

**SpaceNet**  
Enterprises India Limited

**8<sup>TH</sup>  
ANNUAL  
REPORT**

**2017-18**

**Spacenet Enterprises India Limited**

**BOARD OF DIRECTORS**

**Name**

1. Mr. Srinivasa Rao Tatipaka
2. Mr. Seetharama Rao Atluri
3. Mr. Satya Srikanth Karaturi
4. Mr. Gunturu Narasimha Rao
5. Mr. Nekkanti Venkata Krishnayya
6. Ms. Renduchintala Padmavathi

**Designation**

- Executive & Whole Time Director  
Non Executive Independent Director  
Non Executive Director  
Non Executive Independent Director  
Non Executive Independent Director  
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: 08413485046, 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 Gorantla & Co.,  
Chartered Accountants  
Off: H.No. 6-3-664, Prestige Rai Tower  
Hyderabad - 500 01

**SECRETARIAL AUDITORS**

M/s Kota & Associates (Formerly known as 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**

Plot No.29, Kavuri Hills, Madhapur  
Hyderabad - 500 033.

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## **NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the 8th Annual General Meeting of the Members of Spacenet Enterprises India Limited (formerly Northgate Com Tech Limited) will be held Friday of 28th September, 2018 at 3.30 P.M. at Senior Citizen Hall 2nd Floor, Beside S.R.K Raju community hall, Madhuram Nagar, Hyderabad 500038 Telangana to transact the following business:

### **ORDINARY BUSINESS**

#### **1. Adoption of Financial Statements**

To receive, consider and adopt the audited Balance Sheet as at March 31, 2018 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. Re-Appointment of Director**

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

#### **3. Appointment Statutory Auditors:**

Pursuant to the provision of section 139 and other applicable provision, if any, of the Company Act, 2013 read with Rule made there under, The statutory Auditors, M/s Navitha and Associates, chartered Accountants, Hyderabad, having firm registration No. 012026S allotted by The Institute of Chartered Accountants of India (ICAI) be and are hereby appointed as the Auditors of the company. M/s Navitha and associates, chartered Accountants, has been appointed as the statutory Auditors at the last Annual General Meeting for a period of three (3) years till the conclusion of 10th Annual general Meeting in the calendar year of 2020. As per the companies Amendment Act 2017, Ratification by members is not required and hence only the information with regard to continuity of auditor is mentioned.

**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.

Srinivasa Rao Tatipaka  
Wholetime Director  
(DIN No. 02449906)

Date: 28th August, 2018

## NOTES

1. The Statement pursuant to Section 102(1) of the Companies Act, 2013 in respect of the Special Business is annexed hereto.
  2. PROXIES
    - a. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES (WHETHER MEMBER OR NOT) TO ATTEND AND VOTE INSTEAD OF HIMSELF OR HERSELF AND A PROXY SO APPOINTED NEED NOT BE A MEMBER OF THE COMPANY.
    - b. A person can act as a proxy on behalf of members not exceeding 50 and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the company carrying voting rights, then such proxy shall not act as proxy for any other person or shareholder.
    - c. Members' voting rights shall be in proportion to his/her share of paid up equity share capital of the Company
    - d. This notice ("AGM Notice") is being sent to all the members, whose names appear in the Register of Members as on 31 August, 2018.
    - e. Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board resolution authorizing their representative to attend and vote on their behalf at the meeting.
    - f. Members desirous of asking any questions at the General Meeting are requested to send their questions so as to reach the Company Registered office at least Seven (7) days before the General Meeting so that the same can be suitably replied to.
    - g. Members/Proxies are requested to bring their attendance slip, sent herewith, duly filled in, for attending the meeting.
    - h. Proxy forms in order to be effective, must be deposited at the Registered Office of the Company, not later than 48 hours before the time fixed for the meeting.
    - i. Pursuant to Section 103 of the Companies Act, 2013 at least Thirty (30) members should be personally present to form quorum for a meeting of the Company
    - j. Members who have registered their e-mail Id for the receipt of documents in electronic mode are being sent AGM Notice by e-mail and others are sent by the permitted mode. Members who have received AGM Notice by e-mail and wish to vote physically can do the same by remaining present in the meeting.
    - k. Documents specifically stated in the explanatory statement are open for inspection at the Registered office of the Company between 10:00 a.m. to 01:00 p.m. on all working days (except Saturdays, Sundays and public holidays) up to the date of AGM.
  1. The Company has notified closure of Register of Members and Share Transfer Books from 25th September, 2018 to 28 th September, 2018 (both days inclusive).
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- 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 28<sup>th</sup> September, 2018.
- n. The voting through an electronic means will commence on 25<sup>th</sup> September, 2018 at 9:00 a.m. and will end on 27<sup>th</sup> September, 2018 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. Gorantla & Co, Chartered Accountants (FRN:016943S) 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 25<sup>th</sup> September, 2018 at 09.00 a.m. and ends on 27<sup>th</sup> September, 2018 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 21<sup>st</sup> September, 2018 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.

- (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 25 September, 2018 at 9:00 a.m. and will end on 27 September, 2018 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 21 September, 2018 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@spacenetent.com](mailto:info@spacenetent.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 evoting. 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 29th September, 2018. 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 29th September, 2018.

**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.

Srinivasa Rao Tatipaka  
Wholetime Director  
(DIN No. 02449906)

Date: 28th August, 2018

## DIRECTORS REPORT

### To The Members of SPACENET ENTERPRISES INDIA LIMITED

Your Directors have pleasure in presenting the Eighth Annual Report together with the Audited Accounts for the year ended 31st March, 2018.

#### Financial Highlights: (In Lakhs)

Particulars	Consolidated	
	For the Year ended March 31st 2018	For the Year ended March 31st 2017
<b>Revenue:</b>		
Revenue from Operations	50.25	145.42
Other income	560.64	27.35
Total Revenue	610.89	172.77
<b>EXPENDITURE:</b>		
Operating Expenses	1.05	32.46
Employee benefits expense	61.08	180.25
Finance costs	22.10	23.71
Depreciation expense	2.00	8.09
Other expenses	31.33	275.61
<b>Total</b>	<b>117.56</b>	<b>520.12</b>
Profit/(Loss) Before Extraordinary items and Tax	<b>493.33</b>	<b>(347.35)</b>
Extraordinary items	-	-
Profit/(Loss) After Extraordinary items	<b>493.33</b>	<b>(347.35)</b>
Less: Tax Expense	-	2.64
Profit/(Loss) After Tax and before extra ordinary items	<b>493.33</b>	<b>(349.99)</b>
Extraordinary items	-	-
Net Profit /(loss) after Extra-ordinary items	<b>493.33</b>	<b>(349.99)</b>
Other Comprehensive Income		
a) Item that will not be classified to profit or loss:	-	-
b) Items that will be classified to profit or loss:	(1.91)	36.32
Total comprehensive income for the year	<b>491.42</b>	<b>(313.67)</b>
Earnings per share (Before Extra-Ordinary Items)		
– Basic	1.01	(0.71)
–Diluted	1.01	(0.71)
Earnings / (Loss) per share (After Extra-Ordinary Items)		
– Basic	1.01	(0.71)
– Diluted	1.01	(0.71)

#### REVIEW OF OPERATIONS:

For the financial year ended March 31, 2018, your Company had reported total income of ₹50.25 lakhs as against ₹145.42 lakhs during the previous financial year on consolidated basis. The Company incurred a consolidated Net Profit of ₹493.33 lakhs as against net loss of (₹349.99) lakhs during the previous financial year.

#### DIVIDEND:

Due to lack of profits the company has not declared any dividend.

**BORROWINGS:**

Please Refer Note No. 2.4 of the notes on accounts (Financial statements) indebtedness in this Report.

**DIRECTORS:**

In accordance with Sections 149, 150, 152 & other applicable provisions if any, of the Companies Act, 2013 Mr. Srinivasa Rao Tatipaka (DIN : 02449906) Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. No change in the composition of the board.

**AUDITORS:****Statutory Auditors:**

Pursuant to the provision of section 139 and other applicable provision, if any, of the Company Act, 2013 read with Rule made there under, The statutory Auditors, M/s Navitha and associates, chartered Accountants, has been appointed as the statutory Auditors at the last Annual General Meeting for a period of three (3) years till the conclusion of 10th Annual general Meeting in the calendar year of 2020. As per the companies Amendment Act 2017, Ratification by members is not required and hence only the information with regard to continuity of auditor is mentioned.

**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 & 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. Gorantla & 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.spacenetent.com](http://www.spacenetent.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 34(3) and 53(f) of the SEBI (LODR) Regulations 2015. 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.

#### **SUBSIDIARIES**

During the year Social Media India Limited & Adgog UK Limited which are subsidiaries of the company were sold out with effect from 23.3.2018. the details of the other subsidiaries are as per AOC-1 attached herewith.

#### **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 2018-19 has already been paid to the NSE.

#### **CORPORATE GOVERNANCE:**

In accordance with SEBI (LODR) Regulations 2015 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)© of the Companies Act, 2013, your Directors confirm that:

- a. in the preparation of the Annual Accounts, the applicable accounting standards have been followed and no material departures have been made from the same;
- b. 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;
- c. 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;

- d. the directors have prepared the annual accounts on a going concern basis;
- e. 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
- f. the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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

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

**Foreign Exchange Earnings and Outgo:**

Particulars	For the Year ended March 31	
	2018	2017
Foreign Exchange Earnings	-	74.41
Foreign Exchange outgo	-	-

**EXTRACT OF ANNUAL RETURN:**

The details forming part of the extract of the Annual Return in form MGT 9 is annexed herewith as “Annexure 2”.

**ACKNOWLEDGEMENTS:**

Your Directors thanks 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 SPACENET ENTERPRISES INDIA LIMITED**

**Srinivasa Rao Tatipaka**  
Whole Time Director & CEO  
(DIN No. 02449906)

Place : Hyderabad  
Date : 28th August, 2018

### Secretarial Audit Report

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014)]  
**FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2018**

To  
The Members of  
**M/s. SPACENET ENTERPRISES INDIA LIMITED,**  
CIN: L72200TG2010PLC068624  
Hyderabad.

Dear Sirs,

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. 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 my opinion thereon.

Based on our verification of the Company's 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, 2018, complied to some extent 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 the Company for the financial year ended on 31st March, 2018 as per the Annexure to this secretarial audit report, according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 (SCRA) and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. 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;
- v. The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act) viz.,
  - (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 Companies Act and Share Transfer Agents) Regulations, 1993 regarding the companies Act, and dealing with client; We have also examined the compliances with the applicable clauses of the following:
- i. Secretarial Standards issued by the Institute of company Secretaries of India.
  - ii. The Listing Agreements entered into by the Company with the National Stock Exchange of India Limited/the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

During the financial year under review the Company has complied with the provisions of the Acts , to the extent applicable and the Rules, Regulations, Guidelines, etc., mentioned above subject to our observations as per annexure-II, herewith:

We further report, subject to our observations in annexure that

- i. 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. However, no Company Secretary and Chief Financial Officer have been appointed for this Company.
- ii. 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.
- iii. Majority decision is carried through while the dissenting members' views if any 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. However, need more focus for good governance.

We further report that the company, during the year under review, has

- received letter from NSE to inform the events with sufficient time for the events against the decision of sale of subsidiaries (Social Media India Limited and the Adgog UK Ltd) The company replied.
- Also received an advise letter from the Stock exchange to present this letter in next board meeting and inform the board views on this.

We have relied on the information supplied and representation made by the Company and its officers for systems and mechanism followed by the Company for compliance under the applicable Acts, Laws and Regulations to the Company.

For KOTA & ASSOCIATES,  
Company Secretaries,

KOTA SRINIVAS  
ACS: 34206  
CP: 14300

Place: Hyderabad  
Date: 27.08.2018

This Report is to be read with our letter of even date which is annexed as Annexure -I and forms an integral part of this Report.

**ANNEXURE-I**

(to the Secretarial Report of M/s. SPACENET ENTERPRISES INDIA Limited  
for the FY 2017-18)

To  
The Members of the  
M/s. SPACENET ENTERPRISES INDIA LIMITED  
CIN: L72200TG2010PLC068624  
Hyderabad.

Dear Sirs,

Sub: Annexure – I to the Secretarial Audit Report to your Company for the FY 2017-18.

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 the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company

For KOTA & ASSOCIATES,  
Company Secretaries,

KOTASRINVIAS  
ACS: 34206  
CP: 14300

Place: Hyderabad  
Dated: 27.08.2018



**FORM MGT - 9**

Annexure-2

**EXTRACT OF ANNUAL RETURN**

(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 31.03.2018**

**I. REGISTRATION AND OTHER DETAILS:**

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, Hyderabad, Telangana - 500089 India.
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.

Sl.No.	Name and Description of main products/services	NIC Code of the Product/service	% tototal turnover of the company
1.	IT & ITES – Online Advertising	6312	100

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES-**

Sl.No.	Name and Address of the Company	CIN/GLN	Holding /Subsidiary /Associate	% of shares held	Applicable Section
1.	Globe 7 Pte Ltd	Overseas subsidiary	Subsidiary	100	2(87)
2.	Northgate Investments Pte Ltd	Overseas subsidiary	Subsidiary	100	2(87)
3..	Globe 7 HK Ltd	Overseas subsidiary	Subsidiary	100	2(87)

Note: Social Media India Limited & Adgog UK Limited subsidiaries of the company were sold out with effect from 23.3.2018.

**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 (01.04.2017)				No. of Shares held at the end of the year (31.03.2018)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>1) Indian</b>									
a) Individual/HUF	10061316	-	10061316	20.53	6636198	-	6636198	13.54	-6.99
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any Others	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (1)</b>	<b>10061316</b>	<b>-</b>	<b>10061316</b>	<b>20.53</b>	<b>6636198</b>	<b>-</b>	<b>6636198</b>	<b>13.54</b>	<b>-6.99</b>
<b>(2) Foreign</b>									
a) NRI -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>10061316</b>	<b>-</b>	<b>10061316</b>	<b>20.53</b>	<b>6636198</b>	<b>-</b>	<b>6636198</b>	<b>13.54</b>	<b>-6.99</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Venture Capital Funds	-	-	-	-	-	-	-	-	-
c) Alternate investment Funds	-	-	-	-	-	-	-	-	-
d) Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
e) Foreign Portfolio Investors	-	-	-	-	-	-	-	-	-
f) Financial Institutions/Banks									
g) Insurance Companies	-	-	-	-	-	-	-	-	-
h) Provident Funds									
i) Others (specify)									
a) Cresta Fund Limited	4348906		4348906	8.87					-8.87
ii) Marshal Global Capital Fund Limited	956000		956000	1.95					-1.95
iii) Albul Investment Fund Limited	2832492		2832492	5.78	2832492	-	2832492	5.78	-
<b>Sub-total (B)(1)</b>	<b>8137398</b>	<b>-</b>	<b>8,137,398</b>	<b>16.60</b>	<b>2832492</b>	<b>-</b>	<b>2832492</b>	<b>5.78</b>	<b>-10.82</b>
<b>2. Central Government State</b>									
<b>Sub-total (B)(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Category of Shareholders	No. of Shares held at the beginning of the year (01.04.2017)				No. of Shares held at the end of the year (31.03.2018)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>3. Non Institutions</b>									
(a) Individuals									
Palacharla Padmavathi	497000	-	497,000	1.01	-	-	-	-	-1.01
(B) NBFCs Registered with RBI	-	-	-	-	-	-	-	-	-
(c) Employee Trust	-	-	-	-	-	-	-	-	-
(d) Overseas Depositors (holding Drs) (balancing figure)	-	-	-	-	-	-	-	-	-
(e) Any Other									
i) Individual shareholders holding nominal share capital upto Rs.2 lakhs	23529218	24826	23,554,044	48.05	25247065	26601	25273666	51.56	3.51
ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakh	2840585	-	2840585	5.79	9566406	-	9566406	19.52	13.73
Non Resident Indian	536973	-	536973	1.10	531884	-	531884	1.09	-0.01
Body Corporate	3858881	-	3858881	7.87	4177394	-	4177394	8.52	0.65
Clearing Members	29393	-	29393	0.06	550	-	550	0.00	-0.06
iii) Any Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total(B)(3)</b>	<b>30795050</b>	<b>24826</b>	<b>30819876</b>	<b>62.87</b>	<b>39523299</b>	<b>26601</b>	<b>39549900</b>	<b>80.68</b>	<b>17.81</b>
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)+B(3)</b>	<b>38932448</b>	<b>24826</b>	<b>38957274</b>	<b>79.74</b>	<b>42355791</b>	<b>26601</b>	<b>42382392</b>	<b>86.46</b>	<b>6.72</b>
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
<b>Total (A+B+C)</b>	<b>48993764</b>	<b>24826</b>	<b>49018590</b>	<b>100.00</b>	<b>48991989</b>	<b>26601</b>	<b>49018590</b>	<b>100</b>	<b>0.00</b>

## ii. Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Meenavalli Venkata Srinivas	3254586	6.64	-	3254586	6.64	-	-
2	Meenavalli Usha Rani	3226360	6.58	-	3226360	6.58	-	-
3.	Uma Kunareddy	842652	1.72	-	-	-	-	-
4.	Naimi Kunareddy	756266	1.54	-	-	-	-	-
5.	Simi Kunareddy	2312000	4.72	-	-	-	-	-
6.	Meenavalli Krishna Mohan	80786	0.16	-	80786	0.16	-	-
7.	M V Laxmi	74466	0.15	-	74466	0.15	-	-

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

Sl. 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
1.	Meenavalli Krishna Mohan	80786	0.16	80786	0.15
2.	Meenavalli Venkata Srinivas	3254586	6.64	3254586	6.64
3.	Meenavalli Usha Rani	3226360	6.58	3226360	6.58
4.	Uma Kunareddy 31.12.2016 31.03.2017	842652 62000	1.72 0.12	-	-
5.	M V Laxmi	74466	0.15	74466	0.15
6.	Simi Kunareddy 31.12.2016 31.03.2017	2195200 307000	4.48 0.62	-	-
7.	Naimi Kunareddy At the End of the year	-	-	6636198	13.54

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

Sl. No.	Shareholder	Shareholding at the beginning of the year 01-04-2017		Cumulative Shareholding during the year 31-03-2018	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	For Each of the Top 10 Shareholders				
1.	ALBULA INVESTMENT FUND LTD	2832492	-	2832492	5.78%
2.	BIRUDAVOLU SUSHEELAMMA	0	-	2668852	5.44%
3.	LUCIEN SYSTEMS PRIVATE LIMITED	0	-	950000	1.94%
4.	YASHWANTH REDDY MANDIPATI	0	-	756266	1.54%
5.	SHRI PARASRAM HOLDINGS PVT.LTD.	34845	-	658324	1.34%
6.	V V S CHALAPATHI RAO	396953	-	641940	1.31%
7.	TAMMINEEDI SURESH	176502	-	589583	1.20%
8.	VIJAYA BHASKAR APPAPURAPU	132001	-	500011	1.02%
9.	PALACHARLA PADMAVATHI	497000	-	497000	1.01%
10.	NITINKUMAR GANGARAMBHAI PATEL	429036	-	429036	0.88%

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

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	GUNTURU NARASIMHA RAO	210	0.00	210	0.00
2.	SRINIVASA RAO TATIPAKA	1600	0.00	1600	0.00
3.	SEETHARAMA RAO ATLURI	-	-	-	-
4.	SATYA SRIKANTH KARATURI	-	-	-	-
5.	NEKKANTI VENKATA KRISHNAYYA	-	-	-	-
6.	RENDUCHINTALA PADMAVATHI	-	-	-	-

**(VI) 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	-	10,11,70,468	-	10,11,70,468
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	-	<b>10,11,70,468</b>	-	<b>10,11,70,468</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition	-	4,44,98,000	-	4,44,98,000
• Reduction	-	4,80,84,811	-	4,80,84,811
<b>Net Change</b>	-	<b>(35,86,811)</b>	-	<b>(35,86,811)</b>
Indebtedness at the end of the financial year				
i. Principal Amount	-	9,75,83,657	-	9,75,83,657
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	-	<b>9,75,83,657</b>	-	<b>9,75,83,657</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**
**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
		Srinivasa Rao Tatipaka	
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:**

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount
		A. Seetharama Rao	Satya Srikanth Karaturi	Gunturu Nrsimha Rao	Renduchintala Padmavathi	Nekkanti Venkata Krishnayya	
	Independent Directors						
	• Fee for attending board committee meetings	-	-	-	-	-	
	• Commission	-	-	-	-	-	
	• Others, please specify	-	-	-	-	-	
	Total (1)	-	-	-	-	-	-
	Other Non-Executive Directors						
	• Fee for attending board committee meetings	-	-	-	-	-	
	• Commission	-	-	-	-	-	
	• Others, please specify	-	-	-	-	-	
	Total (2)	-	-	-	-	-	-
	Total = (1 + 2)						-

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/ MANAGER/WTD**

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
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	-	-	-	-

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OFFENCES: NIL**

Type	Section of the Companies Act	Brief Description	Details of Penalty /Punishment/ Compounding fee imposed	Authority RD/NCLT /Court	Appeal made if any
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. 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 the Board
Promoter and Non-Independent Director	0	0
Executive Director	1	16.66%
Non-Executive Director(s)	1	16.66%
Non-Executive and Independent Director	4	66.66%
Total	6	100

#### b) Attendance of each Director at the Board Meetings held during the year 2017-18 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. Srinivasa Rao Tatipaka	7	7	YES
2	Mr. Seetharama Rao Atluri	7	7	YES
3	Mr. Satya Srikanth Karaturi	7	3	NO
4	Mr. Gunturu Narasimha Rao	7	7	YES
5	Mr. Nekkanti Venkata Krishnayya	7	7	YES
6	Mrs. Renduchintala Padmavathi	7	6	NO

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

Name of the Director	Board@		Committee	
	Chairman	Member	Chairman	Member
Mr. Srinivasa Rao Tatipaka	NIL	NIL	NIL	NIL
Mr. Seetharama Rao Atluri	NIL	2	2	5
Mr. Satya Srikanth Karaturi	NIL	1	NIL	NIL
Mr. Gunturu Narasimha Rao	NIL	2	NIL	2
Mr. Nekkanti Venkata Krishnayya	NIL	1	2	2
Mrs. Renduchintala Padmavathi	NIL	1	NIL	NIL

@Directorships in Foreign Companies and private limited Companies are excluded

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

The Board of Directors met 7 times during the year 2017-18 on 30th May 2017; 19th June 2017; 10th August 2017; 28th August 2017; 14th November 2017; 14th February 2018; 23rd March, 2018.

### 3. AUDIT COMMITTEE

The Audit Committee was constituted in terms of Section 177 of the Companies Act, 2013 and as per the provisions of Regulation 18 of SEBI (LODR) Regulations. The Audit Committee consists of Independent Directors and provides assistance to the Board of Directors in fulfilling its overall responsibilities. The Company Secretary of the Company acts 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 Regulation 18 of SEBI (LODR) Regulation, 2015 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.
- Recommendation for appointment, remuneration and terms of appointment of auditors of the Company.
- 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 and details of meetings attended by its members are given below

Sl. No.	Name of Director	Designation in the Audit Committee	Number of Meetings during the financial year 2017-18	
			Held	Attended
1	Mr. Satya Srikanth Karaturi	Chairman	4	2
2	Mr. Gunturu Narsimha Rao	Member	4	4
3	Mr. Seetharama Rao Atluri	Member	4	4

#### iii. Meetings and Attendance during the year

During the Financial Year 2016-17, the Audit Committee met 4 times on the following dates: 30th May 2017; 10TH August 2017; 14th November 2017; 14th February 2018;.

### 4. NOMINATION AND REMUNERATION COMMITTEE

The composition of Compensation / Remuneration Committee is as follows:

Sl. No	Name of Director	Designation in the Committee
1	Mr. Satya Srikanth Karaturi	Chairman
2	Mr. Gunturu Narsimha Rao	Member
3	Mr. Seetharama Rao Atluri	Member

#### (a) Brief description of terms of reference

The terms of reference of the Nomination and Remuneration Committee, inter-alia includes 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 Shareholders/Investors' Grievance Committee is as follows

S No	Name of Director	Designation in the Committee
1	Mr. Satya Srikanth Karaturi	Chairman
2	Mr. Nekkanti Venkata Krishnayya	Member
3	Mr. Srinivasa Rao Tatipaka	Member
4	Mrs. Renduchintala Padmavathi	Member

The Investors' Grievance 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 2016-17 is as under.

No. of Investor's Complaints received during the financial year 2017-18	No. of Investor's Complaints resolved during the financial year 2017-18	Investor Complaints pending at the end of financial year 2017-18
NIL	NIL	NIL

## 6. GENERAL BODY MEETING

Details Date, Time and Venue of the Last Three Annual General Meetings of the Company

Financial year ended	Date	Venue	Time
March 31, 2017	29.09.2017	Moti Nagar Community Hall, Mothinagar X Roads, Borabanda, Hyderabad – 500 018 Telangana	03.30 P.M
March 31, 2016	30.09.2016	Kalinga Cultural Trust, Plot No.1269, Road No.12, Banjara Hills, Hyderabad-500034	02.30 P.M
March 31, 2015	30.09.2015	Kalinga Cultural Trust, Plot No.1269, Road No.12, Banjara Hills, Hyderabad-500034	02.30 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 auditor's 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 clause 2 sub- clause (e) of Regulation 34 SEBI (LODR) Regulation 2015, Management Discussion and Analysis Report is annexed to the Directors' Report.

## 10. GENERAL SHAREHOLDERS INFORMATION:

### i. Annual General Meeting:

Date : September 28, 2018  
 Time : 3.30 P.M.  
 Venue : Senior Citizen Hall 2nd Floor, Beside S.R.K Raju community hall, Madhuranagar, Hyderabad 500038 Telangana

ii. Financial Year : 1st April 2017 to 31st March 2018

iii. Date of Book Closure : 25th September, 2018 to 28th September, 2018  
 (Both days inclusive)

iv. Listing on Stock Exchange : 1. National Stock Exchange

v. Stock Symbol & Code : SPCENET

vi. Market price data : High / Low during the each month in the financial year 2017-18 and performance in comparison to broad based indices, NSE's Nifty.

Month & year	NSE			
	Stock (Rs)		NIFTY	
	High	Low	High	Low
Apr-17	0.75	0.6	9,367	9,075
May-17	0.6	0.5	9,649	9,269
Jun-17	0.5	0.4	9,709	9,448
Jul-17	0.4	0.2	10,114	9,543
Aug-17	0.25	0.15	10,137	9,685
Sep-17	No Records	No Records	10,178	9,687
Oct-17	No Records	No Records	10,384	9,831
Nov-17	0.2	0.1	10,490	10,094
Dec-17	0.2	0.1	10,552	10,033
Jan-18	No Records	No Records	11,171	10,404
Feb-18	No Records	No Records	11,117	10,276
Mar-18	No Records	No Records	10,525	9,951

### vi. Registrar and Transfer Agent:

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

**vii. 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.

**viii. Distribution of shareholding:**

Category	Number of Members	(%) of Total Members	Number of Equity Shares	(%) of Total Shareholding
0-500	12693	69.46	2351157	4.8
501-1000	2347	12.84	2030201	4.14
1001-2000	1334	7.3	2141308	4.37
2001-3000	571	3.12	1494959	3.05
3001-4000	262	1.43	960719	1.96
4001-5000	265	1.45	1276788	2.6
5001-10000	374	2.05	2869808	5.85
10001-above	429	2.35	35893650	73.22
Total	18275	100	49018590	100

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

As on 31 March 2018, 99.99% 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: INE970N01027**

**x. Address for correspondence:**

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

**11. WHISTLE BLOWER POLICY:**

The Company promotes ethical behaviour in all its business activities and has put in place a mechanism of reporting illegal or unethical behaviour. 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.

**CERTIFICATE ON CORPORATE GOVERNANCE**

(As per Regulation 34 read with Schedule V of the SEBI (LODR) Regulation, 2015)

To  
The Members of  
Spacenet Enterprises India Limited

We have examined the compliance of conditions of Corporate Governance by Spacenet Enterprises India Limited the year ended March 31, 2018, as stipulated in Regulation 34 read with Schedule V of the SEBI (LODR) Regulation, 2015 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 Regulation 34 read with Schedule V of the SEBI (LODR) Regulation, 2015.

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 : 28 August, 2018  
Place: Hyderabad

**CS. K. Srinivas**  
CP No. 14300  
ACS No. 34206

**DECLARATION ON CODE OF CONDUCT BY  
THE 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.

Place: Hyderabad  
Date: 28th August, 2018

For and on behalf of the Board  
**For Spacenet Enterprises India Limited**

**T. Srinivasa Rao**  
Whole Time Director & CEO

## ANNEXURE-A 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**

Particulars	Name of the Subsidiary				
	Adgog UK Limited	Northgate Investments Pte Limited	Globe7 Pte Ltd	Social Media India Limited	Globe7 HK Limited
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	01-04-2017 to 31-3-2018	01-04-2017 to 31-3-2018	01-04-2017 to 31-3-2018	01-04-2017 to 31-3-2018	01-04-2017 to 31-3-2018
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	HKD
Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	91.27	65.14	65.14		65.14
Share capital	-	67,265.16	67,246.61	-	-
Reserves & Surplus	-	(50,481.56)	(35,944.82)	-	-
Total Assets	0.00	1,279.03	26.06	0.00	0.00
Total Liabilities	0.00	1,279.03	26.06	0.00	0.00
Investments	-	-	-	-	-
Turnover	47.27	0	2.92	-	-
Profit before taxation	6.21	3.70	508.87	(33.33)	-
Provision for taxation	-	-	-	-	-
Profit after taxation	6.21	3.70	508.87	(33.33)	-
Proposed Dividend	-	-	-	-	-
% of share holding	100%	100%	100%	100%	100%

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

1. Name of subsidiaries which are at to commence operations - Nil
2. Name of subsidiaries which have been sold during the year:
  - i. Adgog UK Ltd., United Kingdom (100% subsidiary)
  - ii. Social Media India Ltd., (100% Step down Subsidiary)

For and on behalf of the Board

**G Narasimha Rao**  
Director

**T. Srinivasa Rao**  
Whole Time Director & CEO

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### Online Advertising Industry:

#### India Outlook:

India is becoming a robust domestic data consumption market with digital data consumption expected to increase at twice as fast as the worldwide rate from being around 40,000 petabytes in 2010 to 2.3 million petabytes in 2020.

The Digital India programme enumerates the enormous projects that the government has planned and which aim at promoting rigorous internet penetration by connecting 1 billion population and efficient delivery of services electronically through mobile.

The market is expected to see a strong resurgence of growth-related projects across verticals with the liberalization of the Information Technology market, digital-commerce and social media, the quantitative impact of Datacenter traffic is apparent.

#### 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 2018.

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 2018. Full-screen interactive ad formats on smart phones 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 smart phone 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.

**Financial Highlights:**

(In Lakhs)

<b>Particulars</b>	<b>Year ended 2018</b>	<b>Year ended 2017</b>
<b>Revenue:</b>		
Revenue from Operations	50.25	145.42
Other income	560.64	27.35
<b>Total Revenue</b>	<b>610.89</b>	<b>172.77</b>
<b>EXPENDITURE:</b>		
Operating Expenses	1.05	32.46
Employee benefits expense	61.08	180.25
Finance costs	22.10	23.71
Depreciation expense	2.00	8.09
Other expenses	31.33	275.61
<b>Total</b>	<b>117.56</b>	<b>520.12</b>
Profit/(Loss) Before Extraordinary items and Tax	493.33	-347.35
Extraordinary items	-	-
Profit/(Loss) After Extraordinary items	493.33	-347.35
Less: Tax Expense	-	2.64
Profit/(Loss) After Tax	493.33	-349.99
Other comprehensive income		
a) Item that will not be classified to profit or loss:	-	-
b) Items that will be classified to profit or loss:	-1.91	36.32
Total comprehensive income for the year	491.42	-313.67
Earnings per share (Before Extra-Ordinary Items)		
- Basic	1.01	-0.71
-Diluted	1.01	-0.71
Earnings / (Loss) per share (After Extra-Ordinary Items)		
- Basic	1.01	-0.71
- Diluted	1.01	-0.71

**Income from operations**

The revenues Decreased to ₹ 50.25 lakhs in FY'18 from ₹ 145.42 lakhs in FY'17.

**Gross Profit/Loss**

During the FY'18 the company recorded Profit of ₹ 493.33 lakhs against Loss of ₹ (347.35) lakhs in FY'17.

**Net Profit/Loss**

In FY'18 net Profit of ₹ 491.42 lakhs were recorded against net loss of ₹ (313.67) lakhs in FY'17.

## **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**

To,

The Shareholders and the Board of Directors.  
SPACENET ENTERPRISES INDIA LIMITED  
(Formerly Northgate Com Tech Limited)

I, Srinivasa Rao Tatipaka, Whole Time Director & CEO of SPACENET ENTERPRISES INDIA LIMITED certify that:

- 1) We have reviewed the financial statements and the cash flow statement for the year ended 31 March, 2018 (hereinafter referred to as '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 together 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 violate of Company's code of conduct.
- 3) We accept overall responsibility for establishing and maintaining 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 have indicated 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) There have been 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 : 28th August, 2018

Srinivasa Rao Tatipaka  
Whole Time Director & CEO  
(DIN No. 02449906)

## **INDEPENDENT AUDITORS' REPORT**

### **To The Members of Spacenet Enterprises India Limited**

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

We have audited the accompanying consolidated financial statements of Spacenet Enterprises India Limited (“the Company”) and its subsidiaries (collectively referred to as the “Spacenet Group”) which comprise the Consolidated Balance sheet as at 31 March 2018, the consolidated Statement of Profit and Loss ( including Other Comprehensive income) and the consolidated Cash Flow Statement, the consolidated statement of changes in equity for the year then ended 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 Holding Company's Board of Directors is responsible for the preparation of these Consolidated Financial Statements in terms of the requirements of The Companies Act, 2013 (“the Act”) that give a true and fair view of the Consolidated Financial performance (including other Comprehensive Income), Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity of the Group including its associates and joint ventures in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with the Companies ( Indian Accounting Standard) Rules 2015, as amended.

The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and of its associates and joint ventures and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, 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, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Board of Directors of the Holding Company, as aforesaid.

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

An audit involves performing procedures to obtain audit evidence about the amounts and 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

consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. 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 consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other auditors on separate financial statements and on the other financial information of the subsidiaries, associates the aforesaid Consolidated Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the Consolidated State of Affairs of the group, its associates as at March 31, 2018, their consolidated profit (including other Comprehensive Income), their Consolidated Cash Flows and Consolidated Statement of Changes in Equity for the year ended on that date.

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

As required by Section 143(3) of the Act, we report to the extent applicable that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.
- b. In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books.
- c. The consolidated Balance Sheet, consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the consolidated Cash Flow Statement and consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;
- d. In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended;
- e. On the basis of the written representations received from the directors of the Holding Company and subsidiary companies incorporated in India as on 31 March 2018 taken on record by the Board of Directors of the Holding Company and of its subsidiaries respectively, none of the directors of the Group's companies incorporated in India is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act;

- f. With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company and its subsidiary companies, incorporated in India, refer to our separate report in “Annexure 1” to this report;
- 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 Consolidated Financial Statements disclose the impact of pending litigations on its Consolidated Financial Position of the Group, its associates and joint ventures.
  - ii) Provision has been made in the Consolidated Financial Statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
  - iii) There were no amount as at 31st March, 2018 which are required to be transferred to the Investor Education and Protection Fund by the Company.

**For Navitha and Associates**

Chartered Accountants

Firm Registration Number: 012026S

**CA.Navitha.K**

Proprietor

Membership Number: 221085

Place :Hyderabad

Date :30.05.2018

**Annexure I to the Auditor's Report of even date on the  
Consolidated Financial Statements of Spacenet Enterprises India Limited**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

In conjunction with our audit of the consolidated financial statements of **Spacenet Enterprises India Limited** as of and for the year ended 31 March 2018, we have audited the internal financial controls over financial reporting of **Spacenet Enterprises India Limited** (hereinafter referred to as the “Holding Company”) and its subsidiary companies, which are companies incorporated in India, as of that date.

**Management’s Responsibility for Internal Financial Controls**

The respective Board of Directors of the of the Holding Company and its subsidiary companies which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective 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, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 judgement, 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 internal financial controls system over financial reporting.

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 ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013,

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 Institute of Chartered Accountants of India. 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 authorizations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **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 Holding Company and its subsidiary companies, which are companies incorporated in India, have, maintained 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 2018, based on the internal control over financial reporting criteria established by the Holding 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.

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

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

Place :Hyderabad  
Date :30.05.2018

**Balance sheet as at 31 March 2018**

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

Particulars	Note No.	As at 31 March 2018	As at 31 March 2017
<b>ASSETS</b>			
<b>Non-current Assets</b>			
(a) Property, plant and equipment	2.1	2,87,147	4,96,816
(b) Intangible assets	2.1	3,51,823	4,05,330
(c) Financial assets			
(i) Other financial assets	2.2	3,58,721	1,16,83,325
<b>Total Non-current Assets</b>		<b>9,97,691</b>	<b>1,25,85,471</b>
<b>Current Assets</b>			
(a) Financial assets			
(i) Trade receivables	2.3	-	2,09,42,570
(ii) Cash and cash equivalents	2.4	10,45,836	26,54,558
(iii) Other financial assets	2.5	25,07,752	78,11,267
<b>Total Current Assets</b>		<b>35,53,588</b>	<b>3,14,08,395</b>
<b>TOTAL ASSETS</b>		<b>45,51,279</b>	<b>4,39,93,866</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's funds</b>			
(a) Share capital	2.6	4,90,18,590	4,90,18,590
(b) Other Equity	2.7	(14,18,49,215)	(23,94,83,793)
<b>TOTAL EQUITY</b>		<b>(9,28,30,625)</b>	<b>(19,04,65,203)</b>
<b>LIABILITIES</b>			
<b>Non-current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	2.8	6,89,76,400	4,00,83,640
(b) Other non-current liabilities		-	-
<b>Total Non-current Liabilities</b>		<b>6,89,76,400</b>	<b>4,00,83,640</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	2.9	-	8,65,82,887
(ii) Trade payables	2.10	4,02,350	6,57,94,782
(b) Provisions	2.11	38,357	1,62,42,888
(c) Other current liabilities	2.12	2,79,64,797	2,57,54,872
<b>Total Current Liabilities</b>		<b>2,84,05,504</b>	<b>19,43,75,429</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>45,51,279</b>	<b>4,39,93,866</b>
Significant accounting policies and notes to accounts	1&2		

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

for Spacenet Enterprises India Limited

As per our report attached

**Navitha and Associates**

Chartered Accountants

Firm's registration no. 012026S

**Srinivasa Rao Tatipaka**

Executive Director

DIN: 02449906

**N. Venkata Krishnayya**

Director

DIN: 07733209

**C.A Navitha. K**

Proprietor

Membership No: 221085

**Gunturu Narasimha Rao**

Director

DIN: 07733090

Place : Hyderabad

Date : 30 May 2018



**Consolidated Statement of Profit and Loss**

(Amount in ₹)

Particulars	Note No.	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>Revenue</b>			
Revenue from operations	2.13	50,24,900	1,45,41,474
Other income	2.14	5,60,64,474	27,51,599
<b>Total revenue</b>		<b>6,10,89,374</b>	<b>1,72,93,073</b>
<b>Expenses</b>			
Operating expenses	2.15	1,04,329	32,43,223
Employee benefits expense	2.16	61,08,191	1,80,25,865
Finance costs	2.17	22,10,419	23,71,466
Depreciation and amortisation	2.1	1,98,848	8,09,552
Other expenses	2.18	31,33,227	2,75,80,122
<b>Total expenses</b>		<b>1,17,55,014</b>	<b>5,20,30,228</b>
<b>Profit/(Loss) before extraordinary items and tax</b>		<b>4,93,34,360</b>	<b>(3,47,37,155)</b>
Extraordinary items		-	-
<b>Profit/(Loss) before tax</b>		<b>4,93,34,360</b>	<b>(3,47,37,155)</b>
<b>Tax expense</b>			
- Earlier year's tax		-	2,63,963
- Current tax		-	-
- MAT entilement		-	-
		-	-
<b>Profit/(Loss) for the year</b>		<b>4,93,34,360</b>	<b>(3,50,01,118)</b>
<b>Other Comprehensive Income/(Loss) (OCI)</b>			
Items that will not be reclassified to profit or loss in subsequent periods:		(1,91,044)	36,32,221
Other Comprehensive Income/(Loss) for the period net of tax		-	-
<b>Total Comprehensive Income for the period, net tax</b>		<b>4,91,43,316</b>	<b>(3,13,68,897)</b>
<b>Paid up equity share capital (face value of ₹1/-each)</b>			
Earnings per share - par value ₹ 1 per share	2.21		
Basic		1.01	(0.71)
Diluted		1.01	(0.71)
Significant accounting policies and notes to accounts	1&2		

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

As per our report attached

**Navitha and Associates**

Chartered Accountants

Firm's registration no. 012026S

**C.A Navitha. K**

Proprietor

Membership No: 221085

**for Spacenet Enterprises India Limited**
**Srinivasa Rao Tatipaka**

Executive Director

DIN: 02449906

**Gunturu Narasimha Rao**

Director

DIN: 07733090

**N. Venkata Krishnayya**

Director

DIN: 07733209

Place : Hyderabad

Date : 30 May 2018

**Consolidated Cash Flow Statement for the year ended 31 March 2018**
**(Amount in ₹)**

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>I. Cash flows from operating activities</b>		
Profit/(Loss) before tax	4,93,34,360	(3,47,37,155)
Adjustments:		
Depreciation and amortisation	1,98,848	8,09,552
Interest expense	22,10,419	23,71,466
Bad and doubtful debts written off	-	1,73,89,457
Bad and doubtful advance written off	-	13,56,613
Creditors written back	-	(25,42,317)
Fixed assets discarded/written off, net	-	3,14,535
Interest income	(88,027)	(1,59,282)
Unrealised foreign exchange gain / (loss)	4,83,64,545	48,29,795
<b>Operating cash flow before working capital changes</b>	<b>10,00,20,145</b>	<b>(1,03,67,336)</b>
(Increase)/Decrease in trade receivable	2,09,42,570	26,81,02,498
(Increase)/Decrease in other financial assets	1,66,28,120	30,01,173
Increase/(Decrease) in current liabilities and provisions	(7,93,87,038)	(26,34,31,244)
<b>Operating cash flow after working capital changes and taxes</b>	<b>5,82,03,797</b>	<b>(26,94,909)</b>
Taxes paid	-	(2,63,963)
<b>Net cash used in operating activities</b>	<b>5,82,03,797</b>	<b>(29,58,872)</b>
<b>II. Cash flows from investing activities</b>		
Purchase of fixed assets	-	(73,883)
Interest received on deposits and inter corporate deposit	88,027	1,59,282
<b>Net cash from in investing activities</b>	<b>88,027</b>	<b>85,399</b>
<b>III. Cash flows from financing activities</b>		
Proceeds from avalliment of cash credit facility, net	(5,76,90,127)	50,95,240
Interest paid	(22,10,419)	(23,71,466)
<b>Net cash used in financing activities</b>	<b>(5,99,00,546)</b>	<b>27,23,774</b>
<b>Net increase in cash and cash equivalents</b>	<b>(16,08,722)</b>	<b>(1,49,699)</b>
Cash and cash equivalents at the beginning of the year	26,54,558	28,04,257
Cash and cash equivalents at the end of the year	<b>10,45,836</b>	<b>26,54,558</b>

As per our report attached

**Navitha and Associates**

Chartered Accountants

Firm's registration no. 012026S

**C.A Navitha. K**

Proprietor

Membership No: 221085

for Spacenet Enterprises India Limited

**Srinivasa Rao Tatipaka**

Executive Director

DIN: 02449906

**Gunturu Narasimha Rao**

Director

DIN: 07733090

**N. Venkata Krishnayya**

Director

DIN: 07733209

Place : Hyderabad

Date : 30 May 2018

**Statement of changes in equity for the year ended March 31, 2018**

Particulars	No. of Shares	Amount (₹)
a. Equity Share Capital		
Equity Shares of ₹1 Each, Fully paid up		
As at April 01, 2016	4,90,18,590	4,90,18,590
Issued during the year	-	-
As at March 31, 2017	4,90,18,590	4,90,18,590
Issued during the year	-	-
As at March 31, 2018	4,90,18,590	4,90,18,590

Reserves and surplus								
Particulars	Capital Reserve	Securities Premium	General Reserve	Capital reduction	Other Comprehensive income	Loss on Sale of subsidiaries	Retained Earnings	Total
As at April 01, 2016	-	-	12,06,82,325	-	4,68,01,600	-	(81,67,66,131)	(64,92,82,206)
For the year, 2017	-	-	-	44,11,67,310	36,32,221	-	(3,50,01,118)	40,97,98,413
As at March 31, 2017	-	-	12,06,82,325	44,11,67,310	5,04,33,821	-	(85,17,67,249)	(23,94,83,793)
For the year, 2018	-	-	-	-	(1,91,044)	4,84,91,262	4,93,34,360	9,76,34,578
As at March 31, 2018	-	-	12,06,82,325	44,11,67,311	5,02,42,778	4,84,91,263	(80,24,32,888)	(14,18,49,215)

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

As per our report attached  
**Navitha and Associates**  
 Chartered Accountants  
 Firm's registration no. 012026S

for Spacenet Enterprises India Limited

**N. Venkata Krishnayya**  
 Director  
 DIN: 07733209

**Srinivasa Rao Tatipaka**  
 Executive Director  
 DIN: 02449906

**Gunturu Narasimha Rao**  
 Director  
 DIN: 07733090

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

Place : Hyderabad  
 Date : 30 May 2018

## Company Overview

Spacenet Enterprises India Limited (“the Company”) is a public entity domiciled in India and is primarily engaged in the business of online advertising through web exchanges and out of home advertising. It shares are listed on NSE. The Company together with its subsidiaries are collectively referred to as “the Group”.

The following are the subsidiaries :

Name of the Company	Country of incorporation	Percentage of Holding as at	
		31 March 2018	31 March 2017
<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

\*\* Subsidiaries were sold on 23 March, 2018

### a) Basis of preparation of Consolidated Financial Statements

The financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, relevant provisions of the Act and other Accounting principles generally accepted in india. The Group has adopted Indian Accounting Standards from the financial year 2017-18 and the date of transition to Ind AS is April 1, 2017.

The Consolidated financial statements have been authorised for issue by the board of directors of the company on 30th May 2018.

These consolidated financial statements have been prepared on historical cost basis, except for certain financial instruments which are measured at fair value at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company consolidates all entities which are controlled by it. The Company establishes control when; it has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect the entity's returns by using its power over relevant activities of the entity.

Entities controlled by the Company are consolidated from the date control commences until the date control ceases.

All inter-company transactions, balances and income and expenses are eliminated in full on consolidation.

Changes in the Company's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to shareholders of the Company.

#### **b) Use of Estimates**

The preparation of consolidated financial statements in conformity with the recognition and measurement principles of Ind AS requires management to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures of contingent liabilities at the date of the consolidated financial statements and the reported amounts of income and expenses for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

Key source of estimation of uncertainty at the date of consolidated financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of impairment of goodwill, useful lives of property, plant and equipment, valuation of deferred tax assets, provisions, contingent liabilities and fair value measurements of financial instruments have been discussed below. Key source of estimation of uncertainty in respect of revenue recognition and employee benefits have been discussed in their respective policies.

#### **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 are classified as non-current.

### d) Property, plant and equipment

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 consist of acquired contract rights, rights under licensing agreement and software licences and customer-related intangibles.

### 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:

	Useful life
Furniture, fixtures and office equipment.....	5
Computer equipment.....	4
Office equipment.....	5
Vehicles.....	4
Plant and equipment.....	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.

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 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, unless the lease agreement explicitly states that increase is on account of inflation.

#### **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 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) Contribution payable to the recognized provident fund which is defined contribution schemes, is charged to the statement of profit and loss.**

**o) Foreign currency**

The functional currency of the Company and its Indian subsidiaries is the Indian Rupee (₹) whereas the functional currency of foreign subsidiaries is the currency of their countries of domicile.

Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are restated into the functional currency using exchange rates prevailing on the balance sheet date. Gains and losses arising on settlement and restatement of foreign currency denominated monetary assets and liabilities are recognised in the statement of profit and loss. Nonmonetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not translated.

Assets and liabilities of entities with functional currency other than the functional currency of the Company have been translated using exchange rates prevailing on the balance sheet date. Statement of profit and loss has been translated using weighted average exchange rates. Translation adjustments have been reported as foreign currency translation reserve in the statement of changes in equity.

**2. Notes on consolidated financial statements (Continued)**
**2.1 : (i) Property, Plant and Equipment**
**(Amount in ₹)**

Particulars	Computers and related assets	Furniture and fixtures	Vehicles	Office equipment	Total
<b>Cost</b>					
<b>As at April, 2016</b>	1,08,43,997	4,35,000	19,18,131	7,69,555	1,39,66,683
Additions	73,883	-	-	-	73,883
Disposals	13,81,658	4,35,000	-	7,69,555	25,86,213
Foreign Exchange adjustment	(62,341)	-	-	-	(62,341)
<b>As at 31 March, 2017</b>	94,73,881	-	19,18,131	-	1,13,92,012
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
<b>As at 31 March, 2018</b>	94,73,881	-	19,18,131	-	1,13,92,012
<b>Accumulated depreciation</b>					
<b>As at April, 2016</b>	1,03,57,852	3,58,854	13,46,550	3,98,000	1,24,61,256
Depreciation expense	4,68,534	32,773	1,54,344	1,00,394	7,56,045
Disposals	13,36,167	3,91,627	-	4,98,394	22,26,188
Foreign Exchange adjustment	(95,917)	-	-	-	(95,917)
<b>As at 31 March, 2017</b>	93,94,302	-	15,00,894	-	1,08,95,196
Depreciation expense	15,332	-	1,30,009	-	1,45,341
Disposals	-	-	-	-	-
Foreign Exchange adjustment	64,247	-	81	-	64,328
<b>As at 31 March, 2018</b>	94,73,881	-	16,30,984	-	1,11,04,865
<b>Net carrying value as at March 31, 2018</b>	-	-	2,87,147	-	2,87,147
Net carrying value as at March 31, 2017	79,579	-	4,17,237	-	4,96,816

**2.1: (ii) Intangible assets**

Particulars	Software	Total
<b>Cost</b>		
<b>As at April, 2016</b>	17,80,43,467	17,80,43,467
Additions	-	-
Disposals	17,96,40,931	17,96,40,931
Foreign Exchange adjustment	21,32,531	21,32,531
<b>As at 31 March, 2017</b>	5,35,067	5,35,067
Additions	-	-
Disposals	-	-
<b>As at 31 March, 2018</b>	5,35,067	5,35,067
<b>Accumulated depreciation</b>		
<b>As at April, 2016</b>	17,75,84,630	17,75,84,630
Depreciation expense	53,507	53,507
Disposals	17,96,40,931	17,96,40,931
Foreign Exchange adjustment	21,32,531	21,32,531
<b>As at 31 March, 2017</b>	1,29,737	1,29,737
Depreciation expense	53,507	53,507
Disposals	-	-
<b>As at 31 March, 2018</b>	1,83,244	1,83,244
<b>Net carrying value as at March 31, 2018</b>	3,51,823	3,51,823
Net carrying value as at March 31, 2017	4,05,330	4,05,330

**2. Notes on consolidated financial statements (Continued)**

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

(Amount in ₹)

Particulars	As at 31 March 2018	As at 31 March 2017
<b>2.2 Other Financials Assets-Non Current</b>		
Security deposit	77,150	78,369
Prepaid expenses	8,944	5,92,551
Advance tax	2,72,627	1,10,12,405
	<b>3,58,721</b>	<b>1,16,83,325</b>
<b>2.3 Trade receivables</b>		
- Considered good	-	1,82,53,626
- Considered doubtful	-	7,49,30,383
Other debts, considered good	-	26,88,944
	-	<b>9,58,72,953</b>
Less: Bad debts written off	-	-
Less: Provision for doubtful debts	-	7,49,30,383
	-	<b>2,09,42,570</b>
<b>2.4 Cash and cash equivalents</b>		
<b>Cash and Bank balances</b>		
Cash on hand	1,939	22,818
Balance with banks		
- in current accounts	10,43,897	16,31,740
	<b>10,45,836</b>	<b>16,54,558</b>
<b>Other bank balances</b>		
Deposits with maturity more than 3 months but less than 12 months	-	10,00,000
	<b>10,45,836</b>	<b>26,54,558</b>
<b>2.5 Other Financial Assets-Current</b>		
Unsecured, considered good		
Advances given to vendors	-	39,070
MAT credit	-	65,54,078
VAT receivable	-	51,249
Others advances	25,07,752	11,66,870
	<b>25,07,752</b>	<b>78,11,267</b>

**2. Notes on consolidated financial statements (Continued)**

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

(Amount in ₹)

Particulars	As at 31 March 2018	As at 31 March 2017
<b>2.6 Share capital</b>		
<i>Authorised*</i>		
<b>Equity shares</b>		
50,000,000 (previous year : 50,000,000) equity of ₹10 each.	50,00,00,000	50,00,00,000
	<b>50,00,00,000</b>	<b>50,00,00,000</b>
<b>Issued, subscribed and fully paid up</b>		
49,018,590 (previous year : 49,018,590) equity shares of ₹1 each fully paid up	4,90,18,590	4,90,18,590
	<b>4,90,18,590</b>	<b>4,90,18,590</b>

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

The Company has only one class of equity shares having par value of ₹1 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

<b>ii. The reconciliation of the number of equity shares outstanding is set out below:</b>				
Particulars	As at 31 March 2018		As at 31 March 2017	
	Number of shares	Amount (₹)	Number of shares	Amount (₹)
Shares outstanding at the beginning of the year	4,90,18,590	4,90,18,590	4,90,18,590	4,90,18,590
Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	4,90,18,590	4,90,18,590	4,90,18,590	4,90,18,590
<b>iii. The details of shareholder holding more than 5% equity shares is set below:</b>				
Particulars	As at 31 March 2018		As at 31 March 2017	
	Number of shares	% of Holding	Number of shares	% of Holding
Cresta Fund Limited	-	-	43,48,906	8.87
Meenavalli Venkata Srinivas	32,54,586	6.64	32,54,586	6.64
Meenavalli Usha Rani	32,26,360	6.58	32,26,360	6.58
Albula Investment Fund Limited	28,32,492	5.78	28,32,492	5.78
Birudavolu Susheelamma	26,68,852	5.44	-	-

**2. Notes on consolidated financial statements (Continued)**

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

**2.7 Other Equity**

(Amount in ₹)

Particulars	As at 31 March 2018	As at 31 March 2017
<b>General reserve</b>	<b>12,06,82,325</b>	<b>12,06,82,325</b>
<b>Deficit in the statement of profit and loss</b>		
Balance at the beginning of the year	(41,05,99,900)	(81,67,66,131)
Less: Capital reduction	-	44,11,67,310
Loss on sale of subsidiaries	4,84,91,262	-
Add: Net Profit/(Loss) for the year	4,93,34,360	(3,50,01,118)
Balance at the end of the year	<b>(31,27,74,278)</b>	<b>(41,05,99,939)</b>
<b>Foreign currency translation reserve</b>		
Balance at the beginning of the year	5,04,33,782	4,68,01,600
Add: Translation of foreign subsidiaries with non-integral operations	(1,91,044)	36,32,221
Balance at the end of the year	5,02,42,738	5,04,33,821
<b>Total</b>	<b>(14,18,49,215)</b>	<b>(23,94,83,793)</b>

Particulars	As at 31 March 2018	As at 31 March 2017
<b>2.8 Borrowing-Non Current</b>		
Un secured loan**	6,89,76,400	4,00,83,640
	<b>6,89,76,400</b>	<b>4,00,83,640</b>

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

\*\* 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.

Particulars	As at 31 March 2018	As at 31 March 2017
<b>2.9 Borrowing-Current</b>		
Secured loan from bank repayable on demand - Cash credit	-	8,65,31,102
Secured loan from bank against vehicle	-	51,785
	-	<b>8,65,82,887</b>
<b>2.10 Trade payables</b>		
- Amounts due to Micro, Small and Medium Enterprises (Refer note : 2.28)	-	-
-Others	4,02,350	6,57,94,782
	<b>4,02,350</b>	<b>6,57,94,782</b>

**2. Notes on consolidated financial statements (Continued)**

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

(Amount in ₹)

Particulars	As at 31 March 2018	As at 31 March 2017
<b>2.11 Provisions</b>		
Provisions for expenses	38,357	1,62,42,888
	<b>38,357</b>	<b>1,62,42,888</b>
<b>2.12 Other current liabilities</b>		
Advance from customers	2,78,02,941	2,43,27,941
Employee payables	11,680	3,40,413
Statutory liabilities	1,50,176	10,86,518
	<b>2,79,64,797</b>	<b>2,57,54,872</b>

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>2.13 Revenue from operations</b>		
Revenue from advertisements	50,24,900	1,45,41,474
	<b>50,24,900</b>	<b>1,45,41,474</b>
<b>2.14 Other income</b>		
Interest on fixed deposits	88,027	1,59,282
Creditors written back	5,24,76,447	25,42,317
Miscellaneous income	35,00,000	50,000
	<b>5,60,64,474</b>	<b>27,51,599</b>
<b>2.15 Operating expenses</b>		
Cost of advertisement space	1,04,329	32,43,223
	<b>1,04,329</b>	<b>32,43,223</b>
<b>2.16 Employee benefits expense</b>		
Salaries	55,84,165	1,72,70,798
Contribution to provident fund and other funds	4,44,016	5,03,113
Staff welfare expenses	80,010	2,51,954
	<b>61,08,191</b>	<b>1,80,25,865</b>
<b>2.17 Finance cost</b>		
Interest on secured loan	22,10,419	23,71,466
	<b>22,10,419</b>	<b>23,71,466</b>
<b>2.18 Other expenses</b>		
Rent	4,68,903	27,40,413
Professional charges	9,32,179	17,26,634
Rates and taxes	6,49,123	9,99,251
Communication expenses	4,91,951	11,12,887
Power and fuel	75,200	6,47,640
Printing and stationery	20,010	68,980
Repairs and maintenance	94,873	3,16,115
Travelling expenses	1,91,593	54,392
Bank charges	60,787	1,36,212
Foreign exchange Loss, net	(25,520)	16,885
Fixed assets written off/ discarded	-	3,14,535
Advance written off	-	13,56,613
Bad debts written off	-	1,73,89,457
Miscellaneous expenses	1,74,128	7,00,108
	<b>31,33,227</b>	<b>2,75,80,122</b>

**2. Notes on consolidated financial statements (Continued)**

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

**2.19 Capital commitments and contingent liabilities**

(Amount in ₹)

Particulars	As at 31 March 2018	As at 31 March 2017
<b>Capital Commitments</b>	Nil	Nil
<b>Contingent liabilities</b>		
I Disputed Income Tax liability for which the Group has preferred an appeal	5,397,120	5,397,120

**2.20 Deferred tax**

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

**2.21 Earnings Per Share**

The computation of earnings per share is set out below:

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>Earnings (in ₹)</b>		
Profit/(Loss) for the year	4,933,4360	(35,001,118)
<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	-	-
Total number of equity shares outstanding at the end of the year	49,018,590	49,018,590
Weighted average number of equity shares outstanding during the year for the purpose of Basic and diluted earnings per share.	49,018,590	49,018,590
Earnings per share ₹ 1 each (previous year in ₹ 1 each)		
- Basic	1.01	(0.71)
- Diluted	1.01	(0.71)

**2.22 Related Party Disclosures**

<b>A) Entities where control exists</b> None
<b>B) Key Managerial Personnel (KMP)</b> i. T. Srinivasa Rao – Executive Director ii. D.V.S.S.Lakshminarayana – Whole time Director
<b>C) Enterprises where principal shareholders/management personnel have control or significant influence (Significant interest entities)(SIE)</b> 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:**

(Amount in ₹)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>Un-secured Loan</b>		
- Loan taken from Mr. Venkata S Meenavalli	44,498,000	4,575,400
-Repayment of loan to Mr Venkata S Meenavalli	1,425,000	1,845,500
-Interest on loan taken from : Mr Venkata S Meenavalli	2,210,419	2,370,000
-Salary paid to : Mr D.V.S.S.Lakshmi Narayana	750,000	1,075,000

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

Particulars	As at 31 March 2018	As at 31 March 2017
<b>Un-secured Loan payable</b>		
- Loan taken from Mr. Venkata S Meenavalli	68,276,400	23,778,400
Mr. P. Srinivasu	700,000	700,000
- Loan taken from: Mr. Venkata S Meenavalli	16,390,659	15,605,240
- Salary payable: Mr.D.V.S.S.Lakshminarayana	-	55,923

**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 ₹ 468,903 (previous year ₹ 2,740,413).



**2. Notes on consolidated financial statements (Continued)**

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

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

(Amount in ₹)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Statutory audit fees	55,000	410,011
Other services	20,000	20,000
Out of pocket expenses	-	-
<b>Total</b>	<b>75,000</b>	<b>430,011</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 attached  
**Navitha and Associates**  
 Chartered Accountants  
 Firm's registration no. 012026S

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

Place : Hyderabad  
 Date : 30 May 2018

for **Spacenet Enterprises India Limited**

**Srinivasa Rao Tatipaka**  
 Executive Director  
 DIN: 02449906

**Gunturu Narasimha Rao**  
 Director  
 DIN: 07733090

**N. Venkata Krishnayya**  
 Director  
 DIN: 07733209

**To the Members of  
Spacenet Enterprises India Limited  
Report on the Ind AS Financial Statements**

We have audited the accompanying financial statements of Spacenet Enterprises India Limited (“the Company”), which comprise the Balance Sheet as at 31st March, 2018, and the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (“the Act”) with respect to the preparation of these financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 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 of the financial statements 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 financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 including the state of affairs (financial position) of the Company as at 31st March, 2018, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

### **Other Matter**

The comparative financial information of the Company for the year ended 31st March, 2017 and transition date opening Balance Sheet as at 1st April, 2016 included in these financial statements, are based on previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by predecessor auditor, expressed an unmodified opinion on those financial statements, as adjusted for the difference in accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us. Our opinion is not modified in respect of this matter.

### **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 in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards Specified under Section 133 of the Act, read with Companies ( Indian Accounting Standards) Rules, 2015, as amended.
  - e) On the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 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”.
- 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 on its financial position in its financial statements;
  - ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amount as at 31st March, 2018 which are 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

**Navitha.K**

*Proprietor*

Membership Number: 221085

Place :Hyderabad

Date :30.05.2018

## ANNEXURE “A” TO THE AUDITOR'S REPORT

**Referred to in paragraph 1 under the head “Report on other legal & regulatory requirements” of our report of even date.**

- i) a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b. All the Fixed assets have been physically verified by the management during the year according to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - c. As per the documents verified by us and explanation given to us, the Title Deeds of immovable properties are held in the name of the company.
- ii). The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable. No material discrepancies have been noticed on physical verification of stocks as compared to book records.
- iii). The company has not granted any loans secured or unsecured, to companies, firms, Limited Liability Partnership or other parties who are covered in the register maintained under section 189 of Companies Act, 2013, accordingly Clause (iii a),(iii b) and (iii c) of Paragraph 3 of the Order are not applicable.
- iv) According to the information and explanations given to us, the Company has not granted any loans, guarantees and security and made investments, as per section 185 & 186 of the Companies Act, 2013.
- v) According to the information and explanations given to us, the Company has not accepted any deposits from the public as per the directives issued by the Reserve Bank of India and as per the provisions of section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under.
- vi) The Company has maintained cost records as specified by the Central Government under section 148(1) of the Companies Act, 2013.
- vii) a. According to the information & explanations given to us, none of the undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty, Value Added Tax, Goods & Service Tax, Cess and any other Statutory Dues were outstanding as at last day of the financial year concerned for a period of more than six months.
  - b. According to the information & explanations given to us, there is no dues in respect of disputed amount to be deposited in respect of Sales Tax, Service Tax, Custom Duty, Excise Duty, Value Added Tax as on 31st March, 2018 except the followings:

Name of the Statute	Nature of dues	Period to which the amount relates	Amount (₹)	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	AY 2012-13	2,971,230	Commissioner of Income Tax Appeals
Income Tax Act, 1961	Income Tax	AY 2013-14	909,580	Commissioner of Income Tax Appeals
Income Tax Act, 1961	Income Tax	AY 2014-15	1,516,310	Commissioner of Income Tax Appeals

- viii) According to the information and explanations given to us, the company has not defaulted in repayment of loans or borrowing to the financial institutions, bank, government or dues to debenture holders.
- ix) In our opinion, and according to the information and explanations given to us, the company has raised money by way of term loans and has applied for the purpose for which it was raised, company has not raised money by way of initial public offer or further public offer (including debt instruments) during the year.
- x) According to the information and explanations given to us, no fraud by the Company or any fraud on the company by its officers/employees has been noticed or reported during the course of our audit.
- xi) According to the information and explanations given to us, the Company has paid and provided managerial remuneration during the year as per the provisions of Section 197 read with Schedule V to the Companies Act.
- xii) In our opinion, the Company is not a Nidhi Company. Accordingly, Clause (xii) of Paragraph 3 of the Order is not applicable.
- xiii) According to the information and explanations given to us, all transactions with the related party are in compliance with section 177 & 188 of Companies Act, 2013 and the same has been disclosed in financial statements as required by the Accounting Standards.
- xiv) According to the information and explanations given to us, the company has made preferential allotment of shares and convertible share warrants on private placement basis during the year under review and the company has complied with the requirement of section 42 of the Companies Act, 2013 and the amount raised has been used for the purpose for which the fund were raised.
- xv) According to the information and explanations given to us, the company has not entered into Non Cash Transactions with directors or persons connected with him during the year.
- xvi) According to the information and explanations given to us, company is not required to be registered under section 45-IA of Reserve Bank of India.

**For Navitha and Associates**

*Chartered Accountants*

Firm Registration Number: 012026S

**Navitha.K**

*Proprietor*

Membership Number: 221085

Place :Hyderabad

Date :30.05.2018

## **Annexure “B” to the Independent Auditor's Report of even date on the Financial Statements of Spacenet Enterprises India Limited**

### **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 (“the Company”) as of March 31, 2018 in conjunction with our audit of the 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”. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **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 ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, 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 Institute of Chartered Accountants of India. 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 authorizations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **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 March 31, 2018, 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.

**For Navitha and Associates**

**Chartered Accountants**

Firm Registration Number: 012026S

**Navitha.K**

*Proprietor*

Membership Number: 221085

Place :Hyderabad

Date :30.05.2018



**Balance sheet as at 31 March 2018**

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

Particulars	Note No.	As at 31 March 2018	As at 31 March 2017
<b>ASSETS</b>			
<b>Non-current Assets</b>			
(a) Property, plant and equipment	2.1	2,87,147	3,42,957
(b) Intangible assets	2.1	3,51,823	4,05,330
(c) Financial assets			
Investments	2.2	-	-
Other financial assets	2.3	86,094	86,398
(d) Other Non Current Assets	2.4	2,72,627	2,72,627
<b>Total Non-current Assets</b>		<b>9,97,691</b>	<b>11,07,312</b>
<b>Current Assets</b>			
(a) Financial assets			
(i) Trade receivables	2.5	-	-
(ii) Cash and cash equivalents	2.6	9,47,133	3,86,220
(iii) Other financial assets		-	-
<b>Total Current Assets</b>		<b>9,47,134</b>	<b>3,86,220</b>
<b>TOTAL ASSETS</b>		<b>19,44,825</b>	<b>14,93,532</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's funds</b>			
(a) Share capital	2.7	4,90,18,590	4,90,18,590
(b) Other Equity	2.8	(17,30,62,919)	(17,38,52,131)
<b>TOTAL EQUITY</b>		<b>(12,40,44,329)</b>	<b>(12,48,33,541)</b>
<b>LIABILITIES</b>			
<b>Non-current Liabilities</b>			
(a) Financial Liabilities			
Borrowings	2.9	9,75,83,657	10,11,70,468
(b) Other non-current liabilities		-	-
<b>Total Non-current Liabilities</b>		<b>9,75,83,657</b>	<b>10,11,70,468</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
Trade payables	2.10	4,02,350	3,29,317
(b) Provisions	2.11	38,350	93,633
(c) Other current liabilities	2.12	2,79,64,797	2,47,33,655
<b>Total Current Liabilities</b>		<b>2,84,05,497</b>	<b>2,51,56,605</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>19,44,825</b>	<b>14,93,532</b>
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 attached

 for **Spacenet Enterprises India Limited**
**Navitha and Associates**

Chartered Accountants

Firm's registration no. 012026S

**Srinivasa Rao Tatipaka**

Executive Director

DIN: 02449906

**N. Venkata Krishnayya**

Director

DIN: 07733209

**C.A Navitha. K**

Proprietor

Membership No: 221085

**Gunturu Narasimha Rao**

Director

DIN: 07733090

Place : Hyderabad

Date : 30 May 2018

**Statement of profit and loss for the year ended 31 March 2018**

(Amount in ₹)

Particulars	Note No.	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>Revenue</b>			
Income from operations	2.13	6,318	20,372
Other income	2.14	35,29,040	3,59,026
<b>Total revenue</b>		<b>35,35,358</b>	<b>3,79,398</b>
<b>Expenses</b>			
Operating expenses	2.15	14,00,688	52,63,300
Employee benefits expense	2.16	12,36,141	18,28,655
Finance costs	2.17	-	1,466
Depreciation and amortisation expense	2.1	1,09,317	4,09,502
<b>Total expenses</b>		<b>27,46,146</b>	<b>75,02,923</b>
<b>Profit/ (Loss) before extraordinary items and tax</b>		<b>7,89,212</b>	<b>(71,23,525)</b>
Extraordinary items		-	5,10,99,492
<b>Profit/ (Loss) before tax</b>		<b>7,89,212</b>	<b>(5,82,23,017)</b>
Tax expense			
- Current tax		-	-
- Deferred tax		-	-
<b>Profit/ (Loss) after tax</b>		<b>7,89,212</b>	<b>(5,82,23,017)</b>
Other Comprehensive Income/(Loss) (OCI)			
Items that will not be reclassified to profit or loss in subsequent periods:			
Other Comprehensive Income/(Loss) for the period net of tax		-	-
<b>Total Comprehensive Income for the period, net tax</b>		<b>7,89,212</b>	<b>(5,82,23,017)</b>
Paid up equity share capital (face value of ₹1/-each)			
Earnings per share - par value ₹ 1 per share	2.23		
Basic		0.02	(1.19)
Diluted		0.02	(1.19)
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 attached

**Navitha and Associates**

Chartered Accountants

Firm's registration no. 012026S

**C.A Navitha. K**

Proprietor

Membership No: 221085

**for Spacenet Enterprises India Limited**
**Srinivasa Rao Tatipaka**

Executive Director

DIN: 02449906

**Gunturu Narasimha Rao**

Director

DIN: 07733090

**N. Venkata Krishnayya**

Director

DIN: 07733209

Place : Hyderabad

Date : 30 May 2018

**Cash flow statement for the year ended 31 March 2018**

(Amount in ₹)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>I. Cash flows from operating activities:</b>		
Net profit/(loss) before taxation:	7,89,212	(71,23,525)
Adjustments for operating activities:		
Depreciation and amortisation	1,09,317	4,09,502
Fixed assets discarded	-	2,72,727
Finance costs	-	1,466
<b>Operating profit before working capital changes</b>	<b>8,98,529</b>	<b>(64,39,830)</b>
Adjustments for		
Decrease/(increase) in trade receivables	73,033	-
Decrease/(increase) in Financials Assets	304	12,56,920
Increase/(decrease) in provisions	(55,284)	(2,44,325)
Increase/(decrease) in Current Liabilities	32,31,142	39,15,058
<b>Cash generated from operations</b>	<b>41,47,724</b>	<b>(15,12,177)</b>
Income taxes paid	-	-
<b>Net cash flow from operating activities (A)</b>	<b>41,47,724</b>	<b>(15,12,177)</b>
<b>II. Cash flows from investing activities</b>	-	-
<b>Net cash flow used in investing activities (B)</b>	-	-
<b>III. Cash flows from financing activities</b>		
Proceeds from intercorporate deposit, net	(35,86,811)	18,15,372
Interest paid	-	(1,466)
<b>Net cash used in financing activities (c)</b>	<b>(35,86,811)</b>	<b>18,13,906</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>5,60,913</b>	<b>3,01,729</b>
Cash and cash equivalents at the beginning of the year	3,86,220	84,491
<b>Cash and cash equivalents at the end of the year (refer note: 5)</b>	<b>9,47,133</b>	<b>3,86,220</b>

As per our report attached

**Navitha and Associates**

Chartered Accountants

Firm's registration no. 012026S

**C.A Navitha. K**

Proprietor

Membership No: 221085

Place : Hyderabad

Date : 30 May 2018

for Spacenet Enterprises India Limited

**Srinivasa Rao Tatipaka**

Executive Director

DIN: 02449906

**Gunturu Narasimha Rao**

Director

DIN: 07733090

**N. Venkata Krishnayya**

Director

DIN: 07733209

**Statement of changes in equity for the year ended March 31, 2018**

<b>Particulars</b>	<b>No.of Shares</b>	<b>Amount (₹)</b>
<b>a. Equity Share Capital</b>		
Equity Shares of ₹1 Each, Fully paid up		
As at April 01, 2016	4,90,18,590	4,90,18,590
Issued during the year	-	-
As at March 31, 2017	4,90,18,590	4,90,18,590
Issued during the year	-	-
As at March 31, 2018	<b>4,90,18,590</b>	<b>4,90,18,590</b>

<b>b. Other Equity</b>						
<b>Particulars</b>	<b>Reserves and surplus</b>					<b>Total</b>
	<b>Capital Reserve</b>	<b>Securities Premium</b>	<b>General Reserve</b>	<b>Capital reduction</b>	<b>Retained Earnings</b>	
As at April 01, 2016	-	-	12,06,82,325	-	(67,74,78,749)	(55,67,96,424)
Profit/(loss) for the year	-	-	-	44,11,67,310	(5,82,23,017)	38,29,44,293
<b>As at March 31, 2017</b>	-	-	<b>12,06,82,325</b>	<b>44,11,67,310</b>	<b>(73,57,01,766)</b>	<b>(17,38,52,131)</b>
Profit/(loss) for the year	-	-	-	-	7,89,212	7,89,212
<b>As at March 31, 2018</b>	-	-	<b>12,06,82,325</b>	-	<b>(73,49,12,554)</b>	<b>(17,30,62,919)</b>

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

As per our report attached

**Navitha and Associates**

Chartered Accountants

Firm's registration no. 012026S

**C.A Navitha. K**

Proprietor

Membership No: 221085

for Spacenet Enterprises India Limited

**Srinivasa Rao Tatipaka**

Executive Director

DIN: 02449906

**Guntur Narasimha Rao**

Director

DIN: 07733090

**N. Venkata Krishnayya**

Director

DIN: 07733209

Place : Hyderabad

Date : 30 May 2018

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

Spacenet Enterprises India Limited (“the Company”) is a public entity domiciled in India and is primarily engaged in providing Information Technology Services and online advertising services. It shares are listed on National Stock Exchange.

The following are the Subsidiaries:

Name of the Company	Country of incorporation	Percentage of Holding as at	
		31 March 2018	31 March 2017
<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

\*\* Sold on 23 March 2018

**(a) Basis of preparation of financial statements**

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (‘Ind AS’) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time). For all periods up to and including the year ended March 31, 2018, the Company had prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (‘Indian GAAP’). With effect from April 01, 2017, the Company is required to prepare its financial statements under the Indian Accounting Standards (‘Ind AS’) prescribed under section 133 of the Companies Act, 2013 read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, as amended. The Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 - ‘First time adoption of Indian Accounting Standards’.

**(b) Use of estimates**

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and judgments that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

Key sources of estimation of uncertainty at the date of the financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of impairment of investments, useful lives of property, plant and equipment, valuation of deferred tax assets, provisions and contingent liabilities and fair value measurement of financial instruments have been discussed below. Key source of estimation of uncertainty in respect of revenue recognition and employee benefits have been discussed in their respective policies.

(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

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.

(e) Property, Plant and Equipment

a. Tangible fixed assets

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

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

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

**b. 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.

**(f) 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.

**(g) 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.

**(h) 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.

(I) 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.

(j) 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.

(k) 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).

(l) 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-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.

(m) 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.

(n) 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.

(o) 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.

(p) 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.

(r) Standards issued but not yet effective

These financial statements, for the year ended 31 March 2018, are the first financial statements the company has prepared in accordance with Ind AS.

For periods up to and including the year ended 31 March 2017, the company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). Accordingly, the company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2018, together with the comparative period data as at and for the year ended 31 March 2017, as described in the summary of significant accounting policies. In preparing these financial statements, the company's opening balance sheet was prepared as at 1 April 2016, the company's date of transition to Ind AS. This note explains the principal adjustments made by the company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2016 and the financial statements as at and for the year ended 31 March 2017.

(s) Foreign currency transactions

The functional currency of the Company is Indian Rupees (INR).

Foreign currency transactions are recorded at exchange rates prevailing on the date of the transaction. Gains and losses arising on settlement are included in the profit or loss.

**2. Notes on Standalone financial statements (Continued)**

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

**2.1 : (i) Property, Plant and Equipment**

(Amount in ₹)

Particulars	Computers and related assets	Furniture and fixtures	Vehicles	Office equipment	Total
<b>Cost</b>					
As at April, 2016	31,09,064	4,35,000	10,35,955	6,88,085	52,68,104
Additions	-	-	-	-	-
Disposals	-	4,35,000	-	6,88,085	11,23,085
As at 31 March, 2017	31,09,064	-	10,35,955	-	41,45,019
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
As at 31 March, 2018	<b>31,09,064</b>	-	<b>10,35,955</b>	-	<b>41,45,019</b>
<b>Accumulated depreciation</b>					
As at April, 2016	29,65,947	3,58,854	6,05,118	3,66,507	42,96,426
Depreciation expense	1,43,117	32,773	87,880	92,225	3,55,995
Disposals	-	3,91,627	-	4,58,732	8,50,359
As at 31 March, 2017	31,09,064	-	6,92,998	-	38,02,062
Depreciation expense	-	-	55,810	-	55,810
Disposals	-	-	-	-	-
As at 31 March, 2018	<b>31,09,064</b>	-	<b>7,48,808</b>	-	<b>38,57,872</b>
Net carrying value as at March 31, 2018	-	-	<b>2,87,147</b>	-	<b>2,87,147</b>
Net carrying value as at March 31, 2017	-	-	<b>3,42,957</b>	-	<b>3,42,957</b>

**2.1 : (ii) Intangible assets**

Particulars	Software	Total
<b>Cost</b>		
As at April, 2016	<b>5,35,067</b>	<b>5,35,067</b>
Additions	-	-
Disposals	-	-
As at 31 March, 2017	<b>5,35,067</b>	<b>5,35,067</b>
Additions	-	-
Disposals	-	-
As at 31 March, 2018	<b>5,35,067</b>	<b>5,35,067</b>
<b>Accumulated depreciation</b>		
As at April, 2016	<b>76,230</b>	<b>76,230</b>
Depreciation expense	53,507	53,507
Disposals	-	-
As at 31 March, 2017	<b>1,29,737</b>	<b>1,29,737</b>
Depreciation expense	53,507	53,507
Disposals	-	-
As at 31 March, 2018	<b>1,83,244</b>	<b>1,83,244</b>
Net carrying value as at March 31, 2018	<b>3,51,823</b>	<b>3,51,823</b>
Net carrying value as at March 31, 2017	<b>4,05,330</b>	<b>4,05,330</b>

**2. Notes on Standalone financial statements (Continued)**

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

(Amount in ₹)

Particulars	As at 31 March 2018	As at 31 March 2017
<b>2.2 Investments in Subsidiaries</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	-	4,69,64,292
60,000 (previous year : 60,000) ordinary shares of GBP 1 each fully paid-up of Adgog UK Limited , at cost	-	41,35,200
	-	5,10,99,492
Less: Provision for diminution in value of long term investment	-	-
Less: Long term investments written off	-	(5,10,99,492)
	-	(5,10,99,492)
	-	-

Particulars	As at 31 March 2018	As at 31 March 2017
<b>2.3 Other financial assets-Non Current</b>		
Unsecured, considered good		
Rental deposits	77,150	77,150
Prepaid expenses	8,944	9,248
	<b>86,094</b>	<b>86,398</b>
<b>2.4. Other Non Current Assets</b>		
Advance tax (TDS receivable,net)	2,72,627	2,72,627
	<b>2,72,627</b>	<b>2,72,627</b>
<b>2.5. Trade receivables</b>		
Unsecured, considered good	-	-
	-	-
<b>2.6. Cash and cash equivalents</b>		
Cash on hand	1,939	9,346
Balance with banks in current accounts	9,45,194	3,76,874
	<b>9,47,133</b>	<b>3,86,220</b>

**2. Notes on Standalone financial statements (Continued)**

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

(Amount in ₹)

Particulars	As at 31 March 2018	As at 31 March 2017
<b>2.7 Equity Share capital</b>		
<i>Authorised</i>		
<b>Equity shares</b>		
50,000,000 (previous year : 50,000,000) equity of ₹10 each.	5,00,00,000	50,00,00,000
	<b>5,00,00,000</b>	<b>50,00,00,000</b>
Issued, subscribed and fully paid up		
49,018,590 (previous year : 49,018,590 equity shares of ₹1) equity shares of ₹1 each fully paid up	4,90,18,590	4,90,18,590
	<b>4,90,18,590</b>	<b>4,90,18,590</b>

Hon'ble High Court of Hyderabad Judicature for State of Telangana and Andhra Pradesh, vide it's order dated 7th June 2016 approved the petition No 68 of 2016 for reduction of share capital of the company. The company has filed form INC 28 with Registrar of Companies, Hyderabad and the same has been registered on 11 August 2016. With effect from Registered date 11th August, 2016 the face value of the Company's shares have been reduced from ₹ 10/- per share to ₹ 1/- per share.

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

Particulars	As at 31 March 2018		As at 31 March 2017	
	Number of shares	Amount (₹)	Number of shares	Amount (₹)
Shares outstanding at the beginning of the year	4,90,18,590	4,90,18,590	4,90,18,590	4,90,18,590
Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	4,90,18,590	4,90,18,590	4,90,18,590	4,90,18,590

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

Particulars	As at 31 March 2018		As at 31 March 2017	
	Number of shares	% of Holding	Number of shares	% of Holding
Cresta Fund Limited	-	-	43,48,906	8.87
Meenavalli Venkata Srinivas	32,54,586	6.64	32,54,586	6.64
Meenavalli Usha Rani	32,26,360	6.58	32,26,360	6.58
Albula Investment Fund Limited	28,32,492	5.78	28,32,492	5.78
Birudavolu Susheelamma	26,68,852	5.44	-	-

**2. Notes on Standalone financial statements (Continued)**

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

(Amount in ₹)

Particulars	As at 31 March 2018	As at 31 March 2017
<b>2.8. Other Equity</b>		
<b>General Reserve</b>	<b>12,06,82,325</b>	<b>12,06,82,325</b>
<b>Balance in statement of profit and loss</b>		
Opening balance	(29,45,34,456)	(67,74,78,749)
Less: Capital reduction	-	44,11,67,310
Add: Profit/ ( Loss) for the year	7,89,212	(5,82,23,017)
<b>Balance at the end of the year</b>	<b>(29,37,45,244)</b>	<b>(29,45,34,456)</b>
<b>Total</b>	<b>(17,30,62,919)</b>	<b>(17,38,52,131)</b>

Particulars	As at 31 March 2018	As at 31 March 2017
<b>2.9. Borrowings</b>		
<b>Un-secured loans</b>		
Inter corporate deposit from related parties	2,86,07,257	7,66,92,068
Unsecured loans from Directors	6,89,76,400	2,44,78,400
	<b>9,75,83,657</b>	<b>10,11,70,468</b>
<b>2.10 Trade payables</b>		
- Amounts due to Micro, Small and Medium Enterprises (Refer note : 2.29)	-	-
Others	4,02,350	3,29,317
	<b>4,02,350</b>	<b>3,29,317</b>
<b>2.11. Provisions</b>		
Provision for expenses	38,350	93,633
	<b>38,350</b>	<b>93,633</b>
<b>2.12. Other Current Liabilities</b>		
Employee payables	11,680	83,261
Statutory dues	1,50,176	3,22,453
Advance from customers	2,78,02,941	2,43,27,941
	<b>2,79,64,797</b>	<b>2,47,33,655</b>

**2. Notes on Standalone financial statements (Continued)**

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

(Amount in ₹)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>2.13 Income from operations</b>		
Income from Services	6,318	20,372
	<b>6,318</b>	<b>20,372</b>
<b>2.14 Other income</b>		
Creditors/provisions no long required	29,040	3,09,026
Miscellaneous Income	-	50,000
Consideration from sale of subsidiary	35,00,000	-
	<b>35,29,040</b>	<b>3,59,026</b>
<b>2.15 Operating expenses</b>		
Communication expenses	2,72,107	4,17,335
Power and fuel	75,200	5,98,485
Rent	60,000	17,40,000
Repairs and maintenance	94,873	3,12,756
Rates and taxes, excluding, taxes on income	6,21,966	9,22,463
Interest on TDS	-	48,222
Insurance charges	23,197	22,957
Traveling and conveyance	1,527	1,438
Legal and professional fees	1,55,285	4,17,228
Advertisement charges	34,247	74,710
Bank charges	1,383	1,028
Subscriptions	-	14,308
Fixed Assets written off	-	2,72,727
Deposits written off	-	28,169
Printing and stationery	5,708	60,474
Miscellaneous expenses	55,195	3,31,000
	<b>14,00,688</b>	<b>52,63,300</b>
<b>2.16 Employee Benefits Expense</b>		
Salaries	10,57,805	14,65,570
Contribution to provident fund and other funds	98,326	1,23,411
Staff welfare expenses	80,010	2,39,674
	<b>12,36,141</b>	<b>18,28,655</b>
<b>2.17 Finance cost</b>		
Interest on Hypothication of vehcile loan	-	1,466
	<b>-</b>	<b>1,466</b>

**2. Notes on Standalone financial statements (Continued)**

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

**2.18 Contingent liabilities**

(Amount in ₹)

Particulars	As at	As at
	31 March 2018	31 March 2017
The Company has received an income tax assessment order for the financial year 2011-12, 2012-13 and 2013-14 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 and CIT-III, Hyderabad against the order.	5,397,120	5,397,120

**2.19 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.

**2.20 Lease commitments**

The Company's 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 ₹ 60,000 (Previous year: ₹ 1,740,000) and under non-cancellable portion was ₹ Nil (Previous year: ₹ Nil), which has been disclosed as lease rent.

**2.21 Earnings in foreign currency (on accrual basis)**

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Revenues from Information Technology Services	-	-
<b>2.22 Auditors' remuneration</b> <i>(included in legal and professional fees, excluding GST):</i>		
Statutory audit fees	40,000	80,000
Other services	10,000	20,000
Out of pocket expenses	-	-
	<b>50,000</b>	<b>100,000</b>



**2. Notes on Standalone financial statements (Continued)**

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

**2.23 Earnings per share (EPS)**

The computation of earnings per share is set out below:

(Amount in ₹)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>Earnings ( in ₹ )</b>		
Profit/ (Loss) for the year	789,212	(58,223,017)
<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	-	-
Total number of equity shares outstanding at the end of the year	49,018,590	49,018,590
Weighted average number of equity shares outstanding during the year for the purpose of Basic and diluted earnings per share.	49,018,590	49,018,590
Earnings per share ( in ₹ 1 )		
- Basic	0.02	(1.19)
- Diluted	0.02	(1.19)

**2.24 Segment information**

The Company's activity primarily falls within in a single primary business segment viz, providing Information Technology Enabled Services. Hence no business segment information is provided.

**2.25 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 (sold on 23 March, 2018)

**Step-down subsidiaries**

- i. Globe7 Pte Limited
- ii. Social Media India Limited (sold on 23 March, 2018)
- iii. Globe7 HK Limited

**C) Key Managerial Personnel**

- I T. Srinivasa Rao – Executive Director

**2. Notes on Standalone 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:**

(Amount in ₹)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>Inter corporate deposit ('ICD') taken from step down subsidiary</b>		
Social Media India Limited	-	697,457
<b>Repayment of ICD to step down subsidiary</b>		
Social Media India Limited	48,084,811	3,401,039
<b>Loan taken from</b>		
Venkata Srinivas Meenavalli	44,498,000	4,575,400

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

Particulars	As at 31 March 2018	As at 31 March 2017
<b>Long-term borrowing</b>		
- Social Media India Limited	28,607,257	76,692,068
<b>Long-term borrowing</b>		
- Venkata Srinivas Meenavalli	68,276,400	23,778,400
- P. Srinivasu	700,000	700,000

**2.26 Note on sale of subsidiaries:**

During the year the Company sold the investment in M/s Adgog UK Limited, United Kingdom (ADGOG) is our 100% foreign subsidiary for a consideration of Rs. 10 lakhs and investment in Social Media India Limited for an amount of Rs 25 lakhs. Sale consideration received shown under other income as the Company written off the total investment in earlier years.

**2.27 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".

**2.28 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**

As per our report attached

**Navitha and Associates**

Chartered Accountants

Firm's registration no. 012026S

**C.A Navitha. K**

Proprietor

Membership No: 221085

Place : Hyderabad

Date : 30 May 2018

for Spacenet Enterprises India Limited

**Srinivasa Rao Tatipaka**

Executive Director

DIN: 02449906

**Gunturu Narasimha Rao**

Director

DIN: 07733090

**N. Venkata Krishnayya**

Director

DIN: 07733209

**SPACENET ENTERPRISES INDIA LIMITED**

**PROXY FORM MGT - 11**

Flat No. 302, Lotus Block, Block-B,  
 Sandy Springs, Manikonda, Ranga Reddy Dist., Telangana, Hyderabad - 500 089.  
**CIN: L72200TG2010PLC068624, www.spacenetent.com**  
 (Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies  
 (Management and Administration) Rules, 2014)

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

I / We, being the member(s) of .....Equity Shares of 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 8th Annual General Meeting of the Company, to be held on the 28th day of September, 2018 at 03.30 p.m. at Senior Citizen Hall 2nd Floor S.R.K Raju Community Hall Maduranagar, Hyderabad 500038. Telengana and at any adjournment thereof, in respect of such resolutions set out in the AGM Notice convening the meeting, as are indicated below:

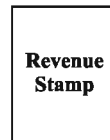
**Resolution No.**

S.No.	Resolution(s)	Vote	
		For	Against
1	Adoptions of Financial Statements and Reports thereon for the Financial Year ended 31st March, 2018		
2	Appointment of Director in place of Mr. T. Srinivasa Rao Who retires by rotation and being eligible, seeks re-appointment.		

Signed this.....day of..... 2018

Signature of Shareholder

Signature of Proxy Holder(s)



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

**SPACENET ENTERPRISES INDIA LIMITED**

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

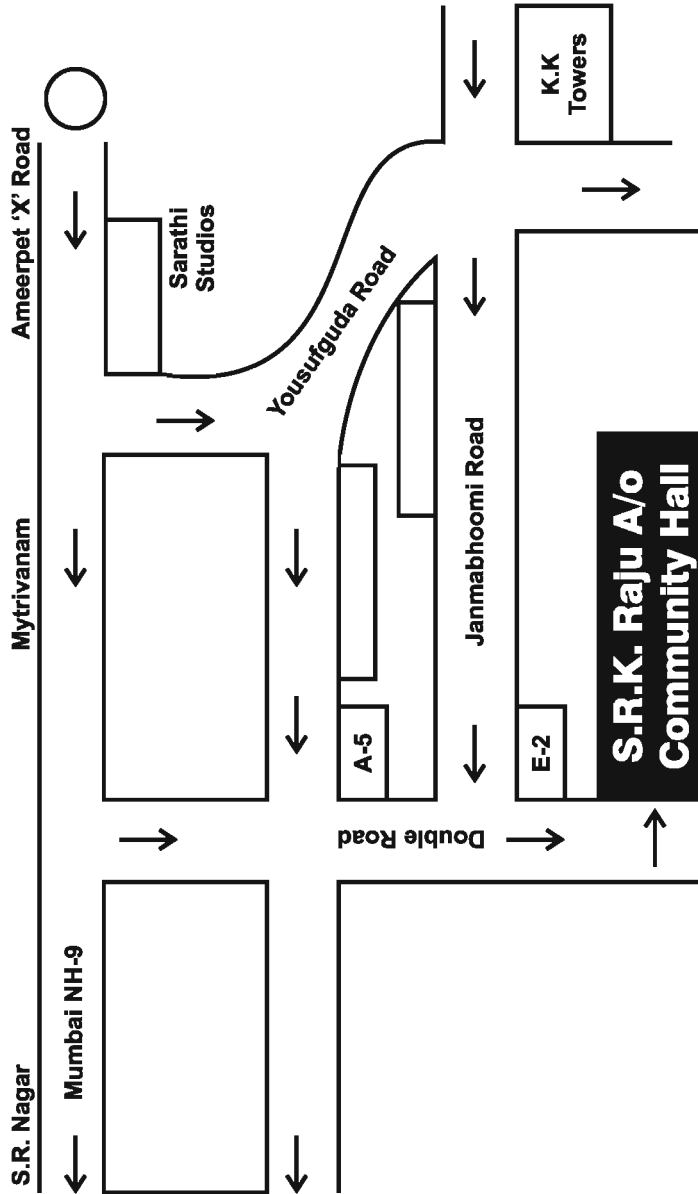
**ATTENDANCE SLIP**

(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 8th Annual General Meeting of the Company being held on Friday 28th day of September, 2018 at 03.30 p.m. at Senior Citizen hall 2nd Floor S.R.K Raju Community Hall Madura nagar, Hyderabad 500038, Telengana.

Signature of the Member/Proxy



**SPACENET ENTERPRISES INDIA LTD.**

Flat No: 302, Lotus Block, Block-B,  
Sandy Springs, Manikonda, Ranga reddy Dist.,  
Telangana, Hyderabad - 500 089  
CIN: L72200TG2010PLC068624, [www.spacenetent.com](http://www.spacenetent.com)

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