Holder	As at 31 March 2015		As at 31 March 2014	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Cresta Fund Limited	4,500,000	9.18	4,500,000	9.18
India Focus Cardinal Fund	-	-	3,814,949	7.78
Meenavalli Venkata Srinivas	3,254,586	6.64	3,254,586	6.64
Meenavalli Usha Rani	3,226,360	6.58	3,226,360	6.58
Albula Investment Fund Limited	2,832,492	5.78	2,832,492	5.78

	As at 31 March 2015	As at 31 March 2014
2.2 Reserves and Surplus		
General reserve account	120,682,325	120,682,325
Balance in statement of profit and loss		
Balance at the end of beginning of the year	(660,987,177)	(660,903,522)
Add: Transitional Provision.....	(173,178)	-
Add: Profit/ (Loss) for the year transferred from statement of profit and loss	598,892	(83,655)
Balance at the end of the year	<u>(660,561,463)</u>	<u>(660,987,177)</u>
Total	<u>(539,879,138)</u>	<u>(540,304,852)</u>
2.3 Long-term provision		
Provision for employee benefits		
Compensated absences	41,347	34,292
Gratuity	426,350	401,877
	<u>467,697</u>	<u>436,169</u>
2.4 Long-term borrowing		
Secured loans		
Vehicle loan from HDFC Bank	261,686	437,608
Un-secured loans		
Inter corporate deposit from related party	87,945,126	89,545,702
	<u>88,206,812</u>	<u>89,983,310</u>

Notes on accounts (continued)

(All amounts in Indian Rupees, except share data and where otherwise stated)

	As at	As at
	31 March 2015	31 March 2014
	<u> </u>	<u> </u>
2.5 Trade payables		
Trade payables		
- Amounts due to Micro, Small and Medium Enterprises (Refer note : 2.29)	-	-
- Others	8,705,657	12,629,243
	<u>8,705,657</u>	<u>12,629,243</u>
2.6 Other current liabilities		
Provision for expenses	94,965	252,110
Employee payables	998,261	1,121,745
Statutory dues including provident fund	892,774	3,113,762
Advance from customers	12,108,920	800,000
	<u>14,094,920</u>	<u>5,287,617</u>
2.7 Short term provisions		
Provision for employee benefits		
Compensated absences	12,902	12,599
Gratuity	4,263	-
	<u>17,165</u>	<u>12,599</u>

Notes on accounts (continued)

2.8 Fixed assets

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	Gross Block			Accumulated Depreciation			Net block	
	As at 1 April 2014	Additions during the year	Deletions during the year	As at 1 April 2014	Charges for the year (Refer note 2.32)	Difference of Revised Companies Act **	On 31 March 2015	As at 31 March 2014
Tangible Assets (Owned)								
Computers and related assets	3,039,075	69,989	-	2,530,918	209,658	25,354	-	508,157
Furniture and fixtures	435,000	-	-	171,918	43,499	99,818	-	263,082
Vehicles	1,035,955	-	-	385,574	103,596	20,557	-	650,381
Office equipment	592,046	96,039	-	78,432	130,834	27,449	-	513,614
Total	5,102,076	166,028	-	3,166,842	487,587	173,178	-	1,935,234
Previous year	4,269,043	2,136,132	1,303,099	3,054,806	389,764	-	277,728	1,935,234
Intangible Assets (Owned)								
Computer Software	-	535,067	-	-	22,575	-	-	512,492
Total	-	535,067	-	-	22,575	-	-	512,492
Previous year	-	-	-	-	-	-	-	-
Grand Total	5,102,076	701,095	-	3,166,842	510,162	173,178	-	1,952,989
Previous year	4,269,043	2,136,132	1,303,099	3,054,806	389,764	-	277,728	1,935,234

** Difference amount of depreciation arrived based on the revised Companies Act, 2013 has been adjusted to reserves and surplus account.

Notes on accounts (continued)

(All amounts in Indian Rupees, except share data and where otherwise stated)

Particulars	As at 31 March 2015	As at 31 March 2014
2.9 Non-trade, long term investments (unquoted)		
<i>Investment in equity instruments- subsidiaries</i>		
145,304,595 (previous year: 145,304,595) ordinary shares of SGD 1 each fully paid-up of Northgate Investments Pte Limited, at cost	4,262,121,261	4,262,121,261
60,000 (previous year : 60,000) ordinary shares of GBP 1 each fully paid-up of Adgog UK Limited (formerly Globe7 UK Limited), at cost	4,135,200	4,135,200
Less: Provision for diminution in value of long term investment	(4,215,156,969)	(4,215,156,969)
	<u>51,099,492</u>	<u>51,099,492</u>
2.10 Other non current assets		
<i>Unsecured, considered good</i>		
Other loans and advances		
Rental deposits	1,040,000	883,360
Telephone deposits	28,800	28,800
Other deposits	2,000	-
Prepaid expenses	128,537	689,400
	<u>1,199,337</u>	<u>1,601,560</u>
2.11 Trade receivables		
<i>Unsecured, considered good</i>		
Debts outstanding for period exceeding six months from the date they become due	-	144,453
Others	6,797,310	1,655,737
	<u>6,797,310</u>	<u>1,800,190</u>
2.12 Cash and bank balances		
Cash and cash equivalents		
Cash on hand	28,640	14,284
Balance with banks in current accounts	102,433	1,086,085
	<u>131,073</u>	<u>1,100,369</u>
2.13 Short term loan and advances		
<i>Unsecured, considered good</i>		
Others		
Advance tax (TDS receivable, net).....	272,627	693,141
Other advance.....	346,185	-
	<u>618,812</u>	<u>693,141</u>

Notes on accounts (continued)*(All amounts in Indian Rupees, except share data and where otherwise stated)*

	For the year ended 31 March 2015	For the year ended 31 March 2014
2.14 Income from operations		
Income from Information Technology Services.....	33,670,060	37,899,411
Online advertising	-	24,457,549
	33,670,060	62,356,960
2.15 Other income		
Foreign exchange gain, net	-	216,393
Trade payables written back	-	1,015,337
Interest on tax refund	29,429	-
Misc Income	949,752	-
	979,181	1,231,730
2.16 Operating expenses		
Traffic / Content acquisition cost	-	24,025,710
Communication expenses	934,693	959,997
Power and fuel	1,479,438	1,628,728
Rent	3,563,360	2,959,671
Repairs and maintenance.....	741,744	643,573
Rates and taxes, excluding, taxes on income	870,347	283,153
Interest on TDS	365,284	28,644
Insurance charges	19,587	9,097
Traveling and conveyance	191,263	236,909
Legal and professional fees	717,119	2,345,505
Content creation charges	1,420,000	1,696,309
Advertisement charges	62,014	359,699
Bank charges	17,163	21,037
Subscriptions	17,114	15,055
Printing and stationery	134,270	62,611
Bad debtors written off	84,191	956,747
Fixed Assets discarded	-	1,025,373
Foreign exchange loss, net	136,968	-
Miscellaneous expenses	775,622	874,204
	11,530,177	38,132,022
2.17 Employee benefits expense		
Salaries	14,528,147	16,549,958
Contribution to provident fund and other funds.....	627,672	367,360
Staff welfare expenses.....	623,411	692,898
	15,779,230	17,610,216
2.18 Finance cost		
Interest on inter-corporate deposit.....	6,175,054	7,488,999
Interest on Hypothication of vehicle loan.....	55,726	51,344
	6,230,780	7,540,343

Notes on accounts (continued)

(All amounts in Indian Rupees, except share data and where otherwise stated)

2.19 Contingent liabilities:

<u>Particulars</u>	<u>As at 31 March 2015</u>	<u>As at 31 March 2014</u>
The Company has received an income tax assessment order for the financial year 2011-12 wherein demand of ₹ 29.71 lacs has been raised on account of certain disallowances, adjustments made by the income tax department. The Company has filed an appeal before CIT-IV, Hyderabad against the order.	2,971,230	Nil

2.20 Deferred tax

In view of carry forward of losses under tax laws in the current year, the Company is unable to demonstrate virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realised, which is as required under AS 22 'Accounting for taxes on income'. Accordingly, no deferred tax asset has been recognised as at the year-end.

2.21 Lease commitments

The Company leases office facilities under cancellable and non-cancellable operating lease agreements. The Company intends to renew such leases in the normal course of its business. Total rental expense under cancellable operating leases was ₹3,563,360 (Previous year: ₹ 2,959,671) and under non-cancellable portion was ₹ Nil (Previous year: ₹ Nil), which has been disclosed as lease rent.

2.22 Earnings in foreign currency (on accrual basis)

<u>Particulars</u>	<u>For the year ended 31 March 2015</u>	<u>For the year ended 31 March 2014</u>
Revenues from Information Technology Services	33,670,060	37,899,411
Revenues from Online Advertising	-	663,420
Total	<u>33,670,060</u>	<u>38,562,831</u>

2.23 Expenditure in foreign currency (on accrual basis)

<u>Particulars</u>	<u>For the year ended 31 March 2015</u>	<u>For the year ended 31 March 2014</u>
Expenditure in foreign currency	Nil	Nil

Notes on accounts (continued)*(All amounts in Indian Rupees, except share data and where otherwise stated)***2.24 Auditors' remuneration (included in legal and professional fees, excluding service tax):**

<u>Particulars</u>	For the year ended 31 March 2015	For the year ended 31 March 2014
Statutory audit fees	80,000	80,000
Other services	20,000	20,000
Out of pocket expenses	-	-
Total	100,000	100,000

2.25 Earnings per share (EPS)

The computation of earnings per share is set out below:

<u>Particulars</u>	For the year ended 31 March 2015	For the year ended 31 March 2014
<i>Earnings (in ₹)</i>		
Profit/ (Loss) for the year	598,892	(83,655)
<i>Shares</i>		
Number of shares at the beginning of the year	49,018,590	49,018,590
Add: No. of equity shares issued during the year	-	-
Total number of equity shares outstanding at the end of the year	49,018,590	49,018,590
Weighted average number of equity shares outstanding during the year for the purpose of Basic and diluted earnings per share.	49,018,590	49,018,590
Earnings per share (in ₹)		
- Basic	0.018	(0.001)
- Diluted	0.018	(0.001)

2.26 Segment information

The Company is primarily engaged in providing Information Technology Enabled Services to its step down subsidiary, Globe7 Pte Limited, Singapore which constitute one business segment. Primary reportable segment information based on business segment is given below and secondary reportable segment information based on geographic segment is also given. Hence, the requirement for separate disclosure as required under AS 17 - 'Segment Reporting' is not applicable.

Notes on accounts (continued)

(All amounts in Indian Rupees, except share data and where otherwise stated)

A. Primary segment for the year ended 31 March 2015 and 31 March 2014 – Business segment

<u>Particulars</u>	Year ended 31 March 2015			Year ended 31 March 2014		
	ITES	Online Advertising	TOTAL	ITES	Online Advertising	TOTAL
Income from Operations	33,670,060	-	33,670,060	37,899,411	24,457,549	62,356,960
Identifiable operating expenses	27,735,378	84,191	27,819,569	30,124,172	24,982,457	55,106,629
Allocated expenses	-	-	-	-	-	-
Segmental Operating Income	5,934,682	(84,191)	5,850,491	7,775,239	(524,908)	7,250,331
Finance Cost			(6,230,780)			(7,540,343)
Un allocable expenses			-			(1,025,373)
Other income			979,181			1,231,730
Profit/ (Loss) before tax			598,892			(83,655)
Tax expenses			-			-
Profit /(Loss) for the period			598,892			(83,655)

B. Geography Segment

<u>Name of the Country</u>	For the year ended <u>31 Mach 2015</u>	For the year ended <u>31 Mach 2014</u>
India	-	24,457,549
Singapore	33,670,060	37,899,411
Total	<u>33,670,060</u>	<u>62,356,960</u>

2.27 Related parties

A) Entities which exercises control over the Company

None

B) Entities over which the Company exercises control

Subsidiaries

- i. Northgate Investments Pte Limited
- ii. Adgog UK Limited (formerly Globe7 UK Limited)

Step-down subsidiaries

- i. Globe7 Pte Limited
- ii. Social Media India Limited
- iii. Globe7 HK Limited

C) Key Managerial Personnel

- i. P. Srinivasu - Executive Director

Notes on accounts (continued)*(All amounts in Indian Rupees, except share data and where otherwise stated)***Particulars of related party transactions****I. Following is the summary of significant related party transactions:**

<u>Particulars</u>	For the year ended 31 March 2015	For the year ended 31 March 2014
Revenue from information Technology Services to subsidiary		
• Globe7 Pte Limited.....	33,670,060	37,899,411
Inter corporate deposit ('ICD') taken from step down subsidiary		
• Social Media India Limited	655,674	5,662,652
Repayment of ICD to step down subsidiary		
• Social Media India Limited	8,431,304	29,175,881
Interest accrued on loan taken		
• Social Media India Limited	6,175,054	7,488,999
Key managerial personnel		
• P. Srinivasu.....	-	900,000

II. The Company has the following amounts due from/to the related parties

<u>Particulars</u>	As at 31 March 2015	As at 31 March 2014
Trade receivables		
• Globe7 Pte Limited.....	6,797,310	1,470,117
Long-term borrowing		
• Social Media India Limited	87,945,126	89,545,702
Investments (Gross)		
• Northgate Investments Pte Limited	4,262,121,261	4,262,121,261
• Adgog UK Limited (formerly Globe 7 UK Limited)	4,135,200	4,135,200

Notes on accounts (continued)

(All amounts in Indian Rupees, except share data and where otherwise stated)

2.28 Employee benefits - Gratuity

The following table sets out the status of the gratuity plan as required under Accounting standard (AS) 15 “Employee Benefits” prescribed by Companies (Accounting Standards) Rules, 2006, ('the Rules'):

<u>Particulars</u>	<u>As at 31 March 2015</u>	<u>As at 31 March 2014</u>
Obligations at the beginning of the year		
Present value of obligation as at the beginning of the year	401,877	522,461
Service cost	89,138	91,833
Interest cost	32,150	41,797
Benefits settled	-	-
Actuarial (gain)/loss	(92,552)	(254,214)
Obligations at the end of the year	<u>430,613</u>	<u>401,877</u>
 Change in plan assets		
Plan assets at the beginning of the year, at fair value,	1,509,077	1,413,655
Actuarial gain/(loss)	-	-
Expected return on plan assets	135,817	95,422
Contributions	-	-
Benefits settled	-	-
Plan assets at the end of the year, at fair value	<u>1,644,894</u>	<u>1,509,077</u>
 Reconciliation of present value of the obligation and the fair value of plan assets		
Present value of defined benefit obligations at the end of the year	430,613	401,877
Fair value of the plan assets at the end of the year	1,644,894	(1,509,077)
Asset recognised in the balance sheet	<u>2,075,507</u>	<u>(1,107,200)</u>
 Gratuity cost for the year		
Service cost	89,138	91,833
Interest cost	32,150	41,797
Expected return on plan assets	(135,817)	(95,422)
Actuarial loss/(gain)	(92,552)	(254,214)
Net gratuity cost	<u>(107,081)</u>	<u>(2,16,006)</u>

Notes on accounts (continued)*(All amounts in Indian Rupees, except share data and where otherwise stated)*

	As at 31 March 2015	As at 31 March 2014
Assumptions		
Interest rate	8%	8%
Expected rate of salary increase	10%	10%
Attrition rate	6.75%	6.75%

Discount rate: The discount rate is based on the gross redemption yield on medium to long term risk free investments.

Salary escalation: 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 factors in the employment market.

Attrition rate: The attrition rate is the expected employee turnover for the future periods, adjusted to the current economic environment.

2.29 Disclosure under Section 22 of the Micro, Small and Medium enterprises Development Act, 2006 (MSMED)

Based on the information available with the Company, no creditors have been identified as “supplier” within the meaning of “Micro, Small and Medium Enterprises Development (MSMED) Act, 2006”.

2.30 The Company has the following un-hedged exposure in foreign currency at the year end:

Particulars	As at 31 March 2015	As at 31 March 2014	As at 31 March 2015	As at 31 March 2014
	(Amount in \$)	(Amount in \$)	(Amount in ₹)	(Amount in ₹)
Trade receivables	109,044	24,478	6,797,310	1,470,117

2.31 Transfer pricing

The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under sections 92-92F of the Income-tax Act. Since the law required existence of such information and documentation to be contemporaneous in nature, the Company is in the process of updating the documentation for the international transactions entered into with the associated enterprise during the financial year and expects such records to be in existence latest by 30 November 2015, as required by law. The Management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expenses and that of provision for taxation.

Notes on accounts (continued)

(All amounts in Indian Rupees, except share data and where otherwise stated)

2.32 Fixed Assets

During the year, the Company has revised the estimated useful life of its assets to align the useful life as assessed based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support etc. The details of previously applied useful life and revised useful life are as follows:

Class of asset	Estimated previous useful life (Year)	Estimated revised useful life (Year)
Computers	06	03
Office Equipment .	07	05
Furniture and fixtures ..	16	10
Vehicles	11	10

The Company has revised its policy of providing depreciation on fixed assets effective 1 April, 2014. Depreciation is now provided based on the revised remaining useful life which has been revised based on an evaluation. The carrying amount as on 1 April, 2014 is depreciated over the revised remaining useful life. As a result of these changes, the depreciation charge for the year ended 31 March, 2015 of ₹ 6.83 lacs is higher by ₹ 0.37 lacs and the effect relating to the period prior to 1 April, 2014 is ₹ 1.73 lacs which has been shown as an 'Reservers and Surplus'. Accordingly, depreciation and amortisation expense for the year ended 31 March, 2015 aggregates to ₹ 5.10 lacs.

2.33 Previous year figures

Previous year figures have been regrouped / reclassified wherever necessary, to correspond with the current year classification/ disclosure.

As per our report of even date attached
for **E V B Reddy & Associates**
Chartered Accountants
Firm Registration No:011050S

for **Northgate Com Tech Limited**

Navitha K
Partner
Membership No: 221085

P. Srinivasu
Executive Director
DIN : 02950420

T. Naresh Kumar
Director
DIN : 00018575

Y. Ramesh
Director
DIN : 02549429

Place: Hyderabad
Date: 29 May 2015

Northgate Com Tech Limited PROXY FORM MGT 11

Registered Office: H.No. 8-2-686/8/B/1, GAMUT SQUARE, Third Floor, Road No. 12,
Banjara Hills, Hyderabad-500034 Telangana. **CIN:** L72200TG2010PLC068624 www.northgatetech.com
(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies
(Management and Administration) Rules, 2014)

Name of the Member (s) :
Registered Address :
E-mail id :
Folio No. / Client Id :
DP ID :

I / We, being the member(s) of _____ Equity Shares of Northgate Com Tech Limited, hereby appoint

1. Name: _____
Address: _____
E-mail Id: _____
Signature : _____ , or failing him / her
2. Name: _____
Address: _____
E-mail Id: _____
Signature : _____ , or failing him / her
3. Name: _____
Address: _____
E-mail Id: _____
Signature : _____ , or failing him / her

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the Annual General Meeting of the Company, to be held on the **30th day of September, 2015 at 2.30 P.M.** at the Kalinga Cultural Trust, Plot No. 1269, Road No. 12, Banjara Hills, Hyderabad - 500 034 Telangana and at any adjournment thereof, in respect of such resolutions set out in the AGM Notice convening the meeting, as are indicated below:

RESOLUTIONS	FOR	AGAINST
1. Adoption of Financial Statements		
2. Appointment of Director		
3. Appointment of Auditors		
4. Appointment of Mr.Srinivasu Palacharla (DIN:02950420) as Executive Director		
5. Appointment of Mrs.P.Naazneen (DIN: 07195917) as Non Executive Director		
6. Change the name of the company		
7. Adoption of New Set of Articles in conformity with the Companies Act, 2013		
8. Approval of Related Party Transactions		
9. Approve reduction of Share Capital		

Signed this day of 2015

Signature of Shareholder



Signature of Proxy Holder(s)

Note: The form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the Commencement of the meeting.



Northgate Com Tech Limited

Registered Office: H.No. 8-2-686/8/B/1, GAMUT SQUARE, 3rd Floor, Road No. 12, Banjara Hills, Hyderabad-500034, Telangana. **CIN:** L72200TG2010PLC068624 www.northgatetech.com

ATTENDANCE SLIP

(to be handed over at the Registration Counter – Joint holder may obtain additional slip at the venue)

DP ID		Folio No	
Client ID		No. of Shares	

I/We hereby record my/our presence at the Annual General Meeting of the Company being held on **30th day of September, 2015 at 2.30 p.m.** at Kalinga Cultural Trust, Plot No. 1269, Road No. 12, Banjara Hills, Hyderabad - 500034, Telangana.

Signature of the Member/Proxy

If undelivered, please return to :



H.No. 8-2-686/8/B/1, GAMUT Square, 3rd Floor, Road No. 12,
Banjara Hills, Hyderabad - 500 034, Telangana, India.
Tel: +91-40-23548353, Fax:+91-40-23548537
CIN: L72200TG2010PLC068624, URL: www.northgatetech.com