

Smartlink Network Systems Limited

**smartlink**  
*Smart Solutions for a Smarter Planet*

**PROUD TO  
MAKE IN INDIA**



**2015-16**  
Annual Report

**DIGISOL**  
Networking Solutions

**DIGICARE**  
Service with Delight

**smartlink**   
*Smart Solutions for a Smarter Planet*







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## Vision

To be a leading player in the Digitally Connected World, by offering a complete value proposition from product design to customer delight.

## Mission

- To facilitate the individuals & business to grow through our best in class products and service offerings.
- To encompass technological foresight with focused leadership.
- To create a trustworthy environment by keeping transparency with internal and external stakeholders.





**K. R. Naik,** Executive Chairman



## Chairman's Message

**Way back, we were among the very first to manufacture networking products in India. Long before the government's call to 'Make in India' we set up a world-class factory in Goa.**

### Dear Shareholders,

Once again, in the year just past, Smartlink has demonstrated its unique strength. What is that strength? It is our unique sensitivity to fast-changing trends and customer expectations. And our ability to offer solutions that answer those needs, while doing the nation proud.

Yes, it's also been a year for national pride. Way back, we were among the very first to manufacture in India long before the government's call to 'Make in India'. We knew it wasn't enough to score points in branding, marketing and distribution against MNC competition. As the 'home team' playing against the 'visitors', that is expected of us, that's taken for granted. So we were among the first companies to take up manufacturing of hardware, for which we set up a world-class factory in Goa. As you know, we took up the manufacturing of large volume products such as wireless and ADSL routers in the 300 Mbps bracket. They show how 'Make in India' can actually be a value proposition, because these are designed for Indian operating conditions, right down to the packaging. That's something no MNC can claim.

Unfortunately, though our heart is in the right place, and our intention is patriotic, the policy environment & component ecosystem did not work well for us. For a start, government policies have been fluctuating for the last three decades, and that uncertainty has put enormous pressure on us. Local manufacturers do not enjoy any significant duty benefit. How can they compete against China's high-volume production companies? We have to do a lot of importing with long lead times and non availability of electronic components in India makes it difficult for local manufacturing. While we do have a strong edge against local manufacturers and even the unorganized sector, we are severely handicapped against MNCs, especially the Chinese manufacturers on the playing field.

Nevertheless, we have much to be proud of. After all we do indeed 'Make in India'. We are in fact one of the very few brands in networking and communication of Indian origin. We offer the complete line-up of networking products under the 'DIGISOL' brand, covering switching, routing, wireless, IP surveillance and CCTV – more than 150 products.

That wide range of choices and options, and of course the quality and reliability, are why we are so well accepted in a number of verticals, from SME/SMB and SOHO, all the way to the most critical industry and service sectors, and the Government. To them we offer integrated solutions with a strong end-to-end infrastructure from manufacturing to customer service.

We continue to reap the bounty of recent substantial investments in the nation's networking and telecom infrastructure for 3G with a 4G upgrade path. These advances have opened up a wealth of future possibilities for all kinds of verticals, including telecom, BFSI, education, hospitality, healthcare, manufacturing, retail, professional services, and of course Government. We see our dream catching fire in far-seeing projects like Smart Cities and Digital India. Integrated solutions continue to gain ground, with the ongoing convergence of technologies, applications, service and security. And it's increasingly happening on a fluid and moving platform to be tapped by mobiles and tablets. At Smartlink, we are securely plugged into these developments, and into that market. The consequent decline of desktop computers has eroded the motherboard market, so as you are aware, we exited from motherboard business. We like to be in alignment with market reality.

That's why we continue our special focus on large-premises system integration, with wireless applications and high bandwidth requirements. In this segment, our high-end CCTV surveillance products have been especially well received, and that remains another very promising area for our efforts and energies.

In conclusion, my heartfelt thanks to my colleagues on the Board, our employees, stakeholders, associates, customers and friends. I have always counted on your support, and once again you have repaid my trust. In that category, I include our investors and shareholders, who have remained steadfast in their loyalty. I assure you, your faith in us will continue to be rewarded in the years ahead.

Thank you.  
Sincerely,

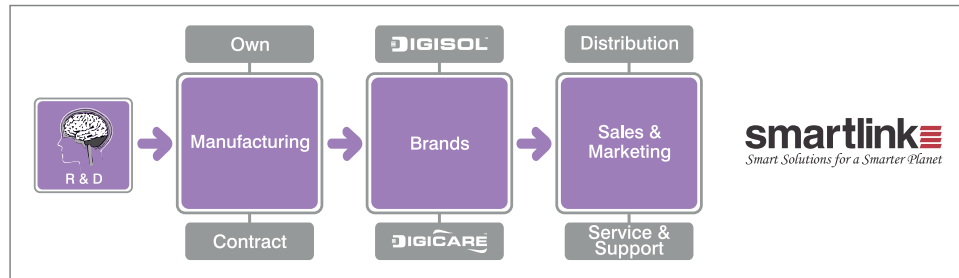
**K. R. Naik**  
Executive Chairman  
DIN: 00002013



## Business Overview

Smartlink Network Systems Ltd. is one of India's leading networking companies and aims to be a front-runner in the field of wireless, networking and surveillance products. We offer an integrated value proposition that includes design and development, manufacturing, sales and marketing, and service and support.

## Integrated Business Model



## Brands

The Company has the following brands:

**DIGISOL** : For its range of active networking, communication and surveillance products

**DIGICARE** : For its service and support offerings.

## Product Range

Smartlink delivers powerful networking products within the domain of Converged Communications Solutions under the brand name DIGISOL.

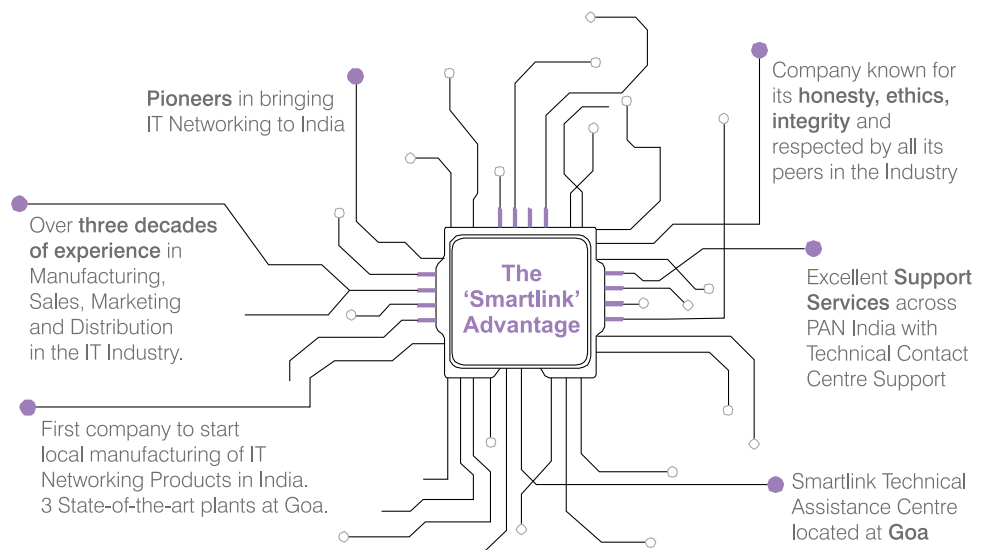
## Manufacturing

Smartlink is one of the few networking companies in India with its own large scale state-of-the-art manufacturing facilities and is committed to implementing the new government's **Make in India** mandate.

## Nationwide Network

Smartlink has a nationwide network of over 10 branch offices, 20+ regional distributors, 250+ stockist partners, 240+ system integrators and more than 5000+ resellers nationwide. It caters to customers across the value chain, from small and medium businesses to large enterprises, spanning a wide diversity of verticals.

## The 'Smartlink' Advantage





## The DIGISOL Product Portfolio

**Cutting edge, future ready solutions for all your networking and security needs.**

DIGISOL offers a wide range of over 150 networking products across the IT networking spectrum. A nationwide customer base is served by pan-India distribution and call-based technical support, backed by a strong in-house service team.

**DIGISOL offers products in the following areas:**

- Switching
- Broadband Routing
- Wireless LAN
- Enterprise Wireless
- IP Surveillance
- CCTV Surveillance

DIGISOL has a strong team of certified engineers in place to provide customers with prompt technical support, pre-sales and post-sales. DIGISOL's 'future ready' products offer unmatched benefits such as lower network ownership costs, enhanced productivity, total reliability and easy scalability.

### Home Segment

DIGISOL maximizes the customer's internet experience anywhere in and around his premises with its wired and wireless networking products.

DIGISOL wireless products make possible connectivity of smart TVs, desktop computers and gaming systems to the internet for optimum speed. A wireless internet connection sustains the link anywhere within the premises, allowing free movement. In other words, the Internet follows the user, and keeps up with him. Down loading of music, videos and photos as well as gaming are enabled with high-speed Internet on multiple devices.

DIGISOL offers a wide range of wireless products for the home segment, such as ADSL

and broadband routers, AC routers, wireless 3G and 4G compatible routers, wireless adapters and wireless range boosters.

### SOHO Segment

DIGISOL offers a range of products for the small office and home office segment, such as wireless routers, wireless access points, switches, print servers, media converters and more.

### SME Segment

DIGISOL is well on its way to being a dominant player in the SME market, which remains our focus area. At DIGISOL, we offer a wide range of SME products, and constantly enhance and strengthen our spread of solutions, based on a close understanding of evolving needs within this segment.



**DG-GS1008DG**  
Gigabit Ethernet  
Unmanaged  
Switch



**DG-FS1008PH-A**  
8 Port Fast Ethernet  
Unmanaged PoE Switch with  
4 PoE Ports and External  
Power Adapter

DIGISOL SME products have the key attributes of performance, scalability, reliability and eco-friendliness. Our offerings span the entire gamut of end-to-end networking solutions, including unmanaged, web-managed and managed switches, enterprise outdoor and managed wireless, broadband routing, converged communication, print servers, media converters and surveillance products.



**DG-HR3400**  
300Mbps Wireless  
Broadband Home  
Router



**DG-BG4300NU**  
300Mbps Wireless  
ADSL 2/2+ Broadband  
Router with USB Port



**DG-WM2003SI**  
300Mbps Ceiling  
Mount Wireless  
Access Point



**DG-HR1070MS**  
150Mbps Wireless  
4G Mi-Fi Portable  
Broadband Router



**DG-WR3001N**  
300Mbps  
Wireless  
Repeater



## PoE Solutions

In today's connected world, IP connects all devices, whether wired or wireless. Wireless connectivity infrastructure is just as critical as wired connectivity, possibly more so in today's environment, since it provides mobility and more flexibility in deployment.

For most office networks, the infrastructure is usually structured as wireless for LAN and wired for HPC data centers. Wireless access points are an integral part of any office LAN or institutional infrastructure today, with aesthetic designs which can adapt to interiors. The only challenge lies in providing power sockets at each of the several installation points.

There is a similar challenge faced in the case of IP surveillance solutions, with IP cameras being mounted in key areas and requiring power connections.

Power over Ethernet - or simply PoE - is technology which helps to overcome these challenges. It combines electrical power and ethernet signals on Cat 5E/Cat6 cables, and plugs into PoE-enabled APs/cameras to supply power to ON and feed signals. This provides more unified solutions not dependent on a confusing multitude of adapters and cables.

DIGISOL provides cutting edge PoE solutions for serving different PoE needs today in terms of power, distance and I/Os.

For an end-to-end integrated experience, DIGISOL has PoE solutions which are not only PoE switches but also IP cameras and wireless access points which are 100% PoE standard compliant.

## Security and Surveillance Products

Keeping in mind the growing need for higher standards of security and surveillance products in the country, DIGISOL offers a diversity of reliable and fail-safe CCTV and IP surveillance products. The CCTV category includes a line-up of analog dome cameras, analog bullet cameras, analog DVRs, AHD dome cameras, AHD bullet cameras and AHD analog DVRs. The IP surveillance products include fixed cameras, dome cameras, pan tilt cameras, pan tilt zoom cameras, bullet cameras and network video recorders (NVR).

DIGISOL is targeting segments such as homes, residential complexes, retail outlets and hospitality, and our product range is ideally suited for catering to the rapidly growing next-generation surveillance needs in India.



**DG-CM5220P**  
1MP Plastic Dome  
AHD Camera with  
IR LED



**DG-CM3230P**  
1MP CMOS IP65  
Plastic Bullet AHD  
Camera with IR LED



**DG-SC5802**  
2MP Outdoor  
Bullet IP Camera  
with IR LED



**DG-CM64985-18**  
2MP CMOS Outdoor  
Speed Dome AHD  
Camera with IR LED



**DG-SC3800P**  
3MP IP Camera  
with Audio

In FY 2015-16, we launched indigenously manufactured DIGISOL branded routers DG-HR3400-I and DG-BG4300NU-I, and networking switch DG-FS1008DG-I under the *Make in India* initiative, and received overwhelming market response.

### Other new launches included:

- 16 Port Fast Ethernet Unmanaged Switch
- Lite Managed PoE+ Switch
- 24 Port Gigabit Ethernet Unmanaged Switch
- 300Mbps Wireless Broadband Home Router
- CMOS Outdoor Bullet AHD Alarm Camera
- Gigabit Managed Switch with 8 PoE Port
- In Wall Wireless Access Point
- 1.3 Mega Pixel CMOS Dome AHD Camera
- 300 Mbps Outdoor Wireless Access Point
- Mi-Fi Broadband Router with 4G support
- Dual Band AC Wireless USB Adapter
- Multi- Service Gateway with WLAN Controller
- 300Mbps Wireless VDSL2/ADSL2+ Broadband Router
- Energy Efficient Gigabit Ethernet Unmanaged Switch
- Ceiling Mount Dual Band Wireless Access Point
- ADSL Broadband Router



## Building the DIGISOL Brand

### Awards

**DIGISOL-**  
Networking Solution  
Award, SME Channels  
Awards 2015

**DIGISOL-**  
Best Networking  
Products (Make in India  
Brand), VARIndia Star  
Nite Awards 2015

**DIGISOL-**  
Best Enterprise Wireless  
Networking Brand,  
NCN Awards 2015

**DIGISOL -**  
Most Popular  
Networking Brand,  
NCN Awards 2015

### The DIGISOL Brand

The industry we operate in moves at lightning speed with constantly evolving technologies and increased mobile adoption, but the one thing that stays comparatively constant is the brand. Due to the technology industry's accelerated evolution, brands take on increased importance by providing an effective counterbalance to what buyers' perceive as constant change, clutter and confusion. While we strive to push the boundaries with our marketing activities, we accord great importance to brand building which will ensure our long term success. When IT buyers find it difficult to sort through the barrage of information and conflicting claims, they rely on brand recognition to compensate for the uncertainty, reduce perceived risk, cut through the indecision and make a choice.

Our main focus has been to position DIGISOL as a major mid-market brand that conveys world-class quality, credibility and delivers a fantastic user experience. The DIGISOL brand is unique as a 'Value For Money', 'Made In India' brand.

We manufacture some key products like wireless products in India and highlight that by putting 'Made in India' in bold print in our packaging. It is our endeavour to be a torchbearer in carrying forward the government's 'Make in India' initiative.

### Brand Building Activities

The various activities that we undertook to build the DIGISOL brand include:

- Channel Partner Events
- Participation in Trade Shows and Expos
- Retail Branding
- Advertising

### Brand Ambassador

In order to enhance brand recognition rapidly, we got the well known film star Sonakshi Sinha to endorse our consumer line of products. The celebrity endorsement of DIGISOL by our Brand Ambassador Sonakshi Sinha, helped us create brand awareness among a whole new community that was not a part of our target audience earlier and resulted in significant brand pull in both metro and tier-2 cities.

## DIGICARE

Smartlink provides service and support under a special division known as DIGICARE.

DIGICARE's RMA has an all India network of 64 DIGISOL service and support centres and has a Technical Call centre as well, called STAC (Smartlink Technical Assistance Centre).

DIGICARE supports all India customers on voice, email and chat.

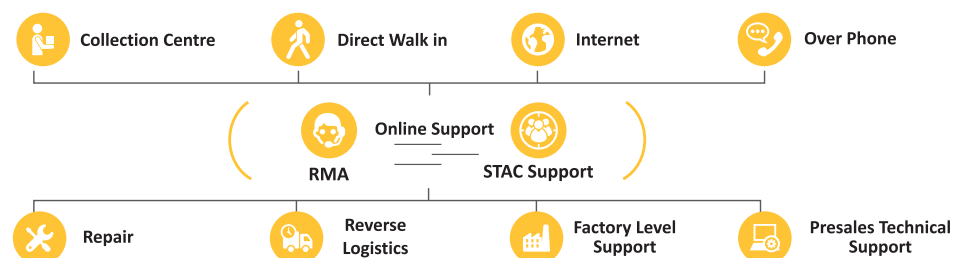
### DIGICARE offers significant advantages:

- State-of-the-art infrastructure, well equipped, with the latest equipments

- High skill sets to repair networking products, motherboards, notebooks and LCD monitors
- Supports level 1, 2 and 3 troubleshooting in all networking products range consisting of switches, routers and wireless LAN products
- Unique web based CRM system with web access to the Customers to monitor service activity

DIGICARE provides effective support and after sales services to wide product portfolio of Smartlink.

### DIGICARE Service Cycle



## Electronic Manufacturing Services

Smartlink has over two decades of experience in manufacturing electronic products for the IT, networking and telecom industries. Its state-of-the-art manufacturing facility at Goa is highly flexible and versatile, and geared for delivering products of global quality while complying with tight delivery schedules. Some major features of Smartlink Electronic Manufacturing Services (EMS) are:

- ISO 9001:2008 and ISO 14001:2004 certified plants with highly versatile SMT lines
- Production shop floor area of 1,20,000 sq. ft.
- World-class manufacturing setup with dust-proof and humidity-controlled environment
- SMT setup with unique integration
- The latest technology in equipment such as ICT, BGA rework machines, X-ray machine, Wi-Fi tester
- Process capability of manufacturing RoHS-certified products
- BAR code shop floor control system for flawless process engineering
- Highly skilled and well-trained personnel to consistently deliver superior quality

## Benefits of Local Manufacturing

Companies can enjoy significant benefits by having their products manufactured locally. These include:

- Preferential treatment in Govt. and PSU purchases
- Component-level service support
- Local product warranty
- Higher value addition
- Cost benefits for planned purchases





## Board of Directors



**K. R. Naik**  
Executive Chairman

Mr. K. R. Naik is the founder of Smartlink Network Systems Ltd. He joined the Company as the Director on 31<sup>st</sup> March 1993. His vision is to make the company a premier technology Company with a strong base of Manufacturing in the Networking/Communication field. Mr. Naik has over four decades of experience in the networking industry. He holds a Post Graduate Degree in Industrial Engg. from Jhunjunwala College, Mumbai and a Diploma in Business Management from Jamnalal Bajaj Institute of Management, Mumbai. He started his career with IBM India and worked in the design and development of parts and products in IBM. He is also a former President of MAIT.



**Arati Naik**

Arati Naik has been the Chief Operating Officer at Smartlink from June, 2014 and is responsible for scaling up the Company's operations and expanding its presence. She is actively involved in managing DIGISOL business and defining strategies for the products business. She is BE (Honours) in Computing Technology and MSc (Honours) in Business Information Systems from University of Bolton, United Kingdom.



**Pradeep Rane**

Mr. Pradeep Rane is a science graduate and has about 32 years of experience in Sales and Marketing and overall Business Management in the Pharmaceuticals industry.



**Jangoo Dalal**

Mr. Jangoo Dalal, is an industry veteran and brings with him 27 years of industry experience from organizations like Wipro Infotech, Wipro British Telecom, Cisco Systems, erstwhile D-Link (India) Limited and Avaya. He has varied and diverse experience in the IT and Communications Industry encompassing management, marketing and strategic planning. He holds a Bachelor Degree in Science and Master of Management Studies (MBA) with specialization in Marketing from Mumbai University.



**Pankaj Baliga**

Mr. Pankaj Baliga, has a Bachelor's Degree in Engineering, NIT, Durgapur, a Master's Degree in Business Administration from IIM Ahmedabad and is a SPURS Fellow, Massachusetts Institute of Technology, U.S.A. Mr. Pankaj Baliga has more than 35 years of experience in management, including 30 years with the Tata Group with the last 12 years at Tata Consultancy Services Ltd (TCS).



**K. M. Gaonkar**

Mr. K. M. Gaonkar possesses a Masters Degree in Science from UDC Mumbai and has 30 years of experience in the petrochemical and fibre industry. He started his career with Colour Chem Ltd as a research chemist, where he worked for a period of 7 years before shifting to Reliance Industries Ltd. He worked for 23 years in various positions in Reliance Industries, with the last six years as a Vice President in their Fibres Marketing Division.



**Bhanubhai Patel**

Mr. Bhanubhai Patel holds a Bachelors Degree in Commerce and General Law and is a Member of the Institute of Chartered Accountants of India. He has more than 31 years of experience in the field of Finance and General Management. He has worked with Indian Xerographic Systems Ltd. (a Modi-Xerox Joint Venture) for 10 years and for last 21 years with Oerlikon Textile India Pvt. Ltd. (part of a Swiss based Oerlikon Group) in various capacities where presently he is holding the position of Joint Managing Director.



**Pradeep Pande**

Mr. Pradeep Pande possesses Bachelors degree in Science and Legislative Law (LLB), Master degree in Labour Studies - Human Resources Management/Personnel Administration, General and has done Diploma in Training & Development. He has vast experience in Human Resource Management in Hindustan Unilever Limited, Aventis Pharma, Lupin Limited, Ispat Industries Limited, Binani Industries Limited and Alkem Laboratories.

## Timeline

**The journey  
of a thousand  
miles begins  
with one step.**

- Lao Tzu

And this is how we see Smartlink's successful journey of over two decades; starting with a single SMT line in Goa, it has travelled a long nourishing path to reach its coveted position in the IT Networking industry today...

1993

Started the first SMT line set up at Goa under Smartlink Network Pvt. Ltd.



1995

Entered into a JV with D-Link Corp, Taiwan and subsequently changed the company name to D-Link (India) Pvt. Ltd.



1998

Introduced Structured Cabling Products by signing Joint Venture with M/S Sapphire UK Ltd.



2001

Giant leap for the company as it got listed on BSE and NSE. 3rd state of the art, world class manufacturing facility launched in Goa with high-speed SMT lines.



1999

2nd Manufacturing Facility with high-speed SMT line commissioned in Goa

Structured cabling products manufacturing & development initiated at Goa



2004

Launched DIGILINK brand of Structured Cabling Products (Passive). And launched DIGICARE, a service support brand

**DIGICARE**



2009

The company demerged and erstwhile D-Link (India) Ltd. was renamed as Smartlink Network Systems Ltd. with Structured cabling range of products under brand DIGILINK as focused business and the D-Link brand business was spun off

**smartlink**

2010

Launched active networking range of products under DIGISOL Brand for Networking and Communication.



2015

Under MAKE IN INDIA initiative launched wireless broadband and ADSL routers

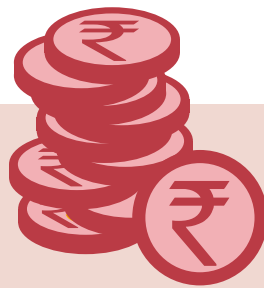
2011

Transferred DIGILINK; the passive networking business under a BTA (Business Transfer Agreement) to Schneider Electric

**DIGILITE**







## Financial Information

# Directors' Report

## TO THE MEMBERS OF SMARTLINK NETWORK SYSTEMS LIMITED

The Directors of your Company take pleasure in presenting their 23<sup>rd</sup> Annual Report together with Audited Balance Sheet and Statement of Profit & Loss for the financial year ended 31<sup>st</sup> March, 2016.

### 1. FINANCIAL RESULTS AND APPROPRIATIONS OF THE COMPANY

(₹ in million)

	2015-16	2014-15
Income from operations (Gross)	736.30	928.80
Other Income	327.17	413.74
Profit/(Loss) Before Depreciation and Tax	86.57	167.50
Add/Less: Depreciation for the year	18.93	32.69
<b>Profit/(Loss) Before Tax</b>	<b>67.65</b>	<b>134.81</b>
Less: Provision for Tax		
a) Current Tax	20.10	21.50
b) Deferred Tax	3.71	(18.75)
<b>Profit/(Loss) After Tax</b>	<b>43.83</b>	<b>132.07</b>
Balance of profit brought forward	3171.64	3113.15
Less: Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with nil remaining useful life (Net of deferred tax ₹ 808,752/-)	-	1.57
Add: Employee stock options	13.72	-
Amount available for appropriations	3229.19	3243.64
- Final Dividend	-	60.01
- Corporate Dividend Tax	-	12.00
Balance carried forward to Balance Sheet	3229.19	3171.64
Earnings Per Share (₹)	1.46	4.40

### 2. REVIEW OF OPERATIONS

In the financial year 2015-16 the company achieved an Income from operations of ₹ 736.30 million as compared to ₹ 928.80 million in the previous year.

Profit before depreciation & tax was ₹ 86.57 million for the year ending 31<sup>st</sup> March, 2016 as compared to ₹ 167.50 million in the previous year.

Profit after tax was ₹ 43.83 million for the year ended 31<sup>st</sup> March, 2016 as compared to the profit of ₹ 132.07 million in the previous year.

There were no material changes and commitments affecting the financial position of the company from the end of the financial year till the date of the Directors' Report.

### 3. BUYBACK

The Board of the Directors of the Company approved the buyback of 74,54,850 equity shares (aggregating to 24.85% of the paid-up equity share capital of the Company) payable in cash for an aggregate amount of ₹ 820,033,500/- at its meeting held on 29th February 2016 which was approved by shareholders vide postal ballot, the results of which were declared on 14th April, 2016.

### 4. DIVIDEND

Considering lower profits your Directors have not recommended any Dividend for the year 2015-16.

### 5. RISK MANAGEMENT

The Company has a Risk Management (RM) framework to identify, evaluate Business risks and opportunities. This framework seeks to create transparency, minimize adverse impact on the business objectives and enhance the Company's competitive advantage.

The risk framework defines the risk management approach across the enterprise at various levels including documentation and reporting. The framework helps in identifying risk trend, exposure and potential impact analysis at a Company level.

The Risk Management policy formulated by the Company has identified the key business risks and also the plans to mitigate the risks.

### 6. INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has adequate Internal Financial Control Systems, commensurate with the size, scale and complexity of its operations. The Management evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies of the Company.

### 7. VIGIL MECHANISM

The Company has established a vigil mechanism for Directors and employees to report genuine concerns about unethical behaviour, actual or suspected fraud or violation of code of conduct which provides for adequate safeguards against victimization of director

(s)/ employee (s) and also provides for direct access to the Chairman of the Audit committee in exceptional cases. The Audit Committee and the Board of Directors have approved the Whistle Blower Policy and the details are available on the website of the Company under the weblink <http://smartlink.co.in/wp-content/uploads/2014/10/Smartlink-Whistle-Blower-Policy.pdf>.

## 8. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company has constituted a CSR committee consisting of the following Directors namely:

- a. Mr. Bhanubhai Patel (Chairman)
- b. Mr. K. R. Naik (Member)
- c. Mr. Pankaj Baliga (Member)

The Company has also formulated a CSR Policy and the same is displayed on the website of the Company. <http://smartlink.co.in/wp-content/uploads/2014/10/Corporate-Social-Responsibility-Policy-Smartlink.pdf>.

The Report as required under CSR Rules is attached as Annexure - H to this Report.

## 9. DIRECTORS AND KEY MANAGERIAL PERSONNEL

On recommendation of the Nomination and Remuneration Committee the Board of Directors have proposed to re-categorise and appoint Mr. Jangoo Dalal and Mr. Pradeep Rane as Independent Directors of the Company from the Annual General Meeting date i.e. 05<sup>th</sup> August, 2016 subject to the approval of the Shareholders.

The resolutions seeking approval of the members for the appointment of Mr. Jangoo Dalal and Mr. Pradeep Rane along with the particulars of Directors as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations) are given in the notice of the forthcoming Annual General Meeting of the Company. The Company has received a notice under section 160 of the Act along with the requisite deposit proposing their appointment.

In accordance with the provisions of the Companies Act, 2013; Ms. Arati Naik, Director of the Company retires by rotation at the forthcoming Annual General Meeting and being eligible offers herself for re-appointment.

During the year the non-executive directors of the Company had no pecuniary relationship or transactions with the Company.

All Independent Directors have given declaration that they meet the criteria for independence as laid down under Section 149(6) of the Companies Act, 2013 and the SEBI Listing Regulations.

Mr. K. R. Naik, Executive Chairman, Mr. K. G. Prabhu, Chief Financial Officer and Ms. Urjita Damle, Company Secretary have been designated as Key Managerial Personnel in accordance with provisions of Section 203 of the Companies Act, 2013.

### 9.1 BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and the listing regulations, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit, Nomination & Remuneration and other Committees. The manner in which the evaluation has been carried out has been given in the Corporate Governance Report.

### 9.2 REMUNERATION POLICY

The Board has, on recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The details of Remuneration Policy is stated in the Corporate Governance Report.

### 9.3 MEETINGS

During the year 6 Board Meetings and 4 Audit Committee Meetings were convened and held. The details of the same are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

### 9.4 AUDIT COMMITTEE

The details of the composition and roles and powers of the Audit Committee are given in the Corporate Governance Report. During the year all the recommendation of the Audit Committee were accepted by the Board.

## 10. DIRECTOR'S RESPONSIBILITY STATEMENT

To the best of their knowledge and ability, your Directors in terms of Section 134(5) of the Companies Act, 2013, hereby state and confirm that:

- a) in the preparation of annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same.



- b) appropriate accounting policies have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2016 and the profit of the Company for that period.
- c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) the annual accounts have been prepared on a 'going concern' basis.
- e) proper internal financial controls were in place and that the financial controls were adequate and were operating effectively.
- f) that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

## 11. RELATED PARTY TRANSACTIONS

All 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 and also the Board for approval. The Company has developed a Related Party Transactions Policy for the purpose of identification and monitoring such transactions.

## 12. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

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

## 13. EMPLOYEE STOCK OPTION SCHEME

The Company has not issued any ESOPS to its employees during the year.

## 14. AUDITORS

### 14.1 STATUTORY AUDITORS

Pursuant to provisions of Section 139 of the Companies Act, 2013 and rules made thereunder, M/s Deloitte Haskins & Sells LLP, having Registration No. 117366W/W-100018 Chartered Accountants, were appointed as Auditors of the Company to hold office till the conclusion of the 24<sup>th</sup> Annual General Meeting, subject to ratification of their appointment at every Annual General Meeting. They have confirmed their eligibility under Section 141 of the Companies Act, 2013 and the Rules framed thereunder for re-appointment as Auditors of the Company. The auditors have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India. There were no adverse comments by the statutory auditors of the Company in their Report and Auditors' Report and notes thereto are self-explanatory in nature.

### 14.2 SECRETARIAL AUDITOR

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 Dr. K. R. Chandratre, a Company Secretary in Practice (CP No. 5144) to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed herewith as "Annexure - B". The report does not contain any qualification.

## 15. INTERNAL COMPLAINTS COMMITTEE

As per provisions of Section 4 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, Company has constituted an Internal Complaints Committee for redressal of complaints against sexual harassment and there were no complaints received during the financial year.

## 16. AWARDS & RECOGNITION

The Company's products sold under the various brands have been acknowledged through numerous awards in 2015-16 and have been mentioned in the Management Discussion and Analysis Report.

**17. DISCLOSURE REQUIREMENTS**

As per SEBI Listing Regulations, Management Discussion and Analysis is annexed as “Annexure - A” to the report. Secretarial Audit Report is annexed as “Annexure - B”. A separate section on the corporate governance is annexed as “Annexure - C”, together with a certificate from the Dr. K. R. Chandratre confirming compliance is annexed as “Annexure - D”. Declaration by the Executive Chairman is annexed as “Annexure - E”.

**18. CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

The details of conservation of energy, technology absorption, foreign exchange earnings and outgo are as follows:

**A. CONSERVATION OF ENERGY**

The steps taken or impact on conservation of energy:

- i. Factory re-layout and consolidation of service activities was done in order to utilize common resources and decrease Energy consumption.
- ii. Investment in outdoor Solar lighting done during the earlier years has helped conserving energy to a good extend.

**B. RESEARCH & DEVELOPMENT & TECHNOLOGY ABSORPTION:**

Equipments and Instruments have been procured to develop local infrastructure required for manufacture of wireless LAN products in view of MAKE IN INDIA campaign announced by Government of India.

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

Total foreign exchange outgo and earnings is stated in Note 34(d) and 34(e) forming part of the Accounts.

**19. EXTRACT OF ANNUAL RETURN**

As provided under section 92 (3) of the Companies Act, 2013 the extract of the Annual Return in form MGT- 9 is annexed herewith as “Annexure - F” which forms part of this report.

**20. STATEMENT OF PARTICULARS OF APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL**

The information required under Section 197 of the Companies Act, 2013 read with Rule 5(i) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company and Directors is enclosed as “Annexure - G” to this report.

**21. FIXED DEPOSITS**

Company has not accepted any fixed deposits during the year under review and as such, no amount of principal or interest was outstanding as on the date of Balance Sheet.

**22. PARTICULARS OF LOANS/ADVANCES/INVESTMENTS OUTSTANDING DURING THE FINANCIAL YEAR**

Pursuant to Section 186 of the Companies Act, 2013 the Company does not have any loans/advances/ investments outstanding during the year.

**23. ACKNOWLEDGEMENTS**

Your Directors place on record their appreciation for the continuing support and co-operation from the customers, vendors, dealers, distributors, resellers, bankers, shareholders, Goa Industrial Development Corporation, State Industries, Electricity and other Government department's.

The Directors also take this opportunity to thank the employees for their dedicated service throughout the year.

**For and on behalf of the Board**

Place : Mumbai  
Dated : 5<sup>th</sup> May, 2016

**K. R. NAIK**  
Executive Chairman  
DIN: 00002013

## Annexure - A

# Management Discussion and Analysis

### ECONOMIC OVERVIEW

In 2015, global economic activity remained subdued and global growth estimated at a modest 3.1%. Growth in emerging markets and developing economies – while accounting for 70% of global growth, declined for the fifth consecutive year, while a modest recovery continued in advanced economies.

The growth is projected to be marginally stronger at 3.4% in 2016 and 3.6% in 2017. The pickup in global activity is projected to be more gradual than estimated earlier, especially in emerging markets and developing economies. The growth in emerging market and developing economies is projected to increase from 4% in 2015 – lowest since 2008-2009 financial crisis – to 4.3% and 4.7% in 2016 and 2017 respectively.

India and the rest of emerging Asia are generally projected to continue growing at a robust pace although some countries may face headwinds from China's economic rebalancing and global manufacturing weakness.

(Source: World Economic Outlook, IMF – April 2016)

The Indian economy has performed much more creditably compared to developed and emerging markets of the world. India's growth picked up a little in 2015 but only marginally. The Central Statistical Organization has estimated that GDP growth in FY17 would be 7.6% as compared to 7.3% in the previous year.

The economy has been on the upturn in the last three quarters – growth has accelerated, inflation has declined and current account deficit has narrowed. As a result of these improvements, India's macroeconomic position now compares favourably with other countries and India ranks among the most attractive investment destinations in the world. The reality and prospect of high and rising growth, combined with macroeconomic stability is the promise of India going forward.

Despite macroeconomic improvement, the business environment continues to be challenging. The government has announced several reforms and plans to take steps to boost investments in infrastructure and IT manufacturing. It is hoped that the policy makers will incentivise more companies to invest in IT manufacturing and participate in the true spirit of 'Make in India'.

### IT SPEND - GLOBAL AND LOCAL

Worldwide information technology spending is forecast to surpass \$3.6 trillion in 2016 - a 1.5% increase from 2015, according to IT research and advisory company, Gartner. The IT industry is being driven by digital business, and an environment driven by a connected world. Gartner predicts spending on Internet of Things (IoT) hardware will exceed \$2.5 million every minute in 2016. In five years, one million new devices will come online every hour. These interconnections are creating billions of new relationships.

India IT spending is forecast to reach \$71.0 billion in 2016, a 6.0 percent increase from 2015, according to Gartner, Inc. India will continue to be the fastest growing IT market for the second year in succession and will continue growing to total \$85.28 billion by the end of 2019. India is currently the third largest IT market in Asia/Pacific, and by 2019 India will become the second-largest IT market within the Asia/Pacific region, following China.

Devices, which include mobile phones, PCs and tablets, will account for almost 32 percent of the overall IT spend in India, and the devices segment will grow 7.4 percent in 2016. Mobile phones will continue to be the single largest technology sub segment in India and the third fastest-growing through 2019.

Data Center systems will grow 4.0 percent in 2016, with most of this growth coming from enterprise network equipment and unified communication that will grow at 6.0 percent and 4.5 percent, respectively. IT services, which accounts for 18.0 percent of overall IT spend in India, will be the fastest growing segment in India in 2016 with 12.8 percent growth year on year. Within these segments, business IT services will grow 14.4 percent over 2015 figures.

The driving force behind this IT spending growth is the emergence of digital business.

### INDIAN NETWORKING INDUSTRY

The Indian networking market continues to post a healthy year-on-year growth. According to International Data Corporation (IDC), the Ethernet Switch market witnessed a year-on-year growth of 6.8 percent (in vendor revenue) and stood at USD 108.2 Million. The Router market witnessed a



significant year-on-year growth of 32 percent and stood at USD 72.4 Million in terms of vendor revenue.

Significant growth was seen in L4-7 switches and routers category due to Telecom investments in refresh and 4G rollouts. Telecom, Banking, Professional Services, Education and Government were the key contributors with more than 80 percent market share.

The telecom 4G rollouts and government projects comprising of various e-governance, surveillance and digital initiatives are expected to contribute to the growth in the coming years.

The Indian LAN market is expected to grow in single digit in terms of Compound Annual Growth Rate (CAGR) for 2015-2020. Telecom and Banking would remain as the key contributors but incremental growth is expected from Education, Government, e-Commerce, Healthcare and Hospitality verticals in the near future.

The WLAN market is also expected to grow in single digit in terms of compound annual growth rate (CAGR) for 2015-2020. Uptake from SMB and Wi-Fi hotspot demand from various cities would drive incremental growth in the near future.

It is worth a mention that networking market is not just defined by technology, but also by the collaboration among the vendors, partner-centric initiatives and cost-competition, which are also some of the reasons for disruptions in the market. The current trend is that enterprises greatly contributed to the Ethernet switch market, whereas the router market was defined by the telecom vertical that has shown signs of revival.

As per IDC Analyst, the WLAN market in India is growing due to the enterprises, large or small and campuses that are all investing in the wireless infrastructure as a primary option. Q2 was the quarter of telcos, with huge investments to build their backhaul for expansions as well as new network build-outs. SDN is also gaining traction through innovations and aggressive initiatives by the vendors to strengthen their position.

IDC says that the government's initiatives to improve the financial inclusion, reduce the digital divide and build smart cities, are expected to contribute largely to the networking market in the near future. For the telcos' investment, strong competition, brand relocation, customer loyalty, and Government support will be the driving forces. The SMBs are expected to continue investing in the networking market

due to changes in technology coupled with their expansion goals. Hotspots solutions, traffic offloading, mobility, cloud computing, big data and analytics, social media, and BYOD would be the drivers for the networking market in the foreseeable future.

## INDIAN SURVEILLANCE MARKET

A growing need for safe and secure living while ensuring the protection of people, assets, and infrastructure has propelled a global demand for surveillance measures. India, being on a path of becoming a developed nation, needs to guarantee the safety of its people, resources, private properties, and to be aware of internal and external threats; hence, the need for such video surveillance measures is increasing more than ever.

The market is currently dominated by the traditional analog based video surveillance systems. However, the recent events of crimes and terrorist attacks have spurred the demand of more advanced video surveillance systems, i.e. the IP video/network video surveillance systems. IP based video surveillance systems have entered the market with compelling features and it is expected that the demand of IP cameras will surpass those of traditional analog cameras in the years ahead.

According to 6W Research India, Video Surveillance market is expected to reach ₹5,717.64 crore (US\$ 952.94 million) by 2016, with a CAGR of 32.49%. It is expected to top \$ 2.4 billion by 2020 and further to US\$ 8.24 billion by 2022. Though analog based surveillance systems have accounted for majority of the share of nearly 68% in the overall market, yet IP based surveillance systems are expected to grow with relatively higher CAGR of 41.78% in the coming years. Over the next six years, the market for IP surveillance is expected to increase due to increasing IP infrastructure, declining prices and demand for remote access.

Closely integrated security solutions instead of standalone solutions in IP and CCTV segment will be the major trends in the coming years. Also, integrated, cloud based and mobile operated security solutions will be the major trend in the surveillance business.

## BUSINESS OVERVIEW

Long before 'Make in India' became a popular slogan, Smartlink has been committed to manufacturing in India. The company's legacy of local manufacturing dates back to a time when it was considered not viable; however, Smartlink

has been a pioneer in many ways including manufacturing in India. Not surprisingly, Smartlink has been among the few companies in the networking sector that is in the forefront of the 'Make in India' initiative.

Smartlink was the first company in the country to introduce local manufacturing of networking devices and has over two decades of experience in the manufacturing of networking products. Further, it is constantly evolved and innovated so that its products are in line with the latest needs of consumer and industry. Smartlink continues to play an important role in providing wireless and computer networking products that are made in India.

Smartlink has a unique setup in India for over two decades and has made investments in the best infrastructure to develop, manufacture and market networking and communications products. However, on account of unstable government policy over the last two decades, the company's growth has been stifled. The company is making all efforts to succeed in the 'Make in India' initiative inspite of the fact that high volume product manufacturing in China makes it extremely difficult to be competitive.

The company expects that the government would extend concessional excise duty and exemption of custom duty on import of parts and sub-parts to encourage IT manufacturing companies in a big way. This will help achieve the dual vision of 'Make in India' and 'Digital India' and go a long way in encouraging domestic manufacturing of networking products, which in turn would provide huge employment opportunities and create additional revenues for the government.

### **DIGISOL**

#### **Networking Products**

Smartlink delivers a wide range of powerful networking products within domain of Converged Communications Solutions under the brand name DIGISOL and its portfolio encompasses over 150 products across the IT networking spectrum.

DIGISOL products incorporate world class quality and are backed by Smartlink's own manufacturing facility and a Pan-India distribution network. They have call-based technical support backed by a strong in-house service team.

On the product front, WLAN and Switching markets are growing and the company registered growth in those lines; while the declining router market has affected all vendors in that space.

During the year, the company launched a large number of products including indigenously manufactured DIGISOL products, routers and networking switches which have received overwhelming response from the market.

#### **Security and Surveillance Products**

Surveillance is a major thrust area for Smartlink and will receive renewed focus in the years ahead. The company sees Surveillance as a segment with exciting growth prospects.

#### **Brand Building**

Brand building has always been accorded top priority at Smartlink. While it is important to provide finest quality products of the latest technology, the manner in which the consumer perceives the brand is equally important, especially from the long term perspective. Smartlink has been in existence for over two decades but the brand DIGISOL is six year old and it requires massive efforts to establish the brand.

Smartlink invests substantially in educating the channel community of partners, distributors and system integrators who interact with the end consumers and play a strong role in building the brand. The Company's primary focus is positioning DIGISOL brand as a major brand in the midmarket that is 'Made in India' and offer value for money. The company's brand building effort include road shows for the channel community across the country and participation in trade shows and expos and in-shop branding. In addition to traditional advertising in India, Smartlink is active on important social media platform like Facebook, LinkedIn and Twitter.

2015 saw yet another milestone in the history of the brand. For the first time the company used the celebrity film star Sonakshi Sinha as the brand ambassador for DIGISOL. The celebrity endorsement helped Smartlink to create brand awareness among consumers to reach out to home community that was not part of its existing consumer base. Successful campaigns delivered significant brand pull in metros and tier-II cities.

#### **Awards and Recognition**

DIGISOL received the Best Networking Products 'Made in India' Award at the VAR India Star Nite Awards 2015 and Networking Solutions Award at the SME Channels Awards 2015.

DIGISOL - Best Enterprise Wireless Networking Brand, NCN Awards 2015

DIGISOL - Most Popular Networking Brand, NCN Awards 2015

## DIGICARE

### After Sales Service and Support

Smartlink is among the very few IT companies which has its own Service Support division DIGICARE, which gives it a tremendous edge over its competitors. It offers high quality after sales service and support designed to deliver total customer satisfaction.

DIGICARE has built one of the most efficient, skilled and highly professional service infrastructures in the country and provides end-to-end product life cycle support.

DIGICARE has embarked on a journey of consolidation and improving customer experience through a new model of service network that offers faster turnaround of customer service.

Through its easy-to-access STAC contact center and a wide network of Partners across the country, DIGICARE has implemented a lean and yet efficient service model where the defective products are swapped with good units at the customer touch points instead of repairing them. This network is supported in the backend by the state of the art Repair Hubs at Bangalore and Goa which ensures the repair quality standards are maintained. With this new service management model, DIGICARE is all set to provide the best possible after sales support to DIGISOL and help making DIGISOL the most preferred product.

## FINANCIAL PERFORMANCE

**Revenue from Operations:** The Company's Revenue from Operations (Gross) was ₹ 736.29 million for the current year as compared to ₹ 928.80 million for the previous year.

**Profit before Tax:** Profit before Tax was ₹ 67.65 million for the current year as compared to a profit of ₹ 134.81 million in the previous year.

**Profit After Tax:** Profit After Tax of the Company was ₹ 43.83 million during the current year as compared to profit of ₹ 132.07 million in the previous year.

## HUMAN RESOURCES

Smartlink is an equal-opportunity employer and human values form the backbone of the organization.

### Smartlink Values at work:

- An ethical, value based approach
- Careers that offer learning opportunities
- Growth and feeling of sense of accomplishment
- Performance oriented
- Combination of hard work and customer orientation

Smartlink has always focused on developing the employees and enhancing their capabilities. The key element of Smartlink Human Resource strategy is to provide a working environment that encourages innovation, enhances work satisfaction and builds a merit-driven organization. The Company's human resource vision is to create a committed workforce through people-enabling processes and knowledge sharing practices based upon its value system. As on March 31, 2016, the Company had 289 permanent employees, Smartlink's future success will depend, in part, on its ability to continue to attract, retain and motivate highly qualified technical and management personnel, for whom competition is intense.

## RISK FACTORS

In the event of a severe global slowdown, falling external demand would exert a powerful drag on Asia's economies including India, impacting company's prospects.

While the outlook for IT services relatively unchanged continued hesitation among buyers may foster hyper competition and cost pressure in mature IT Outsourcing (ITO) segments and relocation of budget away from new projects in consulting and implementation. This would have a consequent downstream impact.

The likelihood of Indian telecom operators investing a significantly lower proportion of their revenues over the next two years than their Chinese, Indonesian and Philippine counterparts even though the Indian, Chinese, Philippines and Indonesian telecom markets are at approximately the same stage of data penetration.

The risk of technological obsolescence is very high in the segments where the company operates. Moreover, the technological advancements are dictated by the large OEM players. On the other hand, the company needs to continuously invest to keep launching new products to enhance reach and reputation amongst customers and channel partners.

The Company is exposed to fluctuations in foreign currency, in particular the movement of US dollar vis-à-vis the Indian Rupee. The Company imports more than 90% of its components where the payment is in US Dollars.

In today's constantly changing markets, companies may opt to maintain and grow sales by selling at competitive prices. Products have become commoditized over time as alternative products become available or the number of suppliers offering the same product increases.



## INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACIES **DISCLAIMER**

Smartlink has aligned its current systems of internal financial control with the requirement of Companies Act 2013. The Internal Control framework is intended to increase transparency and accountability in an organisation's process of designing and implementing a system of internal control. The framework requires a company to identify and analyse risks and manage appropriate responses. The Company has successfully laid down the framework and ensured its effectiveness. Smartlink's internal controls are commensurate with its size and the nature of its operations. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorised use, executing transactions with proper authorisation and ensuring compliance of corporate policies.

Our management assessed the effectiveness of the Company's internal control over financial reporting (as defined in Clause 17 of SEBI Listing Regulations 2015) as of March 31, 2016.

Based on its evaluation (as defined in section 177 of Companies Act 2013 and Clause 18 of SEBI Listing Regulations 2015), our audit committee has concluded that, as of March 31, 2016, our internal financial controls were adequate and operating effectively.

Certain statements made in this report relating to the Company's objectives, projections, outlook, estimates, etc. may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ from such estimates or projections etc., whether expressed or implied. Several factors including but not limited to economic conditions affecting demand and supply, government regulations and taxation, input prices, exchange rate fluctuation, etc. over which the Company does not have any direct control, can make a significant difference to the Company's operations. The Company undertakes no obligation to publicly update or revise any forward looking statements, whether as a result of new information, future events, or otherwise. Readers are cautioned not to place undue reliance on any forward looking statements. The MD&A should be read in conjunction with the Company's financial statements included herein and the notes thereto.

## Annexure - B

## Secretarial Audit Report

For the Financial Year Ended 31st March, 2016

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

To  
The Members  
Smartlink Network Systems Limited  
L-7, Verna Industrial Estate, Verna, Salcete, Goa - 403722

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Smartlink Network Systems Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my 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, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March 2016 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2016 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 thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (FEMA Not applicable to the Company during the Audit Period);
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): -
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 **(Not applicable to the Company during the Audit Period)**;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **(Not applicable to the Company during the Audit Period)**;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not applicable to the Company during the Audit Period)**;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not applicable to the Company during the Audit Period)**; and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

I have also examined compliance 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 Stock Exchanges.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

#### I further report that

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

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

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

**I 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.

I further report that during the audit period the Company has passed a resolution for buyback of 7,454,850 Equity Shares of the Company.

Dr. K. R. Chandratre  
FCS No. 1370, C P No: 5144

Place : Pune  
Date : 05<sup>th</sup> May, 2016

## Annexure - C

## Report on Corporate Governance

The detailed report on Corporate Governance as per the format prescribed by SEBI and incorporated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [SEBI (LODR) Regulations, 2015] is set out below:

## 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company's philosophy on Corporate Governance is to attain high level of transparency and accountability in the functioning of the Company and in its relationship with employees, shareholders, creditors, consumers, dealers, lenders and ensuring high degree of regulatory compliances.

The Company also believes that its systems and procedures will enhance corporate performance and maximize shareholder's value in the long term.

## 2. BOARD OF DIRECTORS

### A. Composition and Category of Directors

The present Board comprises of 8 members consisting of 2 Executive Directors and 6 Non-Executive Directors out of which 4 are Independent Directors. The name and category of each Director is given below:

Name of the Director	Category
Mr. K. R. Naik	Executive Director & Promoter
Ms. Arati Naik	Executive Director & Promoter
Mr. Jangoo Dalal	Non-Executive Director
Mr. Pradeep Rane	Non-Executive Director
Mr. Pankaj Baliga	Independent Director
Mr. K. M. Gaonkar	Independent Director
Mr. Bhanubhai Patel	Independent Director
Mr. Pradeep Pande	Independent Director

### B. Board Training and Induction

At the time of appointment of an Independent Director, a formal letter of appointment is given to him/her, which inter alia explains the role, function, duties and responsibilities expected of him/her as a Director of the Company. The Director is also explained in detail the compliances required from him under the Companies Act, 2013, Clause 72 of SEBI (LODR) Regulations, 2015 and other relevant regulations and his affirmation is taken with respect to the same.

### C. Number of other Directorships and Chairmanship/Membership of Committees of each Director in other Companies

Name of the Director	Number of Directorship(s) in other companies*	No of Chairmanship / Membership in other Board Committee(s)**	
		Member	Chairman
Mr. K. R. Naik	NIL	NIL	NIL
Ms. Arati Naik	NIL	NIL	NIL
Mr. Jangoo Dalal	1	NIL	NIL
Mr. Pradeep Rane	NIL	NIL	NIL
Mr. Pankaj Baliga	1	NIL	NIL
Mr. K. M. Gaonkar	NIL	NIL	NIL
Mr. Bhanubhai Patel	NIL	NIL	NIL
Mr. Pradeep Pande	NIL	NIL	NIL

\* Excludes Directorships in Private and Foreign companies

\*\*In accordance with Clause 72 of SEBI (LODR) Regulations 2015, Membership/Chairmanship of only Audit Committee and Stakeholders Relationship Committee in all companies (excluding Smartlink Network Systems Ltd) have been considered.



**D. Attendance of Directors at the Board Meetings and the last Annual General Meeting (AGM)**

Name of the Director	Attendance at the Board Meeting held on						Attendance at the AGM held on 14 <sup>th</sup> August, 2015
	May 13, 2015	August 13, 2015	October 14, 2015	October 30, 2015	January 28, 2016	February 29, 2016	
Mr. K. R. Naik	✓	✓	✓	✓	✓	✓	✓
Mr. Jangoo Dalal	✓	✓	Leave of Absence	✓	✓	✓	✓
Mr. K. M. Gaonkar	✓	✓	✓	✓	✓	✓	✓
Mr. Pankaj Baliga	✓	✓	✓	✓	✓	✓	✓
Mr. Pradeep Rane	✓	✓	✓	✓	✓	✓	✓
Ms. Arati Naik	✓	✓	Leave of Absence	✓	✓	✓	✓
Mr. Bhanubhai Patel	✓	✓	Leave of Absence	✓	✓	Leave of Absence	✓
Mr. Pradeep Pande	✓	✓	Leave of Absence	✓	Leave of Absence	Leave of Absence	✓

**E. Board Agenda**

The Board meetings are scheduled well in advance and the Board members are generally given a notice of at least 7 days prior to the meeting date. All major items are backed by in-depth background information and analysis, wherever possible, to enable the Board members to take informed decisions.

**F. Committees of Board**

With a view to have better governance and accountability, the Board has constituted the following mandatory committees viz. Audit Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee.

**i. Audit Committee**

The terms of reference and role and responsibilities of the Audit Committee has been modified in accordance with Section 177 of the Companies Act, 2013 read with Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014 and SEBI (LODR) Regulations 2015.

**1. Terms of reference as per the Companies Act, 2013**

- the recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- review and monitor the auditor's independence and performance and effectiveness of audit process;
- examination of the financial statement and the auditors' report thereon;
- approval or any subsequent modification of transactions of the company with related parties;
- scrutiny of inter-corporate loans and investments;
- valuation of undertakings or assets of the company, wherever it is necessary;
- evaluation of internal financial controls and risk management systems;
- monitoring the end use of funds raised through public offers and related matters

**2. Terms of reference as per Regulation 18 of SEBI (LODR) Regulations 2015****a) Powers of Audit Committee**

The Audit Committee shall have powers, which should include the following:

The audit committee shall have powers to investigate any activity within its terms of reference, seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary

**b) Role of the audit committee and review of information by Audit committee**

The role of the Audit Committee shall include the following:

1. Oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - a) matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134;
  - b) changes, if any, in accounting policies and practices and reasons for the same;
  - c) major accounting entries involving estimates based on the exercise of judgment by management;
  - d) significant adjustments made in the financial statements arising out of audit findings;
  - e) compliance with listing and other legal requirements relating to financial statements;
  - f) disclosure of any related party transactions;
  - g) modified opinion(s) in the draft audit report;
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
7. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the listed entity with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the listed entity, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the whistle blower mechanism;
19. Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the audit committee.

**c) The audit committee shall mandatorily review the following information:**

- (1) Management discussion and analysis of financial condition and results of operations;
- (2) Statement of significant related party transactions (as defined by the audit committee), submitted by management;
- (3) Management letters / letters of internal control weaknesses issued by the statutory auditors;
- (4) Internal audit reports relating to internal control weaknesses; and
- (5) The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
- (6) Statement of deviations:
  - a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
  - b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

The Company Secretary of the Company acts as the Secretary to the Audit Committee. All the Directors on the Committee are financially literate and Mr. K. M. Gaonkar has expertise in Finance.

**Composition and Attendance of Members of Audit Committee at the Meetings held during the year**

All the Members on the Audit Committee have the requisite qualification for appointment on the Committee and possess sound knowledge of finance, accounting practices and internal controls.

Name of the Member	Category	Attendance at the Audit Committee Meeting held on			
		May 13, 2015	August 13, 2015	October 30, 2015	January 28, 2016
Mr. Pankaj Baliga (Chairman)	Independent Director	✓	✓	✓	✓
Mr. K. M. Gaonkar	Independent Director	✓	✓	✓	✓
Mr. Pradeep Rane	Non-Executive Director	✓	✓	✓	✓
Mr. Bhanubhai Patel	Independent Director	✓	✓	✓	✓

The representatives of the Statutory Auditors and Internal Auditors are permanent invitees to the Audit Committee Meetings.

**ii. Nomination and Remuneration Committee**

Nomination and Remuneration Committee as required under section 178 of the Companies Act, 2013 read with Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014 and SEBI LODR Regulations, 2015 has been formed:

**1. Terms of Reference**

The Nomination and Remuneration Committee was formed with the responsibility for determining the remuneration for all executive directors and KMP's, including any compensation payments, such as retirement benefits or stock options and also to determine principles, criteria and the basis of remuneration policy of the company and to also recommend and monitor the level and structure of pay for senior management, i.e. one level below the Board.

**2. Nomination and Remuneration Committee shall perform the following role**

- a) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- b) Formulation of criteria for evaluation of Independent Directors and the Board;
- c) Devising a policy on Board diversity;
- d) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
- e) Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.



### 3. Composition and Attendance of Members of Nomination and Remuneration Committee at the Meetings held during the year

Name of the Member	Category	Attendance at the Nomination and Remuneration Committee Meeting held on			
		April 14, 2015	May 13, 2015	October 14, 2015	October 27, 2015
Mr. K. M. Gaonkar (Chairman)	Independent Director	✓	✓	✓	✓
Mr. Pradeep Rane	Non-Executive Director	✓	✓	✓	✓
Mr. Pankaj Baliga	Independent Director	✓	✓	✓	
Mr. Jangoo Dalal	Non-Executive Director	✓	✓	Leave of Absence	Leave of Absence
Mr. Pradeep Pande	Independent Director	NA	NA	Leave of Absence	Leave of Absence

### 4. Nomination and Remuneration Policy

- The Company has formulated the Nomination and Remuneration Policy to laydown criteria and terms and condition with regards to identifying persons who are qualified to become Directors (Executive and Non Executive) and persons who are qualified to be appointed in Senior Management and Key Managerial Positions and to determine their remuneration.
- To carry out evaluation of the performance of Directors' as well as Key managerial and Senior Managerial Personnel.

### 5. The remuneration paid to the Directors for the year ended 31<sup>st</sup> March, 2016 is given below

#### a) Executive Directors

Executive Director	Salary, Contribution to P.F, Perquisites & Commission
Mr. K. R. Naik - Executive Chairman	Nil
Ms. Arati Naik - Whole Time Director designated as Chief Operating Officer (COO)	₹ 22.58 Lakhs

#### Salient features of the Terms of Appointment

Particulars	Mr. K. R. Naik	Ms. Arati K. Naik
Salary	₹ 6,00,000/- to ₹ 10,00,000/- per month	₹ 75,000/- to ₹ 1,87,500/- per month
Perquisites	In addition to salary the perquisites shall be paid as approved by the shareholders at the Annual General Meeting held on 30 <sup>th</sup> July, 2011	As applicable to senior executives of the Company
Commission	Nil	Nil
Variable/Performance Pay	Nil	upto maximum amount of ₹ 30,00,000/-
Terms of Appointment	Re-appointed for a period of five years with effect from 26 <sup>th</sup> December, 2011. Considered as Key Managerial Personnel with effect from 1 <sup>st</sup> April, 2014	Appointed as Whole Time Director of the Company w.e.f. 09 <sup>th</sup> September, 2014
Notice Period	Either party may terminate the appointment by giving the other party three months notice in writing	Either party may terminate the appointment by giving the other party two months notice in writing
Severance fees	None	None

**b) Non-Executive Directors**

In accordance with the resolution passed at the Annual General Meeting held on 30<sup>th</sup> July, 2011 the shareholders approved the payment of commission not exceeding 1% of the net profits of the Company to Non-Executive Directors. The Company has not paid any commission during the current year.

**c) Details of sitting fees paid/to be paid to the Non-Executive Directors for the period under review are as under**

Non-Executive Directors	Sitting Fees (₹)
Mr. K. M. Gaonkar	7,05,000
Mr. Pankaj Baliga	7,05,000
Mr. Pradeep Rane	7,00,000
Mr. Jangoo Dalal	3,50,000
Mr. Bhanubhai Patel	4,00,000
Mr. Pradeep Pande	1,50,000

**6. Details of other pecuniary relationship/transactions of Non-Executive Directors vis-à-vis the Company**

Name of the Non-Executive Director	Number of Shares	Amount of Dividend paid towards Dividend 2014-15
Mr. K. M. Gaonkar	68,962	1,37,924
Mr. Pradeep Rane	Nil	Nil
Mr. Pankaj Baliga	Nil	Nil
Mr. Jangoo Dalal	30,000	1,20,000
Mr. Bhanubhai Patel	Nil	Nil
Mr. Pradeep Pande	Nil	Nil

**iii. Stakeholders' Relationship Committee (Constituted in 2001 as Shareholders'/Investors' Grievance Committee)**

Investors Grievance Committee has been renamed as Stakeholders Relationship Committee as required under Section 178 (5) of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015 with effect from 29<sup>th</sup> April, 2014.

**1. Terms of reference**

The Committee shall consider and resolve the grievances of the security holders of the listed entity including complaints related to transfer of shares, non-receipt of annual report and non-receipt of declared dividends.

**2. Composition and Attendance of Members of Stakeholders' Relationship Committee at the Meetings held during the year.**

Name of the Member	Category	Attendance at the Stakeholders' Relationship Committee Meeting held on August 27, 2015
Mr. Pankaj Baliga (Chairman)	Independent Director	✓
Mr. K. R. Naik	Executive Director & Promoter	✓
Mr. K. M. Gaonkar	Independent Director	✓

Name and Designation of Compliance Officer - Ms. Urjita Damle, Company Secretary

During the year, the Company had received 55 complaints from the shareholders and the same were attended and resolved to the satisfaction of the shareholders. There were no complaints pending at the end of the year.

#### iv. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company has constituted a CSR committee consisting of the following Directors namely:

- a. Mr. Bhanubhai Patel (Chairman)
- b. Mr. K. R. Naik (Member)
- c. Mr. Pankaj Baliga (Member)

The Company has formulated a CSR Policy and the same is displayed on the website of the Company.

#### G. Independent Directors:

##### a. Formal Letter of Appointment to Independent Directors:

The Company has issued a formal letter of appointment to all Independent Directors in accordance with the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015. The terms and conditions of appointment of Independent Directors is uploaded on the website of the company.

##### b. Independent Directors' Meeting

During the year, the Independent Directors of the Company met on 13<sup>th</sup> May, 2015, inter alia, to:

- review the performance of non-independent directors of the Company;
- review the performance of the Board as a whole
- review the performance of the Chairperson of the company,
- assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties

##### c. Independent Directors' Familiarization Programme

SEBI LODR Regulations, 2015 stipulates that:

The Company shall familiarize the Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, roles, rights and responsibilities of the Independent Director and other relevant information through various programmes.

The Company has adopted the familiarization programme for Independent Directors and the details of which are uploaded on the website of the Company at- <http://smartlink.co.in/wp-content/uploads/2014/10/Smartlink-Independent-Directors-Familiarization-Programme.pdf>.

#### H. Board Diversity Policy

The Company in compliance with SEBI LODR Regulations, 2015 has formulated a policy on Board diversity which sets out the framework to promote diversity on Company's Board of Directors. The policy was recommended by Nomination and Remuneration Committee and approved by the Board.

#### I. Performance Evaluation Policy

The Company in compliance with Section 134 (3) (p) of the Companies Act, 2013 and SEBI LODR Regulations, 2015 has formulated a Performance Evaluation Policy which sets out the framework in which the Board of Directors shall conduct formal annual evaluation of its own performance and that of the Committees and individual Directors. The policy was recommended by Nomination and Remuneration Committee and approved by the Board.

During the year the Annual performance evaluation has been carried out of all the Directors, the Board, Chairman of the Board and the working of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee. The performance evaluation policy of the Board of Directors was carried out based on the detailed questionnaire containing criteria such as duties and responsibilities of the Board, information flow to the Board, time devoted to the meetings, etc. Similarly, the Director's evaluation was carried out on the basis of questionnaire containing criteria such as level of participation by individual directors, independent judgement by the director, understanding of the Company's business, etc., The performance evaluation of the Board and the Committees, viz., Audit Committee, Nomination and Remuneration Committee was done by all the Directors. The performance evaluation of the Independent Directors was carried out by the Board excluding the Director being evaluated. The performance evaluation of the Chairman and Executive Directors was carried out by the Independent Directors. The Directors expressed their satisfaction over the entire evaluation process.



**J. Risk Management Policy**

In accordance with the provisions of the Companies Act, 2013 the Company has formulated a Risk Management Policy. The Board shall from time to time monitor and review the said policy.

**K. Disclosures****a. Related Party Transactions**

There were no transactions entered into with Related Parties as defined under the Companies Act, 2013 and SEBI LODR Regulations, 2015 during the financial year. The Board has approved Related Party Transaction policy which has been uploaded on the website of the Company at - <http://smartlink.co.in/wp-content/uploads/2014/10/Related-Party-Transaction-Policy.pdf>.

**b. Strictures and Penalties**

No strictures or penalties have been imposed on the Company by the Stock Exchanges or by the Securities and Exchange Board of India (SEBI) or by any statutory authority on any matters related to capital markets during the last three years.

c. The company has adopted a Whistle Blower Policy and has established the necessary vigil mechanism for employees and directors to report concerns about unethical behavior. No person has been denied the access to the chairman of the Audit Committee.

d. The Company has complied with all mandatory requirements as stated in Regulation 72 of SEBI LODR Regulations, 2015 and the requirements stipulated under Clause 49 of the Listing Agreements and regulation 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of regulation 46 of SEBI Listing Regulations, as applicable, with regard to corporate governance.

e. There is no pecuniary or business relationship between the Non-Executive/Independent Directors and the Company, except for the payment of sitting fees for attending Board and Committee Meetings in accordance with the applicable laws. A declaration to this effect is also submitted by all the Directors at the beginning of each financial year.

f. Details of foreign currency exposure and hedging - refer note no. 25 forming part of the accounts.

**L. Code of Conduct**

The Company has adopted a 'Code of Conduct' for the Directors and Senior Management of the Company. Regulation 17(5)(b) of SEBI LODR Regulations, 2015 requires that the code of conduct shall suitably incorporate the duties of independent directors as laid down in the Companies Act, 2013. Hence duties of Independent Directors were included in Smartlink Code of Conduct. The same has been uploaded on the website of the Company. The code promotes conducting business in an ethical efficient and transparent manner so as to meet its obligations to its shareholders and all other stakeholders.

**M. Prevention of Insider Trading**

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed.

**N. General Body Meeting****a. Location and time, where last three AGMs were held**

Location	Date	Time
L-7, Verna Industrial Estate, Verna, Salcete, Goa - 403722	14 <sup>th</sup> August, 2015	11.00 a.m.
	26 <sup>th</sup> July, 2014	11.00 a.m.
	27 <sup>th</sup> July, 2013	11.00 a.m.

**b. Special Resolutions Passed**

Whether Special Resolution passed at the last Annual General Meeting held on 14 <sup>th</sup> August, 2015	
a) pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any amendment thereto or re-enactment thereof), the Articles of Association of the Company be and are hereby altered by replacing all the existing regulations as per the draft regulations contained in the Articles of Association submitted to this meeting and the same be and is hereby approved and adopted as new regulations of the Articles of Association of the Company to the entire exclusion of the regulations contained in the existing Articles of Association of the Company.	Yes
Whether Special Resolution passed at the last Annual General Meeting held on 26 <sup>th</sup> July, 2014	No
Whether Special Resolution passed at the last Annual General Meeting held on 27 <sup>th</sup> July, 2013	Yes
a) Consent of the Shareholders be and is hereby accorded to holding and continuing to hold an office or place of profit to Ms. Arati K. Naik, relative of Mr. Kamalaksha R. Naik - Executive Chairman of the Company and to increase limits in monthly remuneration payable to her upto ₹ 2,50,000/- from existing ₹ 50,000/- w.e.f 01 <sup>st</sup> April, 2013 provided that the Board may from time to time determine the remuneration payable to Ms. Arati K. Naik subject to the limit of ₹ 2,50,000/- per month and also be authorized to change the designation/role which may be assigned to her.	
<b>c. Details of Special Resolutions passed through Postal Ballot during the year- To approve buy back of equity shares of the Company</b>	Yes
Brief Procedure for Postal Ballot	
Type of Meeting	Postal Ballot
Date of Postal Ballot Notice	29 <sup>th</sup> February 2016
Voting Period	14 <sup>th</sup> March, 2016 till 13 <sup>th</sup> April, 2016
Type of Resolution	Special Resolution
Details of Voting Pattern	Votes in favour : 2,11,662 (92.41%) Votes against : 17,382 (7.59%)
Name of Scrutinizer for conducting Postal Ballot	Mr. Shivram Bhat, Practicing Company Secretary
Date of declaration of result and date of approval	14 <sup>th</sup> April, 2016
Items of Resolution passed through the Postal Ballot	Approval of shareholders for Buyback of 7454850 equity shares of the Company under section 68 of the Companies Act 2013.
<b>d. Special Resolution/s proposed to be conducted through postal ballot</b>	Nil

**O. Means of Communication**

Quarterly Results	Published in Newspapers
Newspapers in which normally published	Financial Express, The Times of India (in English) and Gomantak / Pudhari (in Marathi)
Any website, where displayed	<a href="http://www.smartlink.co.in">www.smartlink.co.in</a>
Whether it also displays official News releases	Yes
The presentations made to Institutional Investors or to the Analysts	N. A.

**P. General Shareholder Information****1. Annual General Meeting**Date : 05<sup>th</sup> August, 2016

Time : 11.00 a.m.

Venue : L-7, Verna Industrial Estate, Verna, Salcete, Goa - 403722

**2. Financial Calendar**

Particulars	Date
First Quarter Results	On or before 14 <sup>th</sup> August, 2016
Second Quarter Results	On or before 14 <sup>th</sup> November, 2016
Third Quarter Results	On or before 14 <sup>th</sup> February, 2017
Fourth Quarter Results	On or before 30 <sup>th</sup> May, 2017

### 3. Dates of Book Closure

20<sup>th</sup> July, 2016 to 27<sup>th</sup> July, 2016 (both days inclusive)

### 5. Listing on Stock Exchanges

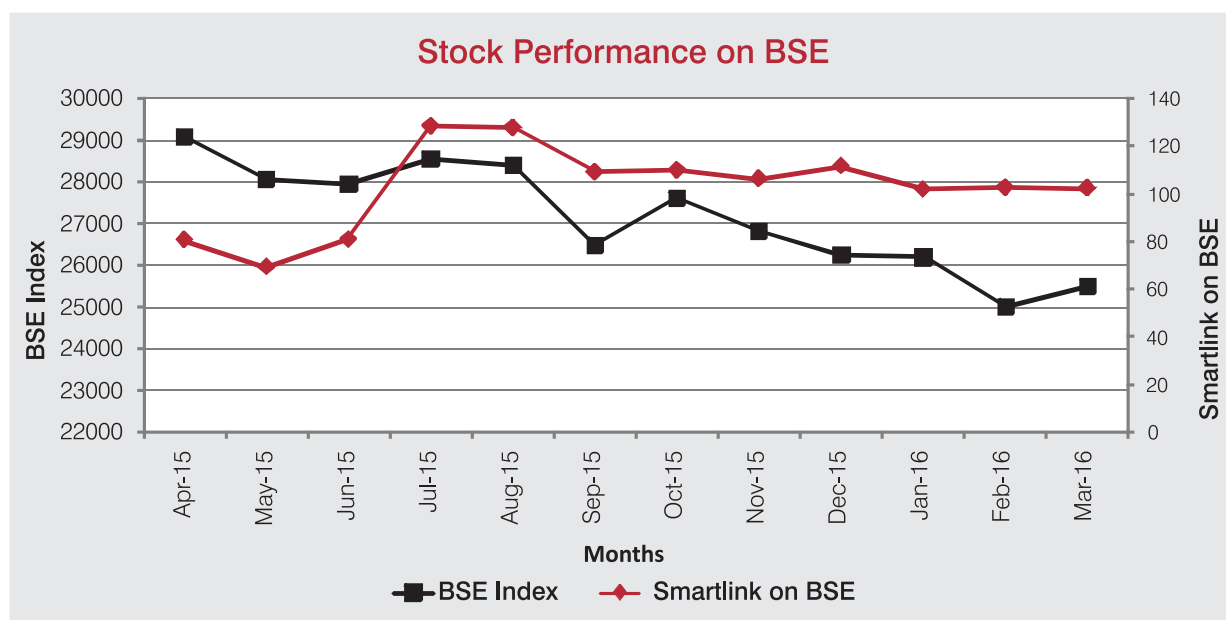
The shares of the Company are listed on following Stock Exchanges from 11<sup>th</sup> April, 2001. The listing fees for the financial year 2016-17 to both the Stock Exchanges have been paid.

Name & Address of the Stock Exchanges	Stock Code/Script Code	ISIN Number for NSDL/CDSL (Dematerialised shares)
BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400001	532419	INE 178C01020
The National Stock Exchange of India Limited Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai 400051	SMARTLINK	

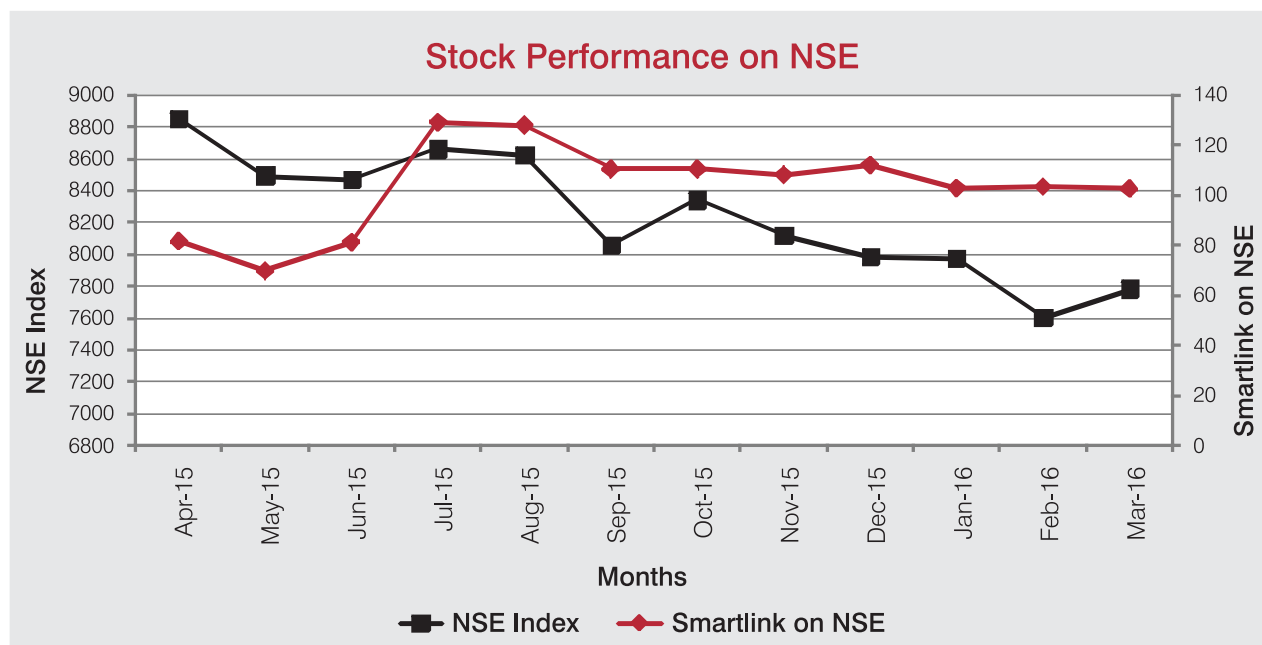
### 6. Market Price Data

Stock High/Low price during each month in the last financial year 2015-2016 and Performance in comparison to broad-based indices viz., BSE Sensex and NSE Nifty:

Month	Smartlink on BSE		BSE Index		Smartlink on NSE		NSE Index	
	High (₹)	Low (₹)	High	Low	High (₹)	Low (₹)	High	Low
Apr-15	80.80	63.10	29094.61	26897.54	81.35	61.05	8844.80	8144.75
May-15	69.30	61.70	28071.16	26423.99	69.50	60.40	8489.55	7997.15
Jun-15	81.10	57.25	27968.75	26307.07	81.00	55.00	8467.15	7940.30
Jul-15	128.50	74.00	28578.33	27416.39	128.65	72.10	8654.75	8315.40
Aug-15	127.90	83.00	28417.59	25298.42	127.50	83.50	8621.55	7667.25
Sep-15	109.20	86.90	26471.82	24833.54	110.00	87.10	8055.00	7539.50
Oct-15	110.00	93.50	27618.14	26168.71	110.00	94.50	8336.30	7930.65
Nov-15	106.40	88.20	26824.30	25451.42	107.80	88.00	8116.10	7714.15
Dec-15	111.70	95.80	26256.42	24867.73	111.70	95.00	7979.30	7551.05
Jan-16	102.00	75.30	26197.27	23839.76	102.50	76.25	7972.55	7241.50
Feb-16	102.70	69.50	25002.32	22494.61	103.00	70.00	7600.45	6825.80
Mar-16	102.35	92.10	25479.62	23133.18	102.20	92.10	7777.60	7035.10







## 7. Registrar and Share Transfer Agents

Karvy Computershare Private Limited  
 Unit: Smartlink Network Systems Ltd.  
 Registrar and Transfer Agent  
 Karvy Selenium Tower B, Plot No. 31 & 32  
 Gachibowli, Financial District, Nanakramguda, Serilingampally  
 Hyderabad - 500 032  
 Tel: +91 4067162222, Fax: +91 4023001153, Toll Free: 1800-345-4001  
 Email: [einward.ris@karvy.com](mailto:einward.ris@karvy.com)

## 8. Share Transfer System

Trading in equity shares of the Company is permitted only in dematerialized form.  
 Shares sent for transfer in physical form are normally processed within a period of 15 days of receipt of the documents, provided all documents are valid and complete in all respects.  
 There were no Share Transfers during the year.

## 9. Distribution of Shareholding

Distribution of Shareholding as on 31<sup>st</sup> March, 2016

Sr. No.	Category (Shares) From – To	Number of Shareholders	No. of Shares	% To Equity Capital
1	1 - 500	13340	1755749	5.85
2	501 - 1000	1009	854804	2.85
3	1001 - 2000	718	1198596	3.99
4	2001 - 3000	143	364413	1.22
5	3001 - 4000	55	196701	0.66
6	4001 - 5000	60	289057	0.96
7	5001 - 10000	91	672528	2.24
8	10001 and above	88	24673002	82.23
	<b>TOTAL</b>	<b>15504</b>	<b>30004850</b>	<b>100.00</b>

**10. Shareholding Pattern as on 31<sup>st</sup> March, 2016**

Sr. No.	Category of Shareholders	Total Holdings	Holdings in %
1	Shareholding of Promoter and Promoter Group	22,350,576	74.49
2	Financial Institutions / Banks / Trusts	56,820	0.19
3	Bodies Corporate	1,231,400	4.10
4	Individuals	6,201,312	20.67
5	Clearing Members	21,391	0.07
6	NRI's	136,951	0.46
7	Foreign Portfolio Investors	6,400	0.02
	<b>Total</b>	<b>30,004,850</b>	<b>100.00</b>

**11. Global Depository Receipts (GDR) or any Convertible instruments, conversion dates and likely impact on Equity**

N.A

**12. Commodity price risk or foreign exchange risk and hedging activities**

Refer risk factors in the Management Discussion and Analysis

**13. Dematerialization of Shares and Liquidity**

The total number of shares in dematerialized form as on 31<sup>st</sup> March, 2016 is 29,984,134 representing 99.93% of the total number of shares of the Company.

The equity shares of the Company are actively traded on BSE and NSE.

**14. Plant Location**

L-5 &amp; L-7, Verna Industrial Estate, Verna, Salcete, Goa – 403722

**15. Address for Correspondence**

Shareholders Correspondence should be addressed to:

The Company Secretary  
Smartlink Network Systems Limited  
L-7, Verna Industrial Estate, Verna,  
Salcete, Goa- 403 722, India.  
Phone Nos: 0832-2885400/401  
Fax No: 0832-2783395  
Email: [Company.Secretary@smartlink.co.in](mailto:Company.Secretary@smartlink.co.in)

Karvy Computershare Private Limited  
Unit: Smartlink Network Systems Limited  
Registrar and Transfer Agent  
Karvy Selenium Tower B, Plot No 31 & 32  
Gachibowli, Financial District,  
Nanakramguda, Serilingampally  
Hyderabad – 500 032  
Tel: +91 4067162222, Fax: +91 4023001153,  
Toll Free: 1800-345-4001  
Email: [einward.ris@karvy.com](mailto:einward.ris@karvy.com)

**For and on behalf of the Board**

Mumbai  
Dated: 05<sup>th</sup> May, 2016

**K. R. NAIK**  
Executive Chairman  
DIN: 00002013

## Annexure - D

### **CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE REQUIRED UNDER THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 BY SMARTLINK NETWORK SYSTEMS LIMITED**

To the members of **SMARTLINK NETWORK SYSTEMS LIMITED:**

I have examined the compliance by SMARTLINK NETWORK SYSTEMS LIMITED ('the Company') of the requirements of compliance with the corporate Governance requirements under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("LODR") for the year ended 31<sup>st</sup> March 2016.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the LODR. This Certificate is issued pursuant to the requirements of Schedule V (E) of the LODR.

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

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

**Dr. K. R. Chandratre**

Practising Company Secretary  
FCS No. 1370  
Certificate of Practice No. 5144

May 05, 2016

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## Annexure - E

### **DECLARATION**

I confirm that the Company has in respect of the financial year ended 31<sup>st</sup> March, 2016, received from all the members of the Senior Management of the Company and of the Board, a declaration of compliance with the code of conduct as provided under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Mumbai  
Dated: 05<sup>th</sup> May, 2016

**For Smartlink Network Systems Limited**

**K. R. Naik**  
Executive Chairman  
DIN: 00002013



## Annexure - F

## FORM NO. MGT. 9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31<sup>ST</sup> MARCH, 2016

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

## I. REGISTRATION AND OTHER DETAILS

CIN	L30007GA1993PLC001341
Registration Date	31 <sup>st</sup> March, 1993
Name of the Company	Smartlink Network Systems Limited
Category/Sub-Category of the Company	Company having share capital
Address of the Registered office and contact details	L-7, Verna Industrial Estate, Verna, Salcete Goa - 403722 Tel No.: 0832-2885400
Whether listed company	Yes
Name, Address and Contact details of Registrar and Transfer Agent	Karvy Computershare Private Limited Unit: Smartlink Network Systems Limited Karvy Selenium Tower B, Plot No. 31 & 32 Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad - 500 032 Email: einward.ris@karvy.com

## 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:-

Sr. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the company
1	Manufacturing and Trading of Networking Products	2610, 2620	100%

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of shares held	Applicable Section
	None	NA	NA	NA	NA

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

## i) Category-wise Share Holding

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Shares	Demat	Physical	Total	% of Shares	
<b>Promoters</b>									
<b>Indian</b>									
Individuals/Hindu Undivided Family	22,350,576	0	22,350,576	74.49	22,350,576	0	22,350,576	74.49	0.00
Central Government/ State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Shares	Demat	Physical	Total	% of Shares	
Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
Financial Institutions/ Banks	0	0	0	0.00	0	0	0	0.00	0.00
Any Others(Specify)	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub Total(A)(1)</b>	<b>22,350,576</b>	<b>0</b>	<b>22,350,576</b>	<b>74.49</b>	<b>22,350,576</b>	<b>0</b>	<b>22,350,576</b>	<b>74.49</b>	<b>0.00</b>
<b>Foreign</b>									
Individuals (Non-Residents Individuals/Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
Institutions	0	0	0	0.00	0	0	0	0.00	0.00
Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
Any Others(Specify)	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub Total(A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1) + (A)(2)</b>	<b>22,350,576</b>	<b>0</b>	<b>22,350,576</b>	<b>74.49</b>	<b>22,350,576</b>	<b>0</b>	<b>22,350,576</b>	<b>74.49</b>	<b>0.00</b>
<b>Public shareholding</b>									
<b>Institutions</b>									
Mutual Funds/ UTI	0	0	0	0	0	0	0	0	0
Financial Institutions/ Banks	13,080	0	13,080	0.04	56,820	0	56,820	0.19	0.15
Central Government/ State Government(s)	0	0	0	0	0	0	0	0	0
Venture Capital Funds	0	0	0	0	0	0	0	0	0
Insurance Companies	0	0	0	0	0	0	0	0	0
Foreign Institutional Investors	0	0	0	0	6,400	0	6,400	0.02	0.02
Foreign Venture Capital Investors	0	0	0	0	0	0	0	0	0
Qualified Foreign Investor	0	0	0	0	0	0	0	0	0
Any Other (specify)	0	0	0	0	0	0	0	0	0
<b>Sub-Total (B)(1)</b>	<b>13,080</b>	<b>0</b>	<b>13,080</b>	<b>0.04</b>	<b>63,220</b>	<b>0</b>	<b>63,220</b>	<b>0.21</b>	<b>0.17</b>

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Shares	Demat	Physical	Total	% of Shares	
<b>Non-institutions</b>									
Bodies Corporate	1,318,804	0	1,318,804	4.40	1,231,400	0	1,231,400	4.10	-0.30
Individuals									
Individuals -									
i. Individual shareholders holding nominal share capital up to ₹ 1 lakh	5,362,706	21,716	5,384,422	17.95	6,040,396	20,716	6,061,112	20.20	2.25
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh.	676,184	0	676,184	2.25	140,000	0	140,000	0.47	-1.78
Qualified Foreign Investor	0	0	0	0	0	0	0	0	0
Any Other (specify)	0	0	0	0	0	0	0	0	0
Trusts	0	0	0	0	0	0	0	0	0
NBSC registered with RBI	0	0	0	0	200	0	200	0	0
Non Resident Indians	181,413	0	181,413	0.60	136,951	0	136,951	0.46	-0.14
Clearing Members	80,371	0	80,371	0.27	21391	0	21,391	0.07	-0.20
<b>Sub-Total (B)(2)</b>	<b>7,619,478</b>	<b>2,1716</b>	<b>7,641,194</b>	<b>25.47</b>	<b>7,570,338</b>	<b>20,716</b>	<b>7,591,054</b>	<b>25.30</b>	<b>-0.17</b>
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>7,632,558</b>	<b>21,716</b>	<b>7,654,274</b>	<b>25.51</b>	<b>7,633,558</b>	<b>20,716</b>	<b>7,654,274</b>	<b>25.51</b>	<b>0.00</b>
<b>TOTAL (A)+(B)</b>	<b>29,983,134</b>	<b>21,716</b>	<b>30,004,850</b>	<b>100.00</b>	<b>29,984,134</b>	<b>20,716</b>	<b>30,004,850</b>	<b>100.00</b>	<b>0.00</b>
<b>Shares held by Custodians and against which Depository Receipts have been issued</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Promoter and Promoter Group	0	0	0	0	0	0	0	0	0
Public	0	0	0	0	0	0	0	0	0
<b>Sub-Total (C)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>29,983,134</b>	<b>21,716</b>	<b>30,004,850</b>	<b>100.00</b>	<b>29,984,134</b>	<b>20,716</b>	<b>30,004,850</b>	<b>100.00</b>	<b>0.00</b>

## ii) Shareholding of Promoters

Sr. 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	Mr. Kamalaksha Rama Naik	15,662,993	52.20	0.00	15,662,993	52.20	0.00	0.00
2	Ms. Arati Kamalaksha Naik	3,013,528	10.05	0.00	3,013,528	10.05	0.00	0.00
3	Mrs. Lakshana Amit Sharma	1,830,841	6.10	0.00	1,830,841	6.10	0.00	0.00
4	Mrs. Sudha Kamalaksha Naik	1,500,243	5.00	0.00	1,500,243	5.00	0.00	0.00
5	Kamalaksha Rama Naik (HUF)	342,971	1.14	0.00	342,971	1.14	0.00	0.00
	<b>Total</b>	<b>22,350,576</b>	<b>74.49</b>	<b>0.00</b>	<b>22,350,576</b>	<b>74.49</b>	<b>0.00</b>	<b>0.00</b>

## iii) Change in Promoters' Shareholding

Shareholding at the beginning of the year			Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	No change during the year			
Date wise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):				
At the end of the year				

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

Sr. No.	Name of the Shareholder	Shareholding at the beginning of the Year		Date	Increase/Decrease in shareholding	Reason	Cumulative Shareholding during the Year	
		No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the company
1	ZEN SECURITIES LIMITED	656130	2.19	01/04/2015	-	-	656130	2.19
				03/04/2015	12104	Transfer	668234	2.23
				03/04/2015	-3400	Transfer	664834	2.22
				10/04/2015	20002	Transfer	684836	2.28
				10/04/2015	-27037	Transfer	657799	2.19
				17/04/2015	202	Transfer	658001	2.19
				17/04/2015	-4103	Transfer	653898	2.18
				24/04/2015	1267	Transfer	655165	2.18
				24/04/2015	-414732	Transfer	240433	0.80
				01/05/2015	4674	Transfer	245107	0.82
				01/05/2015	-791	Transfer	244316	0.81
				08/05/2015	419820	Transfer	664136	2.21
				08/05/2015	-973	Transfer	663163	2.21



Sr. No.	Name of the Shareholder	Shareholding at the beginning of the Year		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the Year	
		No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the company
				15/05/2015	9210	Transfer	672373	2.24
				15/05/2015	-37	Transfer	672336	2.24
				22/05/2015	-7117	Transfer	665219	2.22
				29/05/2015	1456	Transfer	666675	2.22
				29/05/2015	-250	Transfer	666425	2.22
				05/06/2015	1550	Transfer	667975	2.23
				05/06/2015	-575	Transfer	667400	2.22
				12/06/2015	350	Transfer	667750	2.23
				12/06/2015	-6201	Transfer	661549	2.20
				19/06/2015	1197	Transfer	662746	2.21
				19/06/2015	-79200	Transfer	583546	1.94
				26/06/2015	67319	Transfer	650865	2.17
				26/06/2015	-28444	Transfer	622421	2.07
				30/06/2015	5172	Transfer	627593	2.09
				30/06/2015	-66793	Transfer	560800	1.87
				03/07/2015	15122	Transfer	575922	1.92
				03/07/2015	-1953	Transfer	573969	1.91
				10/07/2015	-16375	Transfer	557594	1.86
				17/07/2015	7444	Transfer	565038	1.88
				17/07/2015	-5364	Transfer	559674	1.87
				24/07/2015	24741	Transfer	584415	1.95
				24/07/2015	-94528	Transfer	489887	1.63
				31/07/2015	2455	Transfer	492342	1.64
				31/07/2015	-20807	Transfer	471535	1.57
				07/08/2015	489	Transfer	472024	1.57
				07/08/2015	-13037	Transfer	458987	1.53
				14/08/2015	50	Transfer	459037	1.53
				14/08/2015	-3642	Transfer	455395	1.52
				21/08/2015	2063	Transfer	457458	1.52
				21/08/2015	-4159	Transfer	453299	1.51
				28/08/2015	300	Transfer	453599	1.51
				28/08/2015	-5373	Transfer	448226	1.49
				04/09/2015	5800	Transfer	454026	1.51
				04/09/2015	-2100	Transfer	451926	1.51
				11/09/2015	-16438	Transfer	435488	1.45

Sr. No.	Name of the Shareholder	Shareholding at the beginning of the Year		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the Year	
		No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the company
				18/09/2015	1003	Transfer	436491	1.45
				18/09/2015	-3451	Transfer	433040	1.44
				25/09/2015	14839	Transfer	447879	1.49
				25/09/2015	-1000	Transfer	446879	1.49
				30/09/2015	6356	Transfer	453235	1.51
				30/09/2015	-4986	Transfer	448249	1.49
				02/10/2015	1029	Transfer	449278	1.50
				09/10/2015	5441	Transfer	454719	1.52
				09/10/2015	-100	Transfer	454619	1.52
				16/10/2015	-4843	Transfer	449776	1.50
				23/10/2015	3470	Transfer	453246	1.51
				23/10/2015	-4597	Transfer	448649	1.50
				30/10/2015	-6704	Transfer	441945	1.47
				06/11/2015	110	Transfer	442055	1.47
				06/11/2015	-1639	Transfer	440416	1.47
				13/11/2015	-2166	Transfer	438250	1.46
				20/11/2015	1342	Transfer	439592	1.47
				20/11/2015	-538	Transfer	439054	1.46
				27/11/2015	2200	Transfer	441254	1.47
				27/11/2015	-4883	Transfer	436371	1.45
				04/12/2015	1150	Transfer	437521	1.46
				04/12/2015	-860	Transfer	436661	1.46
				11/12/2015	50	Transfer	436711	1.46
				11/12/2015	-1572	Transfer	435139	1.45
				18/12/2015	549	Transfer	435688	1.45
				18/12/2015	-3619	Transfer	432069	1.44
				25/12/2015	9338	Transfer	441407	1.47
				31/12/2015	-1172	Transfer	440235	1.47
				01/01/2016	200	Transfer	440435	1.47
				01/01/2016	-1650	Transfer	438785	1.46
				08/01/2016	1371	Transfer	440156	1.47
				08/01/2016	-4853	Transfer	435303	1.45
				15/01/2016	-4714	Transfer	430589	1.44
				22/01/2016	8003	Transfer	438592	1.46
				29/01/2016	444	Transfer	439036	1.46

Sr. No.	Name of the Shareholder	Shareholding at the beginning of the Year		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the Year	
		No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the company
				29/01/2016	-2024	Transfer	437012	1.46
				05/02/2016	10312	Transfer	447324	1.49
				05/02/2016	-4736	Transfer	442588	1.48
				12/02/2016	1450	Transfer	444038	1.48
				12/02/2016	-718	Transfer	443320	1.48
				19/02/2016	4356	Transfer	447676	1.49
				26/02/2016	38457	Transfer	486133	1.62
				26/02/2016	-11084	Transfer	475049	1.58
				04/03/2016	-50325	Transfer	424724	1.42
				11/03/2016	10559	Transfer	435283	1.45
				11/03/2016	-1780	Transfer	433503	1.44
				18/03/2016	-10853	Transfer	422650	1.41
				25/03/2016	2391	Transfer	425041	1.42
				25/03/2016	-2030	Transfer	423011	1.41
				31/03/2016	5196	Transfer	428207	1.43
				31/03/2016	-650	Transfer	427557	1.42
				31/03/2016	-	-	427557	1.42
2	NEELESH VIVEKANAND WAGLE	125000	0.42	01/04/2015	-	-	125000	0.42
				31/07/2015	-25000	Transfer	100000	0.33
				18/03/2016	-50000	Transfer	50000	0.17
				25/03/2016	-25000	Transfer	25000	0.08
				31/03/2016	-25000	Transfer	0	0.00
				31/03/2016	-	-	0	0.00
3	KIMI BUSINESS INVESTMENTS ADVISORS LLP	121555	0.41	01/04/2015	-	-	121555	0.41
				24/07/2015	-119000	Transfer	2555	0.01
				14/08/2015	-2555	Transfer	0	0.00
				31/03/2016	-	-	0	0.00
4	K. SATISH	100000	0.33	01/04/2015	-	-	100000	0.33
				10/04/2015	10000	Transfer	110000	0.37
				22/05/2015	1956	Transfer	111956	0.37
				29/05/2015	23194	Transfer	135150	0.45
				05/06/2015	850	Transfer	136000	0.45
				19/06/2015	17833	Transfer	153833	0.51
				26/06/2015	3172	Transfer	157005	0.52
				30/09/2015	-9505	Transfer	147500	0.49
				09/10/2015	-3699	Transfer	143801	0.48

Sr. No.	Name of the Shareholder	Shareholding at the beginning of the Year		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the Year	
		No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the company
				04/12/2015	-3801	Transfer	140000	0.47
				31/03/2016	-	-	140000	0.47
5	SUYASH OUTSOURCING PVT LTD	100000	0.33	01/04/2015	-	-	100000	0.33
				31/07/2015	-10000	Transfer	90000	0.30
				07/08/2015	-15000	Transfer	75000	0.25
				04/03/2016	-25000	Transfer	50000	0.17
				31/03/2016	-	-	50000	0.17
6	RAJASTHAN GLOBAL SECURITIES PRIVATE LIMITED	0	0.00	01/04/2015	-	-	0	0.00
				04/03/2016	1800	Transfer	1800	0.01
				11/03/2016	41255	Transfer	43055	0.14
				18/03/2016	51308	Transfer	94363	0.31
				31/03/2016	-	-	94363	0.31
7	SHASHI KANT GOYAL	82100	0.27	01/04/2015	-	-	82100	0.27
				24/07/2015	-6000	Transfer	76100	0.25
				31/07/2015	-26100	Transfer	50000	0.17
				07/08/2015	-8000	Transfer	42000	0.14
				14/08/2015	-2000	Transfer	40000	0.13
				31/03/2016	-	-	40000	0.13
8	KRISHNARAJ VENKATARAMAN	81047	0.27	01/04/2015	-	-	81047	0.27
				10/07/2015	-9234	Transfer	71813	0.24
				17/07/2015	-71813	Transfer	0	0.00
				31/03/2016	-	-	0	0.00
9	ASHOK KUMAR GUPTA	74575	0.25	01/04/2015	-	-	74575	0.25
				26/06/2015	-5000	Transfer	69575	0.23
				03/07/2015	-10000	Transfer	59575	0.20
				17/07/2015	-10000	Transfer	49575	0.17
				24/07/2015	-10000	Transfer	39575	0.13
				31/03/2016	-	-	39575	0.13
10	ANAND RATHI SHARE & STOCK BROKERS LIMITED	0	0.00	01/04/2015	-	-	0	0.00
				10/04/2015	313	Transfer	313	0.00
				17/04/2015	-313	Transfer	0	0.00
				05/06/2015	245	Transfer	245	0.00
				12/06/2015	-245	Transfer	0	0.00
				30/06/2015	720	Transfer	720	0.00
				03/07/2015	800	Transfer	1520	0.01
				03/07/2015	-470	Transfer	1050	0.00
				10/07/2015	49385	Transfer	50435	0.17



Sr. No.	Name of the Shareholder	Shareholding at the beginning of the Year		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the Year	
		No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the company
				17/07/2015	47	Transfer	50482	0.17
				17/07/2015	-50035	Transfer	447	0.00
				24/07/2015	380	Transfer	827	0.00
				31/07/2015	515	Transfer	1342	0.00
				31/07/2015	-164	Transfer	1178	0.00
				07/08/2015	19725	Transfer	20903	0.07
				07/08/2015	-803	Transfer	20100	0.07
				14/08/2015	1075	Transfer	21175	0.07
				14/08/2015	-1331	Transfer	19844	0.07
				21/08/2015	2578	Transfer	22422	0.07
				21/08/2015	-200	Transfer	22222	0.07
				28/08/2015	1065	Transfer	23287	0.08
				28/08/2015	-2885	Transfer	20402	0.07
				04/09/2015	1496	Transfer	21898	0.07
				11/09/2015	400	Transfer	22298	0.07
				11/09/2015	-1200	Transfer	21098	0.07
				18/09/2015	130	Transfer	21228	0.07
				18/09/2015	-147	Transfer	21081	0.07
				25/09/2015	12380	Transfer	33461	0.11
				25/09/2015	-550	Transfer	32911	0.11
				30/09/2015	1475	Transfer	34386	0.11
				30/09/2015	-1560	Transfer	32826	0.11
				02/10/2015	100	Transfer	32926	0.11
				09/10/2015	-2551	Transfer	30375	0.10
				16/10/2015	2025	Transfer	32400	0.11
				23/10/2015	770	Transfer	33170	0.11
				23/10/2015	-918	Transfer	32252	0.11
				30/10/2015	1730	Transfer	33982	0.11
				30/10/2015	-1237	Transfer	32745	0.11
				06/11/2015	1000	Transfer	33745	0.11
				06/11/2015	-3530	Transfer	30215	0.10
				13/11/2015	-3932	Transfer	26283	0.09
				20/11/2015	1000	Transfer	27283	0.09
				20/11/2015	-2386	Transfer	24897	0.08
				27/11/2015	2735	Transfer	27632	0.09

Sr. No.	Name of the Shareholder	Shareholding at the beginning of the Year		Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the Year	
		No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the company
				27/11/2015	-1000	Transfer	26632	0.09
				04/12/2015	28321	Transfer	54953	0.18
				04/12/2015	-929	Transfer	54024	0.18
				11/12/2015	829	Transfer	54853	0.18
				18/12/2015	2670	Transfer	57523	0.19
				18/12/2015	-533	Transfer	56990	0.19
				25/12/2015	80	Transfer	57070	0.19
				25/12/2015	-2150	Transfer	54920	0.18
				31/12/2015	3950	Transfer	58870	0.20
				31/12/2015	-2975	Transfer	55895	0.19
				01/01/2016	4330	Transfer	60225	0.20
				01/01/2016	-4030	Transfer	56195	0.19
				08/01/2016	3834	Transfer	60029	0.20
				15/01/2016	1200	Transfer	61229	0.20
				15/01/2016	-2548	Transfer	58681	0.20
				22/01/2016	5400	Transfer	64081	0.21
				22/01/2016	-705	Transfer	63376	0.21
				29/01/2016	4100	Transfer	67476	0.22
				29/01/2016	-13300	Transfer	54176	0.18
				05/02/2016	14295	Transfer	68471	0.23
				05/02/2016	-9400	Transfer	59071	0.20
				12/02/2016	1398	Transfer	60469	0.20
				12/02/2016	-195	Transfer	60274	0.20
				19/02/2016	-11021	Transfer	49253	0.16
				26/02/2016	150	Transfer	49403	0.16
				26/02/2016	-7000	Transfer	42403	0.14
				04/03/2016	70260	Transfer	112663	0.38
				11/03/2016	5600	Transfer	118263	0.39
				11/03/2016	-47632	Transfer	70631	0.24
				18/03/2016	8119	Transfer	78750	0.26
				18/03/2016	-7500	Transfer	71250	0.24
				25/03/2016	-6999	Transfer	64251	0.21
				31/03/2016	40	Transfer	64291	0.21
				31/03/2016	-	-	64291	0.21

## v) Shareholding of Directors and Key Managerial Personnel

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>1.</b>	<b>Mr. Kamalaksha Naik, Executive Chairman</b>				
	At the beginning of the year	15,662,993	52.20	15,662,993	52.20
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	No Change during the year			
	At the end of the year	15,662,993	52.20	15,662,993	52.20
<b>2.</b>	<b>Ms. Arati Naik, Whole Time Director</b>				
	At the beginning of the year	3,013,528	10.05	3,013,528	10.05
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	No Change during the year			
	At the end of the year	3,013,528	10.05	3,013,528	10.05
<b>3.</b>	<b>Mr. Krishnanand Gaonkar, Independent Director</b>				
	At the beginning of the year	68,962	0.22	68,962	0.22
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	No Change during the year			
	At the end of the year	68,962	0.22	68,962	0.22
<b>4.</b>	<b>Mr. Jangoo Dalal, Non-Executive Director</b>				
	At the beginning of the year	60,000	0.19	30,000	0.10
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	Sold 30,000 shares on 7 <sup>th</sup> August, 2015			
	At the end of the year	60,000	0.19	30,000	0.10
<b>5.</b>	<b>Mr. Pradeep Rane, Non-Executive Director</b>				
	At the beginning of the year	Nil			
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)				
	At the end of the year				

## v) Shareholding of Directors and Key Managerial Personnel (contd.)

Sr. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>6.</b>	<b>Mr. Pankaj Baliga, Independent Director</b>				
	At the beginning of the year	Nil			
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e. g. allotment / transfer / bonus / sweat equity etc)				
	At the end of the year				
<b>7.</b>	<b>Mr. Bhanubhai Patel, Independent Director</b>				
	At the beginning of the year	Nil			
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)				
	At the end of the year				
<b>8.</b>	<b>Mr. Pradeep Pande, Independent Director</b>				
	At the beginning of the year	Nil			
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)				
	At the End of the year				
<b>9.</b>	<b>Mr. K. G. Prabhu, Chief Financial Officer (Appointed as KMP w.e.f. 01<sup>st</sup> November, 2015)</b>				
	At the beginning of the year	750	0.00	750	0.00
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	No Change during the year			
	At the end of the year	750	0.00	750	0.00
<b>10.</b>	<b>Ms. Urjita Damle, Company Secretary</b>				
	At the beginning of the year	Nil			
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)				
	At the end of the year				



**V. INDEBTEDNESS****Indebtedness of the Company including interest outstanding/accrued but not due for payment**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
<b>Total (i + ii + iii)</b>				
Change in Indebtedness during the financial year				
• Addition				
• Reduction				
Net Change				
Indebtedness at the end of the financial year				
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
<b>Total (i + ii + iii)</b>				

Nil

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

(₹ in lakhs)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total
		Mr. K. R. Naik, Whole Time Director	Ms. Arati Naik, Whole Time Director	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	Nil	22.58	22.58
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	Nil	Nil	Nil
2.	Stock Option	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil
4.	Commission			
	- as % of profit	Nil	Nil	Nil
	- others, specify	Nil	Nil	Nil
5.	Others, please specify	Nil	Nil	Nil
	<b>Total (A)</b>	<b>Nil</b>	<b>22.58</b>	<b>22.58</b>
	Ceiling as per the Act			84.00

## ii. Remuneration to other directors

(₹ in lacs)

Sr. No.	Particulars of Remuneration	Name of Directors					Total
INDEPENDENT DIRECTORS							
		Mr. K. M. Gaonkar	Mr. Pankaj Baliga	Mr. Bhanubhai Patel	Mr. Pradeep Pande		
	Fee for attending board/ committee meetings	7.05	7.05	4.00	1.50		19.60
-	Commission	-	-	-	-	-	-
-	Others, please specify	-	-	-	-	-	-
	<b>Total (1)</b>	<b>7.05</b>	<b>7.05</b>	<b>4.00</b>	<b>1.50</b>		<b>19.60</b>
OTHER NON-EXECUTIVE DIRECTORS							
		Mr. Jangoo Dalal	Mr. Pradeep Rane	-	-	-	
	Fee for attending board committee meetings	3.50	7.00	-	-	-	10.50
-	Commission	-	-	-	-	-	-
-	Others, please specify	-	-	-	-	-	-
	<b>Total (2)</b>	<b>3.50</b>	<b>7.00</b>	<b>-</b>	<b>-</b>		<b>10.50</b>
	<b>Total (B) = (1 + 2)</b>						<b>30.10</b>
	<b>Total Managerial Remuneration</b>						<b>22.58</b>
	<b>Overall Ceiling as per the Act</b>						<b>84.00</b>

## iii. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD

(₹ in lacs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Mr. K. G. Prabhu	Ms. Urjita Damle	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	11.66	8.78	20.44
	(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	-	-	-
	<b>Total</b>	<b>11.66</b>	<b>8.78</b>	<b>20.44</b>

\* Appointed as CFO & KMP w.e.f. 01<sup>st</sup> November, 2015

## VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty					
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment					
Compounding					

None

## Annexure - G

## STATEMENT OF PARTICULARS AS PER RULE 5 OF COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

- I. The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;
- II. The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;

Sr. No.	Name of the Director	Ratio of the remuneration to the median remuneration of the employees	Percentage increase in remuneration
1	Mr. K. R. Naik (Executive Chairman & Promoter)	Nil	Nil
2	Mr. K. M. Gaonkar (Independent)	Nil	Nil
3	Mr. Pradeep Rane (Non-Executive Director)	Nil	Nil
4	Mr. Pankaj Baliga (Independent)	Nil	Nil
5	Mr. Jangoo Dalal (Non-Executive Director)	Nil	Nil
6	Ms. Arati Naik (Executive Director & Promoter)*	8.69	N.A
7	Mr. Bhanubhai Patel (Independent)	Nil	Nil
8	Mr. Pradeep Pande (Independent)	Nil	Nil
9	Ms. Urjita Damle (Company Secretary)*	3.41	N.A.
10	Mr. K. G. Prabhu** (Chief Financial Officer)	N.A	N.A

\* Increase in remuneration is not comparable as they were appointed for part of the year in the previous financial year.

\*\* Appointed for part of the year in current financial year

### Notes:

- Mr. K. M. Gaonkar, Mr. Pradeep Rane, Mr. Pankaj Baliga, Mr. Jangoo Dalal, Mr. Bhanubhai Patel and Mr. Pradeep Pande were paid sitting fees for attending the Meetings.
- There was no Remuneration paid to Mr. K. R. Naik, Executive Chairman during the Financial year ended 31st March, 2016 as well as the previous financial year.

### III. The percentage increase in the median remuneration of employees in the financial year

-0.84%

### IV. The number of permanent employees on the rolls of company; as on 31<sup>st</sup> March, 2016

289

### V. The explanation on the relationship between average increase in remuneration and company performance;

The changes in remuneration to all employees is in line with the performance of the Company. The remuneration paid compares favourably with the Company's performance for the year 2015-16.

### VI. Comparison of the remuneration of the Key Managerial Personnel against the performance of the company;

(₹ In Lacs)

Key Managerial Personnel	March 2015	March 2016	Increase/ (Decrease)	Performance of company
Total Remuneration paid to KMP	₹ 73.81	₹ 67.86	(08.06%)	The Profit after Tax for the year ending 31 <sup>st</sup> March, 2016 was ₹ 438.34 lacs as against ₹ 1320.60 lacs for the year ending 31 <sup>st</sup> March, 2015.

**VII. Variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer**

Sr. No.	Particular	As at 31 <sup>st</sup> March, 2016		As at 31 <sup>st</sup> March, 2015	
1	Market Capitalisation	BSE	₹ 2,89,84,68,510	BSE	₹ 189,63,06,520
		NSE	₹ 2,89,69,68,268	NSE	₹ 190,35,07,684
2	Price Earning Ratio	BSE	66.16	BSE	14.36
		NSE	66.13	NSE	14.42

The increase over Decrease is not provided as IPO was in 2001. As on 31<sup>st</sup> March, 2016 the Market Quotation of the Company Share Price (Closing Price) is as follows:

- Bombay Stock Exchange Limited: ₹ 96.60
- The National Stock Exchange of India Limited: ₹ 96.55

**VIII. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;**

Managerial remuneration is not comparable as there was no increase in the remuneration paid to the Key Managerial Personnel.

Average percentile change in the salaries of employees other than Key Managerial Personnel is -2.41%

**IX. Comparison of the each remuneration of the Key Managerial Personnel against the performance of the company;**

(₹ in Lacs)

Key Managerial Personnel	Name	March 2015	March 2016	Increase	Performance of company
Executive Chairman	Mr. K. R. Naik	Nil	Nil	N.A	The Profit after Tax for the year ending 31 <sup>st</sup> March, 2016 was ₹ 438.34 lacs as against ₹ 1320.68 lacs for the year ending 31 <sup>st</sup> March, 2015.
Chief Financial Officer	Mr. K. G. Prabhu*	Nil	11.66	N.A	
Company Secretary	Urjita Damle*	6.31	8.78	N.A	

\* Remuneration is not comparable since appointed as Company Secretary and Chief Financial Officer of the Company for part of the year in the previous year and Current year respectively.

**X. The key parameters for any variable component of remuneration availed by the directors;**

Variable payment is made to the Whole Time Director based on her performance during the year and as recommended by the Nomination and Remuneration Committee.

**XI. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year**

The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year is 2.16.

**XII. Affirmation that the remuneration is as per the remuneration policy of the company.**

The Directors affirm that the remuneration is as per the remuneration policy.

**XIII. The statement containing particulars of employees as required under section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate annexure forming part of this report. Further, the report and the accounts are being sent to the members excluding the aforesaid annexure. In terms of section 136 of the Act, the said annexure is open for inspection at the Registered Office of the Company. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary.**



## Annexure - H

### FORMAT FOR THE ANNUAL REPORT ON CSR ACTIVITIES TO BE INCLUDED IN THE BOARD'S REPORT

1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

The CSR Committee has been constituted at the Meeting of the Board of Directors held on 12<sup>th</sup> November, 2014 in accordance with the provisions of Section 135 of the Companies Act, 2013. The CSR activities shall be undertaken by the Company as per this policy by way of projects or programs or activities (either new or ongoing) in India, excluding the activities undertaken in pursuance of the normal course of business. The Company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for CSR activities

The Company has also formulated a CSR Policy and the same is displayed on the website of the Company at: <http://smartlink.co.in/wp-content/uploads/2014/10/Corporate-Social-Responsibility-Policy-Smartlink.pdf>

2. The Composition of the CSR Committee

- a. Mr. Bhanubhai Patel (Chairman)
- b. Mr. K. R. Naik (Member)
- c. Mr. Pankaj Baliga (Member)

3. Average net profit of the company for last three financial years

₹ 23,122,186/-

4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above)

₹ 462,444/-

5. Details of CSR spent during the financial year

(a) Total amount to be spent for the financial year; - ₹ 4,62,444/-

(b) Amount unspent, if any - ₹ 57,219/- since the activities are of ongoing nature and the Company has already made a payment of ₹ 5,00,000/- towards CSR activities.

(c) Manner in which the amount spent during the financial year is detailed below

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No	CSR project or activities identified	Sector in which the Project is covered	Projects or programs 1) Local area or other 2) Specify the State and district where the projects or program was undertaken	Amount outlay (budget) project programs wise	Amount spent on the programs Sub-heads: (1) Direct Expenditure on projects or programs (2) Overheads	Cumulative expenditure Upto the reporting period	Amount Spent Direct or through implementing agency
1.	Education	Education	Goa and nearby areas	Rupees 5,00,000/-	Rupees 4,05,225/-	Rupees 4,05,225/-	Through Implementing Agency -I Create Goa

6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.

Not applicable: Refer point 5 (b) above. Company has already made a payment of ₹ 5 lacs for the CSR activities during the year but since the activities are of ongoing nature an amount of ₹ 57,219/- was unspent for the year and will be spent in the coming year.

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

The implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company

Mr. K. R. Naik  
Executive Chairman

Mr. Bhanubhai Patel  
Chairman CSR Committee

# Independent Auditors' Report

## TO THE MEMBERS OF SMARTLINK NETWORK SYSTEMS LIMITED

### Report on the Financial Statements

We have audited the accompanying financial statements of **SMARTLINK NETWORK SYSTEMS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters 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 financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act, as applicable.

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 thereunder and the Order under section 143 (11) of the Act.

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, of the state of affairs of the Company as at 31<sup>st</sup> March, 2016, and its profit and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. 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, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act, as applicable.
  - e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - 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 - Refer Note 24A to the 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 has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
2. 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 B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

**For Deloitte Haskins & Sells LLP**

Chartered Accountants

(Firm's Registration no: 117366W/W-100018)

**A. Siddharth**

Partner

Membership no: 31467

Mumbai, 5<sup>th</sup> May, 2016

## Annexure A to the Independent Auditor's Report

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

**Report on the Internal Financial Controls Over Financial Reporting 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 Smartlink Network Systems Limited ("the Company") as of 31<sup>st</sup> March, 2016 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.

### Auditor's 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, 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 Company's internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls over Financial Reporting

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

### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Mumbai, 5<sup>th</sup> May, 2016

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants  
(Firm's Registration no: 117366W/W-100018)

**A. Siddharth**  
Partner  
Membership no: 31467

## Annexure B to the Independent Auditor's Report

Re: Smartlink Network Systems Limited

(Referred to in paragraph (2) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) In respect of its fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) Some of the fixed assets were physically verified by the Management during the year in accordance with a programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
  - (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land that have been taken on lease and buildings constructed on such leasehold lands and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.
- (iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the CARO 2016 is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. There are no unclaimed deposits and hence the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Rules framed there under are not applicable to the Company.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148 (1) of the Companies Act, 2013 for manufacturing of networking products. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended and prescribed by the Central Government under Section 148 (1) of the Companies Act, 2013 and are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
  - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.
  - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at 31<sup>st</sup> March, 2016 for a period of more than six months from the date they became payable except as under.

Name of the Statute	Nature of Dues	Amount (₹)	Period to which the amount relates
Income Tax Act, 1961	Income Tax	65,934	FY 2009-2010

## Annexure B to the Independent Auditor's Report (contd.)

- (c) There were no disputed amounts payable in respect of Income-tax, Sales Tax, Service Tax, Value Added Tax, Cess and other material statutory dues in arrears as at 31<sup>st</sup> March, 2016. Details of dues of Customs Duty and Excise Duty which have not been deposited as on 31<sup>st</sup> March, 2016 on account of disputes are given below:

Name of the Statute	Nature of dues	Forum where dispute is pending	Financial Year to which amount relates	Amount (₹)
Customs Act, 1962	Customs Duty	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)	2004-2005	1,514,221/- (Net of ₹ 900,000/- of pre-deposit)
Central Excise Act, 1944	Excise Duty	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)	2004-2005	3,226,176/- (Net of ₹ 1,400,000/- of pre-deposit)
Central Excise Act, 1944	Penalty (Excise Duty)	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)	2004-2005	4,626,176/-
Central Excise Act, 1944	Excise Duty	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)	2001-2002 2002-2003 2003-2004 2004-2005	24,089,496/- (Net of ₹ 10,000,000/- of pre-deposit)
Central Excise Act, 1944	Penalty (Excise Duty)	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)	2001-2002 2002-2003 2003-2004 2004-2005	34,089,496/-
Central Excise Act, 1944	Penalty (Excise Duty)	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)	2004-2005	100,000/-
Central Excise Act, 1944	Penalty (Excise Duty)	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)	2004-2005	702,041/-
Central Excise Act, 1944	Penalty (Excise Duty)	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)	2007-2008	362,961/-

- (viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of CARO 2016 is not applicable to the Company.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants  
(Firm's Registration no: 117366W/W-100018)

**A. Siddharth**  
Partner  
Membership no: 31467

Mumbai, 5<sup>th</sup> May, 2016



## Balance Sheet as at 31<sup>st</sup> March, 2016

Particulars	Note No.	As at 31 <sup>st</sup> March, 2016 ₹	As at 31 <sup>st</sup> March, 2015 ₹
<b>I EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' funds</b>			
(a) Share capital	3	60,009,700	60,009,700
(b) Employee stock options	34 h	-	13,715,716
(c) Reserves and surplus	4	4,104,206,929	4,046,656,767
		4,164,216,629	4,120,382,183
<b>(2) Non-current liabilities</b>			
(a) Other long term liabilities	5	1,397,123	1,626,849
(b) Long-term provisions	6	5,100,939	4,335,067
		6,498,062	5,961,916
<b>(3) Current liabilities</b>			
(a) Trade payables			
Total outstanding dues of micro enterprises and small enterprises	7	311,567	334,503
Total outstanding dues of creditors other than micro enterprises and small enterprises		75,199,623	80,298,525
(b) Other current liabilities	8	17,130,563	26,704,499
(c) Short-term provisions	9	10,521,208	75,165,836
		103,162,961	182,503,363
<b>Total</b>		<b>4,273,877,652</b>	<b>4,308,847,462</b>
<b>II ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	10 a	213,287,382	228,689,731
(ii) Intangible assets	10 b	1,643,677	3,545,287
		214,931,059	232,235,018
(b) Deferred tax assets (net)	30	15,850,491	19,562,964
(c) Long-term loans and advances	11	51,613,861	54,087,563
		282,395,411	305,885,545
<b>(2) Current assets</b>			
(a) Current investments	12	3,303,129,255	3,179,844,196
(b) Inventories	13	105,019,113	134,398,938
(c) Trade receivables	14	118,516,151	87,585,860
(d) Cash and cash equivalents	15	399,933,985	521,665,305
(e) Short-term loans and advances	16	46,780,244	45,871,812
(f) Other current assets	17	18,103,493	33,595,806
		3,991,482,241	4,002,961,917
<b>Total</b>		<b>4,273,877,652</b>	<b>4,308,847,462</b>

See accompanying notes forming part of the Financial Statements 1-34

In terms of our report attached

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants

**A. Siddharth**  
Partner

Mumbai, dated: 05<sup>th</sup> May, 2016

For and on behalf of the Board

**K. R. Naik**  
Executive Chairman  
DIN: 00002013

**Urjita Damle**  
Company Secretary

Mumbai, dated: 05<sup>th</sup> May, 2016

**K.M. Gaonkar**  
Director  
DIN: 00002425

**K.G. Prabhu**  
Chief Financial Officer

## Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2016

Particulars	Note No.	For the year ended 31 <sup>st</sup> March, 2016 ₹	For the year ended 31 <sup>st</sup> March, 2015 ₹
<b>I</b> Revenue from operations (gross)	18	736,297,699	928,798,521
Less : Excise duty		31,322,700	19,578,403
Revenue from operations (net)		704,974,999	909,220,118
<b>II</b> Other income	19	327,170,150	413,738,618
<b>III Total Revenue (I + II)</b>		<b>1,032,145,149</b>	<b>1,322,958,736</b>
<b>IV Expenses :</b>			
Cost of raw materials consumed	32	160,608,667	175,170,905
Purchases of traded goods	33	377,933,853	427,575,985
Decrease in inventories of finished goods, work-in-progress and traded goods	20	7,127,982	141,099,843
Employee benefits expense (Refer Note 35 (i) )	21	212,351,064	219,508,470
Finance costs	22	556,906	37,610
Depreciation and amortisation expense	10	18,925,869	32,685,002
Other expenses	23	186,993,889	192,067,589
<b>Total Expenses</b>		<b>964,498,230</b>	<b>1,188,145,404</b>
<b>V Profit before tax (III - IV)</b>		<b>67,646,919</b>	<b>134,813,332</b>
<b>VI Tax Expenses</b>			
- Current tax		20,100,000	21,500,000
- Deferred tax	30	3,712,473	(18,754,212)
		23,812,473	2,745,788
<b>VII Profit for the year (V - VI)</b>		<b>43,834,446</b>	<b>132,067,544</b>
<b>VIII Earnings per equity share (Face value of ₹ 2/- per share)</b>			
Basic and Diluted	29	1.46	4.40
<b>See accompanying notes forming part of the Financial Statements</b>	1-34		

In terms of our report attached

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants

**A. Siddharth**  
Partner

Mumbai, dated: 05<sup>th</sup> May, 2016

For and on behalf of the Board

**K. R. Naik**  
Executive Chairman  
DIN: 00002013

**Urjita Damle**  
Company Secretary

Mumbai, dated: 05<sup>th</sup> May, 2016

**K.M. Gaonkar**  
Director  
DIN: 00002425

**K.G. Prabhu**  
Chief Financial Officer

# Cash Flow Statement for the year ended 31<sup>st</sup> March, 2016

	For the year ended 31 <sup>st</sup> March, 2016 ₹	For the year ended 31 <sup>st</sup> March, 2015 ₹
<b>A. Cash flows from operating activities</b>		
Profit before tax	67,646,919	134,813,332
Adjustments for:		
Depreciation and amortisation expense	18,925,869	32,685,002
Profit on fixed assets sold / written off (net)	(858,362)	(265,667)
Profit on sale of current investment (non-trade) (net)	(256,014,976)	(298,648,457)
Excess of cost over fair value of current investments (non-trade) (net)	323,981	(31,478,076)
Provision for doubtful debts and advances (net)	502,287	674,552
Bad debts written off	291,775	99,669
Sundry balances written off	504,959	115,519
Unrealised exchange differences	(369,588)	(417,020)
Sundry balances written back	(1,501,614)	(715,304)
Provision for wealth tax	-	108,390
Finance costs	556,906	37,610
Interest income	(60,574,791)	(72,113,104)
Dividend income	(3,706,346)	(366,233)
<b>Operating (loss) before working capital changes</b>	<b>(234,272,981)</b>	<b>(235,469,787)</b>
(Increase) / Decrease in trade receivables	(32,047,244)	203,426,864
Decrease in inventories	29,379,825	140,698,819
(Increase) / Decrease in loans and advances	(1,174,834)	10,347,385
(Decrease) in trade and other payables	(12,286,513)	(87,990,576)
<b>Cash (used in) / generated from operations</b>	<b>(250,401,747)</b>	<b>31,012,705</b>
Direct taxes (paid) / refunded (net)	(10,678,572)	15,329,976
<b>Net cash (used in) / generated from operating activities</b>	<b>(261,080,319)</b>	<b>46,342,681</b>
<b>B. Cash flows from investing activities</b>		
Purchase of fixed assets (Refer note 2)	(1,891,223)	(4,020,999)
Sale of fixed assets	1,127,675	1,477,325
Purchase of current investments	(19,868,782,634)	(20,865,383,275)
Sale of current investments	20,001,188,570	20,843,860,796
Bank balances not considered as Cash and cash equivalents		
Placed	(855,047,722)	(442,780,395)
Matured	977,258,170	404,801,857
Dividend received	3,706,346	366,233
Interest received	76,067,104	67,623,570
<b>Net cash from investing activities</b>	<b>333,626,286</b>	<b>5,945,112</b>
<b>C. Cash flows from financing activities</b>		
Dividend paid	(72,011,595)	(70,013,840)
Interest paid	(101,809)	(37,610)
<b>Net cash (used in) financing activities</b>	<b>(72,113,404)</b>	<b>(70,051,450)</b>
<b>Net Increase / (Decrease) in cash and cash equivalents</b>	<b>432,563</b>	<b>(17,763,657)</b>
Cash and cash equivalents at the beginning of the year	10,449,252	28,146,493
Effect of exchange differences on restatement of foreign currency Cash and cash equivalents.	46,565	66,416
<b>Cash and cash equivalents at the end of the year (Refer note 3)</b>	<b>10,928,380</b>	<b>10,449,252</b>
<b>Notes:</b>		
1. Cash flows are reported using the indirect method.		
2. Purchase of fixed assets are stated inclusive of movements of capital work in progress and capital creditors between the commencement and end of the year and are considered as part of investing activity.		
3. Reconciliation of Cash and cash equivalents :		
Cash and cash equivalents (Refer note 15)	399,933,985	521,665,305
Less: Bank balances not considered as Cash and cash equivalents as defined in Accounting Standard (AS) 3 on 'Cash Flow Statements'		
In deposits accounts		
Original maturity more than 3 months	-	298,225,962
In deposits accounts (Escrow account for buyback)	205,008,375	-
In earmarked accounts :		
Unpaid dividend accounts	2,077,766	2,081,251
Deposits held as security against letters of credit	180,105,096	209,094,472
Deposits held as margin money	1,814,368	1,814,368
<b>Net Cash and cash equivalents as defined in AS3 on 'Cash Flow Statements'</b>	<b>10,928,380</b>	<b>10,449,252</b>

In terms of our report attached

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants

**A. Siddharth**  
Partner

Mumbai, dated: 05<sup>th</sup> May, 2016

For and on behalf of the Board

**K. R. Naik**  
Executive Chairman  
DIN: 00002013

**Urjita Damle**  
Company Secretary

Mumbai, dated: 05<sup>th</sup> May, 2016

**K.M. Gaonkar**  
Director  
DIN: 00002425

**K.G. Prabhu**  
Chief Financial Officer

## Notes forming part of the financial statements

### NOTE 1: BACKGROUND OF THE COMPANY

Smartlink Network Systems Limited ("Company") was originally incorporated on 31<sup>st</sup> March, 1993. The Company is in the business of developing, manufacturing, marketing, distributing and servicing of networking products.

### NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention except for building acquired through amalgamation, that is carried at revalued amounts. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

#### (b) Use of estimates

The preparation of financial statements, in conformity with the generally accepted accounting principles, requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reported year. Differences between the actual results and estimates are recognised in the year in which the results are known/materialised.

#### (c) Inventories

Items of inventory are valued at lower of cost and net realisable value, on the following basis:

- (i) Raw materials, components, stores and spares - on weighted average basis.
- (ii) Work-in-progress and finished goods - on the basis of absorption costing comprising of direct costs and overheads other than financial charges.

#### (d) Depreciation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.:

Motor Vehicle - 5 years

Plant and Machinery - 8 years

Furniture and Fixture - 8 years.

Leasehold Land is amortised over the duration of the lease.

Intangible assets are amortised over their estimated useful life on straight line method as follows:

Acquired Goodwill - 5 years

Computer Software - 3 years

#### (e) Revenue recognition

Revenue (income) is recognized when no significant uncertainty as to determination / realization exists.

Revenue from sale of products is recognised net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods. Sales include excise duty but exclude sales tax and value added tax.

Revenue from services is recognised when the services are rendered. Revenue from maintenance contracts are recognised pro-rata over the period of contract. Interest income is accounted on accrual basis.

Dividend income is accounted for when the right to receive the same is established.

#### (f) Fixed assets

##### i) Tangible assets

Tangible fixed assets are carried at cost of acquisition or construction less accumulated depreciation and impairment loss, if any

##### ii) Intangible assets

Intangible assets are stated at cost less accumulated amortisation.

#### (g) Foreign currency transactions

Transactions in foreign currencies are recorded at the original rates of exchange in force at the time the transactions are effected.

In case of forward exchange contracts or other financial instruments that is in substance a forward exchange contract, other than for trading or speculation purposes, the premium or discount arising at the inception of the contract is amortised as expense or income over the life of contract.

Gains / losses on settlement of transactions arising on cancellation / renewal of forward exchange contracts are recognised as income or expense.

At the year-end, monetary items denominated in foreign currency and the relevant foreign exchange contracts are reported using the closing rate of exchange.

## Notes forming part of the financial statements

Exchange difference arising thereon and on realization / payments of foreign exchange are accounted as income or expenses in the relevant year.

### (h) Government grants

Grants relating to specific fixed assets are disclosed as a deduction from the value of the concerned assets. Grants related to revenue are credited to the Statement of Profit and Loss. Grants in the nature of promoter's contribution are treated as Capital reserve.

### (i) Investments

Long-term (non-current) investments are carried at cost. However, when there is a decline, other than temporary, the carrying amount is reduced to recognize the decline. Current investments are carried at lower of cost and fair value.

### (j) Employee Benefits

i. Provident fund liability is determined on the basis of contribution as required under the statute / rules and when services are rendered by the employees.

ii. The Smartlink Group Gratuity Trust has taken a Group Gratuity cum Life Assurance policy from the Life Insurance Corporation of India (LIC).

Provision is made in respect of difference between the actuarially determined gratuity liability and the fund available with LIC at the year end.

iii. Provision for Leave encashment is made on actuarial valuation done as at the year-end.

### (k) Borrowing costs

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

### (l) Assets taken on Lease (Hire Purchase)

Assets taken on finance lease (including on hire purchase) on or after 01<sup>st</sup> April 2001 are accounted for as fixed assets in accordance with Accounting Standard 19 on "Leases", (AS 19). Accordingly, the assets have been accounted at fair value. Lease payments are apportioned between finance charge and reduction of outstanding liability.

### (m) Taxes on income

Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Deferred income-tax reflect the current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years/period. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future income will be available except that deferred tax assets in case there are unabsorbed depreciation and losses are recognised if there is virtual certainty that supported by convincing evidence sufficient future taxable income will be available to realise the same (Refer note 30 below)

### (n) Impairment of assets

At the end of each accounting period, the Company determines whether a provision should be made for impairment loss on fixed assets by considering the indications that an impairment loss may have occurred in accordance with Accounting Standard 28 on "Impairment of Assets".

An impairment loss is charged to the Statement of Profit and Loss in the period in which, an asset is identified as impaired, when the carrying value of the asset exceeds its recoverable value. The impairment loss recognised in the prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

### (o) Provisions and contingencies

Provision is recognised in the accounts when there is a present obligation as a result of past event/s and it is probable that an outflow of resources will be required to settle the obligation. Contingent liabilities, if any are disclosed in the notes to the financial statements.



## Notes forming part of the financial statements

	As at 31 <sup>st</sup> March, 2016 ₹	As at 31 <sup>st</sup> March, 2015 ₹
<b>NOTE 3: SHARE CAPITAL</b>		
<b>Authorised</b>		
35,000,000 Equity Shares of ₹ 2/- each	70,000,000	70,000,000
<b>Issued, subscribed and paid-up</b>		
30,004,850 Equity Shares of ₹ 2/- each, fully paid-up	60,009,700	60,009,700
<b>Total</b>	<b>60,009,700</b>	<b>60,009,700</b>

**a) Terms / rights attached to equity shares**

The Company has only one class of Equity shares having a par value of ₹ 2/- per share. Each holder of Equity shares is entitled to one vote per share and each Equity share carries an equal right to dividend and in case of repayment of capital.

**b) Details of shareholders holding more than 5% shares in the company.**

	As at 31 <sup>st</sup> March, 2016		As at 31 <sup>st</sup> March, 2015	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
Equity shares of ₹ 2/- each fully paid-up.				
Mr. Kamalaksha R. Naik	15,662,993	52.20%	15,662,993	52.20%
Ms. Arati K. Naik	3,013,528	10.05%	3,013,528	10.05%
Mrs. Lakshana A. Sharma	1,830,841	6.10%	1,830,841	6.10%
Mrs. Sudha K. Naik	1,500,243	5.00%	1,500,243	5.00%

c) The Board of Directors of the Company at its meeting on 29<sup>th</sup> February, 2016 and the Shareholder of the Company through postal ballot on 14<sup>th</sup> April, 2016 has approved the proposal to buyback equity shares up to 7,454,850 (aggregating up to 24.85% of the paid-up equity share capital of the Company), payable in cash for an aggregate amount of up to ₹ 820,033,500/-.

	As at 31 <sup>st</sup> March, 2016 ₹	As at 31 <sup>st</sup> March, 2015 ₹
<b>NOTE 4: RESERVES AND SURPLUS</b>		
<b>Capital Reserve</b>		
State Government subsidy As per last Balance sheet	2,500,000	2,500,000
<b>Securities Premium Account</b>		
As per last Balance sheet	278,614,693	278,614,693
<b>Revaluation Reserve</b>		
As per last Balance sheet	37,183,524	37,183,524
<b>General Reserve</b>		
As per last Balance sheet	556,720,271	556,720,271
<b>Surplus in Statement of Profit and Loss</b>		
As per last Balance sheet	3,171,638,279	3,113,149,470
Less : Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with nil remaining useful life (Previous year Net of deferred tax ₹ 808,752/-)	-	1,570,625
Add : Employee stock options (Refer Note 34 h)	13,715,716	-
Add : Profit for the year	43,834,446	132,067,544
Less : Appropriations		
Proposed dividend (Previous year amount per Equity share ₹ 2/- )	-	60,009,700
Dividend distribution tax	-	11,998,410
Closing balance	3,229,188,441	3,171,638,279
<b>Total</b>	<b>4,104,206,929</b>	<b>4,046,656,767</b>

## Notes forming part of the financial statements

	As at 31 <sup>st</sup> March, 2016 ₹	As at 31 <sup>st</sup> March, 2015 ₹
<b>NOTE 5: OTHER LONG-TERM LIABILITIES</b>		
<b>Other payables</b>		
Security deposits	1,397,123	1,583,351
Unearned revenue	-	43,498
<b>Total</b>	<b>1,397,123</b>	<b>1,626,849</b>
<b>NOTE 6: LONG-TERM PROVISIONS</b>		
<b>Provision for employee benefits</b>		
For Gratuity (Refer note 27)	2,686,862	1,286,681
For Leave encashment	2,414,077	3,048,386
<b>Total</b>	<b>5,100,939</b>	<b>4,335,067</b>
<b>NOTE 7: THE DISCLOSURES UNDER THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006</b>		
The disclosures under the Micro, Small and Medium Enterprises Development Act, 2006 have been made on the basis of confirmations received from suppliers regarding their status under the said Act;		
<b>Particulars</b>		
Outstanding principal amount and interest as on 31 <sup>st</sup> March 2016		
- Principal Amount	311,567	334,503
- Interest due thereon	304	-
Amount of interest paid along with the amounts of payment made beyond the appointed day	2,229	28,085
Amount of interest due and payable (where the principal has already been paid but interest has not been paid)	7,438	2,645
The amount of interest accrued and remaining unpaid at the end of each accounting year	7,742	2,645
The amount of further interest remaining due and payable even in succeeding years, until such date when the interest dues as above are actually paid for the purpose of disallowance as a deductible expenditure under section 23 of the said Act	-	-
<b>NOTE 8: OTHER CURRENT LIABILITIES</b>		
Unearned revenue	135,165	265,813
Unpaid dividends	2,077,766	2,081,251
Forward cover Mark to Market	-	9,000
Temporary overdrawn bank balance as per books	338,582	2,119,873
Other payables :		
Provision for Gratuity (Refer note 27)	2,000,000	4,500,000
Statutory dues	9,547,110	12,175,535
Security deposits	1,450,278	3,233,852
Interest accrued on trade payables (Refer Note 7)	7,742	2,645
Advance from customers	1,573,920	2,316,530
<b>Total</b>	<b>17,130,563</b>	<b>26,704,499</b>
<b>NOTE 9: SHORT - TERM PROVISIONS</b>		
<b>Provision for employee benefits</b>		
For Leave encashment	1,429,326	1,513,778
<b>Others</b>		
For Income-tax (net of advance tax ₹ 116,504,329/-, (Previous year ₹ 105,349,738/-))	9,091,882	1,643,948
Proposed dividend	-	60,009,700
Corporate dividend tax on proposed dividend	-	11,998,410
<b>Total</b>	<b>10,521,208</b>	<b>75,165,836</b>

# Notes forming part of the financial statements

## NOTE 10: FIXED ASSETS

Nature of assets	Gross block			Depreciation			Net block As at 31 <sup>st</sup> March, 2016
	As at 01 <sup>st</sup> April, 2015	Additions	Deductions	As at 31 <sup>st</sup> March, 2016	For the year	Deductions	Transition adjustment recorded against Surplus balance in Statement of Profit and Loss [refer note 34(g)]
<b>a Tangible assets:</b>							
Land	8,791,000 (8,791,000)	-	-	8,791,000 (8,791,000)	-	-	-
Freehold	8,791,000	-	-	8,791,000	-	-	-
Leasehold	9,278,538 (9,278,538)	-	-	9,278,538 (9,278,538)	99,906 (99,906)	-	7,695,423 (7,795,329)
Buildings							
Own use	272,428,725 (268,676,525)	-	-	272,428,725 (272,428,725)	6,251,448 (6,126,125)	-	86,569,553 (80,318,105)
Given under operating lease	-	-	(3,752,200)	-	-	(1,449,573)	-
Plant and machinery	(3,752,200)	243,116 (9,245)	(3,752,200)	(1,324,250)	(125,323)	(1,449,573)	-
Furniture and fixture	156,727,653 (156,734,083)	200,695	2,061,799 (15,675)	149,708,632 (143,997,731)	2,195,759 (5,726,576)	1,806,745 (15,675)	150,097,646 (149,708,632)
Vehicles	29,889,619 (30,251,115)	-	(361,496)	30,090,314 (29,889,619)	1,267,021 (1,646,297)	-	28,323,752 (27,056,731)
Office equipment	12,153,582 (23,102,847)	(565,313)	5,302,317 (11,514,578)	8,374,817 (12,153,582)	1,282,920 (3,056,626)	5,288,058 (10,404,605)	4,369,679 (8,374,817)
Others	15,086,815 (16,002,514)	303,764 (63,714)	1,556,572 (979,413)	13,915,131 (15,086,815)	643,078 (804,663)	1,556,572 (979,413)	13,001,637 (13,915,131)
Electrical installations	40,763,581 (40,763,581)	-	-	33,570,071 (31,087,704)	2,302,553 (2,482,367)	-	35,872,624 (7,193,510)
Air conditioners	33,328,296 (34,080,118)	519,545 (43,723)	-	28,129,338 (27,585,166)	1,318,925 (1,339,717)	-	29,448,163 (28,129,338)
Computers	38,701,135 (161,963,815)	567,265 (204,484)	5,115,501 (123,467,164)	34,152,899 (38,701,135)	1,605,911 (7,464,627)	5,115,501 (123,467,164)	33,602,589 (37,112,179)
<b>Tangible assets totals</b>	<b>617,148,944</b> (753,396,336)	<b>1,834,385</b> (886,479)	<b>14,036,189</b> (137,133,871)	<b>604,947,140</b> (617,148,944)	<b>16,967,421</b> (28,872,227)	<b>13,766,876</b> (135,922,213)	<b>391,659,758</b> (388,459,213)
<b>Intangible assets:</b>							
Goodwill	27,898,105 (27,898,105)	-	27,898,105	-	-	27,898,105	-
Computer software-acquired	40,685,088 (46,568,154)	56,838 (3,134,520)	5,559,758 (9,017,586)	(27,898,105) 35,182,168 (40,685,088)	1,958,448 (3,812,775)	5,559,758 (9,017,586)	1,643,677 (3,545,287)
<b>Intangible assets totals</b>	<b>68,583,193</b> (74,466,259)	<b>56,838</b> (3,134,520)	<b>33,457,863</b> (9,017,586)	<b>35,182,168</b> (68,583,193)	<b>1,958,448</b> (3,812,775)	<b>33,457,863</b> (9,017,586)	<b>33,538,491</b> (65,037,906)
<b>Total</b>	<b>685,732,137</b> (827,862,595)	<b>1,891,223</b> (4,020,999)	<b>47,494,052</b> (146,151,457)	<b>640,129,308</b> (685,732,137)	<b>18,925,869</b> (32,685,002)	<b>47,224,739</b> (144,939,799)	<b>425,198,249</b> (453,497,119)

### Notes

- Leasehold land/premises include:
  - Plots of land of the aggregate gross value of ₹ 7,592,538/- (previous year ₹ 7,592,538/-), taken on lease from the Goa Industrial Development Corporation (GIDC) for an initial period of thirty years. The same has been extended to ninety-five years.
  - Land and premises of the aggregate gross value of ₹ 1,686,000/- (previous year ₹ 1,686,000/-), taken on lease from Maharashtra Industrial Development Corporation (MIDC) for an initial period of ten years. The same has been extended to ninety-five years.
- Title deeds in respect of the above are in the names of GIDC and MIDC respectively.
- Goodwill represented the difference between the net assets of erstwhile Virtual Computers Private Limited taken over pursuant to scheme of amalgamation and the cost of shares held by the Company in the erstwhile Virtual Computers Private Limited.
- Building on operating lease was regrouped under own use as lease period was completed in the previous year.
- In the previous year the Company had revised the estimated useful lives of some of its fixed assets to align the useful lives with those specified in Schedule II. Refer note 34 (g). Figures in brackets are those of the previous year.

## Notes forming part of the financial statements

	As at 31 <sup>st</sup> March, 2016 ₹	As at 31 <sup>st</sup> March, 2015 ₹
<b>NOTE 11: LONG-TERM LOANS AND ADVANCES</b>		
<b>Unsecured, considered good (unless stated otherwise):</b>		
Security deposits	2,550,173	2,906,895
Others:		
Advance payment of taxes (net of provision ₹ 23,447,475/-, (previous year ₹ 21,500,000/-))	31,178,218	33,601,712
Customs duty receivable	5,585,470	5,278,956
Pre-deposit with Government authorities in connection with appeals filed (Refer note 24 A)	12,300,000	12,300,000
	<u>51,613,861</u>	<u>54,087,563</u>
<b>Unsecured, considered doubtful:</b>		
Security deposits	798,635	964,544
Less : Provision for doubtful deposits	798,635	964,544
	<u>-</u>	<u>-</u>
<b>Total</b>	<b><u>51,613,861</u></b>	<b><u>54,087,563</u></b>
<b>NOTE 12: CURRENT INVESTMENTS</b>		
<b>Investments in Mutual Funds (unquoted)</b>		
<b>(At lower of cost and fair value)</b>		
NIL, (Previous year, 3,061,837.3570) units in ICICI Prudential Mutual Fund Income-Regular Plan-Growth	-	134,199,923
1,087,160.9070 (Previous year, 1,087,161.3490) units in ICICI Prudential Mutual Fund Regular Savings Fund-Regular Plan-Growth	17,109,521	15,000,000
3,506,675.4600 (Previous year, NIL) units in ICICI Prudential Mutual Fund Banking & PSU Debt Fund-Regular Plan-Growth	58,997,009	-
1,000,000.0000 (Previous year, NIL) units in ICICI Prudential Mutual Fund FMP Series 73-1140 days Plan E - Regular plan	11,395,899	-
12,391,791.5990 (Previous year, 8,015,991.4720) Units in Birla Sun Life Mutual Fund Dynamic Bond Fund Retail-Growth-Regular Plan	325,430,753	195,077,970
NIL (Previous year, 3,957,238.7440) Units in Birla Sun Life Mutual Fund Income Plus Growth-Regular Plan	-	248,219,383
2,488,763.1560 (Previous year, 4,693,726.9350) Units in Birla Sun Life Mutual Fund Dynamic Bond fund Retail - Growth- Direct Plan	66,450,225	115,245,077
1,199,036.1800 (Previous year, 3,378,372.1790) Units in Birla Sun Life Mutual Fund Short Term Opportunities Fund Growth - Regular Plan	29,615,594	72,804,596
10,793,430.1900 (Previous year, 7,872,383.1380) Units in Birla Sun Life Mutual Fund Medium Term Growth - Regular Plan	200,644,471	133,540,022
8,002,321.0450 (Previous year, NIL) Units in Birla Sun Life Mutual Fund BSL Corporate Bond Fund - Growth Regular	86,542,701	-
3,210,038.7700 (Previous year, NIL) Units in Birla Sun Life Mutual Fund Dynamic Bond Fund Retail-Growth-Regular Plan	84,301,377	-
7,282,177.7657 (Previous year, 5,449,575.8047) Units in Kotak Mutual Fund Bond Scheme Plan A - Growth	305,511,389	210,392,152
NIL (Previous year, 881.0671) Units in Kotak Mutual Fund Liquid Scheme Plan A-Direct Plan-Growth	-	2,500,000

## Notes forming part of the financial statements

	As at 31 <sup>st</sup> March, 2016 ₹	As at 31 <sup>st</sup> March, 2015 ₹
1,744,427.9070 (Previous year, NIL ) Units in Kotak Mutual Fund Flexi Debt Scheme-Plan A- Growth	32,849,496	-
4,337.7320 (Previous year, NIL ) Units in Kotak Mutual Fund Corporate Bond Fund - Direct -Growth	8,500,000	-
15,897,383.5080 (Previous year, 15,430,348.1230 ) Units in Reliance Mutual Fund Dynamic Bond Fund - Growth	318,152,828	286,221,886
930,143.7810 (Previous year, 930,141.2920 ) Units in Reliance Mutual Fund Income Fund-Growth Plan-Growth	44,493,149	41,527,553
3,298,826.4240 (Previous year, 1,693,136.6640 ) Units in Reliance Mutual Fund Short Term Fund -Direct Growth Plan-Growth option	94,860,063	42,273,389
NIL (Previous year, 1,137,602.4130 ) Units in Reliance Mutual Fund Regular Savings Fund-Debt Plan-Direct - Growth	-	21,000,000
565,770.3820 (Previous year, 565,767.2510 ) Units in Reliance Mutual Fund Income Fund - Direct Growth Plan-Growth Option	27,834,715	24,788,611
3,009,518.4680 (Previous year, NIL) Units in Reliance Mutual Fund Floating Rate Fund - Short Term Plan -Direct - Growth	72,578,450	-
1,141,346.2060 (Previous year, NIL) Units in Reliance Mutual Fund Gilt Securities Fund-Direct - Growth Plan	22,445,372	-
641,503.7640 (Previous year, NIL) Units in Reliance Mutual Fund Medium Term Fund - Direct - Growth Plan- Growth	20,304,749	-
2879.8656 (Previous year, NIL) Units in Reliance Mutual Fund Liquid Fund - Treasury Plan - Growth	10,600,483	-
10,588.8930 (Previous year, 8,901.6880) Units in Religare Invesco Mutual Fund Credit Opportunities Fund - Direct Plan-Growth	18,423,470	13,611,485
NIL (Previous year, 13,717.6270) Units in Religare Invesco Mutual Fund Gilt Fund - Long Duration Plan - Growth	-	21,000,000
NIL (Previous year, 19,999.9980) Units in Religare Invesco Mutual Fund Bank Debt Fund - Growth	-	22,768,318
31,758.7410 (Previous year, NIL) Units in Religare Invesco Mutual Fund Gilt Fund Long Duration Plan - Growth	49,262,240	-
10,022.3340 (Previous year, NIL) Units in Religare Invesco Mutual Fund Medium Term Bond Fund - Growth	15,230,682	-
NIL (Previous year, 17,533.3500) Units in Franklin Templeton Mutual Fund India Short Term Income-Retail Plan-Growth	-	47,361,346
NIL (Previous year, 19,453.0060) Units in Franklin Templeton Mutual Fund India Short Term Income-Retail Plan-Direct -Growth	-	53,280,017
NIL (Previous year, 3,148,188.8060 ) Units in Franklin Templeton Mutual Fund Income Builder Account Plan A - Direct Growth	-	150,938,968
4,280,618.9010 (Previous year, 4,280,585.2390 ) Units in Franklin Templeton Mutual Fund Income Opportunities Fund - Growth	73,347,121	68,000,000
5,912,471.7820 (Previous year, 5,912,400.2050 ) Units in Franklin Templeton Mutual Fund Corporate Bond Opportunities Fund - Growth	88,598,390	82,296,472
NIL (Previous year, 5,280,846.8060) Units in DWS Mutual Fund Gilt Fund - Regular - Growth	-	78,631,809
NIL (Previous year, 3,196,358.7120) Units in DWS Mutual Fund Short Maturity Fund - Direct Plan - Growth.	-	81,585,458
NIL (Previous year, 548,184.9620) Units in DWS Mutual Fund DWS Banking & PSU Debt Fund -Direct Plan -Growth	-	6,265,864



## Notes forming part of the financial statements

	As at 31 <sup>st</sup> March, 2016 ₹	As at 31 <sup>st</sup> March, 2015 ₹
NIL (Previous year, 1,000,231.5630) Units in Baroda Pioneer Mutual Fund Credit Opportunities Fund - Plan B -Growth	-	10,002,316
3,595,245.2410 (Previous year, 5,543,394.2990) Units in HDFC Mutual Fund Short Term Plan - Growth	106,012,277	141,694,147
7,424,949.9640 (Previous year, 4,491,959.3930) Units in HDFC Mutual Fund Corporate Debt Opportunities Fund-Regular - Growth	90,781,893	50,000,000
2,011,523.3240 (Previous year, NIL) Units in HDFC Mutual Fund Short Term Opportunities Fund - Growth	33,138,439	-
1,720,199.7850 (Previous year, NIL) Units in HDFC Mutual Fund Banking & PSU Debt Fund - Regular Growth	20,609,714	-
4,803,356.6600 (Previous year, 7,128,863.7380) Units in SBI Mutual Fund Dynamic Bond Fund- Plan Direct -Growth	88,277,530	123,667,251
2,407,332.9300 (Previous year, NIL) Units in SBI Mutual Fund Short Term Debt Fund-Regular Plan-Growth	41,535,882	-
17,734,968.6260 (Previous year, 15,086,489.3560 ) Units in IDFC Mutual Fund Dynamic Bond Fund-Growth-Direct Plan	324,494,947	259,558,523
687,307.9890 (Previous year, 687,307.9890 ) Units in IDFC Mutual Fund Arbitrage Plus Fund - Direct Plan -Dividend Payout	8,300,000	8,300,000
4,936,839.3260 (Previous year, 692,037.0770) Units in BNP Paribas Mutual Fund Medium Term Income Fund-Direct Plan-Growth	60,346,937	7,360,576
1,531,483.1230 (Previous year, 1,531,475.1180) Units in BNP Paribas Mutual Fund Flexi Debt Fund - Growth	39,105,043	33,737,937
2,599,321.6350 (Previous year, 2,599,334.9290) Units in BNP Paribas Mutual Fund Medium Term Income Fund-Growth	31,197,318	29,000,000
1,546,745.3356 (Previous year, 1,416,385.2970) Units in Axis Mutual fund Short Term Plan-Direct Plan-Growth Plan	25,852,302	20,604,724
NIL, (Previous year, 2,000,032.2770) Units in IDBI Mutual Fund Debt Opportunities fund - Direct Plan - Growth	-	21,258,143
2,884,105.1090 (Previous year, 3,838,938.2020) Units in L & T Mutual Fund Short Term Income Fund - Direct Plan - Growth	45,808,530	53,224,191
NIL (Previous year, 399,119.6050) Units in UTI Mutual Fund Short Term Income Fund-Institutional Option - Growth	-	6,354,862
491,197.5640 (Previous year, 491,197.5640) Units in JP Morgan Mutual Fund India Equity Income Fund-Regular Plan-Dividend Payout	4,999,900	4,999,900
1,418,003.2780 (Previous year, 749,857.0800) Units in JP Morgan Mutual Fund India Equity Income Fund-Direct Plan-Dividend Payout	14,800,000	7,800,000
1,936,145.9080 (Previous year, NIL) Units in Edelweiss Mutual Fund Arbitrage Fund Dividend Option - Payout	20,000,000	-
	3,038,740,859	2,946,092,869
Less: Adjustment for excess of cost over fair value	55,414	14,433
	3,038,685,445	2,946,078,436

## Notes forming part of the financial statements

	As at 31 <sup>st</sup> March, 2016 ₹	As at 31 <sup>st</sup> March, 2015 ₹
<b>Investments in Debentures or Bonds (quoted)</b>		
Face value of all units, ₹ 1,000,000/-		
NIL (Previous year, 45) Units in Reliance Capital market linked debenture series BA258 NCD - 9.50%	-	4,500,000
55 (Previous year, 55 ) Units in The Tata Power Company Limited 2072 RR NCD - 10.75%	56,555,000	56,555,000
NIL (Previous year, 50) Units in Reliance Gas Transport Infrastructure Limited NCD -10.25%	-	53,520,000
30 (Previous year, 30) Units in Tata Steel Limited NCD Perpetual -11.50%	31,662,000	31,662,000
55 (Previous year, 55) Units in Tata Steel Limited NCD Perpetual - 11.80%	57,589,000	57,589,000
NIL (Previous year, 10) Units in Reliance Media Works Limited 2016 NCD - 11%	-	10,088,760
20 (Previous year, 20) Units in IDBI Bank Limited NCD Perpetual - 10.75%	21,253,000	21,253,000
10 (Previous year, NIL) Units in Canara Bank BD Perpetual - 9.55%	9,990,330	-
10 (Previous year, NIL) Units in LIC Housing Finance Limited 2020 NCD -8.95%	10,168,000	-
30 (Previous year, NIL) Units in SP Jammu Udhampur Highway Limited 2030 NCD - 9.15%	30,711,000	-
15 (Previous year, NIL) Units in State Bank of India 2021 BD - 8.80%	14,988,000	-
8 (Previous year, NIL) Units in Axis Bank Limited 2017 BD - 10.10%	8,074,400	-
	240,990,730	235,167,760
Less: Adjustment for excess of cost over fair value	1,685,000	1,402,000
	239,305,730	233,765,760
<b>Investments in Preference Shares (unquoted)</b>		
200,000 (Previous year, NIL) Units in L & T Finance Holding Ltd. Preference Shares - 8.15%	20,033,493	-
340 (Previous year, NIL) Units in Infrastructure Leasing and Financial Services Limited Preference Shares - 16.46%	5,104,587	-
	25,138,080	-
<b>Total</b>	<b>3,303,129,255</b>	<b>3,179,844,196</b>
<b>Aggregate value of investments (net of adjustment)</b>		
Unquoted - cost	3,063,878,939	2,950,592,869
Quoted - cost	240,990,730	235,167,760
- Market value	244,166,500	237,895,675

## Notes forming part of the financial statements

	As at 31 <sup>st</sup> March, 2016 ₹	As at 31 <sup>st</sup> March, 2015 ₹
<b>NOTE 13: INVENTORIES</b> (At lower of cost and net realisable value)		
Raw materials and components (Includes Goods-in-transit of ₹ 14,566,754/- (Previous year ₹ NIL))	17,873,091	40,124,501
Work-in-progress	474,914	-
Finished goods	14,670,752	35,543,103
Traded goods (Includes Goods-in-transit of ₹ 2,527,438/- (Previous year ₹ 2,343,750/-))	71,308,777	58,039,322
Stores, spares and packing materials	691,579	692,012
<b>Total</b>	<b>105,019,113</b>	<b>134,398,938</b>
<b>NOTE 14: TRADE RECEIVABLES</b> <b>Unsecured</b>		
a) Outstanding for a period exceeding six month from the date they were due for payment		
Considered doubtful	13,131,016	12,440,380
Less: Provision for doubtful receivables	13,131,016	12,440,380
	-	-
b) Others		
Considered good	118,516,151	87,585,860
<b>Total</b>	<b>118,516,151</b>	<b>87,585,860</b>
<b>NOTE 15: CASH AND CASH EQUIVALENTS</b>		
a) Cash on hand	203,970	324,473
b) Balances with bank		
In Current accounts	10,724,410	6,720,635
In Exchange Earners Foreign Currency (EEFC) account	-	3,404,144
	10,928,380	10,449,252
Other bank balances		
In deposits accounts (Refer note below)	-	298,225,962
In deposits accounts (Escrow account for buyback)	205,008,375	-
In earmarked accounts		
Unpaid dividend accounts	2,077,766	2,081,251
Deposits held as security against letters of credit (Refer note below)	180,105,096	209,094,472
Deposits held as margin money (Refer note below)	1,814,368	1,814,368
	389,005,605	511,216,053
<b>Total</b>	<b>399,933,985</b>	<b>521,665,305</b>

**Note :**

Balances with bank include deposits amounting to ₹ 180,105,096/- (previous year ₹ 507,320,434/-) and margin monies amounting to ₹ 1,814,368/- (previous year ₹ 1,814,368/-) which have an original maturity of more than 12 months.

## Notes forming part of the financial statements

	As at 31 <sup>st</sup> March, 2016 ₹	As at 31 <sup>st</sup> March, 2015 ₹
<b>NOTE 16: SHORT-TERM LOANS AND ADVANCES</b>		
<b>Unsecured, considered good (unless otherwise stated):</b>		
Security deposits	791,486	2,255,179
Advances / Loans to Employees	915,315	1,279,835
Prepaid expenses	4,170,836	5,113,638
Others:		
CENVAT / Service tax credit receivable	18,102,746	32,588,032
Custom duty receivable	122,190	2,082,765
Balance in DEPB licenses	-	188,531
Advances to suppliers	22,677,671	2,363,832
	<b>46,780,244</b>	<b>45,871,812</b>
<b>Unsecured, considered doubtful:</b>		
Advances to suppliers	-	22,440
Less: Provision for doubtful advances	-	22,440
	-	-
<b>Total</b>	<b>46,780,244</b>	<b>45,871,812</b>
<b>NOTE 17: OTHER CURRENT ASSETS</b>		
<b>Interest accrued on</b>		
Bank deposits	10,542,901	25,172,121
Debentures and Bonds held as current investments	7,560,592	8,423,685
<b>Total</b>	<b>18,103,493</b>	<b>33,595,806</b>
	For the year ended 31 <sup>st</sup> March, 2016 ₹	For the year ended 31 <sup>st</sup> March, 2015 ₹
<b>NOTE 18: REVENUE FROM OPERATIONS</b>		
Sale of products (Refer Note (i) below)	679,491,680	843,154,944
Sale of services (Refer Note (ii) below)	54,190,625	84,722,351
Other operating revenues (Refer Note (iii) below)	2,615,394	921,226
	<b>736,297,699</b>	<b>928,798,521</b>
<b>Notes :</b>		
(i) Sale of products comprises of		
<u>Finished goods</u>		
Networking products	247,355,471	185,516,641
<u>Traded goods</u>		
Networking products	432,136,209	657,638,303
<b>Total</b>	<b>679,491,680</b>	<b>843,154,944</b>
(ii) Sale of Services comprises of		
Repair services	46,072,681	75,924,374
AMC services	6,094,804	7,386,765
Job work charges	2,023,140	1,411,212
<b>Total</b>	<b>54,190,625</b>	<b>84,722,351</b>

## Notes forming part of the financial statements

	For the year ended 31 <sup>st</sup> March, 2016 ₹	For the year ended 31 <sup>st</sup> March, 2015 ₹
(iii) Other operating revenues		
Sundry balances written back	1,501,614	715,304
Recovery of trade receivables earlier written off	1,113,780	205,922
<b>Total</b>	<b>2,615,394</b>	<b>921,226</b>
<b>NOTE 19: OTHER INCOME</b>		
<b>Interest income</b>		
- On fixed deposits with banks	36,533,218	46,782,840
- On bonds and securities	23,168,667	22,030,117
- On Debentures	322,145	251,815
- On overdue trade receivables	550,761	3,048,332
	60,574,791	72,113,104
Dividend income from current investments	3,706,346	366,233
Write back of adjustment for excess of cost over fair value of current investments (net)	-	31,478,076
Net gain on sale of current investments	256,014,976	298,648,457
Rent income from operating leases	1,617,774	972,704
Profit on fixed assets sold / written off (net)	858,362	265,667
Exchange gain (net) (Refer note 25 c)	4,078,908	9,631,880
Scrap income	318,993	262,497
<b>Total</b>	<b>327,170,150</b>	<b>413,738,618</b>
<b>NOTE 20: DECREASE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND TRADED GOODS</b>		
<b>Stock as at 01<sup>st</sup> April, 2015</b>		
Finished goods		
- Manufactured	35,543,103	25,354,453
- Traded	58,039,322	208,144,927
Work-in-progress	-	1,182,888
	93,582,425	234,682,268
<b>Less : Stock as at 31<sup>st</sup> March, 2016</b>		
Finished goods		
- Manufactured	14,670,752	35,543,103
- Traded	71,308,777	58,039,322
Work-in-progress	474,914	-
	86,454,443	93,582,425
<b>Decrease</b>	<b>7,127,982</b>	<b>141,099,843</b>



## Notes forming part of the financial statements

	For the year ended 31 <sup>st</sup> March, 2016 ₹	For the year ended 31 <sup>st</sup> March, 2015 ₹
<b>NOTE 21: EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and wages (Refer Note 34 (i) )	193,590,996	196,900,034
Contribution to provident and other funds	4,865,912	5,511,803
Staff welfare expenses	9,309,524	11,495,647
Gratuity	3,414,488	3,624,671
Leave encashment	1,170,144	1,976,315
<b>Total</b>	<b>212,351,064</b>	<b>219,508,470</b>
<b>NOTE 22: FINANCE COSTS</b>		
Interest Expenses on:		
Trade payables (Refer Note 7)	7,326	2,645
Others		
- Interest on delayed payment of income tax	502,763	20,155
- Interest on statutory payments etc.	46,817	14,810
<b>Total</b>	<b>556,906</b>	<b>37,610</b>
<b>NOTE 23: OTHER EXPENSES</b>		
Stores, spares and packing material consumed	3,482,639	5,915,678
Excise duty (Refer Note No. 34 (k))	(3,395,493)	684,300
Power and fuel	11,590,798	13,324,206
Rent	5,388,577	11,395,538
Rates and taxes	2,064,746	1,996,981
Insurance	3,918,782	4,052,735
<u>Repairs and maintenance</u>		
Buildings	759,979	-
Machinery	538,043	1,612,476
Others	5,128,173	5,805,100
	6,426,195	7,417,576
Travelling and conveyance expenses	12,122,970	13,946,614
Communication expenses	6,569,761	5,446,892
Legal and Professional fees	26,195,339	31,254,826
Advertisement and sales development expenses	62,900,895	40,107,732
Freight Outward	11,550,483	15,651,301
Printing and stationery expenses	4,579,011	4,805,604
Servicing expenses	13,574,517	16,694,971
Excess of cost over fair value of current investments (non-trade) (net), adjusted	323,981	-
Provision for doubtful debts and advances	502,287	674,552
Sundry balances written off	504,959	115,519
Bad debts written off	291,775	99,669
Miscellaneous expenses	18,401,667	18,482,895
<b>Total</b>	<b>186,993,889</b>	<b>192,067,589</b>

## Notes forming part of the financial statements

	As at 31 <sup>st</sup> March, 2016 ₹	As at 31 <sup>st</sup> March, 2015 ₹
<b>NOTE 24: CONTINGENT LIABILITIES AND COMMITMENTS</b>		
<b>A. Contingent liabilities in respect of</b>		
a. Disputed demands of custom duty pending before the Customs, Excise and Service Tax Appellate Tribunal (CESTAT) (Amount deposited as pre-deposit ₹900,000/-) in connection with classification of networking products.	2,414,221	2,414,221
b. Disputed demand of excise duty in connection with valuation of products manufactured by the Company pending before CESTAT (Amount deposited as pre-deposit ₹11,400,000/-)	38,715,672	38,715,672
c. Disputed penalty demands of Excise Authorities with regard to (b) above, pending before the CESTAT	39,880,674	39,880,674
d. Custom duty paid under protest The raw material/trading material/software imported by the Company are subjected to different rates of customs duty based on classification under respective Tariff Head. The Customs department has objected to the classifications adopted by the Company for certain items and has demanded additional duty for the same. The Company has paid such differential duty under protest, which is included under Long term loans and advances in Note 11, pending resolution of the dispute at Customs, Excise and Service Tax Appellate Tribunal (CESTAT). The Company is confident of successfully contesting the demands and does not expect any significant liability to crystallise.	3,883,884	3,883,884
<b>B. Capital commitments</b> Estimated amount of contracts remaining to be executed on capital account and not provided for	477,761	-

### NOTE 25: FOREIGN CURRENCY

- a) The Company enters into foreign exchange forward contracts to offset the foreign currency risk arising from the amounts denominated in currencies other than the Indian rupee. The counter party to the Company's foreign currency forward contracts is generally a bank. These contracts are entered into to hedge the foreign currency risks of firm commitments.

The following are the outstanding forward exchange contracts entered into by the company:

Currency	Amount Outstanding as at year end in Foreign currency	Amount outstanding at year end in ₹	Exposure to Buy / Sell
US Dollar	- (400,000)	- (25,042,000)	Buy

- b) The year-end foreign currency exposures that have not been specifically hedged by a derivative instrument or otherwise are given below:

	As at 31 <sup>st</sup> March, 2016		As at 31 <sup>st</sup> March, 2015	
	In foreign Currency	In ₹	In foreign Currency	In ₹
<b>Amount receivable in foreign currency on account of the following:</b>				
Trade receivables	USD 222,148	14,717,311	USD 290,958	18,181,942
Loans and advances	USD 4,662	197,072	USD 4,881	207,546
<b>Amount payable in foreign currency on account of the following:</b>				
Trade payable	USD 385,125	25,518,415	USD 241,789	15,111,824

## Notes forming part of the financial statements

	For the year ended 31 <sup>st</sup> March, 2016 ₹	For the year ended 31 <sup>st</sup> March, 2015 ₹
c) Amount of exchange differences included in the Statement of Profit and Loss		
Exchange gain	7,025,419	11,423,642
Exchange loss	2,946,511	1,791,762

### NOTE 26: PAYMENT TO AUDITORS (NET OF SERVICE TAX)

	For the year ended 31 <sup>st</sup> March, 2016 ₹	For the year ended 31 <sup>st</sup> March, 2015 ₹
a. As Auditors	1,170,000	1,170,000
b. For other services - certification	750,300	260,000
c. For Expenses	74,495	-
<b>Total</b>	<b>1,994,795</b>	<b>1,430,000</b>

	Current year ₹	Previous year ₹
<b>NOTE 27:</b>		
A The disclosure as required under AS-15 regarding the Company's defined benefit plans is as follows:		
	Gratuity (Funded)	Gratuity (Funded)
<b>I. Reconciliation of opening and closing balances of Defined Benefit obligation</b>		
Defined Benefit obligation at beginning of the year	14,833,863	12,372,964
Current Service Cost	2,473,598	2,147,948
Interest Cost	955,758	1,041,838
Actuarial (gain) / loss	600,910	1,219,715
Benefits paid	(4,939,197)	(1,948,602)
Defined Benefit obligation at year-end	13,924,932	14,833,863
<b>II. Reconciliation of opening and closing balances of fair value of plan assets</b>		
Fair value of plan assets at beginning of the year	9,047,182	8,699,007
Adjustment to opening balance	161,480	56,896
Expected return on plan assets	744,125	747,038
Actuarial gain/(loss)	(128,347)	(19,104)
Employer contribution	4,352,827	1,511,947
Benefits paid	(4,939,197)	(1,948,602)
Fair value of plan assets at year end	9,238,070	9,047,182
<b>III. Reconciliation of fair value of assets and obligations</b>		
Present value of obligation as at 31 <sup>st</sup> March, 2016	13,924,932	14,833,863
Fair value of plan assets as at 31 <sup>st</sup> March, 2016	9,238,070	9,047,182
Amount recognized in Balance Sheet	(4,686,862)	(5,786,681)

## Notes forming part of the financial statements

	Current year ₹	Previous year ₹
<b>IV. Expense recognized during the year</b> (Under the head "Employees benefits expense" - Refer to note 21)		
Current Service Cost	2,473,598	2,147,948
Interest Cost	955,758	1,041,838
Expected return on plan assets	(744,125)	(803,934)
Actuarial (gain) / loss	729,257	1,238,819
<b>Net Cost</b>	<b>3,414,488</b>	<b>3,624,671</b>
<b>V. Actuarial assumptions</b>		
Discount rate (per annum)	7.46%	7.73%
Expected rate of return on plan assets (per annum)	8.75%	8.75%
Rate of escalation in salary (per annum)	5.00%	5.00%
<b>VI.</b> The assumptions of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment.		
<b>VII.</b> The amounts of the present value of the obligation, fair value of the plan assets, surplus or deficit in the plan, experience adjustments arising on plan liabilities and plan assets are furnished below.		

	Amount in ₹				
Experience Adjustment	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13	31-Mar-12
On plan liabilities	600,910	1,219,715	(1,169,462)	(2,862,272)	(201,931)
On plan assets	(128,347)	(19,104)	(27,133)	130,550	133,459
Present value of benefit obligation	13,924,932	14,833,863	12,372,964	13,090,123	13,444,956
Fair value of plan assets	9,238,070	9,047,182	8,699,007	8,556,750	7,176,902
Excess of (obligation over plan assets) / plan assets over obligation	(4,686,862)	(5,786,681)	(3,673,957)	(4,533,373)	(6,268,054)

- VIII.** The contribution expected to be made by the Company during the financial year 2016-17 is ₹ 2,000,000/-.
- IX.** The plan assets are managed by the Gratuity trust formed by the Company. The management of funds is entrusted with Life Insurance Corporation of India. The details of investments made by them are not available.
- B** The disclosure as required under AS-15 regarding the Company's defined contribution plans is as follows :
- i) Contribution to provident fund ₹ 4,551,157/- (previous year ₹ 5,170,288/-).

### NOTE 28: SEGMENT INFORMATION

#### (A) Segment information for primary reporting (by business segment)

The Company has its operations in developing, manufacturing, marketing, distributing and servicing networking products. These networking products are sold to distributors, Original Equipment Manufacturers (OEM's) and System Integrators (SI). The primary reporting segment for the Company therefore, is the business segment, viz., networking products.

#### (B) Segment information for secondary segment reporting (by geographical segments)

The secondary reporting segment for the Company is the geographical segment based on location of customers, which is as follows:

- i) Domestic  
ii) Export

#### Information about secondary segments

Particulars	Domestic	Exports	Unallocated	Total
Revenues from external customers (net) (including sale of services)	660,548,558 (815,709,997)	44,426,441 (93,510,121)	- -	704,974,999 (909,220,118)
Segment assets	490,964,899 (502,395,537)	14,717,311 (18,181,942)	3,768,195,442 (3,788,269,983)	4,273,877,652 (4,308,847,462)
Additions to fixed assets during the year	1,891,223 (4,020,999)	- -	- -	1,891,223 (4,020,999)

Figures in brackets are for the previous year

## Notes forming part of the financial statements

### NOTE 29: EARNINGS PER SHARE

Earnings per share is calculated by dividing the Profit / (loss) attributable to the Equity Shareholders by the weighted average number of equity shares outstanding during the year, as under:

	For the year ended 31 <sup>st</sup> March, 2016 ₹	For the year ended 31 <sup>st</sup> March, 2015 ₹
Net Profit / (loss) for the year attributable to Equity Shareholders	43,834,446	132,067,544
Weighted average number of equity shares	30,004,850	30,004,850
Par value per share	2.00	2.00
Basic and Diluted earnings per share net of tax	1.46	4.40

### NOTE 30: DEFERRED TAX (NET)

The tax effect of significant timing differences that has resulted in deferred tax assets and liabilities are given below:

	As at 31 <sup>st</sup> March, 2016 ₹	As at 31 <sup>st</sup> March, 2015 ₹
a. Deferred Tax Liability		
Fiscal allowances of fixed assets	(8,784,686)	(8,650,980)
<b>Total</b>	<b>(8,784,686)</b>	<b>(8,650,980)</b>
b. Deferred Tax Asset		
Provision for doubtful debts and advances	4,605,561	4,646,943
Provision for slow moving stock	10,375,718	17,352,347
Others	9,653,898	6,214,654
<b>Total</b>	<b>24,635,177</b>	<b>28,213,944</b>
Deferred Tax Asset (net)	15,850,491	19,562,964

#### Note :

- In the previous year deferred tax impact in respect of transitional provisions upon application of Schedule II of the Companies Act, 2013 has been given in the reserves.

### NOTE 31: RELATED PARTY DISCLOSURES

List of related parties with whom transactions have taken place during the year and nature of relationship

Name of the related parties	Nature of relationship
Mr. Kamalaksha R. Naik	Key management person
Ms. Arati K. Naik (Director / Chief Operating Officer)	Key management person w.e.f. 09-Sep-14. (Relative of key management person till 08-Sep-14)
Mr. Kamalaksha R. Naik (HUF)	Enterprise over which key management person is able to exercise significant influence.
Mrs. Sudha K. Naik	Relative of key management person
Mrs. Lakshana A. Sharma	Relative of key management person



## Notes forming part of the financial statements

### Details of related party transactions during the year

Amount in ₹

Nature of transactions	Key Management Person	Enterprise over which key management person is able to exercise significant influence	Relative of key management person	Total
<b>Salary</b>				
Ms. Arati K. Naik	3,098,400 (1,435,224)		- (471,100)	3,098,400 (1,906,324)
Dividend paid				
Mr. Kamalaksha R. Naik	31,325,986 (31,325,986)			31,325,986 (31,325,986)
Mr. Kamalaksha R. Naik (HUF)		685,942 (685,942)		685,942 (685,942)
Mrs. Sudha K. Naik			3,000,486 (3,000,486)	3,000,486 (3,000,486)
Mrs. Lakshana A. Sharma			3,661,682 (3,661,682)	3,661,682 (3,661,682)
Ms. Arati K. Naik	6,027,056 -		- (6,027,056)	6,027,056 (6,027,056)
<b>Rent Expense</b>				
Ms. Arati K. Naik	720,000 (360,000)		- (360,000)	720,000 (720,000)
<b>As at the year-end</b>				
Amount due from				
Ms. Arati K. Naik (Rent Deposit)	600,000 (600,000)		- -	600,000 (600,000)

#### Note :

1) Figures in brackets are those of the previous year.

### NOTE 32: COST OF RAW MATERIALS CONSUMED

	For the year ended 31 <sup>st</sup> March, 2016 ₹	For the year ended 31 <sup>st</sup> March, 2015 ₹
<b>Raw materials consumed comprises</b>		
Integrated circuits	35,117,338	47,324,434
Power supplies, batteries and accessories	23,943,757	11,326,607
PCBs	9,978,569	12,753,661
Wires / cables assembly and accessories	8,849,680	3,866,512
Enclosures and parts	8,220,365	6,436,742
Others	74,498,958	93,462,949
<b>Total</b>	<b>160,608,667</b>	<b>175,170,905</b>
<b>NOTE 33: PURCHASE OF TRADED GOODS</b>		
Networking products	377,933,853	427,575,985

## Notes forming part of the financial statements

### NOTE 34: OTHER DISCLOSURE

	Current year		Previous year	
	₹	% age to total consumption	₹	% age to total consumption
<b>a) Raw materials consumed</b>				
imported	147,182,366	91.64	150,349,866	85.83
indigenous	13,426,301	8.36	24,821,039	14.17
<b>Total</b>	<b>160,608,667</b>	<b>100.00</b>	<b>175,170,905</b>	<b>100.00</b>
<b>b) Stores, spares and packing materials consumed</b>				
imported	3,120,320	89.60	5,616,244	94.94
indigenous	362,319	10.40	299,434	5.06
<b>Total</b>	<b>3,482,639</b>	<b>100.00</b>	<b>5,915,678</b>	<b>100.00</b>

	For the year ended 31 <sup>st</sup> March, 2016 ₹	For the year ended 31 <sup>st</sup> March, 2015 ₹
<b>c) C.I.F. value of goods imported</b>		
Raw materials and components	121,968,771	131,746,202
Stores, spares and packing materials	3,365,933	4,665,826
Capital goods	315,537	-
Traded goods	330,073,129	409,968,601
<b>d) Expenditure in foreign currency</b>		
Travelling expenses	1,467,469	1,390,337
Professional fees	106,409	103,137
Advertisement, Sales development, reimbursement of expenses, etc.	1,095,835	58,333
<b>e) Earnings in foreign exchange</b>		
F.O.B. value of goods exported	-	22,086,809
Income from services	44,426,441	71,423,312
<b>f) Amount remitted during the year in foreign currency on account of dividend</b>		
Number of non-resident shareholders	1	1
Number of shares held by them on which dividend is due	50,000	50,000
Year to which dividend relates	2014-15	2013-14
Amount of dividend remitted (Rupees)	100,000	100,000

Other than the above, the Company has not remitted any amount in foreign currencies on account of dividends during the year and does not have information as to the extent to which remittances, if any, in foreign currencies on account of dividend have been made by non-resident shareholders.

- g)** In the previous year, pursuant to the notification of Schedule II to the Companies Act, 2013 with effect from April 1, 2014, the Company revised the estimated useful lives of some of its fixed assets to align the useful lives with those specified in Schedule II.

The details of previously applied depreciation rates / useful lives were as follows:

Asset	Previous depreciation rate / useful life	Revised useful life
Factory Buildings	3.34%	30 years
Office Buildings	1.63%	60 years
Computers and Computer Software	4 years	3 years
Computers Software tools	4 years	4 years
Plant and Machinery	8 years	8 years
Furniture & Fixtures	8 years	8 years
Motor Vehicles	5 years	5 years
Office Equipment	8 years	5 years
Electrical Installations	10 years	10 years
Air conditioners	10 years	10 years
Fences, wells and tube wells	3.34%	5 years

## Notes forming part of the financial statements

Pursuant to the transition provisions prescribed in Schedule II to the Companies Act, 2013, the Company fully depreciated the carrying value of fixed assets, where the remaining useful lives of the assets were determined to be nil as on April 1, 2014, and adjusted an amount of ₹ 1,570,625/- (net of deferred tax of ₹ 808,752/-) against the opening previous years Surplus in the Statement of Profit and Loss under Reserves and Surplus.

Previous year depreciation expense in the Statement of Profit and Loss was higher by ₹ 2,675,104/- consequent to the change in the useful lives of the assets.

- h) The Company had instituted "Employee Stock Option Plan" (ESOP) for its employees in the year 2000. To administer the ESOP the Company had created a Trust viz. D-Link (India) Limited ESOP Trust (the Trust) in September 2000. The said Trust was allotted 6,50,000 Equity Shares of ₹ 2/- each. In terms of the said ESOP, the Trust had granted options to the employees in the form of Equity Shares which vest at the rate of 25% on each successive anniversary of the grant date. The Trust had been renamed as Smartlink Network Systems Limited ESOP Trust. ESOP Compensation Committee had also re-priced the unexercised options granted to employees to compensate for reduction in the intrinsic value of the company pursuant to the Scheme of arrangement with D-link (India) Limited. The accounting of ESOP's granted by the Trust to the employees of the Company was done in accordance with The SEBI (ESOS and ESPS) Guidelines, 1999. These Guidelines were amended in July 2004 for all accounting periods commencing after 30<sup>th</sup> June 2003. The amendment required the Company to prepare its accounts as if the ESOS / ESPS scheme was administered by itself (rather than by the Trust). The Company had accordingly considered all the options granted by the Trust on or after 1<sup>st</sup> April 2004. The difference between the Market price of the share (intrinsic value) and the exercise price of the option, on the date of grant, had been amortised over the vesting period. The annual amortization was included under "Employee benefit expenses" and the cumulative charge disclosed in the Balance sheet under "Employee Stock Options"

There are no further options outstanding to be granted.

During the year balance in Employee Stock Options has been transferred to Surplus in Statement of Profit and Loss.

- i) Employee benefits expense for the year ended 31<sup>st</sup> March, 2016 includes compensation to employees pursuant to a employee separation scheme of ₹ 168,35,510.
- j) In light of section 135 of the Companies Act 2013, the company has incurred expenses on Corporate Social Responsibility (CSR) aggregating to ₹ 405,225/- for CSR activities carried out during the current year.

Particulars	Rupees
a) Gross amount required to be spent by the company during the year	462,444
b) Amount spent during the year on the following	
1. Construction / acquisition of any asset	-
2. On purpose other than (1) above	
- Aspiring Entrepreneurs Workshop / mentoring sessions for educational institutions	405,225
k) Excise duty collected from customers against sales has been disclosed as a deduction from turnover. The excise duty related to the difference between the opening and closing stock of finished goods is disclosed separately in the statement of profit and loss as "Excise Duty"	
l) Previous year's figures have been regrouped, wherever necessary, to correspond with those of the current year.	

Signature to notes 1 to 34

### For and on behalf of the Board

**K. R. Naik**  
Executive Chairman  
DIN: 00002013

**K.M. Gaonkar**  
Director  
DIN: 00002425

**Urjita Damle**  
Company Secretary

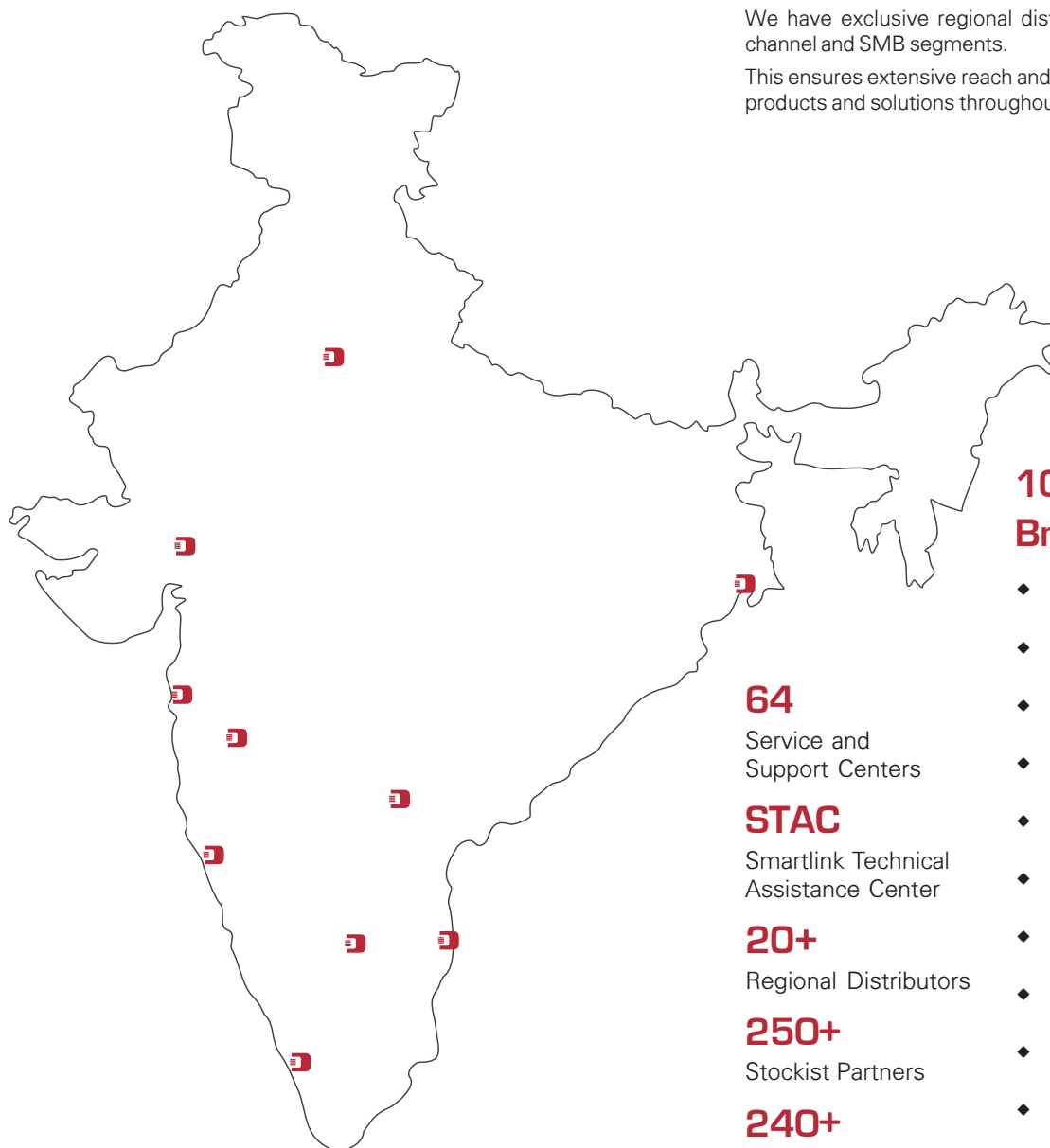
**K.G. Prabhu**  
Chief Financial Officer

Mumbai, dated: 05<sup>th</sup> May, 2016

## Nationwide Reach

We have exclusive regional distributors to address the channel and SMB segments.

This ensures extensive reach and easy availability of all our products and solutions throughout the country.



## 10 Branch Offices

- ◆ Kolkata
- ◆ Mumbai
- ◆ Goa
- ◆ Bangalore
- ◆ Cochin
- ◆ Hyderabad
- ◆ Delhi
- ◆ Pune
- ◆ Ahmedabad
- ◆ Chennai

**64**

Service and  
Support Centers

**STAC**

Smartlink Technical  
Assistance Center

**20+**

Regional Distributors

**250+**

Stockist Partners

**240+**

System Integrators

**5000+**

Resellers

### Disclaimer/Forward Looking Statement

In this Annual Report we have disclosed forward looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements-written and oral that we periodically make, contains forward looking statements that set out anticipated results based on the managements plans and assumptions.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risk and uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward looking statements, whether as a result of new information, future events or otherwise.



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