

April 13, 2018

The Listing Manager,
National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex,
Mumbai- 400051

Dear Madam/Sir,

Sub: Reply to your mail dated March 23, 2018, regarding Clarification Sought in the matter of Sale of Subsidiary company i.e Social Media India Limited and Adgog UK Limited.

This has reference to your mail dated March 23, 2018 regarding clarification sought in the matter of sale of Subsidiary company Social Media India Limited and Adgog UK Limited.

Pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 Please find the below mentioned details as required to be disclosed to the stock exchange on sale or disposal of subsidiary company:

1. Amount and Percentage of the turnover or revenue or income and net worth contributed by such unit or division of the listed entity during the last financial year ended 31 March 2017.

Particulars	Social Media India Ltd, India		Adgog UK Limited, UK	
	(Rs. in lacs)		(In(GBP,000))	
	As on 31.12.2017	As on 31.03.2017	As on 31.12.2017	As on 31.03.2017
	Un- Audited	Audited	Un-Audited	Audited
Share Capital	2,944.69	2,944.69	60.00	60.00
Share Premium Account	889.38	889.38	-	-
Profit/(Loss) for the year	(27.24)	(36.47)	3.11	(66.73)
Accumulated Profit/(Loss)	(3,847.36)	(3,810.89)	(55.07)	11.66
Total Reserves and Surplus	(2,985.21)	(2,957.98)	(51.96)	(55.07)
Networth	(40.52)	(13.29)	8.04	4.93
Turnover	0.68	8.88	41.02	21.27
Profit/(Loss) before Tax	(27.24)	(33.83)	3.11	(66.73)
Profit/(Loss) after Tax	(27.24)	(36.47)	3.11	(66.73)

2. Date on which the agreement for sale has been entered into.

Date of agreement : With respect to Social Media India Limited on 24th Day of March, 2018.

Date of agreement : With respect to Adgog UK Ltd. on 24th Day of March, 2018.

3. Expected Date of completion of sale/disposal.

Social Media India Limited : Within 30 days from the date of agreement

Adgog UK Limited : with in 15 days from the date of agreement

4. Consideration received from such sale/disposal.

Yes, sale Consideration was received against sale of Social Media India Limited and Adgog UK Limited.

5. Brief details of buyers and whether any of the buyers belong to the promoter group/group companies. If yes, details thereof;

Both the Subsidiary Companies were sold to Mr. Vasudeva Rao Maraka residing at Block 830, Woodlands St 83, Singapore-730830 vide Agreement dated 24th March, 2018. who is the Director of Longfin Tradex Pte Ltd which is a Promoter Group Company.

Brief Description is as under:

a) M/s Adgog UK Limited, United Kingdom (ADGOG) is a 100% foreign subsidiary of M/s Spacenet Enterprises India Limited (SEIL). The company is having 60,000 equity shares @ GBP 1 each and total investment of GBP 60,000. As per the unaudited financials our subsidiary company net worth is recorded as GBP 8.04 thousands.

Mr. Vaudeva Rao Maraka is desirous of acquiring 60,000 ordinary shares of GBP 1 each fully paid up constituting 100% of the paid up equity share capital of ADGOG held by the investors in ADGOG for a total consideration of Rs. 10,00,000 (Rupees Ten Lakhs only).

b) Social Media India Limited, India is our Step down subsidiary Company M/s Globe7 Pte Limited, Singapore having shares aggregating to 2,94,46,910 equity shares of Rs.10 each in Social Media India Limited (herein after referred to as SMIL) constituting 100% share capital of the Company. As on 31st December, 2017 the company net worth is Rs. (40.52) lakhs.

Mr Vasudeva Rao Maraka is desirous of acquiring 2,94,46,910 Equity Shares of Rs. 10 each fully paid up constituting 100% of the paid up equity share capital of SMIL held by the Investors in SMIL for a total consideration of Rs.25,00,000 (Rupees Twenty Five Lakh only).



6. Whether the transaction would fall within related party transactions? If yes, whether the same is done at "arms length".

"Yes. The transaction is between related parties as the buyer belongs to the promoter group company. The Transactions are at Arm's length. Below is explanation for the same.

Social Media India Limited (SMIL): At present company do not have any business and also not expecting any future business. Since last several years the company has been incurring losses and entire networth got eroded on account continues losses and presently the company having negative networth of Rs. 40.52 Lakhs as at 31.12.2017. Eventhough the company do not has any business it has to incur fixed costs like salaries, rent, administration expenses etc. To save from all these fixed expenses the company has decided to sell the company on as is where is basis to protect from further deterioration of holding company's financial position. SMIL do not have any identified business value due to its negative net worth, no business at present, not expecting any future business and also future expected losses on account of fixed costs. On account of all these factors the Management has sold the company. The value arrived by the Management is at nominal value on account of no identifiable value for the company neither on net worth basis nor on any other basis. Hence the transaction is considered at "arms length".

Adgog UK Limited (Adgog): Adgog also at present do not has much business and also not expecting any future business. The company has incurred loss in the year 2017 and also expecting further losses in the coming years on account of low income, high costs and huge fixed expenses. On account of all these negative factors and to save the company from further deterioration the Management has decided to sell the company on as is where is basis. As at 31.12.2017 the Adgog net worth is GBP 8,037 which is equivalent to Indian Rupees 6,92,950. The management has sold for a value Rs. 10,00,000 which is much above its net worth. Hence the transaction is considered at "arms lenth".

7. Additionally, in case of slump sale, indicative disclosures provided for amalgamation/merger, shall be disclosed by the listed entity with respect to such slump sale.

It is not applicable because it is not a slump sale.

8. Brief Summary of the OTS.

Our step down subsidiary company M/s Social Media India Limited has availed a working capital loan of Rs. 8.50cr from Bank of Baroda, Hitec City Branch. Subsequently the loan was become Non Performing Asset (NPA). One of the Guarantor to the loan was approached to bank and agreed for One Time Settlement (OTS) of Rs. 4.55 cr. The Banker also agreed vide their letter No. BOB:RO:HYD:REOY:37:145 dated 01.02.2018. The Guarantor has paid the agreed amount to bank as per the terms and conditions of OTS Sanction Letter.



9. Reason for opting for OTS: Due to shortage of working capital and huge losses incurred in business, the company and its promoter sought for OTS.

Thanking You,

Yours faithfully,

FOR SPACENET ENTERPRISES INDIA LIMITED


SRINIVASA RAO TATIPAKA
DIRECTOR
DIN: 02449906

