

The logo for SpaceNet Enterprises India Limited features the company name in a bold, sans-serif font. A stylized, wavy graphic composed of parallel lines is positioned behind the text, curving upwards on the right side. Below the main name, a smaller line of text in parentheses indicates the company's former name.

**SpaceNet**  
**Enterprises India Limited**  
(Formerly known as Northgate Com Tech Ltd.)

**6<sup>th</sup> Annual Report**  
**2015-16**

A decorative pattern of small, grey dots is arranged in a series of overlapping, wavy lines that create a sense of depth and movement across the bottom half of the page.



## BOARD OF DIRECTORS

<b>Name</b>	<b>Designation</b>
1. Mr T. Suresh	Executive Director (w.e.f 30.05.2016)
2. Mr P. Parthasarthi	Independent Director
3. Mr Seetharama Rao Atluri	Additional Independent Director (w.e.f 13.11.2015)
4. Mr Y. Ramesh	Independent Director
5. Ms P. Naazneen	Woman Non-executive Director

## REGISTERED OFFICE

Flat No. 302, Lotus Block, Block-B,  
Sandy Springs, Manikonda,  
Ranga Reddy Dist., Hyderabad - 500 089,  
Telangana, INDIA.  
Tel: +91-40-2354 8353, Fax:+91-40-2354 8537  
URL: [www.spacenetent.com](http://www.spacenetent.com)  
**CIN : L72200TG2010PLC068624**

## STATUTORY AUDITORS

M/s Navitha and Associates  
Chartered Accountants  
#16-2-740/75, Plot No: 26,  
V.K. Dhage Nagar, Dilsukhnagar,,  
Hyderabad - 500 060.

## INTERNAL AUDITORS

M/S A S NAIDU & Co.,  
Chartered Accountants  
Off: SRT 453, Sanath Nagar  
Hyderabad - 500 018.

## SECRETARIAL AUDITORS

M/s Kota Srinivas & Associates  
Company Secretaries  
Flat No. 101, 1st Floor,  
Upstairs State Bank of Mysore,  
Chaitanya Chamber, Chaitanyapuri,  
Hyderabad - 500 036.

## SHARE TRANSFER AGENT

CIL Securities Limited  
214, Raghava Ratna Towers,  
Chirag Ali Lane,  
Hyderabad - 500 001.  
Phone: +91 040-2320 3155

## BANKERS

Bank of Baroda,  
291/14//G/1/Bhaskar Empire,  
Hyderabad - 500 084.

## HDFC Bank Limited

6-1-73,Seed Plaza, Lakdikapool,  
Hyderabad - 500 004.

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## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 6th Annual General Meeting of the Members of Spacenet Enterprises India Limited (formerly Northgate Com Tech Limited) will be held on day, the Friday of 30 September 2016 at 2.30 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 March 31, 2016 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 Ms.P.Naazneen, who retires by rotation and being eligible, offers himself for re-appointment.

### 3: 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 (Firm Regn. No.012026S) Hyderabad be and are hereby ratified by the members of the company for the financial year 2016-17 at such remuneration as may be determined by the Board of Directors of the Company."

### SPECIAL BUSINESS

#### 4: To appoint Mr. Suresh Tammineedi (DIN: 00952079) as a Director liable to retire by rotation

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

"RESOLVED that pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 ("Act") and the Rules made there under read with Schedule IV to the Act, (including any statutory modification(s) or re-enactment thereof for the time being in force), **Mr. Suresh Tammineedi (DIN: 00952079)**, who was appointed as an Additional Director of the Company by the Board of Directors at its meeting held on May 30, 2016 and whose term of office expires at this Annual General Meeting ('AGM') and in respect of whom the Company has received a Notice in writing from a Member along with the deposit of the requisite amount under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director be and is hereby appointed as Director of the Company whose term of office is liable to retire by rotation."

#### 5. Appointment of Mr. Seetharama Rao Atluri (DIN 07333633) as an Independent Director and in this regard, to consider and to pass

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

“RESOLVED that pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 (“Act”) and the Rules made there under read with Schedule IV to the Act, (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Seetharama Rao Atluri (DIN 07333633), who was appointed as an Additional (Independent) Director of the Company by the Board of Directors at its meeting held on November 13, 2015 and whose term of office expires at this Annual General Meeting (‘AGM’) and in respect of whom the Company has received a Notice in writing from a Member along with the deposit of the requisite amount under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act , be and is hereby appointed as an Independent Director of the Company to hold office for a term of 5 (five) consecutive years commencing from November 13, 2015.”

**6: To appoint Mr. Suresh Tammineedi (DIN: 00952079) as a Whole time Director of the company designated as Executive Director and in this regard, to consider and to pass, the following resolution as an 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 of the appointment and terms of remuneration of Mr. Suresh Tammineedi as the Executive Director of the Company for the period from 30 May 2016 to 29 May 2019, 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. Suresh Tammineedi.

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.”

**7. Re-classification of Promoter group to public pursuant to Regulation 31A(7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

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

“RESOLVED THAT pursuant to Regulation 31A(7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions if any, the unanimous consent of the members of the Company be and is hereby accorded to reclassify the following individuals from “ Promoter Category” to “Public Category” since the persons are neither involved in the management nor holds any controlling stake in the Company and also none of the individuals has entered into any Shareholders Agreement with the Company nor have they got any Veto Rights or Special Information Rights or Special Rights as to voting power or control of the Company:

Name of the Individual	No.of shares held	% of the total equity held
K. Bhaskara Reddy	Nil	N.A.
Uma Kunareddy	8,42,652	1.72
Simi Kunareddy	21,95,200	4.48
Naimi Kunareddy	7,56,266	1.54
<b>Total</b>	<b>37,94,118</b>	<b>7.74</b>

**RESLOVED FURTHER THAT** it is hereby confirmed that

1. The aforesaid persons do not hold more than 10% of paid-up equity share Capital of the Company. In fact, the aggregate shareholding of all of the above four individuals' is only 7.74% of the share capital of the Company and the individual shareholding is even lower.
2. That the aforesaid persons have not and will continue to not exercise direct or indirect control over the Company.
3. That none of the aforesaid persons have been or would be appointed as key managerial personnel of the Company.
4. That no special right were even held and would not be ever held by the above reclassified promoters.

RESOLVED FURTHER THAT AND APPLICATION BE MADE TO National Stock Exchange of India Ltd (NSE) seeking their consent from reclassifying above persons from Promoter shareholder to Public shareholder.

RESOLVED FURTHER THAT Mr. T. Suresh, Executive Director of the Company be and is hereby authorizes to take all further necessary steps as may be required to implement the aforesaid resolution and are authorized to do all such acts, deeds and things as may be necessary in connection therewith.

for and on behalf of the Board  
for **Specenet Enterprises India Limited**

**Regd Office:**

Flat No. 302, Lotus Block, Block-B,  
Sandy Springs, Manikonda,  
Ranga Reddy Dist., Hyderabad - 500 089,  
Telangana, INDIA.

**T. Suresh**  
Executive Director  
DIN : 00952079

Date: 2 September, 2016

## NOTE

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 03 September, 2016.
- 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.



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- 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 27 September, 2016 to 29 September, 2016 (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, 2016.
- n. The voting through an electronic means will commence on 26 September, 2016 at 9:00 a.m. and will end on 29 September, 2016 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 & 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, 2016 at 09.00 a.m. and ends on 29 September, 2016 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, 2016 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.
  - (iii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
  - (iv) Click on Shareholders.
  - (v) Now Enter your User ID.
    - a. For CDSL: 16 digits beneficiary ID,
    - b. For NSDL: 8 Character DPID followed by 8 Digits Client ID,
    - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
  - (vi) Next enter the Image Verification as displayed and Click on Login.

(vii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.

(viii) 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"> <li>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.</li> <li>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.</li> </ul>
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"> <li>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).</li> </ul>

(ix) After entering these details appropriately, click on “SUBMIT” tab.

(x) 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.

(xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xii) Click on the EVSN for the relevant Company Name on which you choose to vote.

(xiii) 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.

(xiv) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.

- (xv) 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.
- (xvi) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xviii) 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.
- (xix) Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xx) 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](http://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](mailto: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](mailto: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.
- (xxi) 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](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- q. In case Members receiving the physical copy of Notice of AGM [for members whose e-mail IDs are not registered with the company/depository participant(s) or requesting physical copy] :
- i. Please follow all steps from Sl.No. (ii) to Sl.No. (xx) above, to cast vote.

- ii. Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.,) are required to log on to <https://evotingindia.co.in> and register themselves as Corporates. After receiving the login details, they have to link their account which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution in PDF format in the system for the scrutinizer to verify the vote.
- iii. The voting period begins on 26 September, 2016 at 9:00 a.m. and will end on 29 September, 2016 at 5:00 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, 2016 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change in subsequently.
- iv. 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](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com), [info@northgatetech.com](mailto:info@northgatetech.com) or [rta@cilsecurities.com](mailto:rta@cilsecurities.com).
- r. 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.
- s. 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, 2016. 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 30 September, 2016.

For and on behalf of the Board  
for **Specenet Enterprises India Limited**

**Regd Office:**

Flat No. 302, Lotus Block, Block-B,  
Sandy Springs, Manikonda,  
Ranga Reddy Dist., Hyderabad - 500 089,  
Telangana, INDIA.

**T. Suresh**  
Executive Director  
DIN : 00952079

Date: 2 September, 2016

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**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013:****Item No.4**

Mr. T. Suresh (DIN00952079) was appointed as an Additional (Independent) Director of the Company with effect from May 30, 2016 by the Board of Directors. In terms of Section 161(1) of the Companies Act, 2013, Mr. T. Suresh holds office upto the date of this Annual General Meeting but is eligible for the appointment as a Director. The Company has received a Notice from a Member in writing along with requisite deposit under Section 160 of the Act, proposing his candidature for the office of Director.

**A statement containing his profile is given as per Annexure 1.**

Except T. Suresh, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 4

**Item No.5**

Mr. Seetharama Rao Atluri (DIN07333633) was appointed as an Additional (Independent) Director of the Company with effect from November 13, 2015 by the Board of Directors. In terms of Section 161(1) of the Companies Act, 2013, Mr. Seetharama Rao holds office upto the date of this Annual General Meeting but is eligible for the appointment as a Director. The Company has received a Notice from a Member in writing along with requisite deposit under Section 160 of the Act, proposing his candidature for the office of Director.

Mr. Seetharama Rao has given a declaration to the Board that he meets the criteria of independence as provided under Section 149(6) of the Act.

Mr. Seetharama Rao, aged 60 years and he has over 35 years of experience in media and film production industry and he was also associated earlier with ESL Infoway and Media Limited. Accordingly, the Board recommends the passing of the Ordinary Resolution as set out in the Item no. 5 of the Notice for appointment of Mr. Seetharama Rao as an Independent Director, not liable to retire by rotation.

**A statement containing his profile is given as per Annexure 1.**

Except Mr. Seetharama Rao, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No.5.

**Item No.6 : Appointment of Mr. T. Suresh as Executive Director:**

Mr. T. Suresh, has more than 10 years of experience in Online Advertising Industry including system analysis, data base designing, MIS and risk management. Mr. T. Suresh is a DME from State Board of Technical Education, Karnataka.

**A. Tenure of Appointment:**

The appointment is for a period of 3 (Three) years with effect from 30 May, 2016 to 29 May, 2019.

**B. Nature of Duties:**

The Executive Director 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 Executive Director 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 Executive Director of 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 Executive Director are set out in the Appointment deed signed between the Company and Mr. T. Suresh :**

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. T. Suresh as specified above, are now placed before the members for their approval.

Other than Mr. T. Suresh , none of the Directors / Key Managerial Personnel (KMP) or relatives of directors and KMP, are concerned or interested in the Resolution at Item No. 6 of the Notice.

The Board commends the Special Resolution set out at Item No. 6 of the Notice for approval by the shareholders.

**Item No.6: Re-classification of Promoter group to Public Group**

Mr. K. Bhaskara Reddy and his family members name is appearing in the promoter category of the shareholding pattern of the Company, since they are neither involved in the management nor holds any controlling stake in the Company and also none of them has entered into any Shareholders Agreement

with the Company nor have they got any Veto Rights or Special Information Rights or Special Rights as to voting power or control of the Company:

Pursuant to Regulation 31A(7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable provisions if any, the Company proposed to reclassify them from “Promoter Category” to “Public Category”

Pursuant Regulation 31A(7) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the reclassification of promoter category to public category requires members approval and hence this resolution.

The Board of Directors believe that the re-classification of Mr. Bhaskara Reddy and his family members from promoter category to public category is in the interest of the Company and therefore recommends the resolution for your approval.

None of the directors and key managerial personnel and their relatives is in any way concerned or interested in the above referred Resolutions.

For and on behalf of the Board  
for **Specenet Enterprises India Limited**

**Regd Office:**

Flat No. 302, Lotus Block, Block-B,  
Sandy Springs, Manikonda,  
Ranga Reddy Dist., Hyderabad - 500 089,  
Telangana, INDIA.

**T. Suresh**  
Executive Director  
DIN : 00952079

Date: 2 September, 2016

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

Name of the Director	Mr. Suresh Tammineedi
DIN	00952079
Date of Birth	18/02/1970
Type of appointment	Director liable to retire by rotation
Date of Appointment/ Re-appointment	30.05.2016
Areas of Specialization	Expert in Business matters
Qualifications	Diploma
No. of Shares Held in the Company	Nil
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 10 years of business experience

Name of the Director	Mr. Seetharama Rao Atluri
DIN	07333633
Date of Birth	
Type of appointment	Independent Director
Date of Appointment/ Re-appointment	13 November 2015
Areas of Specialization	
Qualifications	
No. of Shares Held in the Company	Nil
List of Directorship held in outside Public Limited Companies	Green Fire Agri Commodities Limited
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 15 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 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  
Spacenet Enterprises India Limited

Your Directors have pleasure in presenting the Sixth Annual Report together with the Audited Accounts for the year ended 31st March, 2016.

### FINANCIAL HIGHHT:

<u>Particulars</u>	(` lakhs)			
	<u>Consolidated</u>		<u>Standalone</u>	
	<u>For the year ended March 31</u>			
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>Revenue</b>				
Revenue from Operations .....	1,088.47	6,091.34	74.41	336.70
Other income .....	45.49	35.57	3.28	9.79
<b>Total Revenue .....</b>	<b><u>1,133.96</u></b>	<b><u>6,126.91</u></b>	<b><u>77.69</u></b>	<b><u>346.49</u></b>
<b>Expenditure</b>				
Operating expenses.....	967.74	5,703.31	85.28	115.30
Employee benefits expense.....	293.52	355.81	90.89	157.79
Finance costs .....	61.11	183.43	65.47	62.31
Depreciation expense .....	11.57	12.08	5.22	5.10
Other expenses.....	845.40	560.56	-	-
<b>Total Expenses .....</b>	<b><u>2,179.34</u></b>	<b><u>6,815.19</u></b>	<b><u>246.86</u></b>	<b><u>3,40.50</u></b>
Profit/(Loss) Before Tax .....	(1,045.38)	(688.28)	(169.17)	5.99
Less: Tax Expense .....	-	-	-	-
Profit/(Loss) After Tax .....	<b><u>(1,045.38)</u></b>	<b><u>(688.28)</u></b>	<b><u>(169.17)</u></b>	<b><u>5.99</u></b>
Earnings / (Loss) per share				
- Basic .....	(2.13)	(1.40)	(0.35)	0.02
- Diluted .....	(2.13)	(1.40)	(0.35)	0.02

### REVIEW OF OPERATIONS:

For the financial year ended March 31, 2016, your Company achieved revenues of ` 1,088.47 lakhs as against ` 6,091.34 lakhs during the previous financial year on consolidated basis. The company incurred a consolidated Net Loss of ` 1,045.38 lakhs compared to ` 688.28 lakhs in the previous financial year.

### DIVIDEND:

Yours directors express their inability to declare dividends for the Financial year 2015-16

**BORROWINGS:**

The company has no borrowings as on March 31, 2016.

**DIRECTORS:**

In accordance with Sections 149, 150, 152 & other applicable provisions if any, of the Companies Act, 2013 Shri P.Naazneen (DIN: DIN:07195917) Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible, offers herself for re-appointment.

On 30 May 2016 Mr. T. Suresh was appointed as Additional director of the Company and his office of Directorship is expiring at the conclusion of this Annual General Meeting. The Company proposes to appoint him as Director liable to retire by Rotation. He was also proposed to be appointed as Executive Director of the company for a period of 3 (three) years from 30 May, 2016 to 29 May, 2019.

On 13 November 2015 Mr. Seetharama Rao Atluri (DIN 07333633) was appointed as Additional Independent Director. His term of office is expiring at the conclusion of this Annual General Meeting. The company proposes to appoint him as Independent Director of the Company for term of 5 years.

During year Mr. P. Srinivasu resigned as Executive Director of the Company due to his pre-occupation and the Board has recorded appreciations for the services rendered by him during his tenure as Executive Director of the Company.

**REDUCTION OF SHARE CAPITAL**

Hon'ble High Court of Judicature at Hyderabad for the state of Telangana and the State of Andhra Pradesh vide its Order dated 7th Day of June 2016 has sanctioned the Company petition for the reduction of Share Capital of the Company pursuant to Sections 100 to 104 of the Companies Act, 1956. The Company has filed form INC 28 with Registrar of Companies, Hyderabad and the same has been registered on 11 August 2016.

The Company has fixed the record date of 26 August 2016 for effecting reduction of share capital of the Company from Rs. 10 per share to Re. 1 per share. After the reduction of the capital, the issued and paid up capital of the Company shall be Rs. 4,90,18,590 consisting of 49018590 equity shares of Re. 1 each.

**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 30-9-2015 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 KOTA SRINIVAS & ASSOCIATES, 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](http://www.northgatetech.com)

### **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.

## **LISTING OF SHARES**

The shares of the company are listed on National Stock Exchange. The listing fee for the year 2016-17 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**

Even though the provisions of Companies Act, 2013 regarding Corporate Social Responsibility are not attracted to the company yet the Company has been, over the years, pursuing as part of its corporate philosophy, an unwritten CSR policy voluntarily which goes much beyond mere philanthropic gestures and integrates interest, welfare and aspirations of the community with those of the Company itself in an environment of partnership for inclusive development.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

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

- (i) that 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) that 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) that 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) that the directors have prepared the annual accounts on a going concern basis;
- (v) that 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) that 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.

## **SUBSIDIARIES:**

Your Company has one subsidiary namely Social Media India Limited.

The Ministry of Corporate Affairs has issued a General Circular No.2/2011 dated February 8, 2011 granting a general exemption to the companies stating the provisions of Section 212 of the Companies Act, 1956("Act") shall not apply in relation to subsidiaries of companies subject to the company fulfilling certain conditions stated in the said circular. The Company is in compliance with the conditions stipulated by the Ministry of Corporate Affairs. Therefore, the accounts and related reports of the subsidiary companies are not attached to Annual Report of the company for the year ended March 31, 2016. The company will make available the accounts related information of the subsidiary companies upon request by any member/investor of the Company or its subsidiaries. Further, the accounts and related information of the subsidiary companies will be kept open for inspection by any Member, at the registered office of the Company and the registered offices of the subsidiaries during office house of the Company.

**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:**

( lakhs)

Particulars	For the Year ended March 31	
	2016	2015
Foreign Exchange Earnings .....	74.41	336.70
Foreign Exchange outgo .....	-	-

**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 and on behalf of the Board  
for **Specenet Enterprises India Limited**

**Regd Office:**

Flat No. 302, Lotus Block, Block-B,  
Sandy Springs, Manikonda,  
Ranga Reddy Dist., Hyderabad - 500 089,  
Telangana, INDIA.

**T. Suresh**  
Executive Director  
DIN : 00952079

Date: 2 September, 2016

**Annexure-1**

**SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016**

[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,  
**Spacenet Enterprises India Limited**  
Flat No. 302, Lotus Block, Block-B,  
Sandy Springs, Manikonda,  
Ranga Reddy Dist., Hyderabad - 500 089,  
Telangana, INDIA.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Spacenet Enterprises India 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 **Spacenet Enterprises India 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, 2016** 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 **Spacenet Enterprises India Limited** ("the Company") for the financial year ended on 31st March, 2016 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 of India Limited;

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) There is a delay in Filing of forms with Registrar of Companies, Ministry of Corporate Affairs.
- (b) 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 **KOTA SRINIVAS & ASSOCIATES**  
Company Secretaries

CS K Srinivas  
CP No. 14300  
ACS No. 34206

Place: Hyderabad  
Date: 2 September, 2016

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

## **Annexure-1A**

To,  
The Members,  
**Spacenet Enterprises India Limited**  
Flat No. 302, Lotus Block, Block-B,  
Sandy Springs, Manikondam,  
Ranga Reddy Dist., Hyderabad - 500 089,  
Telangana, INDIA.

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 **KOTA SRINIVAS & ASSOCIATES**  
Company Secretaries

CS K Srinivas  
CP No. 14300  
ACS No. 34206

Place: Hyderabad  
Date: 2 September, 2016

## 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 31.03.2016**

<b>I.REGISTRATION &amp; OTHER DETAILS :</b>		
i	CIN	L72200TG2010PLC068624
ii	Registration Date	28-05-2010
iii	Name of the Company	Spacenet Enterprises India Limited
iv	Category/Sub-category of the Company	IT, ITES
v	Address of the Registered office & contact details	Flat No. 302, Lotus Block, Block-B, Sandy Springs, Manikonda, Ranga Reddy Dist., Hyderabad - 89
vi	Whether listed company	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.	Social Media India Limied	U92100TG2007PLC055089	Subsidiary	100	2(87)
2.	Globe 7 Pte Ltd	Overseas subsidiary	Subsidiary	100	2(87)
3.	Adgog UK Limited	Overseas subsidiary	Subsidiary	100	2(87)
4.	Northgate Investments Pte Ltd	Overseas subsidiary	Subsidiary	100	2(87)
5.	Globe 7 HK Ltd	Overseas subsidiary	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	
<b>A. Promoters</b>									
<b>1) Indian</b>									
a) Individual/HUF	10547116	-	10547116	21.52	10430316	-	10430316	21.28	0.24
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) state Govt.	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) any others	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (1)</b>	<b>10547116</b>	<b>-</b>	<b>10547116</b>	<b>21.52</b>	<b>10430316</b>	<b>-</b>	<b>10430316</b>	<b>21.28</b>	<b>0.24</b>
<b>2) Foreign</b>									
a) NRIs- Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any other...	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Shareholding of Promoter (A) = (A)(1) + (A) (2)</b>	<b>10547116</b>	<b>-</b>	<b>10547116</b>	<b>21.52</b>	<b>10430316</b>	<b>-</b>	<b>10430316</b>	<b>21.28</b>	<b>0.24</b>
<b>B. Public Shareholding</b>									
<b>1) Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	8288492	-	8288492	16.91	8288492	-	8288492	16.91	0.00
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (Specify)	-	-	-	-	-	-	-	-	-
<b>Sub-Total (B) (1)</b>	<b>8288492</b>	<b>-</b>	<b>8288492</b>	<b>16.91</b>	<b>8288492</b>	<b>-</b>	<b>8288492</b>	<b>16.91</b>	<b>0.00</b>

2) Non-Institutions Individuals									
i) Individual shareholders holding nominal share capital up to Rs. 1 lakhs	12360117	22346	12382463	25.26	14613013	22601	14635614	29.86	4.6
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	12856363	-	12856363	26.23	11317639	-	11317639	23.09	-3.14
c) Any Others (Specify)	4944156	-	4944156	10.08	4346529	-	4346529	8.87	-1.21
Sub-total(B)(2)	30160636	-	30182982	61.57	30277181	22601	30299782	61.82	0.25
Total Public Shareholding (B)=(B)(1)+(B)(2)	38449128	22346	38471474	78.48	38565673	22601	38588274	78.72	0.24
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	48996244	22346	49018590	100.00	48995989	22601	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	-	-
4	Uma Kunareddy	842652	1.72	-	842652	1.72	-	-
5	Naimi Kunareddy	756266	1.54	-	756266	1.54	-	-
6	Simi Kunareddy	2312000	4.72	-	2312000	4.72	-	-
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.	Shareholder	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
	Meenavalli Venkata Srinivas	-	-	3254586	6.64
	Meenavalli Usha Rani	-	-	3226360	6.58
	Kunareddy Simi				
	31.12.2015	6800	0.01	-	-
	08.01.2016	110000	0.22	2195200	4.48
	Uma Kunareddy	-	-	842652	1.72
	Nami Kunareddy	-	-	756266	1.54
	Meenavalli Krishna Mohan	-	-	80786	0.16
	MV Laxmi	-	-	74466	0.15
	<b>At the end of the year Total</b>			10430316	21.28

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

S.No.	Shareholder	Shareholding at the beginning of the year 01-04-2015		Cumulative Shareholding during the year 31-03-2016	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Cresta Fund Ltd	4500000	9.18	4500000	9.18
2	Albula Investment Fund Ltd	2832492	5.78	2832492	5.78
3	Marshal Global Capital Fund Ltd	956000	1.95	956000	1.95
4	Palacharla Padmavathi	496465	1.01	497000	1.01
5	Var Quant Tech S Ecurities Private Ltd	413081	0.84	413081	0.84
6	Chitturi Vijayadurga	409200	0.83	409200	0.83
7	Sarada Vijaya Kumari Kalidindi	400000	0.82	400000	0.82
8	Jagdishkumar G Patel	221100	0.45	379036	0.77
9	Patel Nitinkumar Gangarambhai	379036	0.77	379036	0.77
10	El Dorado Biotech Private Limited	292000	0.60	292000	0.60

**(v) Shareholding of Directors and Key Managerial Personnel: Nil**

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

## 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	2,61,686	87,945,126	-	88,206,812
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	6,520,261	-	6,520,261
<b>Total (i+ii+iii)</b>	<b>2,61,686</b>	<b>94,465,387</b>	<b>-</b>	<b>94,727,073</b>
Change in Indebtedness during the financial year				
*Addition	-	20,099,000	-	20,099,000
*Reduction	2,05,240	15,265,737	-	15,470,977
<b>Net Change</b>	<b>(2,05,240)</b>	<b>4,833,263</b>	<b>-</b>	<b>4,628,023</b>
Indebtedness at the end of the financial year				
i) Principal Amount	56,446	92,298,650	-	99,355,096
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>56,446</b>	<b>92,298,650</b>	<b>-</b>	<b>99,355,096</b>



**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 ( ₹ )
		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 ( ₹ )
		P. Partha Sarthi	A. Seetharama Rao	Y. Ramesh	P. Naazneen	
1	Independent Directors: • Fee for attending board committee meetings • Commission • Others, Pls specify	- - -	- - -	- - -	- - -	- - -
	TOTAL (1)	-	-	-	-	-
2	Other Non- Executive Directors • 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 ( ` )
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) 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 • As % of profit • Others , specify	-	-
5	Others, Please specify	-	-
	<b>TOTAL</b>	-	-

**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 more than 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 Director(s)	00	00%
Non-Executive and Independent Director	04	80%
Total	05	100%

#### b) Attendance of each Director at the Board Meetings held during year 2015-16 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 P Parthasarathi, Director	06	06	Yes
2.	Mr Y Ramesh, Director	06	06	Yes
3.	Mr T. Suresh, Director	06	Nil	No
4.	Mr Seetharama Rao Atluri, Director	06	02	Yes
5.	Ms P. Naazneen, Director	06	05	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 Seetharama Rao Atluri	Nil	1	Nil	2
Mr T. Suresh	Nil	1	1	Nil
Mr Y. Ramesh	Nil	2	Nil	3
Ms P. Naazneen	Nil	1	Nil	Nil

@Directorships in Foreign Companies are excluded.

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

The Board of Directors met 6 times during the year 2015-16 on April 27, 2015, May 29, 2015, August 13, 2015, September 5, 2015, November 13, 2015 and February 12, 2016.

**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. The Compliance Officer of the Company act as Secretary of the Committee.

**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 Seetharama Rao Atluri	Member
3	Mr Y Ramesh	Member

**iii. Meetings and attendance during the year**

During the Financial Year 2015-16, the Audit Committee met 04 times on April 27, 2015, August 13, 2015, November 13, 2015 and February 12, 2016.

**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 Seetharama Rao Atluri	Member
3	Mr Y Ramesh	Member

**(a) Brief description of terms of reference:**

The terms of reference of the Nomination and Remuneration Committee, interalia 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 T. Suresh	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 2015-16 is as under.

No. of Investor's Complaints received during the financial year 2015-16	No. of Investor's Complaints resolved during the financial year 2015-16	Investor Complaints pending at the end of financial year 2015-16
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, 2015	30.09.2015	Kalinga Cultural Trust, Plot No.1269, Road No.12,Banjara Hills, Hyderabad-500034	2.30 P.M.
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

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:

<b>Date</b>	: September 30, 2016
<b>Time</b>	: 02.30 P.M.
<b>Venue</b>	: Kalinga Cultural Trust, Banjara Hills, Hyderabad

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

iii. **Date of Book Closure** : 24 September to 30 September 2016  
(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, 2015-16 and performance in comparison to broad based indices, NSE’ Nifty.

Month & Year	NSE (in ` )		NSE NIFTY	
	High	Low	High	Low
April 2015	1.05	0.80	8,841.65	8,144.75
May 2015	1.05	0.75	8,489.55	7,997.15
June 2015	1.05	0.70	8,467.15	7,940.30
July 2015	1.95	0.85	8,654.75	8,315.40
August 2015	2.50	1.70	8,621.55	7,667.25
September 2015	1.65	1.30	8,055.00	7,539.50
October 2015	2.50	1.70	8,336.30	7,930.65
November 2015	2.25	1.70	8,116.10	7,714.15
December 2015	2.15	1.75	7,979.30	7,551.05
January 2016	2.10	1.85	7,937.55	7,241.50
February 2016	1.90	1.40	7,600.45	6,825.80
March 2016	1.50	1.25	7,777.60	7,035.10

**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, 2016):**

Category	Number of Members	(%) of Total Members	Number of Equity Shares	(%) of Total Shareholding
0-500	12920	69.88	2396714	4.89
501-1000	2385	12.90	2061745	4.21
1001-2000	1337	7.23	2139623	4.36
2001-3000	576	3.12	1507662	3.08
3001-4000	262	1.42	963088	1.96
4001-5000	257	1.39	1239524	2.53
5001-10000	346	1.87	2624271	5.35
10001-above	406	2.20	36085963	73.62
Total	18489	100.00	49018590	100.00

**x. Dematerialization of shares and Liquidity:**

As on 31st March 2016, 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:**

Company Secretary  
Spacenet Enterprises India Limited  
(Formerly Northgate Com Tech Limited),  
Flat No. 302, Lotus Block, Block-B, Sandy Springs, Manikonda,  
Ranga Reddy Dist., Hyderabad - 500 089, 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

### Online Advertising Industry:

#### India Outlook:

The country's digital advertising market is projected to grow at a CAGR of 35 per cent to reach Rs 7,044 crore by the end of this year.(source: IMAI-IMRB).

The digital advertising market was pegged at Rs 5,200 crore at the end of December 2015, accounting for about 12 per cent of the total advertisement spends in the country.It has grown steadily from Rs 1,140 crore in 2010-11 fiscal to Rs 2,260 crore in 2014-15.

In terms of volume, e-commerce led the digital advertisement spends with Rs 1,040 crore followed by telecom (Rs 780 crore), banking, financial services and insurance (Rs 728 crore) and FMCG (Rs 676 crore), the report by Internet and Mobile Association of India (IAI) and IMRB International said.

In terms of Volume, e-commerce led the digital advertisement spends with Rs.1,040 crore followed by Telecom (Rs.780 Crore), banking, financial services and insurance (Rs.728 Crore) and FMCG (Rs.676 Crore)

(source: Internet and Mobile Association of India (IAI) and IMRB International)

#### Global Outlook:

With the penetration of the internet and increasing popularity of digital platforms, digital advertising has grown to become one of the most important forms of advertising. Digital advertising revenue worldwide is forecast to increase at a fast pace in the coming years. More than 143 billion U.S. dollars were spent on digital advertising in 2014. By 2020, this figure is projected to add up to nearly 268 billion U.S. dollars.

The United States is the largest digital advertising market in the world, as the country had the highest revenue in the digital advertising market in 2015 – an estimate of 64 billion U.S. dollars. About a quarter of all ad expenditures in the country were devoted to digital advertising. Digital advertising spending in the U.S. is projected to grow in the next few years, as sources expect the total spending on digital advertising to reach nearly 94 billion U.S. dollars by 2019. In terms of industries, the retail industry invests the most on digital advertising in the country. As of 2015, this particular industry accounted for 22 percent of all digital advertising spending in the U.S. The automotive and the financial services industry held about 12 percent of the share each.

Search advertising is the most profitable and most promising digital ad format in the U.S., accounting for the majority of the digital advertising revenue generated in the country. Considering search advertising is one of the major revenue streams for digital advertisers, it is no surprise Google, the leading search engine in the world, has by far the highest net digital advertising revenue amongst online companies in the U.S., with healthy growth projections for the future. While Google generated about 67 billion U.S. dollars in revenue through its digital advertising channels, Facebook's digital revenue stood at 17 billion U.S. dollars. Facebook leads the display advertising market though, leaving Google and Chinese e-commerce company Alibaba behind. In the U.S., Facebook generated about five billion U.S. dollars from digital display in 2014; this figure is projected to double by 2017.

The use of mobile for advertising is also a growing trend in the country, as mobile is forecast to become the main device for digital advertisers by 2017. Full-screen interactive ad formats on smartphones had the

highest recall rate in the country; 58 percent of American internet users remember those ads. When this type of ad was encountered on a desktop device, for instance, only 38 percent of internet users stated remembering the ad. Brand advertising recall rate for full-screen interactive ads displayed on tablet and smartphone is also high in comparison to other formats. Another advantage of using mobile ads is the low percentage of ad blocking software use on mobile devices amongst American internet users. Whereas 41 percent of internet users in the U.S. use ad blocking software on their laptop or desktop computer, only 11 percent used on their mobile devices.

### Consolidated Financial Performance(` lakhs)

<u>Particulars</u>	<u>For the year ended March 31</u>	
	<u>2016</u>	<u>2015</u>
<b>Revenue</b>		
Revenue from Operations .....	1,088.47	6,091.34
Other income .....	45.49	35.57
<b>Total Revenue</b> .....	<b>1,133.96</b>	<b>6,126.91</b>
<b>Expenditure</b>		
Operating expenses .....	967.74	5,703.31
Employee benefits expense .....	293.52	355.81
Finance costs .....	61.11	183.43
Depreciation expense .....	11.57	12.08
Other expenses .....	845.40	560.56
<b>Total Expenses</b> .....	<b>2,179.34</b>	<b>6,815.19</b>
Profit/(Loss) Before Tax .....	(1,045.38)	(6,88.28)
Less: Tax Expense .....	--	--
Profit/(Loss) After Tax .....	<b>(1,045.38)</b>	<b>(688.28)</b>
Earnings / (Loss) per share		
- Basic .....	(2.13)	(1.40)
- Diluted .....	(2.13)	(1.40)

### Income from operations

The revenues decreased to ` 1,088.47 lakhs in FY'16 from ` 6,091.34 lakhs in FY'15. in FY'16 company incurred net loss of ` 1,045.38 lakhs against net loss of ` 688.28 lakhs in FY'15.

### **Risk Management**

Risk is attached to everything including business. The factors affecting the risk differ from business to business. The Company however, foresees various risks from competitors, unorganized sectors operating in the Industry, fluctuations in foreign exchanges rates, commodities rates, interest rate, commercial risk, change in Government policies and regulations and decision of the Management about the business which may effect overall profitability of the Company. However the Company has framed the policies so as to have minimum effect and to overcome the risks of the Business.

### **Internal Control systems and their adequacy**

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

### **Cautionary Note**

Statements in the Management Discussion and Analysis outlining the Company's estimates, perceptions and expectations may be forward looking statements within the meaning of applicable laws and regulations. The actual results may differ materially from those expressed herein above due to certain factors which may be beyond the control of the Company.

## CEO/CFO Certificate

I, T. Suresh, Executive Director of Spacenet Enterprises India 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 :** 2 September, 2016

**T. Suresh**  
Executive Director  
DIN: 00952079

**CERTIFICATE ON CORPORATE GOVERNANCE TO THE MEMBERS OF  
SPACENET ENTERPRISES INDIA LIMITED**

We have examined the compliance of conditions of Corporate Governance by Spacenet Enterprises India Limited, for the year ended March 31, 2016, 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 **KOTA SRINIVAS & ASSOCIATES**  
Company Secretaries

Date: 2 September, 2016  
Place: Hyderabad

CS K Srinivas  
CP No. 14300  
ACS No. 34206

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**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 Spacenet Enterprises India Limited**

Place: Hyderabad  
Date: 2 September, 2016

**T. Suresh**  
Executive Director  
DIN:00952079

## INDEPENDENT AUDITORS' REPORT

To the Members of **Spacenet Enterprises India Limited** ( formerly Northgate Com Tech Limited)

### **Report on the Consolidated Financial Statements**

We have audited the accompanying Consolidated financial statements of Spacenet Enterprises India Limited (formerly Northgate Com Tech Limited) ('the Holding Company') and its subsidiaries (the holding company and its subsidiaries collectively referred to as 'the Group') comprising of the Consolidated Balance Sheet as at 31 March 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the Consolidated Financial Statements').

### **Management's Responsibility for the Consolidated Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these Consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated 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 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 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 controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the 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 financial statements that give a

true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence 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, 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 state of affairs of the Company as at 31 March, 2016, and its consolidated loss and its consolidated cash flows for the year ended on that date.

### **Other Matters**

We did not audit the financial statements of 4 subsidiaries, which are 1. Northgate Investments Pte Limited 2. Globe7 Pte Limited 3 Adgog UK Limited and 4. Globe7 HK Limited, included in the consolidated financial statements year to date, whose consolidated financial statements reflect total assets of ` 4,796.54 lakhs, as at 31st March 2016 and total revenue of ` 1,404.09 lakhs as at 31st March, 2016. These interim financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the financial statements to the extent they have been derived from such financial statements is based solely on the report of such other auditors.

These financial statements and other financial information have been audited by other auditors whose report has been furnished to us and our opinion on the financial statements, to the extent they have been derived from such financial statements is based solely on the report of such other auditors and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the report of the other auditors.

### **Report on Other Legal and Regulatory Requirements**

1. As required by sub-section 3 of Section 143 of the Act, we report, to the extent applicable, that :
2. As required by Section 143(3) of the Act, we report that:
  - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account.

- d) in our opinion, the aforesaid Consolidated 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 the written representations received from the directors of the holding company as on 31 March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) with respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and Subsidiary Companies, the operating effectiveness of such controls, refer to our separate report in 'Annexure'; and
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and on the basis of report of the auditors:
  - (i) The Group has disclosed the impact of pending litigations as at 31 March 2016 on its financial position in its financial statements
  - (ii) The Group has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any on long term contracts to the financial statements. The Group did not have any derivative contracts.
  - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For Navitha And Associates**  
Chartered Accountants  
Firm Registration Number: 012026S

**Navitha.K**  
Proprietor  
Membership Number: 221085

Place : Hyderabad  
Date : 30 May 2016



## Annexure to the Auditors' Report

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

We have audited the internal financial controls over financial reporting of **Spacenet Enterprises India Limited (formerly Northgate Com Tech Limited)** ('the Holding Company') and Subsidiary Company which is incorporated in India of 31 March 2016 in conjunction with our audit of the Consolidated financial statements of the Company for the year ended on that date

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

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

#### Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk.

The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

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

A group's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. The Group's internal financial control over financial reporting includes those policies and procedures that:

- 1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- 3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

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

### **Opinion**

In our opinion, the Group has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For **Navitha And Associates**  
Chartered Accountants  
ICAI Firm Registration Number: 012026S

**Navitha.K**  
Proprietor  
Membership Number: 221085

Place : Hyderabad  
Date : 30 May, 2016

**Consolidated Balance Sheet as at 31 March 2016***(All amounts in Indian Rupees, except share data and where otherwise stated)*

	<u>Note</u>	<u>As at 31 March 2016</u>	<u>As at 31 March 2015</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital.....	2.1	490,185,900	490,185,900
Reserves and surplus.....	2.2	<u>(649,282,162)</u>	<u>(541,743,279)</u>
		<b>(159,096,262)</b>	<b>(51,557,379)</b>
<b>Non-current liabilities</b>			
Long term provisions.....	2.3	<u>399,596</u>	<u>632,485</u>
		<b>399,596</b>	<b>632,485</b>
<b>Current liabilities</b>			
Short-term borrowing.....	2.4	121,571,287	112,781,351
Trade payables.....	2.5	332,183,839	413,324,750
Other current liabilities.....	2.6	38,607,758	39,111,138
Short term provisions.....	2.7	<u>32,594</u>	<u>542,280</u>
		<b>492,395,478</b>	<b>565,759,519</b>
<b>Total</b>		<b><u>333,698,812</u></b>	<b><u>514,834,625</u></b>
<b>ASSETS</b>			
<b>Non current assets</b>			
Fixed assets.....	2.8		
- Tangible assets.....		1,505,427	2,552,816
- Intangible assets.....		458,837	512,506
Other non current assets.....	2.9	<u>14,789,525</u>	<u>23,905,200</u>
		<b>16,753,789</b>	<b>26,970,522</b>
<b>Current assets</b>			
Trade receivables.....	2.10	306,434,525	384,893,322
Cash and bank balances.....	2.11	2,804,257	2,667,530
Short term loan and advances.....	2.12	<u>7,706,241</u>	<u>100,303,251</u>
		<b>316,945,023</b>	<b>487,864,103</b>
<b>Total</b>		<b><u>333,698,812</u></b>	<b><u>514,834,625</u></b>

*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 **Navitha & Associates**  
Chartered Accountants  
Firm Registration No:012026S

*for Spacenet Enterprises India Limited*

**C.A Navitha K**  
*Proprietor*  
Membership No: 221085

**T. Suresh**  
*Executive Director*  
DIN : 00952079

**P. Parthasarathi**  
*Director*  
DIN: 00004936

**Y. Ramesh**  
*Director*  
DIN : 02549429

Place : Hyderabad  
Date : 30 May 2016

## Consolidated Statement of Profit and Loss for the year ended 31 March 2016

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

<b>Particulars</b>	<b>Note</b>	<b>For the year ended</b>	<b>For the year ended</b>
		<b>31 March 2016</b>	<b>31 March 2015</b>
<b>Revenue</b>			
Revenue from operations.....	2.13	108,846,632	609,134,537
Other income.....	2.14	4,548,648	3,556,827
<b>Total revenue</b> .....		<b>113,395,280</b>	<b>612,691,364</b>
<b>Expenses</b>			
Operating expenses.....	2.15	96,773,522	570,331,436
Employee benefits expense.....	2.16	29,351,762	35,581,108
Finance costs .....	2.17	6,110,585	18,342,492
Depreciation and amortisation.....	2.8	1,157,578	1,207,886
Other expenses .....	2.18	84,540,285	56,056,290
<b>Total expenses</b> .....		<b>217,933,732</b>	<b>681,519,212</b>
<b>Profit/(Loss) before extraordinary items and tax .....</b>		<b>(104,538,452)</b>	<b>(68,827,848)</b>
Extraordinary items .....		-	-
<b>Profit/(Loss) before tax</b> .....		<b>(104,538,452)</b>	<b>(68,827,848)</b>
<b>Tax expense</b>			
- Earlier year's tax.....		-	-
- Current tax.....		-	-
- MAT entilement .....		-	-
<b>Loss for the year</b> .....		<b>(104,538,452)</b>	<b>(68,827,848)</b>
<b>Earnings per share - par value ` 10 per share</b>			
Basic.....	2.21	(2.13)	(1.40)
Diluted.....		(2.13)	(1.40)

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 **Navitha & Associates**  
Chartered Accountants  
Firm Registration No:012026S

for **Spacenet Enterprises India Limited**

**C.A Navitha K**  
Proprietor  
Membership No: 221085

**T. Suresh**  
Executive Director  
DIN : 00952079

**P. Parthasarathi**  
Director  
DIN: 00004936

**Y. Ramesh**  
Director  
DIN : 02549429

Place : Hyderabad  
Date : 30 May 2016

**Consolidated Cash Flow Statement for the year ended 31 March 2016***(All amounts in Indian Rupees, except share data and where otherwise stated)*

<b>Particulars</b>	<b>For the year ended 31 March 2016</b>	<b>For the year ended 31 March 2015</b>
<b>I. Cash flows from operating activities</b>		
Loss before tax .....	(104,538,452)	(68,827,848)
Adjustments:		
Depreciation and amortisation .....	1,157,578	1,207,886
Interest expense .....	6,110,585	18,342,492
Bad and doubtful debts written off .....	1,841,028	11,092,731
Creditors written back .....	(925,925)	(1,556,198)
Interest income .....	(90,493)	(850,284)
Unrealised foreign exchange gain / (loss) .....	(2,131,026)	2,632,533
<b>Operating cash flow before working capital changes .....</b>	<b>(98,576,705)</b>	<b>(37,958,688)</b>
(Increase)/Decrease in trade receivable .....	76,617,768	(255,587,386)
(Increase)/Decrease in loans and advances .....	101,712,686	16,358,576
Increase/(Decrease) in current liabilities and provisions .....	(82,386,866)	278,591,459
<b>Operating cash flow after working capital changes and taxes .....</b>	<b>(2,633,117)</b>	<b>1,403,961</b>
Taxes paid .....	-	-
<b>Net cash used in operating activities .....</b>	<b>(2,633,117)</b>	<b>1,403,961</b>
<b>II. Cash flows from investing activities</b>		
Purchase of fixed assets .....	-	(823,037)
Interest received on deposits and inter corporate deposit .....	90,493	850,284
<b>Net cash from in investing activities .....</b>	<b>90,493</b>	<b>27,247</b>
<b>III. Cash flows from financing activities</b>		
Proceeds from availment of cash credit facility, net .....	8,789,936	15,611,844
Interest paid .....	(6,110,585)	(18,342,492)
<b>Net cash used in financing activities .....</b>	<b>2,679,351</b>	<b>(2,730,648)</b>
<b>Net increase in cash and cash equivalents .....</b>	<b>136,727</b>	<b>(1,299,440)</b>
Cash and cash equivalents at the beginning of the year .....	2,667,530	3,966,970
Cash and cash equivalents at the end of the year .....	<b>2,804,257</b>	<b>2,667,530</b>

As per our report of even date attached  
for **Navitha & Associates**  
Chartered Accountants  
Firm Registration No:012026S

for **Spacenet Enterprises India Limited**

**C.A Navitha K**  
*Proprietor*  
Membership No: 221085

**T. Suresh**  
*Executive Director*  
DIN : 00952079

**P. Parthasarathi**  
*Director*  
DIN: 00004936

**Y. Ramesh**  
*Director*  
DIN : 02549429

Place : Hyderabad  
Date : 30 May 2016

## Note 1. Significant Accounting Policies

### Company Overview

Spacenet Enterprises India Limited (“the Company”) was incorporated as Northgate Com Tech Private Limited on 28 May 2010. The name of the Company was subsequently changed to Spacenet Enterprises India Limited on 23 November 2015. 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.

The Following are the Subsidiaries:

Name of the Company	Country of incorporation	Percentage of Holding as at	
		31 March 2016	31 March 2015
<b><i>Subsidiaries (held directly)</i></b>			
Northgate Investments Pte Limited	Singapore	100%	100%
Adgog UK Limited	United Kingdom	100%	100%
<b><i>Subsidiaries (held indirectly)</i></b>			
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 financial statements are prepared in accordance with the Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis. GAAP comprises mandatory Accounting Standards specified under Section 133 of the Companies Act, 2013 (“the 2013 Act”) read with Rule 7 of the Companies (Accounts) Rules, 2014 the provisions of the Act (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to the existing accounting standard requires a change in the accounting policy hitherto in use.

The financial statements are prepared in accordance with the principles and procedures required for the preparation and presentation of consolidated financial statements as laid down under the Accounting Standard (AS) 21, ‘Consolidated Financial Statements. The consolidated financial statements comprise the financial statements of the Company and its subsidiaries, combined on a line-by-line basis by adding together book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances and transactions and resulting unrealized gain / loss. The consolidated financial statements are prepared by applying uniform accounting policies in use at the Group. Minority interests have been excluded. Minority interests represent that part

## 1 Significant accounting policies (continued)

of the net profit or loss and net assets of subsidiaries that are not, directly or indirectly, owned or controlled by the Company.

### b) *Use of Estimates*

The preparation of financial statements, in conformity with generally accepted accounting principles in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities on the date of 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 recognized prospectively in the current and future periods.

### 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:

- i. it is expected to be realised in, or is intended for sale or consumption in, the company's normal operating cycle;
- ii. it is held primarily for the purpose of being traded;
- iii. it is expected to be realised within 12 months after the reporting date; or
- iv. 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 the 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:

- i. it is expected to be settled in the company's normal operating cycle;
- ii. it is held primarily for the purpose of being traded;
- iii. it is due to be settled within 12 months after the reporting date; or
- iv. 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

## 1 Significant accounting policies (continued)

are classified as non-current.

### d) *Fixed Assets and Depreciation*

Tangible asset and capital work-in-progress

Tangible assets are stated at cost, less accumulated depreciation and impairment, if any. Direct costs are capitalized until such assets are ready for use. Capital work-in-progress comprises the cost of fixed asset that are not yet ready for their intended use at the reporting date.

#### *Intangible asset*

Intangible assets are recorded at the consideration paid for acquisition of such asset under carried at cost less accumulated amortization and impairment.

#### *Depreciation and Amortization*

Depreciation on tangible and intangible assets is provided on the straight-line method over the useful lives of assets estimated by the Management. Depreciation for assets purchased / sold during a period is proportionately charged. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, commencing from the date the asset is available to the Company for its use. The Management estimates the useful lives for the other fixed assets as follows:

	Years
Furniture, fixtures and office equipment .....	10
Computer equipment .....	3
Office equipment .....	5
Vehicles .....	10

### e) *Investments*

Investments that are readily realizable 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 diminution in value other than temporary 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.

### f) *Taxes on Income*

- i. Tax expense comprises current year income tax and deferred income tax charges or credit for the year.
- ii. Current year income tax charge will be calculated based on assessable profits of the company determined in accordance with the provisions of Income Tax Act, 1961. It will also includes, income tax charge provided if any, for such disallowances made on completion of assessment proceedings pending appeals, as considered appropriate depending on the merits of each case.



**1 Significant accounting policies (continued)**

- iii. Deferred income tax charge or credit pertaining to future tax consequences attributable to timing difference between the financial statement determination of income and their recognition for tax purposes will be recognised. The effect of a change in tax rates on deferred tax assets and liabilities is recognised in income using the tax rates and tax laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.
- iv. 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 Company as a result of past events and there is evidence as at the reporting date the Company will pay normal income tax during the specified period, when such credit would be adjusted, the same has been disclosed as “MAT Credit entitlement, under “Short Term Loans and Advances” in balance sheet with a corresponding credit to the profit and loss account, 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.

**g) Earnings Per Share**

- i. The basic earnings per share is calculated considering the weighted average number of equity shares outstanding during the year.
- ii. The diluted earnings per share is calculated considering the effects of potential equity shares on net profits after tax for the year and weighted average number of equity shares outstanding during the year.

**h) 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

## **1 Significant accounting policies (continued)**

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.

### ***i) Leases***

Leases of assets under which all risks and rewards of ownership are affectively retained by lesser are classified as operating leases. Lease payments under operating leases are recognised as an expense on a straight line basis over the period of lease.

### ***j) Provisions, Contingent Liabilities and Contingent Assets***

Provisions, involving substantial degree of estimation in measurement, are recognised when there is present obligation as a result of past events and if it is probable that there will be an outflow of resources. Contingent liabilities, which are possible or present obligations that may be probably will not require outflow of resources, are not recognised but are disclosed in the notes to the financial statements. Contingent Assets are neither recognised nor disclosed in financial statements.

### ***k) Cash and Cash equivalents***

Cash and cash equivalents are short-term, highly liquid investments that are readily convertible into cash with original maturities of three months or less. Cash and cash equivalents consist

**1 Significant accounting policies (continued)**

principally of cash on deposits with banks.

**l) Cash flow statement**

Cash flows are reported using the indirect method, whereby profit or loss before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated.

**m) Impairment of Assets**

The Company assesses at each balance sheet date whether there is any indication that any assets forming part of its cash generating units 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 recognized in the profit and loss account. 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.

**n) Retirement benefits**

Gratuity and long term compensated absence, which are defined benefits plan, are determined by independent actuary at the balance sheet date are charged to the statement of profit and loss. All actuarial gains and losses arising during the year are recognized in the statement of profit and loss.

Contributions payable to the recognized provident fund which is defined contribution schemes, is charged to the statement of profit and loss.

## 2 Notes on consolidated financial statements

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

<u>Particulars</u>	<u>As at 31 March 2016</u>	<u>As at 31 March 2015</u>
<b>2.1 Share capital</b>		
<i>Authorised*</i>		
<b>Equity shares</b>		
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>
<b>Issued, subscribed and fully paid up</b>		
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.

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

<u>Particulars</u>	<u>As at 31 March 2016</u>		<u>As at 31 March 2015</u>	
	<u>No. of shares</u>	<u>Amount in `</u>	<u>No. 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>

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

<u>Name of Shareholder</u>	<u>As at 31 March 2016</u>		<u>As at 31 March 2015</u>	
	<u>No. of Shares held</u>	<u>% of Holding</u>	<u>No. of Shares held</u>	<u>% of Holding</u>
Cresta Fund Limited	4,500,000	9.18	4,500,000	9.18
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

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

<b>2.2 Reserves and surplus</b>	<u>As at 31 March 2016</u>	<u>As at 31 March 2015</u>
<b>General reserve</b>	<b>120,682,325</b>	<b>120,682,325</b>
<b>Deficit in the statement of profit and loss</b>		
Balance at the beginning of the year .....	(712,227,679)	(643,168,535)
Add: Transitional provision * .....	-	(231,296)
Add: Net loss for the year .....	(104,538,452)	(68,827,848)
Balance at the end of the year .....	<u><b>(816,766,131)</b></u>	<u><b>(712,227,679)</b></u>
<b>Foreign currency translation reserve</b>		
Balance at the beginning of the year .....	49,802,076	48,694,582
Add: Translation of foreign subsidiaries with non-integral operations .....	(3,000,432)	1,107,493
Balance at the end of the year .....	<u><b>46,801,644</b></u>	<u><b>49,802,075</b></u>
<b>Total</b>	<u><b>(649,282,162)</b></u>	<u><b>(541,743,279)</b></u>
* Difference amount of depreciation arrived based on the revised Companies Act, 2013 has been adjusted to reserves and surplus account		
<b>2.3 Long term provisions</b>	<u>As at 31 March 2016</u>	<u>As at 31 March 2015</u>
<b>Provision for employee benefits</b>		
Gratuity .....	364,700	570,972
Compensated absences .....	34,896	61,513
	<u><b>399,596</b></u>	<u><b>632,485</b></u>
<b>2.4 Short term borrowing</b>		
<i>Secured loan from bank repayable on demand - Cash credit</i> * .....	86,531,101	97,816,925
Secured loan from bank against vehicle .....	56,446	261,686
Un secured loan** .....	34,983,740	14,702,740
	<u><b>121,571,287</b></u>	<u><b>112,781,351</b></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 Proseed India Limited (formerly Greenfire Agri Commodities Limited).

## 2 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.

<b>2.5 Trade payables</b>	<u>As at 31 March 2016</u>	<u>As at 31 March 2015</u>
Trade payables		
- Amounts due to Micro, Small and Medium Enterprises (Refer note : 2.26).....	-	-
- Others.....	332,183,839	413,324,750
	<u><b>332,183,839</b></u>	<u><b>413,324,750</b></u>
 <b>2.6 Other current liabilities</b>		
Advance from customers.....	18,067,548	12,108,920
Employee payables .....	725,795	1,662,208
Statutory liabilities .....	2,189,476	9,262,348
Provision for expenses.....	17,624,939	16,077,662
	<u><b>38,607,758</b></u>	<u><b>39,111,138</b></u>
 <b>2.7 Short term provisions</b>		
<b>Provision for employee benefits</b>		
Gratuity.....	19,254	19,483
Compensated absences.....	13,340	20,760
<b>Others</b>		
Provision for taxation.....	-	502,037
	<u><b>32,594</b></u>	<u><b>542,280</b></u>

## 2. Notes on consolidated financial statements (continued)

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

### 2.8 Fixed Assets

Particulars	Gross Block					Depreciation/Amortisation					Net Block	
	As at April 1, 2015	Additions	Foreign Exchange Adjustment	Deletions	As at March 31, 2016	As at April 1, 2015	For the year	Foreign Exchange Adjustment	On Deletions	As at March 31, 2016	As at March 31, 2016	As at March 31, 2015
<b>Tangible Fixed Assets</b>												
Computers	10,615,892	-	228,105	-	10,843,997	9,481,728	704,553	171,571	-	10,357,852	486,145	1,134,164
Furniture and Fixtures	435,000	-	-	-	435,000	315,235	43,619	-	-	358,854	76,146	119,765
Office Equipment	769,555	-	-	-	769,555	247,852	150,148	-	-	398,000	371,555	521,703
Vehicles	1,918,131	-	-	-	1,918,131	1,140,947	205,603	-	-	1,346,550	571,581	777,184
<b>Total</b>	<b>13,738,578</b>	<b>-</b>	<b>228,105</b>	<b>-</b>	<b>13,966,683</b>	<b>11,185,762</b>	<b>1,103,923</b>	<b>171,571</b>	<b>-</b>	<b>12,461,256</b>	<b>1,505,427</b>	<b>2,552,816</b>
<b>Intangible Fixed Assets</b>												
Software	167,744,359	-	10,299,108	-	178,043,467	167,231,853	53,655	10,299,122	-	177,584,630	458,837	512,506
<b>Total</b>	<b>167,744,359</b>	<b>-</b>	<b>10,299,108</b>	<b>-</b>	<b>178,043,467</b>	<b>167,231,853</b>	<b>53,655</b>	<b>10,299,122</b>	<b>-</b>	<b>177,584,630</b>	<b>458,837</b>	<b>512,506</b>
<b>Grand Total</b>	<b>181,482,937</b>	<b>-</b>	<b>10,527,213</b>	<b>-</b>	<b>192,010,150</b>	<b>178,417,615</b>	<b>1,157,578</b>	<b>10,470,693</b>	<b>-</b>	<b>190,045,886</b>	<b>1,964,264</b>	<b>3,065,322</b>
Previous Year 2014 - 15	235,234,672	823,037	5,929,776	60,504,548	181,482,937	231,584,362	1,207,886	5,898,619	60,273,252	178,417,615	3,065,322	

## 2 Notes on consolidated financial statements (continued)

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

<b>2.9 Other non current assets</b>	<b>As at 31 March 2016</b>	<b>As at 31 March 2015</b>
<i>Unsecured, considered good</i>		
Security deposit .....	1,691,694	1,656,380
Prepaid expenses .....	696,988	937,503
Advance tax .....	12,400,843	12,397,832
Balances with government authorities .....	-	8,913,485
	<b><u>14,789,525</u></b>	<b><u>23,905,200</u></b>
<b>2.10 Trade receivables</b>		
Outstanding for a period more than six months from the date they are due for payment		
- Considered good.....	18,253,626	55,950,587
- Considered doubtful.....	74,930,383	158,256,722
Other debts, considered good .....	288,180,899	328,942,735
	<b><u>381,364,908</u></b>	<b><u>543,150,044</u></b>
Less: Provision for doubtful debts .....	74,930,383	158,256,722
	<b><u>306,434,525</u></b>	<b><u>384,893,322</u></b>
<b>2.11 Cash and bank balances</b>		
<b>Cash and cash equivalents</b>		
Cash on hand .....	142,475	41,373
Balance with banks		
- current accounts .....	1,661,782	1,626,157
	<b><u>1,804,257</u></b>	<b><u>1,667,530</u></b>
<b>Other bank balances</b>		
Deposits with maturity more than 3 months but less than 12 months .....	1,000,000	1,000,000
	<b><u>2,804,257</u></b>	<b><u>2,667,530</u></b>
<b>2.12 Short term loan and advances</b>		
<i>Unsecured, considered good</i>		
Advances given to vendors .....	430,570	92,833,992
MAT credit .....	6,554,083	6,554,083
VAT receivable .....	64,047	72,982
Prepaid expenses .....	-	50,506
Others advances .....	657,541	791,688
	<b><u>7,706,241</u></b>	<b><u>100,303,251</u></b>



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

	<b>For the year ended 31 March 2016</b>	<b>For the year ended 31 March 2015</b>
<b>2.13 Revenue from operations</b>		
Revenue from advertisements .....	108,846,632	609,134,537
	<u><b>108,846,632</b></u>	<u><b>609,134,537</b></u>
<b>2.14 Other income</b>		
Interest on fixed deposits .....	90,493	850,284
Foreign exchange gain, net .....	2,984,835	492
Creditors written back .....	925,925	1,556,198
Miscellaneous income .....	547,395	1,149,853
	<u><b>4,548,648</b></u>	<u><b>3,556,827</b></u>
<b>2.15 Operating expenses</b>		
Cost of advertisement space .....	83,465,494	520,122,930
Data centre charges .....	-	2,133,245
Media exchange tech fee .....	13,308,028	44,524,918
Hoardings rental expense .....	-	3,550,343
	<u><b>96,773,522</b></u>	<u><b>570,331,436</b></u>
<b>2.16 Employee benefits expense</b>		
Salaries .....	28,304,704	33,921,951
Contribution to provident fund and other funds .....	485,633	857,733
Staff welfare expenses .....	561,425	801,424
	<u><b>29,351,762</b></u>	<u><b>35,581,108</b></u>
<b>2.17 Finance cost</b>		
Interest on secured loan .....	6,110,585	18,342,492
	<u><b>6,110,585</b></u>	<u><b>18,342,492</b></u>

## 2 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 31 March 2016	For the year ended 31 March 2015
Rent .....	5,936,891	6,167,937
Professional charges .....	4,283,727	4,776,640
Rates and taxes .....	2,895,171	1,394,619
Communication expenses .....	1,853,260	1,539,622
Power and fuel .....	1,417,513	1,613,633
Printing and stationery .....	102,527	174,533
Repairs and maintenance .....	378,055	2,369,691
Travelling expenses .....	829,829	1,723,262
Bank charges .....	626,233	1,523,995
Foreign exchange Loss, net .....	-	3,236,884
Provision for advances .....	62,908,094	-
Bad debts written off .....	494,345	11,092,731
Provision for debtors .....	1,346,683	-
Miscellaneous expenses .....	1,467,957	20,442,743
	<b>84,540,285</b>	<b>56,056,290</b>

## 2.19 Capital commitments and contingent liabilities

<u>Particulars</u>	As at 31 March 2016	As at 31 March 2015
<b>Capital Commitments</b> .....	Nil	Nil
<b>Contingent liabilities</b>		
i. Disputed Service Tax liability for which the Group has preferred an appeal .....	233,501,239	233,501,239
ii. Disputed Income Tax liability for which the Group has preferred an appeal .....	3,880,810	8,418,723

## 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 Notes on consolidated financial statements (continued)***(All amounts in Indian Rupees, except share data and where otherwise stated)***2.21 Earnings Per Share**

The computation of earnings per share is set out below:

<b><u>Particulars</u></b>	<b><u>Year ended 31 March 2016</u></b>	<b><u>Year ended 31 March 2015</u></b>
<b><i>Earnings (in `)</i></b>		
<i>Loss for the year .....</i>	(104,538,452)	(68,827,848)
<b>Shares</b>		
Number of shares at the beginning of the year.....	49,018,590	49,018,590
Add: No. of equity shares issued during the year	<u>-</u>	<u>-</u>
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
<b>Earnings per share ( in ` )</b>		
- Basic .....	(2.13)	(1.40)
- Diluted .....	(2.13)	(1.40)

**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. Proseed India Limited, India (formerly Green Fire Agri Commodities Limited)

## 2 Notes on consolidated financial statements (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>	<u>For the year ended 31 March 2016</u>	<u>For the year ended 31 March 2015</u>
Proseed India Limited		
- Rent receivable (other income) .....	----	180,000
Un-secured Loan		
- Loan taken from Mr. Venkata S Meenavalli .....	19,203,000	----
Mr. P.Srinivasu .....	700,000	----
- Loan taken from Mr. Venkata S Meenavalli/ .....	--	15,000,000
Mr. P.Srinivasu/ Mr. Shaik Gouse		
-Repayment of loan to Mr Venkata S Meenavalli/ ....	1,992,000	2,500,000
Mr. P.Srinivasu/ Mr. Shaik Gouse		
-Interest on loan taken from :		
Mr Venkata S Meenavalli/ .....	2,370,000	4,740,000
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 31 March 2016</u>	<u>As at 31 March 2015</u>
Un-secured Loan		
- Loan taken from: Mr. Venkata S Meenavalli .....	19,203,000	----
Mr. P. Srinivasu .....	700,000	----
- Loan taken from: Mr. Venkata S Meenavalli/	15,080,740	14,702,740
Mr. P.Srinivasu/ Mr. Shaik Gouse		
Rent receivable from: Proseed India Limited	---	180,000

**2 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.

**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 ` 5,936,891 (previous year ` 6,167,937).

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

<u>Particulars</u>	<u>For the year ended 31 March 2016</u>	<u>For the year ended 31 March 2015</u>
Statutory audit fees .....	889,809	1,407,220
Other services .....	20,000	25,000
Out of pocket expenses .....	-	-
<b>Total</b>	<b><u>909,809</u></b>	<b><u>1,432,220</u></b>

**2.26 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".

**2.27 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 **Navitha & Associates**  
Chartered Accountants  
Firm Registration No:012026S

for **Spacenet Enterprises India Limited**

**C.A Navitha K**  
*Proprietor*  
Membership No: 221085

**T. Suresh**  
*Executive Director*  
DIN : 00952079

**P. Parthasarathi**  
*Director*  
DIN: 00004936

**Y. Ramesh**  
*Director*  
DIN : 02549429

Place : Hyderabad  
Date : 30 May 2016

## AOC-1

Pursuant to first proviso 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 /associates companies/joint ventures**

### Part-A: Subsidiaries

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

Particulars	Name of the Subsidiary				
	Adgog UK Limited	Northgate Investments Pte Limited	Globe7 Pte Limited	Social Media India Limited	Globe7 HK Limited
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	01-04-2015 to 31-3-2016	01-04-2015 to 31-3-2016	01-04-2015 to 31-3-2016	01-04-2015 to 31-3-2016	01-04-2015 to 31-3-2016
Reporting Currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	GBP	USD	USD	INR	USD
Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	95.16	66.17	66.17	-NA-	66.17
Share capital	57.10	68,337.60	68,318.75	2,944.69	756.69
Reserves & Surplus	(25.74)	(67,047.91)	(68,674.45)	(2,921.51)	(870.34)
Total Assets	3,186.17	1,299.43	310.47	1,200.35	0.48
Total Liabilities	3,154.81	9.74	666.17	1,177.17	114.13
Investments	-	-	-	-	-
Turnover	857.63	-	504.71	1.67	-
Profit before taxation	24.74	(1.00)	(216.95)	(682.08)	-
Provision for taxation	-	-	-	-	-
Profit after taxation	24.74	(1.00)	(216.95)	(682.08)	-
Proposed Dividend	-	-	-	-	-
% of share holding	100%	100%	100%	100%	100%

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

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

For and on behalf of the Board

T. Suresh  
Executive Director

P. Parthasarathi  
Director

## INDEPENDENT AUDITORS' REPORT

**To the Members of Spacenet Enterprises India Limited** (formerly Northgate Com Tech Limited)

### **Report on the Standalone Financial Statements**

We have audited the accompanying Standalone financial statements of **Spacenet Enterprises India Limited** (formerly Northgate Com Tech Limited) ('the Company'), which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss, 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 Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these Standalone 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 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 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 controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's 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 thereunder.

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 the 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. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the 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, of the state of affairs of the Company as at 31 March, 2016, and its loss and its 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, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the 'Annexure A' a statement on the matters specified in paragraphs 3 and 4 of the said Order.
2. As required by Section 143(3) of the Act, we report that:
  - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) in our opinion, the aforesaid Standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) on the basis of the written representations received from the directors as on 31 March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure B'; and
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - (i) The Company has disclosed the impact of pending litigations as at 31 March 2016 on its financial position in its financial statements
    - (ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any on long term contracts to the financial statements. The Company did not have any derivative contracts.
    - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **Navitha And Associates**  
Chartered Accountants  
ICAI Firm Registration Number: 012026S

Place: Hyderabad  
Date : 30 May, 2016

**Navitha.K**  
Proprietor  
Membership Number: 221085



**Annexure A to the Auditors' Report**

With reference to Annexure A referred to in the Independent Auditor's Report of even date to the members of **Spacenet Enterprises India Limited** (formerly Northgate Com Tech Limited) ('the Company') on the Standalone financial statements for the year ended 31 March 2016, 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 programme of physical verification of its fixed assets by which all the fixed assets are verified every year. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain fixed assets were verified during the year. As explained to us, the Management is in the process of reconciling the physically verified fixed assets with the book records. The Management believes that the discrepancies, if any, are not likely to be material.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there was no immoveable properties on the name of the company
- 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.
- iii. 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.
- iv. In our opinion and according to the information and explanations given to us, the Company has not granted any loans or made any investments or provided any guarantees or security to the parties covered under Section 185 and 186 of the Act. Thus, paragraph 3(iv) of the said Order is not applicable to the Company.
- v. The Company has not accepted any deposits from the public.
- 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, Employees state insurance, Income-tax, Sales tax, Service tax, Value added tax, Duty of excise, Cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities though there has been slight delay in few cases. As informed to us, the Company does not have any dues on account of Duty of Customs.  
According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no dues in respect of Provident fund, Employees state insurance, Income-tax, Sales tax, Service tax, Value added tax, Cess and other material statutory dues were in arrears as at 31 March 2016 for a period of more than six months except the TDS of ₹ 391,538 from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of Sales tax which have not been deposited with the appropriate authorities on account of any dispute. However, the following dues of Income-tax, Service tax, Value added tax and Duty of excise have not been deposited by the Company except as stated hereunder:-

S.No.	Name of the Statute	Nature of dues	Amount ( ` )	Period to the amount relates	Forum where dispute is pending
1.	Income Tax	Tax Demand	2,971,230	AY 2012-13	CIT ,Appeals
2.	Income Tax	Tax Demand	909,580	AY 2013-14	CIT ,Appeals

- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to banks or to any financial institution as at the balance sheet date. Further, the Company does not have any outstanding loan or borrowings from government nor has it issued any debenture as at the balance sheet date.
- ix. The Company has not raised any monies by way of initial public offer or further public offer (including debt instrument). According to the information and explanations given to us, the Company has applied the term loans for the purpose for which they were obtained.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The company has not paid any managerial remuneration during the year under review and hence provisions of Sec 197 read with Schedule V to the Companies Act does not apply.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Thus, paragraph 3(xii) of the said Order is not applicable to the Company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act. The details of such transactions have been disclosed in the financial statements as required under 'Accounting Standard (AS) 18 Related Party Disclosures' specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules 2014.
- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Thus, paragraph 3(xiv) of the said Order is not applicable to the Company.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Thus, paragraph 3(xv) of the said Order is not applicable to the Company.
- xvi. In our opinion and according to the information and explanation given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Thus, paragraph 3(xvi) of the said Order is not applicable to Company.

**For Navitha And Associates**  
Chartered Accountants  
ICAI Firm Registration Number: 012026S

Place: Hyderabad  
Date : 30th May, 2016

**Navitha.K**  
Proprietor  
Membership Number: 221085

## **Annexure B to the Auditors' Report**

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

We have audited the internal financial controls over financial reporting of **Spacenet Enterprises India Limited (formerly Northgate Com Tech Limited)** ('the Company') as of 31 March 2016 in conjunction with our audit of the Standalone financial statements of the Company for the year ended on that date.

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

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

#### **Auditors' Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk.

The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

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

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that:

- 1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- 3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

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

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For **Navitha And Associates**  
Chartered Accountants  
ICAI Firm Registration Number: 012026S

**Navitha.K**  
Proprietor  
Membership Number: 221085

Place: Hyderabad  
Date : 30 May, 2016

**Balance sheet as at 31 March 2016***(All amounts in Indian Rupees, except share data and where otherwise stated)*

	<u>Note</u>	<u>As at 31 March 2016</u>	<u>As at 31 March 2015</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital .....	2.1	490,185,900	490,185,900
Reserves and surplus .....	2.2	(556,796,424)	(539,879,138)
		<u>(66,610,524)</u>	<u>(49,693,238)</u>
<b>Non-current liabilities</b>			
Long-term provision .....	2.3	234,808	467,697
Long-term borrowing .....	2.4	99,355,096	88,206,812
		<u>99,589,904</u>	<u>88,674,509</u>
<b>Current liabilities</b>			
Trade payables .....	2.5	1,369,670	8,705,657
Other current liabilities .....	2.6	19,871,877	14,094,920
Short-term provisions .....	2.7	9,516	17,165
		<u>21,251,063</u>	<u>22,817,742</u>
<b>Total</b>		<u><u>54,230,443</u></u>	<u><u>61,799,013</u></u>
<b>ASSETS</b>			
<b>Non current assets</b>			
Fixed assets			
- Tangible assets .....	2.8	971,678	1,440,497
- Intangible assets .....	2.8	458,837	512,492
Non current investments .....	2.9	51,099,492	51,099,492
Other non current assets .....	2.10	1,131,818	1,199,337
		<u>53,661,825</u>	<u>54,251,818</u>
<b>Current assets</b>			
Trade receivables.....	2.11	-	6,797,310
Cash and bank balances.....	2.12	84,491	131,073
Short term loan and advances.....	2.13	484,127	618,812
		<u>568,618</u>	<u>7,547,195</u>
<b>Total</b>		<u><u>54,230,443</u></u>	<u><u>61,799,013</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 **Navitha & Associates**for **Spacenet Enterprises India Limited**

Chartered Accountants

Firm Registration No:012026S

**C.A Navitha K***Proprietor*

Membership No: 221085

**T. Suresh***Executive Director*

DIN : 00952079

**P. Parthasarathi***Director*

DIN: 00004936

**Y. Ramesh***Director*

DIN : 02549429

Place : Hyderabad

Date : 30 May 2016

## Statement of profit and loss for the year ended 31 March 2016

(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 2016</u>	<u>For the year ended 31 March 2015</u>
<b>Revenue</b>			
Income from operations .....	2.14	7,440,975	33,670,060
Other income .....	2.15	327,947	979,181
<b>Total revenue</b> .....		<b>7,768,922</b>	<b>34,649,241</b>
<b>Expenses</b>			
Operating expenses .....	2.16	8,527,641	11,530,177
Employee benefits expense .....	2.17	9,089,424	15,779,230
Finance costs .....	2.18	6,546,669	6,230,780
Depreciation and amortisation expense .....	2.8	522,474	510,162
<b>Total expenses</b> .....		<b>24,686,208</b>	<b>34,050,349</b>
<b>Profit/ (Loss) before extraordinary items and tax</b>		<b>(16,917,286)</b>	<b>598,892</b>
Extraordinary items .....		-	-
<b>Profit/ (Loss) before tax</b> .....		<b>(16,917,286)</b>	<b>598,892</b>
<b>Tax expense</b>			
- Current tax .....		-	-
- Deferred tax .....		-	-
<b>Profit/ (Loss) for the year</b> .....		<b>(16,917,286)</b>	<b>598,892</b>
<b>Earnings per share - par value ` 10 per share</b>			
Basic .....	2.25	(0.35)	0.02
Diluted .....		(0.35)	0.02

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 **Navitha & Associates**  
Chartered Accountants  
Firm Registration No:012026S

for **Spacenet Enterprises India Limited**

**C.A Navitha K**  
Proprietor  
Membership No: 221085

**T. Suresh**  
Executive Director  
DIN : 00952079

**P. Parthasarathi**  
Director  
DIN: 00004936

**Y. Ramesh**  
Director  
DIN : 02549429

Place : Hyderabad  
Date : 30 May 2016

**Cash flow statement for the year ended 31 March 2016***(All amounts in Indian Rupees, except share data and where otherwise stated)*

<u>Particulars</u>	<u>For the year ended 31 March 2016</u>	<u>For the year ended 31 March 2015</u>
<b>I. Cash flows from operating activities:</b>		
Net profit/(loss) before taxation:.....	(16,917,286)	598,892
<i>Adjustments for operating activities:</i>		
Depreciation and amortisation .....	522,474	510,162
Baddebts written off .....	-	84,191
Finance costs .....	6,546,669	6,230,780
Operating profit before working capital changes .....	<b>(9,848,143)</b>	<b>7,424,025</b>
Adjustments for		
Decrease/(increase) in trade receivables .....	6,797,308	(5,081,313)
Decrease/(increase) in loans and advances and other assets ..	202,204	476,554
Increase/(decrease) in provisions .....	(240,538)	36,094
Increase/(decrease) in trade payables and current liabilities ..	(1,559,028)	4,883,717
<b>Cash generated from operations .....</b>	<b>(4,648,197)</b>	<b>7,739,077</b>
Income taxes paid .....	-	-
<b>Net cash flow from operating activities (A) .....</b>	<b>(4,648,197)</b>	<b>7,739,077</b>
<b>II. Cash flows from investing activities</b>		
Purchase of Fixed Assets .....	-	(701,095)
<b>Net cash flow used in investing activities (B) .....</b>	<b>-</b>	<b>(701,095)</b>
<b>III. Cash flows from financing activities</b>		
Proceeds from intercorporate deposit, net .....	11,148,284	(1,776,498)
Interest paid .....	(6,546,669)	(6,230,780)
<b>Net cash used in financing activities (C) .....</b>	<b>4,601,615</b>	<b>(8,007,278)</b>
<b>Net increase in cash and cash equivalents (A+B+C) .....</b>	<b>(46,582)</b>	<b>(969,296)</b>
Cash and cash equivalents at the beginning of the year .....	131,073	1,100,369
<b>Cash and cash equivalents at the end of the year (refer note: 2.12) .....</b>	<b>84,491</b>	<b>131,073</b>

As per our report of even date attached  
for **Navitha & Associates**  
Chartered Accountants  
Firm Registration No:012026S

for **Spacenet Enterprises India Limited**

**C.A Navitha K**  
*Proprietor*  
Membership No: 221085

**T. Suresh**  
*Executive Director*  
DIN : 00952079

**P. Parthasarathi**  
*Director*  
DIN: 00004936

**Y. Ramesh**  
*Director*  
DIN : 02549429

Place : Hyderabad  
Date : 30 May 2016

## Note 1: Significant accounting policies

### Background and overview

Spacenet Enterprises India Limited (“the Company”) was incorporated as Northgate Com Tech Private Limited on 28 May 2010. The name of the Company was subsequently changed to Spacenet Enterprises India Limited on 23 November, 2015 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.

The Following are the Subsidiaries:

Name of the Company	Country of incorporation	Percentage of Holding as at	
		31 March 2016	31 March 2015
<b>Subsidiaries (held directly)</b>			
Northgate Investments Pte Limited	Singapore	100%	100%
Adgog UK Limited	United Kingdom	100%	100%
<b>Subsidiaries (held indirectly)</b>			
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 are prepared in accordance with the Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis. GAAP comprises mandatory Accounting Standards specified under Section 133 of the Companies Act, 2013 (“the 2013 Act”) read with Rule 7 of the Companies (Accounts) Rules, 2014 the provisions of the Act ( to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to the existing accounting standard requires a change in the accounting policy hitherto in use.

#### (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.



**1 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 the 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.

## 1 Significant accounting policies (continued)

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 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.

**1 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 realisation of such assets. Deferred tax assets are reviewed at each balance sheet date and written-

## **1 Significant accounting policies (continued)**

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)*

<u>Particulars</u>	<u>As at 31 March 2016</u>	<u>As at 31 March 2015</u>
<b>2.1 Share capital</b>		
<i>Authorised</i>		
<b>Equity shares</b>		
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 2016</u>		<u>As at 31 March 2015</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>

## 2 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 2016		As at 31 March 2015	
	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
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 2016	As at 31 March 2015
<b>2.2 Reserves and Surplus</b>		
General reserve account .....	120,682,325	120,682,325
<b>Balance in statement of profit and loss</b>		
Balance at the end of beginning of the year .....	(660,561,463)	(660,987,177)
Add: Transitional Provision.....	-	(173,178)
Add: Profit/ ( Loss) for the year transferred from statement of profit and loss .....	(16,917,286)	598,892
Balance at the end of the year	<u>(677,478,749)</u>	<u>(660,561,463)</u>
<b>Total</b> .....	<u>(556,796,424)</u>	<u>(539,879,138)</u>
<b>2.3 Long-term provision</b>		
<b>Provision for employee benefits</b>		
Compensated absences .....	14,730	41,347
Gratuity .....	220,078	426,350
	<u>234,808</u>	<u>467,697</u>
<b>2.4 Long-term borrowing</b>		
<b>Secured loans</b>		
Vehicle loan from HDFC Bank .....	56,446	261,686
<b>Un-secured loans</b>		
Inter corporate deposit from related party .....	79,395,650	87,945,126
Unsecured loan from Directors .....	19,903,000	-
	<u>99,355,096</u>	<u>88,206,812</u>

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

<b>Particulars</b>	<b>As at 31 March 2016</b>	<b>As at 31 March 2015</b>
<b>2.5 Trade payables</b>		
Trade payables		
- Amounts due to Micro, Small and Medium Enterprises (Refer note : 2.29) .....	-	-
- Others .....	1,369,670	8,705,657
	<b><u>1,369,670</u></b>	<b><u>8,705,657</u></b>
<b>2.6 Other current liabilities</b>		
Provision for expenses .....	125,987	94,965
Employee payables .....	402,802	998,261
Statutory dues including provident fund .....	1,275,540	892,774
Advance from customers .....	18,067,548	12,108,920
	<b><u>19,871,877</u></b>	<b><u>14,094,920</u></b>
<b>2.7 Short term provisions</b>		
<b>Provision for employee benefits</b>		
Compensated absences .....	5,482	12,902
Gratuity .....	4,034	4,263
	<b><u>9,516</u></b>	<b><u>17,165</u></b>

## 2 Notes on accounts (continued)

### 2.8 Fixed assets

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

Particulars	Gross Block			Depreciation/Amortisation				Net Block		
	As at April 1, 2015	Additions during the year	Deletions during the year	As at March 31, 2016	As at April 1, 2015	Charges for the year	Difference of Revised Companies Act	On Deletions	As at March 31, 2016	As at March 31, 2015
Tangible Assets										
Computers and related assets	3,109,064	-	-	3,109,064	2,765,930	200,017	-	-	2,965,947	143,117
Furniture and fixtures	435,000	-	-	435,000	315,235	43,619	-	-	358,854	76,146
Vehicles	1,035,955	-	-	1,035,955	509,727	95,391	-	-	605,118	430,837
Office equipment	688,085	-	-	688,085	236,715	129,792	-	-	366,507	321,578
<b>Total</b>	<b>5,268,104</b>	<b>-</b>	<b>-</b>	<b>5,268,104</b>	<b>3,827,607</b>	<b>468,819</b>	<b>-</b>	<b>-</b>	<b>4,296,426</b>	<b>971,678</b>
Previous year	5,102,076	166,028	-	5,268,104	3,166,842	487,587	173,178	-	3,827,607	1,440,497
<b>Intangible Assets (Owned)</b>										
Computer Software	535,067	-	-	535,067	22,575	53,655	-	-	76,230	458,837
Total	535,067	-	-	535,067	22,575	53,655	-	-	76,230	458,837
Previous year	-	535,067	-	535,067	-	22,575	-	-	22,575	512,492
<b>Grand Total</b>	<b>5,803,171</b>	<b>-</b>	<b>-</b>	<b>5,803,171</b>	<b>3,850,182</b>	<b>522,474</b>	<b>-</b>	<b>-</b>	<b>4,372,656</b>	<b>1,430,515</b>
Previous year	5,102,076	701,095	-	5,803,171	3,166,842	510,162	173,178	-	3,850,182	1,952,989
										1,935,234



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

	As at 31 March 2016	As at 31 March 2015
<b>2.9 Non-trade, long term investments (unquoted)</b>		
<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, at cost .....	4,135,200	4,135,200
	<u>4,266,256,461</u>	<u>4,266,256,461</u>
Less: Provision for diminution in value of long term investment .....	--	(4,215,156,969)
Less Long Term investments written off .....	(4,215,156,969)	--
	<u><b>51,099,492</b></u>	<u><b>51,099,492</b></u>
<b>2.10 Other non current assets</b>		
<i>Unsecured, considered good</i>		
<b>Other loans and advances</b>		
Rental deposits .....	1,040,000	1,040,000
Telephone deposits .....	28,800	28,800
Other deposits .....	2,000	2,000
Prepaid expenses .....	7,018	128,537
Other receivables .....	54,000	-
	<u><b>1,131,818</b></u>	<u><b>1,199,337</b></u>
<b>2.11 Trade receivables</b>		
<i>Unsecured, considered good</i>		
Debts outstanding for period exceeding six months from the date they become due .....	-	-
Others .....	-	6,797,310
	<u>-</u>	<u><b>6,797,310</b></u>
<b>2.12 Cash and bank balances</b>		
<b>Cash and cash equivalents</b>		
Cash on hand .....	265	28,640
Balance with banks in current accounts .....	84,226	102,433
	<u><b>84,491</b></u>	<u><b>131,073</b></u>
<b>2.13 Short term loan and advances</b>		
<i>Unsecured, considered good</i>	-	-
<b>Others</b>		
Advance tax (TDS receivable, net).....	272,627	272,627
Other advance.....	211,500	346,185
	<u><b>484,127</b></u>	<u><b>618,812</b></u>

## 2 Notes on accounts (continued)

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

	<b>For the year ended 31 March 2016</b>	<b>For the year ended 31 March 2015</b>
<b>2.14 Income from operations</b>		
Income from Information Technology Services .....	7,440,975	33,670,060
	<b><u>7,440,975</u></b>	<b><u>33,670,060</u></b>
<b>2.15 Other income</b>		
Foreign exchange gain, net .....	46,456	-
Interest on tax refund .....	-	29,429
Misc Income .....	281,491	949,752
	<b><u>327,947</u></b>	<b><u>979,181</u></b>
<b>2.16 Operating expenses</b>		
Communication expenses .....	874,940	934,693
Power and fuel .....	1,333,687	1,479,438
Rent .....	3,216,000	3,563,360
Repairs and maintenance .....	373,836	741,744
Rates and taxes, excluding, taxes on income .....	781,006	870,347
Interest on TDS .....	5,070	365,284
Insurance charges .....	20,889	19,587
Traveling and conveyance .....	57,896	191,263
Legal and professional fees .....	680,584	717,119
Content creation charges .....	28,333	1,420,000
Advertisement charges .....	105,583	62,014
Bank charges .....	8,767	17,163
Subscriptions .....	5,046	17,114
Printing and stationery .....	69,974	134,270
Bad debtors written off .....	-	84,191
Foreign exchange loss, net .....	-	136,968
Miscellaneous expenses .....	966,030	775,622
	<b><u>8,527,641</u></b>	<b><u>11,530,177</u></b>
<b>2.17 Employee benefits expense</b>		
Salaries .....	8,422,152	14,528,147
Contribution to provident fund and other funds .....	249,839	627,672
Staff welfare expenses .....	417,433	623,411
	<b><u>9,089,424</u></b>	<b><u>15,779,230</u></b>
<b>2.18 Finance cost</b>		
Interest on inter-corporate deposit	6,520,261	6,175,054
Interest on Hypothication of vehicile loan	26,408	55,726
	<b><u>6,546,669</u></b>	<b><u>6,230,780</u></b>

**2 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 2016</u>	<u>As at 31 March 2015</u>
The Company has received an income tax assessment order for the financial year 2011-12 and 2012-13 wherein demands have 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.	3,880,810	2,971,230

**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 ` 32,16,000 (Previous year: ` 3,563,360) 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 2016</u>	<u>For the year ended 31 March 2015</u>
Revenues from Information Technology Services .....	7,440,975	33,670,060
	<u>7,440,975</u>	<u>33,670,060</u>

**2.23 Expenditure in foreign currency (on accrual basis)**

<u>Particulars</u>	<u>For the year ended 31 March 2016</u>	<u>For the year ended 31 March 2015</u>
Expenditure in foreign currency .....	--	--

## 2 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>	<u>For the year ended 31 March 2016</u>	<u>For the year ended 31 March 2015</u>
Statutory audit fees .....	80,000	80,000
Other services .....	20,000	20,000
Out of pocket expenses .....	-	-
<b>Total</b> .....	<b><u>100,000</u></b>	<b><u>100,000</u></b>

### 2.25 Earnings per share (EPS)

The computation of earnings per share is set out below:

<u>Particulars</u>	<u>For the year ended 31 March 2016</u>	<u>For the year ended 31 March 2015</u>
<i>Earnings ( in ` )</i>		
Profit/ (Loss) for the year .....	(16,917,286)	598,892
<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 .....	<u>49,018,590</u>	<u>49,018,590</u>
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
<i>Earnings per share ( in ` )</i>		
- Basic .....	(0.35)	0.02
- Diluted .....	(0.35)	0.02

### 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. Hence, the requirement for separate disclosure as required under AS 17 - 'Segment Reporting' is not applicable.

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

**Step-down subsidiaries**

i. Globe7 Pte Limited

ii. Social Media India Limited

iii. Globe7 HK Limited

**C) Key Managerial Personnel**

i. T. Suresh - Executive Director

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

<u>Particulars</u>	<u>For the year ended 31 March 2016</u>	<u>For the year ended 31 March 2015</u>
<b>Revenue from information Technology Services to subsidiary</b>		
• Globe7 Pte Limited.....	7,440,975	33,670,060
<b>Inter corporate deposit ('ICD') taken from step down subsidiary</b>		
• Social Media India Limited . . . . .	.196,000	.655,674
<b>Repayment of ICD to step down subsidiary</b>		
• Social Media India Limited . . . . .	15,265,737	8,431,304
<b>Interest accrued on loan taken</b>		
• Social Media India Limited . . . . .	.6,520,261	6,175,054
<b>Loan taken from</b>		
• Venkata Srinivas Meenavalli .....	1,920,3000	--
• P. Srinivasu .....	700,000	--

## 2 Notes on accounts (continued)

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

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

<u>Particulars</u>	<u>As at 31 March 2016</u>	<u>As at 31 March 2015</u>
<b>Trade receivables</b>		
• Globe7 Pte Limited.....	-	6,797,310
<b>Long-term borrowing</b>		
• Social Media India Limited .....	79,395,650	87,945,126
<b>Investments (Gross)</b>		
• Northgate Investments Pte Limited	4,262,121,261	4,262,121,261
• Adgog UK Limited	4,135,200	4,135,200
<b>Loan taken from</b>		
• Venkata Srinivas Meenavalli .....	19,203,000	--
• P. Srinivasu .....	700,000	--

### 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 2016</u>	<u>As at 31 March 2015</u>
<b>Obligations at the beginning of the year</b>		
Present value of obligation as at the beginning of the year	430,613	401,877
Service cost .....	32,262	89,138
Interest cost .....	34,449	32,150
Benefits settled .....	-	-
Actuarial (gain)/loss .....	(273,212)	(92,552)
<b>Obligations at the end of the year .....</b>	<b>224,112</b>	<b>430,613</b>
<b>Change in plan assets</b>		
Plan assets at the beginning of the year, at fair value,	1,644,894	1,509,077
Actuarial gain/(loss) .....	-	-
Expected return on plan assets .....	137,349	135,817
Contributions .....	-	-
Benefits settled .....	-	-
<b>Plan assets at the end of the year, at fair value .....</b>	<b>1,782,243</b>	<b>1,644,894</b>

**2 Notes on accounts** (continued)*(All amounts in Indian Rupees, except share data and where otherwise stated)***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 .....	224,112	430,613
Fair value of the plan assets at the end of the year .....	1,782,243	1,644,894
<b>Asset recognised in the balance sheet .....</b>	<b><u>2,006,355</u></b>	<b><u>2,075,507</u></b>

**Gratuity cost for the year**

Service cost .....	32,262	89,138
Interest cost .....	34,449	32,150
Expected return on plan assets .....	(137,349)	(135,817)
Actuarial loss/(gain) .....	(273,212)	(92,552)
<b>Net gratuity cost .....</b>	<b><u>(343,850)</u></b>	<b><u>(107,081)</u></b>

**Assumptions**

Interest rate .....	9%	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 Notes on accounts (continued)

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

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

<u>Particulars</u>	As at	As at	As at	As at
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
	(Amount in \$)	(Amount in \$)	(Amount in `)	(Amount in `)
Trade receivables	-	109,044	-	6,797,310

### 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 2016, 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.

### 2.32 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 **Navitha & Associates**  
Chartered Accountants  
Firm Registration No:012026S

for **Spacenet Enterprises India Limited**

**C.A Navitha K**  
Proprietor  
Membership No: 221085

**T. Suresh**  
Executive Director  
DIN : 00952079

**P. Parthasarathi**  
Director  
DIN: 00004936

**Y. Ramesh**  
Director  
DIN : 02549429

Place : Hyderabad  
Date : 30 May 2016







**Spacenet Enterprises India Limited**

(formerly Northgate Com Tech Limited)

**Registered Office:** Flat No. 302, Lotus Block, Block-B, Sandy Springs, Manikonda, Ranga Reddy Dist.,  
Hyderabad - 500 089, Telangana, INDIA. **CIN:** L72200TG2010PLC068624 www.spacenetent.com

**PROXY FORM MGT 11**

(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 Spacenet Enterprises India 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, 2016 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. Re-Appointment of Ms. P Naazneen who retires by rotation		
3. Appointment of Auditors		
4. Appointment of Mr. Suresh Tammineedi (DIN:00952079) who retires by rotation		
5. Appointment of Mr. Seetharama Rao Atluri as an Independent Director		
6. Appointment of Mr. Suresh Tammineedi (DIN:00952079) as Executive Director		
7. Re-Classification of Promoter Group to Public		

Signed this ..... day of ..... 2016

Signature of Shareholder

Revenue  
Stamp

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.

**Spacenet Enterprises India Limited**

(formerly Northgate Com Tech Limited)

**Registered Office:** Flat No. 302, Lotus Block, Block-B, Sandy Springs, Manikonda, Ranga Reddy Dist., Hyderabad - 500 089, Telangana, INDIA. **CIN:** L72200TG2010PLC068624 www.spacenetent.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, 2016 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 :*



Flat No. 302, Lotus Block, Block-B, Sandy Springs, Manikonda,  
Ranga Reddy Dist., Hyderabad - 500 089, Telangana, INDIA.

Tel: +91 40 2354 8353, Fax:+91 40 2354 8537

**CIN:** L72200TG2010PLC068624, **URL:** [www.spacenetent.com](http://www.spacenetent.com)