

Smartlink Network Systems Ltd.

2016-17

Annual Report

smartlink 
Smart Solutions for a Smarter Planet

A new strategy
for focused growth



DIGISOL™

SYNEGRA™

TELESMART™



DIGISOL™

DIGISOL Systems Ltd.

SYNEGRA™

SYNEGRA EMS Ltd.

TELESMART™

TELESMART SCS Ltd.



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Group Vision

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

Group 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

“ This year, we undertook a major restructuring exercise of the company keeping in view our vision and strategic priorities for ensuring focused growth in all our core businesses and tapping opportunities for each of these businesses. ”

Dear Shareholders,

The year under review has been a most significant one as we undertook a major restructuring exercise of the company. This was done keeping in view our vision and strategic priorities for ensuring focused growth in all our core businesses and tapping opportunities for each of these businesses. This has therefore been a milestone year for your company.

The restructuring exercise has been discussed in detail in the Management Discussions & Analysis section of the annual report, but I would like to share with you the rationale that led us to this decision.

As you are aware, Smartlink Network Systems Ltd. operated as an integrated IT networking products company engaged in the marketing of 'Digisol' brand products sourced from OEM suppliers worldwide as well as manufactured in-house in its own state-of-the-art facilities at Goa.

Over the years, the business of networking products has become fiercely competitive with a large number of players in the different segments of business. It becomes increasingly difficult and unwieldy for one company to handle both manufacturing as well as marketing of the active range as well as the passive range of products and deliver a high level of innovation, quality and service to the consumer. The breadth of technology has also become huge and, in every product category, technology changes at a rapid pace. Further, the designing and manufacturing of products call for different skill sets than those required for marketing, sales and service of products.

Brand building requires a sharp focus as well as deep understanding of consumer behavioural patterns.

We realized that it would be virtually impossible to deliver a full range of solutions

Chairman's Message

that customers need at the pace that the market requires unless we have strong focus in each segment. It was, therefore, important to have distinct identities in marketing and sales for branded products and in our manufacturing activity of active as well as passive range of products.

Many opportunities lie before us and it was important that we made the right move to enable us to focus better on delivering the products and solutions that our customers want. Hence, we have restructured our operations as below:

1. We have incorporated **three wholly owned subsidiary companies** viz. **Digisol Systems Ltd.** (DIGISOL), **Synegra EMS Ltd.** (SYNEGRA) and **Telesmart SCS Ltd.** (TELESMART).

Digisol Systems Ltd. will carry on the business of marketing and sales of various Networking and Information Technology - Active and Passive products under the brand DIGISOL, which is a well established brand today with its own R&D and testing Lab.

Synegra EMS Ltd. will carry on the business of Electronic Manufacturing Services (EMS) of various categories of Active Networking and Information Technology products. It will be a general purpose manufacturing company and act as OEM supplier to brand companies including Digisol.

Telesmart SCS Ltd. will carry on the business of passive range of products in copper and fiber used in cabling systems, often referred to as structured cabling products.

2. The second step involved the slump sale of Smartlink's existing businesses to the wholly owned subsidiaries on a slump sale basis as a going concern. As a result, the Digisol business of brand building, marketing and sales of active networking products has been transferred to Digisol Systems Ltd. and the EMS business has been transferred to Synegra EMS Ltd.
3. The final step of this restructuring involved making an application to Reserve Bank of India by Smartlink for registration of the Company as a Non Banking Financial Company (NBFC) (Non-Deposit taking) as Smartlink is left with only financial assets and the income it would generate from its investments.

To summarise, Smartlink Network Systems Ltd. is a holding Company with three wholly owned subsidiaries - DIGISOL, SYNEGRA and TELESMART, each of them specializing in their own businesses.

This restructuring will enable each of the subsidiaries to focus on their respective business and drive our future growth. We have seen that when companies focus intensely in a well defined core business area, they become very successful and deliver greater value to their customers. As a result of this strategy, each of the subsidiaries will be well placed to deliver a family of products that best empower their customers.

Over the years we have delivered many great products and have had much success in the

“Going forward, each subsidiary will have its own strategy which will mean better execution from product conceptualization and innovation right through manufacturing, marketing and sales.”

marketplace. In many ways, we have redefined the Indian networking space and pioneered the building of an indigenous brand in a marketplace which valued only MNC brands.

Going forward, each subsidiary will have its own strategy which will mean better execution from product conceptualization and innovation right through manufacturing, marketing and sales. Each subsidiary will remain disciplined and focused on continuing to drive operational efficiencies and productivity to achieve profitable growth.

The new structure will improve our competitive position, increase efficiency and enhance our ability to bring innovation and affordable solutions to our customers. The subsidiaries will accomplish all this while maintaining their unwavering commitment to our core values and high ethical standards. And, we will continue our long standing commitment to be a responsible employer and a good corporate citizen, fostering diversity and providing a safe workplace, implementing sustainability initiatives and supporting educational, environmental and other initiatives.

We believe we have an opportunity to chart a new course for our shareholders. We are transforming

our business model and evolving our organization and our culture so that we can move quickly and the subsidiaries can focus on their strategic priorities. We are excited to build on the momentum of the past and the promise of the future.

I would conclude by extending my sincere gratitude to my colleagues on the Board for their continued guidance, all the employees of Smartlink and its three subsidiaries for their unstinted dedication and commitment, and stakeholders, associates, customers and friends for their whole hearted support in all our endeavours.

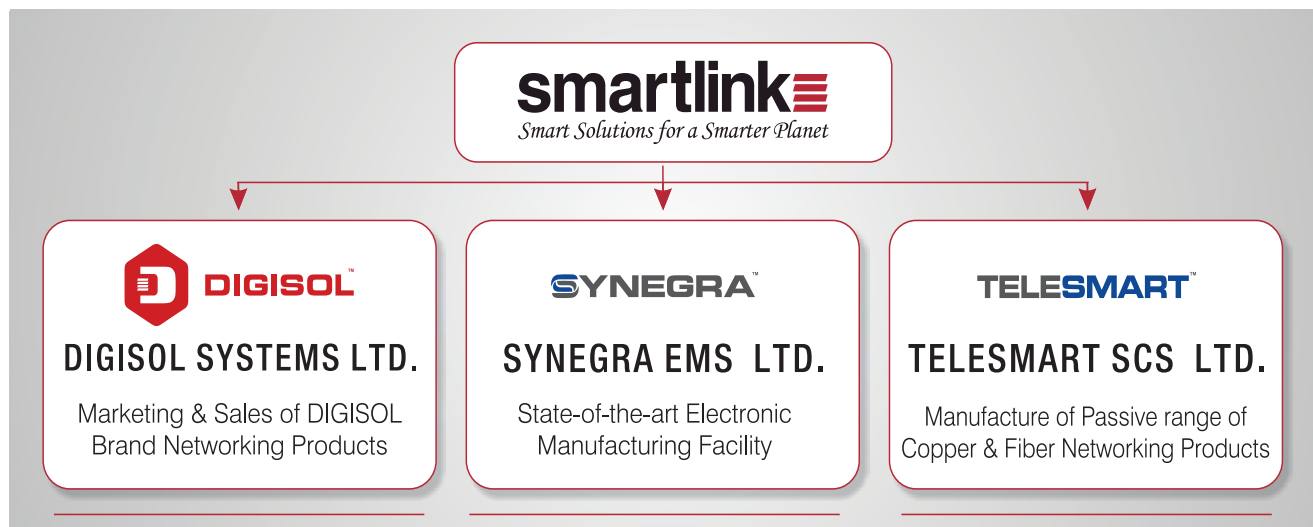
I must express my special thanks to our investors and shareholders who have always reposed their confidence in us. I would like to assure every one of them that their faith in us will continue to be rewarded in the years ahead.

Thank you.

Sincerely,

K. R. Naik
Executive Chairman
DIN: 00002013

Business Overview



Smartlink Network Systems Ltd. was one of India's leading networking companies in the field of IT, networking and surveillance products. It offered an integrated value proposition that includes design and development, manufacturing, sales and marketing, and service and support.

The Company's business has been restructured into three wholly owned subsidiaries, each with a strong focus in their line of business.

- 1. DIGISOL Systems Ltd.:** The Company is engaged in marketing of networking products within the domain of Converged Communications Solutions under the brand name DIGISOL.
- 2. Synegra EMS Ltd.:** The electronics manufacturing Company with its own state-of-the-art manufacturing facilities committed to implementing the government's "Make in India" mandate.
- 3. Telesmart SCS Ltd.:** The Structured Cabling products manufacturing Company with its own large scale state-of-the-art manufacturing facilities committed to implementing the government's Make in India mandate.

DIGISOL SYSTEMS LTD.

Nationwide Network

Digisol have a nationwide network of over 08 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 DIGISOL Product Portfolio

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
- ◆ Enterprise Wireless
- ◆ IP Surveillance
- ◆ Structured Cabling

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. Downloading 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, media converters and more.

DIGISOL SYSTEMS LTD.

SME Segment

DIGISOL is well on its way to being a leading 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.



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.

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.

DIGISOL Structured Cabling Solutions

DIGISOL cabling portfolio includes end-to-end cabling solution (Cat 5e, Cat 6 & Cat6A), UTP/STP LAN Cables, Patch Panels / Cords. The fiber range includes Fiber cables, Fiber connectors, couplers ETC.

The Company's cabling products adhere to EIA / TIA and ISO / IEC international standards. ROHS compliant products are backed by international 25 years product warranty performance.

DIGISOL's Structured Cabling Systems fulfill the network connectivity needs of medium to small businesses and home networks.

The DIGISOL SCS Product Portfolio

COPPER

Solid Cables:

Cat6A & Cat6 UTP & FTP, Cat6 SFTP and Cat5e UTP

Keystones

Toolless Type and Punch Down Type Cat6A, Cat6 and Cat5e UTP & FTP



Patch Panels

Cat6A, Cat6 and Cat5e UTP & FTP, 24 Port

Patch Cords

Cat6A, Cat6 and Cat5e UTP & STP



Unloaded

UTP 24 Port Patch Panel & Angled Blank Patch Panel, Face Plates & Surface Mount Box

FIBER

Cables

Unitube Single Mode & Multimode, Armoured & Unarmoured, Tight Buffered Single Mode & Multimode, Multitube Single Sheath Armoured & Unitube Double Sheath Armoured



Patch Cords

Single mode and Multimode

Pigtails

Single mode and Multimode

LIU

Drawer, Sliding & Wallmount types



Adapters

FC, LC, SC & ST Types

DIGISOL have products which are game changers for System Integrators like patented keystones, for easy installation and 90 degree patch panels ranging from Cat 5e to Cat 6A.

DIGISOL SYSTEMS LTD.

IP 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 IP surveillance products. 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.



Building 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' brand.

Brand Building Activities

The various activities that we undertake to build the DIGISOL brand include Channel Partner Events, Participation in Trade Shows and Expos, Retail Branding and Advertising.

DIGICARE

Warranty Service and support of Digisol products provide by Digisol special division known as DIGICARE.

DIGICARE has an all India network of 64 DIGISOL service centres and has a Technical Call centre as well, called DTAC (DIGISOL Technical Assistance Centre).

PAN India customers can avail support from DTAC through phone and email.



DIGICARE offers significant advantages:

- State-of-the-art infrastructure, well equipped, with the latest equipment.
- High skill sets to repair networking products
- 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.

Awards

The Digisol brand received several notable awards during the year:



**Most Popular
Networking Brand -**
NCN Awards 2016



**Leadership Award 2016 for
Best Make in India Brand -**
VAR India Star Nite
Awards 2016



**Make in India,
Networking Product
Brand - SME Channel
Award 2016**

SYNEGRA EMS LTD.

Synegra EMS Ltd. is Smartlink's wholly owned subsidiary and engaged in the business of manufacturing a wider range of electronic and networking products.



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. Synegra EMS has taken over the manufacturing activities and the major features of its facilities are:

- ISO 9001:2008 and ISO 14001:2004 certified plants with highly versatile SMT lines
- Production shop floor area of 27,000 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

TELESMART SCS LTD.

Telesmart SCS Ltd. is the wholly owned subsidiary of Smartlink Network Systems Ltd. And engaged in the business of manufacturing a wide range of Passive networking (SCS) products. The Company has a Manufacturing facility at Verna, Goa and is in the business of developing, and manufacturing of copper and fiber range of cabling products.

The focus of the Company is on contract manufacturing of various structured cabling products in both copper and fiber range. Telesmart's cabling portfolio includes end-to-end cabling solution (Cat 5e, Cat 6 & Cat6A), Patch Panels, Patch Cords. The fiber range includes fiber patch cords and pigtails etc.

Company have state of the art production lines for Copper & Fiber manufacturing designed as per Lean concept. Also have setup Clean Room for Fiber Patch cord manufacturing, where Fiber Cords are manufactured under controlled temperature & Clean environment.



The Company's cabling products adhere to EIA/TIA 568B, EIA/TIA 568.C.3 and ISO/IEC international standards. and are tested using Fluke DSX-5000 & keystone using Harness tester. All Fiber products are tested visually using D scope magnifier & Optical for Insertion loss & Return loss using Back reflection meter, Test results are printed online using specially designed software eliminating manual intervention & ensuring authenticity of the Report.

Benefits of Local Manufacturing

Synegra & Telesmart provides contract manufacturing services to Digisol as well as other companies. 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 31st March 1993. His vision is to make the group companies the premier technology Companies 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 until October 2016 and was responsible for scaling up the Company's operations and expanding its presence. Now she has been appointed as the Chief Operating Officer of the Subsidiary Company Digisol Systems Limited and involved in managing DIGISOL business and defining strategies for the products business. She is Graduate in Computer Science and Post-Graduation in Business & Information Systems from The University of Bolton, UK and alumni of IIM Bangalore, having done an executive general management program.



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.



Pradeep Rane

Mr. Pradeep Rane is a science graduate and has over 32 years of experience in Sales, Marketing, Strategic Planning and overall Business Management with the Pharmaceutical industry.



Jangoo Dalal

Mr. Jangoo Dalal, is an industry veteran and brings with him 28 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. He has more than 40 years of experience in management, including 35 years with the Tata Group with the last 14 years at Tata Consultancy Services Ltd (TCS).



Bhanubhai Patel

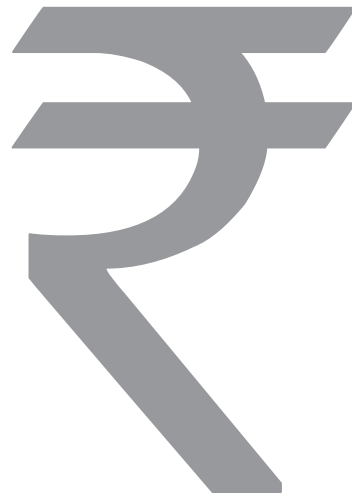
Mr. Bhanubhai Patel holds a Bachelors Degree in Commerce and General Law and is a Member of the Institute of Chartered Accountants of India. He has more than 31 years of experience in the field of Finance and General Management. He has worked with Indian Xerographic Systems Ltd. (a Modi-Xerox Joint Venture) for 10 years and for last 22 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 and has done Diploma in Training & Development. He has vast experience in Human Resource Management having worked with Hindustan Unilever, Aventis Pharma, Lupin Limited, Ispat Industries, Roche Products, Binani Industries Limited, Alkem Laboratories and RAK Ceramic.

Financial Information



Directors' Report

TO THE MEMBERS OF SMARTLINK NETWORK SYSTEMS LIMITED

The Directors of your Company take pleasure in presenting their 24th annual report together with audited Standalone and Consolidated balance sheet and statement of profit & loss for the financial year ended 31st March, 2017.

1. FINANCIAL RESULTS

(₹ in million)

Particulars	Standalone		Consolidated
	2016 -17	2015 -16	2016 -17
Income from operations	216.42	319.74	1,037.38
Other income	25.23	2.84	15.54
Profit / (loss) before depreciation, exceptional items and tax	130.24	209.62	(31.37)
Less: Depreciation for the year	11.99	13.78	16.52
Add: Exceptional items	31.30	-	-
Profit / (loss) before tax	149.55	195.84	(47.88)
Less: Provision for tax			
a) Current tax	38.14	68.77	19.72
b) Deferred tax	44.59	27.60	29.52
Profit / (loss) after tax from continuing operations	66.81	99.47	(97.13)
Loss before tax from discontinued operations	(48.58)	(128.19)	-
Less: a) Current tax	(18.43)	(48.67)	-
b) Deferred tax	(15.07)	(23.89)	-
Loss after tax from discontinued operations	(15.09)	(55.64)	-
Profit / (loss) for the year	51.73	43.83	(97.13)
Earnings Per Share (₹)	2.12	1.46	(3.98)

2. REVIEW OF OPERATIONS & SIGNIFICANT DEVELOPMENT

2.1 Review of standalone financials

a) Continued Operation

In the financial year 2016-17, the Company achieved an Income from operations of ₹ 216.42 million as compared to ₹ 319.74 million in the previous year.

Profit before tax from continued operation was ₹ 149.55 million for the year ending 31st March, 2017 as compared to Profit of ₹ 195.84 million in the previous year.

Profit after tax from continued operation was ₹ 66.81 million for the year ended 31st March, 2017 as compared to a profit of ₹ 99.47 million in the previous year.

b) Discontinued Operation

In the financial year 2016-17, loss before tax from discontinued operation was ₹ 48.58 million for the year ending 31st March, 2017 as compared to Loss of ₹ 128.19 million in the previous year.

Loss after tax from discontinued operation was ₹ 15.09 million for the year ended 31st March, 2017 as compared to a Loss of ₹ 55.64 million in the previous year.

2.2 Review of consolidated financial

Revenue from operation on a consolidated basis for financial year 2016-17 was ₹ 1,037.38 million.

Loss before tax from operation on a consolidated basis was ₹ 47.88 million and Loss after tax from the operation on a consolidated basis was ₹ 97.13 million for the year ending 31st March, 2017.

2.3 Significant development

a. Slump sale of business

The Board of Directors of the Company ("Board of Directors") at its meeting held on 04th August, 2016 had, subject to approval of members of the Company by way of special resolution and other statutory, regulatory or governmental authorities as may be required under applicable laws, approved the sale and transfer of the Digisol Business and EMS Business by way of a slump sale (as defined under Section 2(42C) of the Income Tax Act, 1961) to wholly owned subsidiaries namely Digisol Systems Limited and Synegra EMS Limited respectively for a cash consideration of ₹ 19.00 crores and ₹ 3.30 crores respectively adjusted for networking capital changes as on the closing date. The shareholders approved the above slump sale on 16th September, 2016 and the business was transferred to its respective subsidiaries with effect from 10th October, 2016.

The Board of Directors considers that both the subsidiaries will be able to focus on their core businesses and being separate independent companies will help them to pursue opportunities in their respective businesses.

b. Application made for Registration as a Non-Banking Financial Institution (Non-Deposit taking)

The Board of Directors at the meeting held on 17th March, 2017 have approved the final application to be made to Reserve Bank of India in terms of sub-section (2) of section 45-IA of Reserve Bank of India Act, 1934, for issue of Certificate of Registration as a Non-Banking Financial Institution (Non-Deposit taking). Accordingly Company has made an application for the said registration on 17th April, 2017.

3. BUYBACK

In terms of decision of the Board of Directors (Board) dated 29th February, 2016 and in accordance with the provisions of the Companies Act, 2013 (hereinafter as the "Act") and the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998 and with the approval of shareholders by Postal Ballot on 14th April, 2016, the Company had offered to buy-back 7,454,850 fully paid up equity shares of ₹ 2/- each, at a price of ₹ 110/- per share for an aggregate amount of up to ₹ 820,033,500/- from the existing shareholders of the Company under Tender Offer mechanism.

The offer was kept open from 6th June, 2016 to 17th June, 2016. Your Company has bought back 74,54,850 equity shares and extinguished all the shares bought under buy-back on 30th June, 2016.

4. DIVIDEND

Your Directors have recommended for your consideration a dividend of ₹ 2/- per Share (i.e. 100%) for the year 2016-17.

5. SHARE CAPITAL

The Paid-up Equity Capital of the Company as on 31st March, 2017 stood at ₹ 45,100,000/- consisting of 22,550,000 Equity Shares of ₹ 2/- each. During Financial Year ended 31st March, 2017, the Company has completed the buyback of 7,454,850 equity shares of ₹ 2/- each. Therefore, the Paid-up Equity Share Capital decreased from ₹ 60,009,700/- to ₹ 45,100,000/-.

6. 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.

7. INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an 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.

8. 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>.

9. CORPORATE SOCIAL RESPONSIBILITY (CSR)

Pursuant to Section 135 of the Companies Act, 2013 read with rules made thereunder, your Company has constituted a Corporate Social Responsibility Committee (CSR Committee). The constitution of the committee is given in the Corporate Governance Report.

The Corporate Social Responsibility Committee ('CSR Committee') has formulated and recommended to the Board, a Corporate Social Responsibility Policy ('CSR Policy') indicating the activities to be undertaken by the Company, which has been approved by the Board.

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

The requisite details (in a matrix form) on CSR activities pursuant to Section 135 of the Act and as per Annexure attached to the Companies (Corporate Social Responsibility Policy) Rules, 2014 are annexed as **Annexure - H** to this Report.

10. SUBSIDIARY COMPANIES

During the year ended 31st March, 2017 the Company incorporated 3 new wholly owned subsidiary companies, namely:

Name of the Company	% Shareholding	Status
Digisol Systems Limited	100	Subsidiary
Synegra EMS Limited	100	Subsidiary
Telesmart SCS Limited	100	Subsidiary

Detailed information on the performance and financial position of subsidiaries of the Company is covered in the Management Discussion and Analysis Report.

In accordance with Section 129(3) of the Companies Act, 2013, we have prepared financial statements of the Company. Further, a statement containing salient features of the financial statement of our subsidiaries in prescribed format AOC-1 is appended as **Annexure - I** to the Boards Report. The statement also provides the details of performance and financial position of each subsidiaries.

In accordance with Section 136 of the Companies Act, 2013, the audited financial statements, including consolidated financial statements will be available on our website www.smartlink.co.in.

The Company has formulated a Policy on Material Subsidiary as required under Listing Regulations and the policy is uploaded on the website of the Company at <http://smartlink.co.in/investor-relation/?slug=smartlink-policies-corporate-governance>.

11. DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year Ms. Arati Naik resigned from the post of Wholetime Director w.e.f. 26th October, 2016 and continued to be a Non-Executive Director of the Company.

There was no change in Key Managerial Personnel during the year under review.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of Independence prescribed under section 149(6) of the Companies Act, 2013 and the SEBI Listing Regulations.

The Company has devised a Policy for performance evaluation of the Board, Committees and other individual Directors (including Independent directors) which includes criteria for performance evaluation of Non-Executive Directors and Executive Directors. The evaluation process inter-alia considers attendance of the Directors at Board and Committee meetings, effective participation, domain knowledge, compliance with code of conduct, vision and strategy, etc.

Mr. Kamalaksha 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.

11.1 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.

11.2 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.

11.3 Meetings

During the year 5 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.

12. AUDIT COMMITTEE

The composition of the Audit Committee is in line with the provisions of Section 177 of the Act read with Regulation 18 of Listing Regulations. The Chairman of the Audit Committee is an Independent Director. The details of the composition 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.

13. STAKEHOLDERS RELATIONSHIP COMMITTEE

The composition of the Stakeholders Relationship Committee (SRC) is in line with the Section 178 of the Act read with Regulation 20 of Listing Regulations.

14. NOMINATION AND REMUNERATION COMMITTEE

The composition of the Nomination and Remuneration Committee (NRC) is in line with the Section 178 of the Act read with Regulation 19 of Listing Regulations. The details of meetings and their attendance are included in the Corporate Governance Report.

15. 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 31st March, 2017 and the profit and loss 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.

16. RELATED PARTY TRANSACTIONS

None of the transactions with related parties fall under the scope of Section 188(1) of the Act.

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.

The information on transaction with related parties pursuant to Section 134(3)(h) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are given in **Annexure - J** in Form AOC-2 and the same form a part of this report.

17. 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.

18. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY, IF ANY, DURING THE PERIOD FROM 31ST MARCH, 2017 TO THE DATE OF THE REPORT

There were no material change/ commitment which is mentioned below affecting the financial position of the Company during the period from the end of the financial year on 31st March, 2017 to the date of the Report.

19. EMPLOYEE STOCK OPTION SCHEME

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

20. REPORTING OF FRAUDS

There have been no instances of fraud reported by the Auditors under Section 143(12) of the Act and Rules framed thereunder either to the Company or to the Central Government.

21. AUDITORS

21.1 Statutory Auditors

The auditors, Deloitte Haskins and Sells, LLP, Chartered Accountants, retire at the ensuing Annual General Meeting. Pursuant to Section 139 of the Act read with the Companies (Audit and Auditors) Rules, 2014 and in line with recommendation made by Audit Committee, the Board of Directors, has recommended appointment of Sharp and Tannan, Chartered Accountants having Registration No. 127145W as Auditors of the Company to the members in forthcoming Annual General Meeting.

There were no adverse comments by the statutory auditors of the Company in their Report for the year 2016-17 and notes thereto are self-explanatory in nature.

21.2 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 Mr. Shivaram Bhat, a Company Secretary in Practice (CP No. 7853) 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.

22. PREVENTION AND REDRESSAL OF SEXUAL HARASSMENT AT WORKPLACE

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

23. PREVENTION OF INSIDER TRADING

The Company has adopted a Code of Conduct for Prevention of Insider Trading in compliance with SEBI (Prohibition & Insider Trading) Regulation, 2015 with a view to regulating trading in securities by the Directors and designated employees of the Company.

24. 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 Mr. Shivaram Bhat confirming compliance is annexed as “Annexure - D”. Declaration by the Executive Chairman is annexed as “Annexure - E”.

25. 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/ utilising alternate sources of energy;

- i. Factory re-layout and consolidation of service activities was done in order to utilize common resources and decrease Energy consumption.

B. Research & Development & Technology Absorption

Equipments and Instruments had 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 earnings and outgo is stated in Note 31 and 32 forming part of the Accounts.

26. EXTRACT OF ANNUAL RETURN

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

27. STATEMENT OF PARTICULARS OF APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL

The information required under section 197 of the Act 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.

28. DEPOSITS

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

29. PARTICULARS OF LOANS / ADVANCES / GAURANTEE / INVESTMENTS OUTSTANDING DURING THE FINANCIAL YEAR

Details of Loans, Gaurantee and Investment covered under the provision of Section 186 of the Act read with the Companies (Meeting of Board and its Powers) Rules, 2014 are given in Notes to the financial statements.

30. 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 departments.

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
Date : 17th May, 2017

Pankaj Baliga
Director
DIN: 00002864

K. R. Naik
Executive Chairman
DIN: 00002013

Annexure - A

Management Discussion and Analysis

ECONOMIC OVERVIEW

Global economic activity continued to remain subdued and after the lackluster run in 2016, is likely to pick up in 2017 and 2018 as per an IMF update. The pickup is likely to be more pronounced in emerging markets and developing economies.

The global growth for 2016 is estimated at 3.1% while for 2017 and 2018 growth is projected at 3.4% and 3.6% respectively.

In the backdrop of global slowdown and lower world demand, India witnessed steady growth momentum in comparison with other emerging market economies.

According to a report by the World Bank, the Indian economy is expected to grow at 7.2% in FY2017-18 and further accelerate to 7.5% in 2018-2019 and 7.7% in 2019-2020. The Asia Development Outlook 2017 report is also upbeat about India and predicts a GDP growth of 7.4% in 2016-17 and 7.6% in 2017-18.

The international agency has forecast that India's economic growth will rise gradually to 7.7% in 2019-20, underpinned by a recovery in private investments. A "timely and smooth implementation of the GST could prove to be a significant upside risk to economic activity in FY2017-18", the World Bank said in a report. It has, however, warned against significant risks to India's favourable growth outlook.

The International Monetary Fund (IMF) recently trimmed India's 2017 GDP growth forecast by 0.4% points but it still expects a healthy 7.2%. The lower estimate was primarily because of temporary negative consumption shock induced by cash shortages and payment disruptions from the recent demonetization drive.

In February 2017, The Central Statistics Office estimated the country's GDP and also estimated the economic growth at over 7% in 2016-17 even though it's a correction from the growth of 7.9% recorded in 2015-16. A normal monsoon, as forecast by the India Meteorological Department (IMD), would further boost growth.

Indeed, India appears poised to remain the fastest growing major economy for a while, outstripping China.

While the macroeconomic environment is improving, the business environment continues to be challenging. The government has announced several reforms and plans under the 'Make in India' and 'Digital India' initiatives, and these are expected to give a boost to the infrastructure, industrial and technology sectors.

The Indian IT Sector

India is the world's largest sourcing destination for the information technology (IT) industry, accounting for approximately 67 per cent of the US\$ 124-130 billion market. The industry employs a workforce of about 10 million. More importantly, the industry has led the economic transformation of the country and altered the perception of India in the global economy. India's cost competitiveness in providing IT services, which is approximately 3-4 times cheaper than the US, continues to be the mainstay of its Unique Selling

Proposition (USP) in the global sourcing market. India is also gaining prominence in terms of intellectual capital with several global IT firms setting up their innovation centres in India.

The IT industry has also created significant demand in the Indian education sector, especially for engineering and computer science. The Indian IT and ITeS industry is divided into four major segments - IT services, Business Process Management (BPM), Software Products and Engineering Services, and Hardware.

Post the government's announcement of demonetisation of specific currency denominations, digital payment platforms such as Paytm, MobiKwik, Oxigen witnessed a sharp spike in user transactions, app downloads and merchant enquiries, thereby indicating a greater demand towards digital payments by consumers.

India ranks among the top five countries in terms of digitalisation maturity as per Accenture's Platform Readiness Index, and is expected to be among the top countries with the opportunity to grow and scale up digital platforms by 2020.

Indian IT's core competencies and strengths have attracted significant investments from major countries. The computer software and hardware sector in India attracted cumulative Foreign Direct Investment (FDI) inflows worth US\$ 22.83 billion between April 2000 and December 2016, according to data released by the Department of Industrial Policy and Promotion (DIPP).

India is the topmost offshoring destination for IT companies across the world. Having proven its capabilities in delivering both on-shore and off-shore services to global clients, emerging technologies now offer an entire new gamut of opportunities for top IT firms in India.

Social, Mobility, Analytics and Cloud (SMAC) are collectively expected to offer a US\$ 1 trillion opportunity. Cloud represents the largest opportunity under SMAC, increasing at a CAGR of approximately 30 per cent to around US\$ 650-700 billion by 2020.

Social media is the second most lucrative segment for IT firms, offering a US\$ 250 billion market opportunity by 2020. The Indian e-commerce segment is US\$ 12 billion in size and is witnessing strong growth and thereby offers another attractive avenue for IT companies to develop products and services to cater to the high growth consumer segment.

India will remain the world's fastest growing information technology (IT) market in 2016 as it is expected to spend more than \$72 billion on IT services, products and hardware, up from 7.2% from the current year, according to research firm Gartner Inc.

The growth will come on the back of the digitization wave catching up with Indian companies and the growing number of connected devices that form the Internet of Things (IoT).

India's IT market is projected to grow annually at a rate of 4.95% between 2015 and 2019 - the fastest globally - to touch \$85.3 billion by the end of 2019.

The robust growth will help India overtake Australia to become the second largest IT market in the Asia-Pacific by 2019, behind China.

Government Initiatives will boost the IT Industry

In the Union Budget 2017-18, the Government of India announced the following key proposals:

- It allocated ₹ 10,000 crore (US\$ 1.5 billion) for BharatNet project, which aims to provide high speed broadband to more than 150,000 gram panchayats by 2017-18.
- Prime Minister of India, launched the Bharat Interface for Money (BHIM) app, an Aadhaar-based mobile payment application that will allow users to make digital payments without having to use a credit or debit card. The app has already reached the mark of 10 million downloads.

The Indian Networking Industry

According to IDCs (International Data Corporation) the Ethernet Switch market witnessed a year-on-year growth of 21% (in vendor Revenue) and stood at \$ 131.23 million. The Router market witnessed a year-on-year decline of 4% and stood at USD 69.2 million USD in terms of vendor revenue.

Increased spending from the enterprise segment due to technology refreshes drove the overall LAN market in 2016. There was a significant increase in uptake of L3 and ADC switches in both the enterprise and service provider segments in 2016. Investments in the government, education, telecom, professional services and BFSI are the key drivers for growth.

The Router market was driven mainly by investments from the service providers for 4G rollouts and technology refreshes in 2016. Increased uptake of high-end router from the service provider segment and the enterprise segment drove the market in 2016.

With the evolving network environment and the huge amount of data available, adoption of advance analytics in this area is becoming mainstream. This will enable efficient network management for improved performance. Also in 2016, there was an increased uptake of SDN deployments and NFV POCs.

India WLAN and LAN Market

The WLAN market in India registered USD 46.20 million (Vendor revenue) and witnessed a de-growth of 5.8% in Q4 2016 due to the impact of demonetization on the consumer segment. However, the enterprise segment continued to grow in Q4, maintaining the trend of the earlier quarters. This growth was predominantly driven by access point category in the enterprise segment. The demand for WLAN at outdoor locations also showed healthy single digit growth in 2016.

Education, professional services and telecom were the major contributing verticals, while the government, banking, and transportation had increased investment over the earlier years.

Wi-Fi hotspots at public spaces and Increased adoption of Wi Fi by education institutes to facilitate world class infrastructure will continue to see growth in the coming quarters. Technology upgrades to 802.11ac to support higher bandwidth requirement will also follow a growing trend.

The WLAN market is expected to grow in single digit in terms of compound annual growth rate (CAGR) for 2016–2021. Increased deployment at outdoor locations along with technology upgrades to 802.11ac will be catering to the growth across segments. The demand for WLAN in the future will be accompanied by the growing emphasis on the Internet Of things and Smart devices and workplaces.

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.

According to IDC Senior Networking Analyst (India), "The network infrastructure in India will certainly upgrade to support the growing demand which has been triggered by the digitization wave. With the increasing number of connected devices and the technology upgrades happening, the demand for efficient, reliable, smart and secure networks is taking the front foot across the segments."

The LAN market continues to grow in single digit in terms of compound annual growth rate (CAGR) for 2016–2021. Government, Education and BFSI are expected to emerge as promising segments in the 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.

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.

BUSINESS OVERVIEW

Long before 'Make in India' became a popular slogan, Smartlink Network Systems Limited (hereinafter called as "Smartlink" or "The Company") 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 and among the few companies in the networking sector that have been in the forefront of the 'Make in India' initiative.

Smartlink was the first company in the country to introduce local

Management Discussion and Analysis

manufacturing of networking devices and has over two decades of experience in the manufacturing of networking products. Further, it has constantly evolved and innovated so that its products are in line with the latest needs of consumer and industry.

Smartlink developed a unique setup in India for over two decades and made investments in the best infrastructure to develop, manufacture and market networking and communications products. However, on account of unstable government policy relating to duties, etc., over the last two decades, the company's growth was stifled.

Over the years, the business of networking products has become fiercely competitive. Many MNCs find India as a good dumping ground for their products and the market is flooded with large number of brands not only from US and Europe but also local brands from Asian countries, especially China. As a result, to stay ahead in the business and to ensure intense focus in each of the different segments:

- Smartlink during the year incorporated three new wholly owned subsidiaries namely Digisol Systems Limited (hereinafter called as "DIGISOL"), Synegra EMS Limited (hereinafter called as "SYNEGRA") and Telesmart SCS Limited (hereinafter called as "TELESMART"):
 - Digisol Systems Limited was incorporated on 17th August, 2016. It carries on the business of marketing and sales of various categories of Networking and Information Technology Active & Passive Products line under the brand "DIGISOL".
 - Synegra EMS Limited was incorporated on 17th August, 2016. It carries on the business of Electronic Manufacturing Services ("EMS") of various categories of Networking and Information Technology in Active range of IT as OEM supplier to Brand Companies. Being a general purpose manufacturing company Synegra EMS will be in manufacturing all kinds of IT products in Active range. ("EMS Subsidiary for Active Products line").
 - Telesmart SCS Limited was incorporated on 17th November, 2016. It carries on the business of manufacturing passive range of products in copper and fiber, which are used in cabling systems of Information technology (EMS Subsidiary for Passive Products line in Copper & Fiber).
- Slump Sale of business

The Digisol business of brand building, marketing and sales of active networking products has been transferred to Digisol Systems Ltd. and the EMS business has been transferred to Synegra EMS Ltd. Both the above businesses are distinct and independent and it is felt that giving separate legal and independent status to both the businesses would assist the respective business to serve to their respective customers.
- Registration of Smartlink as Non Banking Financial Company

Pursuant to the sale of business to its subsidiaries Smartlink is left with only financial assets and Income. Considering the same

the Board of Directors of the Company at its meeting held on 17th March, 2017 has approved the final application in terms of sub-section (2) of section 45-IA of Reserve Bank of India Act, 1934, for issue of Certificate of Registration as a Non-Banking Financial Institution (Non-Deposit taking) to Reserve Bank of India.

DIGISOL SYSTEMS LTD.

Active Networking Products

Digisol delivers a wide range of active 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 Synegra's own manufacturing facility and a Pan-India distribution network. Digisol also has in place a 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 DIGISOL products including routers and networking switches which have received overwhelming response from the market. These also included products manufactured by the Group's manufacturing arm Synegra EMS.

Passive Networking Products

DIGISOL cabling portfolio includes end-to-end cabling solution (Cat 5e, Cat 6 & Cat6A), UTP/STP LAN Cables, Patch Panels/Cords. The fiber range includes Fiber cables, Fiber connectors, couplers ETC.

The Company's cabling products adhere to EIA/TIA and ISO/IEC international standards. ROHS compliant products are backed by international 25 years product performance warranty.

Digisol's Structured Cabling Systems fulfill the network connectivity needs of medium to small businesses and home networks.

Brand Building is the key to DIGISOL's success

Brand building has always been accorded top priority at Digisol. 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. The brand DIGISOL is barely seven years old and it requires massive efforts to establish the brand.

Digisol will continue to invest 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 offers quality and value for money. The Company's brand building efforts 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, Digisol is active on important social media platforms like Facebook, LinkedIn and Twitter.

DIGICARE

After Sales Service and Support

Digisol 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 DTAC 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 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.

Awards and Recognitions

The Digisol brands received several notable awards during the years:

- Most Popular Networking Brand - NCN Awards 2016
- Leadership Award 2016 for Best Make in India Brand - VAR India Star Nite Awards 2016
- Make in India, Networking Product Brand - SME Channel Award 2016

SYNEGRA EMS LIMITED

Synegra is a wholly owned manufacturing subsidiary of Smartlink Network Systems Ltd. It has a state-of-the-art manufacturing facility in Goa which is highly flexible and versatile and can deliver products of global quality.

Synegra provides contract manufacturing services to Digisol Systems Ltd. as well as other electronic brands and companies.

TELESMART SCS LIMITED

Telesmart is a wholly owned subsidiary of Smartlink Network Systems Ltd. and is engaged in the business of manufacturing a wide range of Structured Cabling Systems (SCS) products. The Company has its manufacturing facility at Verna, Goa and is in the business of developing, and manufacturing of copper and fiber range of cabling products. The focus of the Company is on contract manufacturing of various structured cabling products in both copper and fiber range. Telesmart's cabling portfolio includes end-to-end

cabling solution (Cat 5e, Cat 6 & Cat6A), Patch Panels, Patch Cords. The fiber range includes Fiber Patch Cords, Fiber Pigtaills, etc.

FINANCIAL PERFORMANCE

i) Standalone Financials

a) Continued Operation

In the financial year 2016-17, the Company achieved an Income from operations of ₹ 216.42 million as compared to ₹ 319.74 million in the previous year. Profit before tax from continued operation was ₹ 149.55 million for the year ending 31st March, 2017 as compared to Profit of ₹ 195.84 million in the previous year. Profit after tax from continued operation was ₹ 66.81 million for the year ended 31st March, 2017 as compared to a profit of ₹ 99.47 million in the previous year.

b) Discontinued Operation

In the financial year 2016-17, loss before tax from discontinued operation was ₹ 48.58 million for the year ending 31st March, 2017 as compared to Loss of ₹ 128.19 million in the previous year. Loss after tax from discontinued operation was ₹ 15.09 million for the year ended 31st March, 2017 as compared to a Loss of ₹ 55.64 million in the previous year.

ii) Consolidated Financials

Revenue from operation on a consolidated basis for financial year 2016-17 was ₹ 1,037.38 million. Loss before tax from operation on a consolidated basis was ₹ 47.88 million and Loss after tax from the operation on a consolidated basis was ₹ 97.13 million for the year ending 31st March, 2017.

HUMAN RESOURCES

Smartlink and its subsidiaries are equal-opportunity employers and human values from the backbone of the organization.

Our 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

We have always focused on developing the employees and enhancing their capabilities. The key element of our Human Resource strategy is to provide a working environment that encourages innovation, enhances work satisfaction and builds a merit-driven organization. The organisation'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 31st March, 2017, the Company had 27 employees.

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 prospects of the Companies subsidiaries (hereinafter referred to as "Group").

Management Discussion and Analysis

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 group operates. Moreover, the technological advancements are dictated by the large OEM players. On the other hand, we need to continuously invest to keep launching new products to enhance reach and reputation amongst customers and channel partners.

The group is exposed to fluctuations in foreign currency, in particular the movement of US dollar vis-à-vis the Indian Rupee. We import more than 90% of our 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

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 the 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 31st March, 2017.

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 31st March, 2017, our internal financial controls were adequate and operating effectively.

DISCLAIMER

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, 2017

[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 as 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 31st March, 2017 (hereinafter referred to as the "Audit Period") generally 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 31st March, 2017 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 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 (*provisions of external commercial borrowing and Overseas Direct Investment 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, 2015;
 - 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.
- vi. The following laws and Regulations applicable specifically to the Company (as per the representations made by the Company) viz.,
 - a) The Environment (Protection) Act, 1986; and
 - b) E-waste (Management and Handling) Rules, 2016.

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 BSE Limited and National Stock Exchange of India Limited read with the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

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

Secretarial Audit Report (contd.)

For the Financial Year Ended 31st March, 2017

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, including Women Director as prescribed. 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 including committees thereof along with 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 by the Directors.

The decisions were carried unanimously.

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:

- a. the company bought back and extinguished 74,54,850 equity shares of the Company;
- b. the Board at its meeting held on 04th August, 2016 approved the slump sale of business operations comprising mainly of (i) the selling and marketing of networking and information technology products sold under brand name "Digisol" to its wholly owned subsidiary Digisol Systems Limited; and (ii) electronic manufacturing services business to its wholly owned subsidiary namely Synegra EMS Limited; and
- c. the Board of Directors of the Company has approved to make an application to the Reserve Bank of India for registration of the Company as a Non Banking Financial Company under the provisions of Section 45-IA of the Reserve Bank of India Act, 1934.

Shivaram Bhat

Place : Panaji, Goa
Date : 17th May, 2017

Practising Company Secretary
ACS No. 10454, CP No. 7853

This Report is to be read with my letter of even date which is annexed as **Annexure A** and Forms an integral part of this report.

'ANNEXURE A'

(My report of even date is to be read along with this Annexure)

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

Shivaram Bhat

Place : Panaji, Goa
Date : 17th May, 2017

Practising Company Secretary
ACS No. 10454, CP No. 7853

Annexure - C

Report on Corporate Governance

The detailed report on Corporate Governance as per the requirements of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [hereinafter referred to as "Listing Regulations"] 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 1 Executive Director and 7 Non-Executive Directors out of which 6 are Independent Directors and 1 Non Executive Non Independent Director (Woman Director). The Company has an Executive Chairman:

B. Category and attendance of Directors

Details of attendance of Directors at the Board meetings and at the last Annual General Meeting with particulars of their Directorship and Chairmanship/Membership of Board / committees in other Companies are as under.

Name of the Director	Category*	No. of Board Meeting attended during 2016-17	Attendance of AGM held on 5 th August, 2016	No. of other Directorships (As on 31.03.2017)#	No. of Committee Positions in Mandatory Committee@	
					Member	Chairman
Mr. Kamalaksha Naik	EC	5	Yes	2	Nil	Nil
Mr. Krishnanand Gaonkar	NED and IND	5	Yes	2	Nil	Nil
Mr. Pankaj Baliga	NED and IND	5	Yes	1	Nil	Nil
Mr. Pradeep Pande	NED and IND	4	Yes	1	Nil	Nil
Mr. Bhanubhai Patel	NED and IND	4	Yes	1	Nil	Nil
Mr. Pradeep Rane	NED and IND	5	Yes	1	Nil	Nil
Mr. Jangoo Dalal	NED and IND	4	Yes	2	Nil	Nil
Ms. Arati Naik	NED and Non - IND	5	Yes	2	Nil	Nil

* EC : Executive Chairman,

NED and IND : Non-Executive Director and Independent Director

NED and Non -IND : Non-Executive Director and Non - Independent Director

Excludes Directorships in Private and Foreign companies

@ In accordance with Clause 72 of Listing Regulations, Membership / Chairmanship of only Audit Committee and Stakeholders Relationship Committee in all companies (excluding Smartlink Network Systems Ltd) have been considered

! Resigned from the post of Wholtime Director w.e.f. 26th October, 2016 and continued as Non-Executive Director of the Company

The Company held 5 Board Meetings during the Financial Year 2016-17 on 5th May, 2016, 4th August, 2016, 26th October, 2016, 10th February, 2017 and 17th March, 2017 and the gap between the two meetings did not exceed 120 days.

C. 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 Listing Regulations and other relevant regulations and his affirmation taken with respect to the same.

D. 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. The information as required under Part A of Schedule II pursuant to Regulation 17 of Listing Regulations is made available to the Board.

As stated elsewhere, the Independent Directors of the Company at their meeting held on 5th May, 2016 expressed their satisfaction on the quality, quantity and timeliness on flow of information between the Company management and the Board, that is necessary for the Board to effectively and reasonably perform their duties.

3. 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.

A. 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 Listing Regulations.

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

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

2. Terms of reference as per Regulation 18 of Listing Regulations

i. 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

ii. Role of the audit committee and review of information by Audit committee

The role of the Audit Committee shall include the following:

- a) 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;
- b) Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- c) approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- d) 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;

- e) reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- f) 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;
- g) reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- h) approval or any subsequent modification of transactions of the listed entity with related parties;
- i) scrutiny of inter-corporate loans and investments;
- j) valuation of undertakings or assets of the listed entity, wherever it is necessary;
- k) evaluation of internal financial controls and risk management systems;
- l) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- m) 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;
- n) discussion with internal auditors of any significant findings and follow up there on;
- o) 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;
- p) 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;
- q) 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;
- r) to review the functioning of the whistle blower mechanism;
- s) approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- t) Carrying out any other function as is mentioned in the terms of reference of the audit committee.

iii. The audit committee shall mandatorily review the following information:

- a) management discussion and analysis of financial condition and results of operations;
- b) statement of significant related party transactions (as defined by the audit committee), submitted by management;
- c) management letters / letters of internal control weaknesses issued by the statutory auditors;
- d) internal audit reports relating to internal control weaknesses; and
- e) the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
- f) 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).

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

Members	Category of Director	No. of meetings attended
Mr. Pankaj Baliga - Chairman	Independent Non Executive	4
Mr. Krishnanand Gaonkar - Member	Independent Non Executive	4
Mr. Pradeep Rane - Member	Independent Non Executive	4
Mr. Bhanubhai Patel - Member	Independent Non Executive	3

The Audit Committee met 4 times during the year and the gap between two meetings did not exceed 120 days. The Audit Committee meetings held on 5th May, 2016; 4th August, 2016; 26th October, 2016 & 10th February, 2017. Necessary quorum was present at the above meetings. The representatives of the Statutory Auditors and Internal Auditors are permanent invitees to the Audit Committee Meetings. The Company Secretary acts as the Secretary to the Audit Committee.

All the Members of the Audit Committee have requisite qualification for appointment on the Committee and possess sound knowledge of finance, accounting practices and internal controls. All the Directors on the Committee are financially literate and Mr. Krishnanand Gaonkar has expertise in Finance.

All the recommendations of the Audit Committee have been accepted by Board of Directors.

The Chairman of the Audit Committee was present at the Annual General Meeting of the Company held on 5th August, 2016.

B. NOMINATION AND REMUNERATION COMMITTEE

The Company has a 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 Listing Regulations.

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 shall 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

- 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;
- Formulation of criteria for evaluation of Independent Directors and the Board;
- Devising a policy on Board diversity;
- 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.
- 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

Members	Category of Director	No. of meetings attended
Mr. Krishnanand Gaonkar - Chairman	Independent Non Executive	3
Mr. Pradeep Rane - Member	Independent Non Executive	3
Mr. Pankaj Baliga - Member	Independent Non Executive	3
Mr. Jangoo Dalal - Member	Independent Non Executive	2
Mr. Pradeep Pande - Member	Independent Non Executive	2

During the Financial Year 2016-17 the Committee met three times on 5th May, 2016; 14th June, 2016 & 17th March, 2017.

The Chairman of NRC Committee was present at the Annual General Meeting of the Company held on 05th August, 2016.

4. Nomination and Remuneration Policy

- i. The Company formulated the Nomination and Remuneration Policy to lay down 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.
- ii. 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 31st March, 2017 is given below

i) Executive Directors

Executive Director	Salary, Contribution to P.F, Perquisites & Commission
Mr. Kamalaksha Naik - Executive Chairman	Nil
Ms. Arati Naik - Wholetime Director *	₹ 16.52 Lakhs

* Ms. Arati Naik resigned as Wholetime Director of the Company w.e.f. 26th October, 2016.

Salient features of the Terms of Appointment

Particulars	Mr. Kamalaksha Naik	Ms. Arati Naik*
Salary	₹ 625,000/- per month of which 50% will be fixed pay.	₹ 75,000/- to ₹ 187,500/- per month.
Perquisites	None	As applicable to senior executives of the Company.
Commission	Nil	Nil
Variable/Performance Pay	Variable Pay/Performance Bonus shall be 50% of the consolidated remuneration.	Upto maximum amount of ₹ 3,000,000/-.
Terms of Appointment	Re-appointed for a period of three years with effect from 26 th December, 2016.	Appointed as Wholetime Director and designated as Chief Operating Officer.
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

* Ms. Arati Naik resigned from the post of Wholetime Director w.e.f. 26th October, 2016.

ii. Non-Executive Directors

In accordance with the resolution passed at the Annual General Meeting held on 5th August, 2016 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.

iii. Details of sitting fees paid / to be paid to the Non-Executive Independent Directors for the period under review are as under:

Non-Executive Directors	Sitting Fees (₹)
Mr. Krishnanand Gaonkar	605,000/-
Mr. Pankaj Baliga	750,000/-
Mr. Pradeep Rane	600,000/-
Mr. Jangoo Dalal	300,000/-
Mr. Bhanubhai Patel	500,000/-
Mr. Pradeep Pande	300,000/-
Ms. Arati Naik	Nil

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

There were no pecuniary relationship / transactions of Non-Executive Directors with the Company.

C. STAKEHOLDERS' RELATIONSHIP COMMITTEE

Investors Grievance Committee has been constituted as required under Section 178 (5) of the Companies Act, 2013 and Listing Regulations.

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 at the Meetings held during the year

Members	Category of Director	No. of meetings attended
Mr. Pankaj Baliga - Chairman	Independent Director	0
Mr. Kamalaksha Naik - Member	Executive Chairman	1
Mr. Krishnanand Gaonkar - Member	Independent Director	1

During the year the meeting of the Stakeholders Relationship Committee was held on 25th April, 2016.

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

During the year, the Company had received 37 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.

D. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

Pursuant to Section 135 of the Companies Act, 2013 the Board has constituted a Corporate Social Responsibility (CSR) Committee.

1. Terms of reference

CSR Committee is primarily responsible for formulating and monitoring the implementation of the CSR Policy of the Company.

2. Composition and Attendance of Members at the Meetings held during the year

Members	Category of Director	No. of meetings attended
Mr. Bhanubhai Patel - Chairman	Independent Director	3
Mr. Kamalaksha Naik - Member	Executive Chairman	3
Mr. Pankaj Baliga - Member	Independent Director	3

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

During the year the meeting of the CSR Committee was held on 5th May, 2016, 4th August, 2016 and 17th March, 2017.

4. 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 Listing Regulations. 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 05th May, 2016, inter alia, to:

1. review the performance of non-independent directors of the Company;
2. review the performance of the Board as a whole
3. review the performance of the Chairperson of the company,

4. 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 (Listing Obligations and Disclosure Requirements) 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, etc., 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>.

5. BOARD DIVERSITY POLICY

The Company in compliance with Listing Regulations 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.

6. PERFORMANCE EVALUATION POLICY

The Company in compliance with Section 134(3)(p) of the Companies Act, 2013 and Listing Regulations 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 other Committees. 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 Executive Chairman was carried out by the Independent Directors. The Directors expressed their satisfaction over the entire evaluation process.

7. RISK MANAGEMENT POLICY

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

8. DISCLOSURES

A. Related Party Transactions

All related party transactions (RPTs) which were entered into during the financial year were on an arm's length basis and were in the ordinary course of business and did not attract provisions of section 188 of the Companies Act, 2013 and were also not material RPTs under regulation 23 of Listing Regulations.

A Policy on materiality of RPTs and also on dealing with RPTs has been formulated by the Board and the same is placed on <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 other 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 the mandatory requirements as stated in Regulation 72 of Listing Regulations and Regulation 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of regulation 46 of Listing Regulations, as applicable, with regards 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 Meeting in accordance with the applicable laws. A declaration to this effect is also submitted by all the Directors at the beginning of each year financial year.
- F. Details of foreign currency exposure and hedging – None.

9. 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 Listing Regulations 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 revised Code of Conduct has been uploaded on the website of the Company. The code promotes are conducting the business in an ethical, efficient and transparent manner so as to meet its obligations to its shareholders and all other stakeholders.

10. 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.

11. SUBSIDIARY COMPANIES

Provisions to the extent applicable as required under regulation 24 of the Listing Regulations with reference to subsidiary companies were duly complied. The Company monitors the performance of wholly owned unlisted subsidiary companies.

The Company's Audit Committee reviews the Financial Statement of the Subsidiaries, including the Investments made by the Subsidiaries. The Minutes of the Board Meetings, along with the report of significant transactions and arrangements of the unlisted subsidiaries of the Company are placed before the Board of Directors of the Company.

The Company has formulated a policy for determining material Subsidiaries and the Policy is disclosed on the Company's website <http://smartlink.co.in/investor-relation/?slug=smartlink-policies-corporate-governance>.

12. 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	05 th August, 2016	11.00 a.m.
	14 th August, 2015	11.00 a.m.
	26 th July, 2014	11.00 a.m.

B. Special Resolutions Passed

Whether Special Resolution passed at the last Annual General Meeting held on 5th August, 2016	
i. Re-appointment of Mr. K. R. Naik as an Executive Chairman of the Company for a further period of three years with effect from 26 th December, 2016.	Yes
ii. Payment of commission to Non – Executive Directors of the Company not exceeding one percent per annum of the net profits of the Company for a period of five years to Non-Executive Directors of the Company commencing from 1 st April, 2016.	

C. Details of Special resolutions passed through Postal Ballot during the year

Brief procedure for Postal Ballot	
Type of Meeting	Postal Ballot
Date of Postal ballot Notice	4 th August, 2016
Voting Period	16 th August, 2016 to 15 th September, 2016
Type of Resolution	Special Resolution
Details of Voting Pattern	Votes in favour : 16,522,015 (73.27%) Votes against : 1,568 (0.007%)
Name of Scrutinizer for conducting Postal Ballot	Mr. Shivaram Bhat, Practicing Company Secretary
Date of declaration of result and date of approval	16 th September, 2016
Items of Resolution passed through the Postal Ballot	a) Approval of shareholders under section 180(1)(a) and 188 of the Companies Act, 2013 and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for sale of "Digisol Business" to wholly owned subsidiary Company. b) Approval of shareholders under section 180(1)(a) and 188 of the Companies Act, 2013 and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for sale of "EMS Business" to wholly owned subsidiary Company.
Special Resolution/s proposed to be conducted through postal ballot	NIL

13. 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	www.smartlink.co.in
Whether it also displays official News releases	Yes
The presentations made to Institutional Investors or to the Analysts	N.A.

14. GENERAL SHAREHOLDER INFORMATION**A. Annual General Meeting**Date : 12th August, 2017, Saturday

Time : 11.00 a.m.

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

B. Financial Calender

Particulars	Date
First Quarter Results	On or before 14 th August, 2017
Second Quarter Results	On or before 14 th November, 2017
Third Quarter Results	On or before 14 th February, 2018
Fourth Quarter Results	On or before 30 th May, 2018

C. Dates of Book Closure

19th July, 2017 to 26th July, 2017 (both days inclusive)

D. Listing on Stock Exchanges

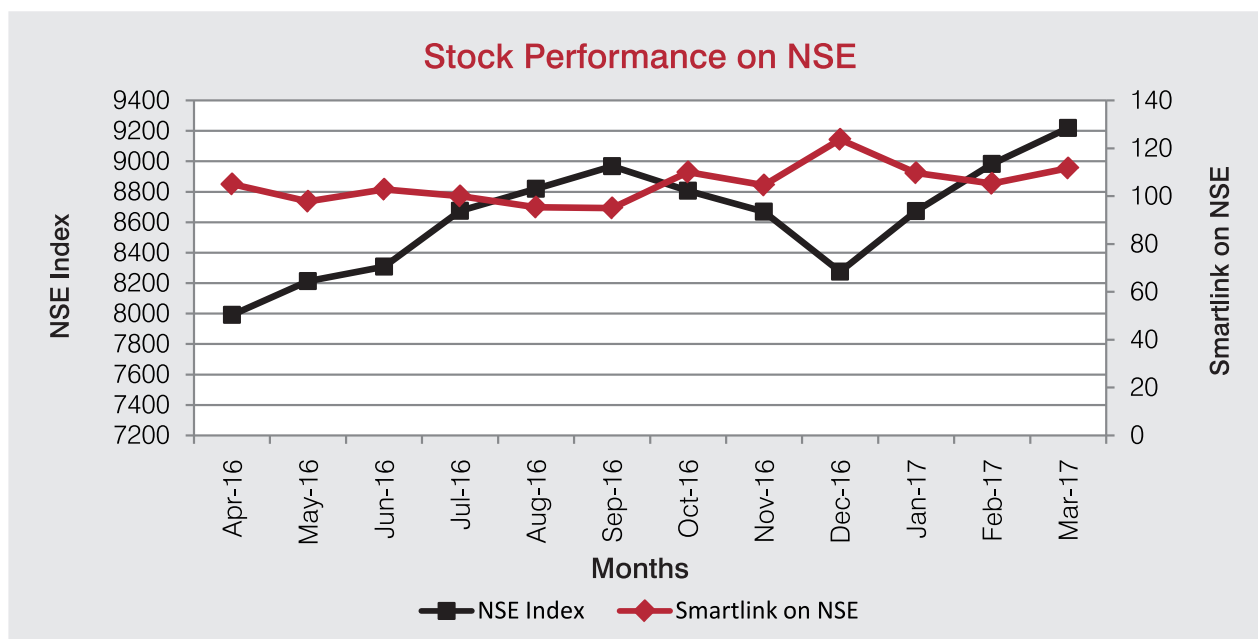
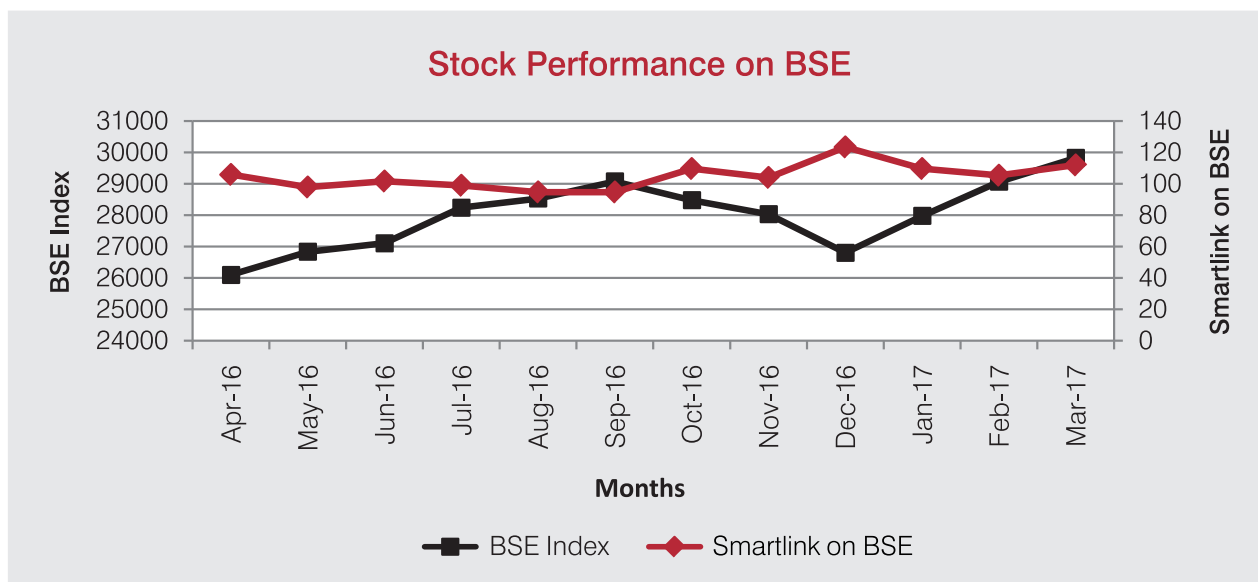
The shares of the Company are listed on following Stock Exchanges from 11th April, 2001. The listing fees for the financial year 2016-17 to both the Stock Exchanges have been paid.

Name & Address of the Stock Exchanges	Stock Code/Scrip 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	

E. Market Price Data

Stock High / Low price during each month in the last financial year 2016-2017 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-16	105.90	93.00	26100.54	24523.20	105.00	92.40	7992.00	7516.85
May-16	97.90	91.70	26837.20	25057.93	97.80	90.50	8213.60	7678.35
Jun-16	101.70	83.10	27105.41	25911.33	102.85	83.50	8308.15	7927.05
Jul-16	99.00	90.90	28240.20	27034.14	100.00	90.85	8674.70	8287.55
Aug-16	94.80	86.25	28532.25	27627.97	95.40	85.75	8819.20	8518.15
Sep-16	94.75	82.70	29077.28	27716.78	95.00	74.50	8968.70	8555.20
Oct-16	109.65	84.40	28477.65	27488.30	110.00	84.70	8806.95	8506.15
Nov-16	104.00	76.00	28029.80	25717.93	104.60	77.25	8669.60	7916.40
Dec-16	123.40	87.00	26803.76	25753.74	123.70	85.05	8274.95	7893.80
Jan-17	109.65	99.00	27980.39	26447.06	109.70	99.15	8672.70	8133.80
Feb-17	105.40	88.50	29065.31	27590.10	105.25	90.00	8982.15	8537.50
Mar-17	111.95	89.30	29824.62	28716.21	111.70	91.00	9218.40	8860.10



F. Registrar and Share Transfer Agents

Karvy Computershare Private Limited
 Unit: Smartlink Network Systems Ltd.
 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

G. 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.

H. Distribution of ShareholdingDistribution of Shareholding as on 31st March, 2017

Sr. No.	Category (Shares) From – To	Number of Shareholders	No. of Shares	% To Equity Capital
1.	1 - 500	13,144	1,691,569	7.50
2.	501 - 1000	881	718,439	3.19
3.	1001 - 2000	384	595,585	2.64
4.	2001 - 3000	131	339,867	1.51
5.	3001 - 4000	50	180,957	0.80
6.	4001 - 5000	52	250,269	1.11
7.	5001 - 10000	81	596,925	2.65
8.	10001 and above	66	18,176,389	80.60
	Total	14,789	22,550,000	100.00

I. Shareholding Pattern as on 31st March, 2017

Sr. No.	Category of Shareholders	Total Holdings	Holdings in %
1	Shareholding of Promoter and Promoter Group	16,393,385	72.70
2	Financial Institutions / Banks / Trusts	16,888	0.07
3	Bodies Corporate	968,106	04.30
4	Individuals	5,007,803	22.20
5	Clearing Members	38,713	0.17
6	NRI's	123,464	0.55
7	Foreign Portfolio Investors	1,641	0.01
	Total	22,550,000	100.00

J. Global depository receipts (GDR) or any Convertible instruments, conversion dates and likely impact on Equity

N/A

K. Dematerialization of Shares and Liquidity

The total number of shares in dematerialized form as on 31st March, 2017 is 22,532,034 representing 99.92% of the total number of shares of the Company.

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

L. Plant Location

Not Applicable.

M. 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 No.: 0832-2885450/451
Fax No: 0832-2783395
Email: 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

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 31st March, 2017.

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.

Place: Panaji, Goa
Date: 17th May, 2017

Shivaram Bhat
Practising Company Secretary
ACS No. 10454 & CP No. 7853

Annexure - E

DECLARATION BY EXECUTIVE CHAIRMAN

[Regulation 34(3) read with Schedule V (Part D) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

I, Mr. K. R. Naik, Executive Chairman of Smartlink Network Systems Limited, hereby declare that the Company has in respect of the financial year ended 31st March, 2017, received from all the members of the Senior Management of the Company and of the Board, a declaration for compliance with the code of conduct of the Company as provided under SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

For Smartlink Network Systems Limited

Mumbai, dated: 17th May, 2017

K. R. Naik
Executive Chairman
DIN: 00002013

Annexure - F

FORM NO. MGT. 9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2017

[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 st 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 Tel: +91 40 67161500 Toll Free No: 18003454001 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.	Investment	6430	31.43
2.	Manufacturing and Trading of Networking Products*	2610, 2620	68.57

* Discontinued Operations (refer note 40 to the Standalone financials for details)

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
1	Digisol Systems Limited	U31909GA2016PLC012970	Subsidiary	100	2(87)
2	Synegra EMS Limited	U31909GA2016PLC012969	Subsidiary	100	2(87)
3	Telesmart SCS Limited	U31900GA2016PLC013046	Subsidiary	100	2(87)

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

i) Category-wise Share Holding

Category of Shareholders	No. of shareholding at the beginning of the year				No. of shareholding at the end of the year				% Change during the year
	Demat	Physical	Total	% of Shares	Demat	Physical	Total	% of Shares	
Promoters									
Indian									
Individuals/Hindu Undivided Family	22,350,576	0	22,350,576	74.49	16,393,385	0	16,393,385	72.70	(1.79)
Central Government/ State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00

Category of Shareholders	No. of shareholding at the beginning of the year				No. of shareholding 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
Nil	-	-	-	-	-	-	-	-	-
Nil	-	-	-	-	-	-	-	-	-
Sub Total (A)(1)	22,350,576	0	22,350,576	74.49	16,393,385	0	16,393,385	72.70	(1.79)
Foreign									
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
Nil	-	-	-	-	-	-	-	-	-
Nil	-	-	-	-	-	-	-	-	-
Sub Total (A)(2)	0	0	0	0	0	0	0	0	0
Total Shareholding of Promoter and Promoter Group (A) = (A)(1) + (A)(2)	22,350,576	0	22,350,576	74.49	16,393,385	0	16,393,385	72.70	(1.79)
Public shareholding									
Institutions									
Mutual Funds/ UTI	0	0	0	0	0	0	0	0	0
Financial Institutions / Banks	56,820	0	56,820	0.19	16,888	0	16,888	0.07	(0.12)
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	6,400	0	6,400	0.02	1,641	0	1,641	0.01	(0.01)
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
Nil	-	-	-	-	-	-	-	-	-
Nil	-	-	-	-	-	-	-	-	-
Sub-Total (B)(1)	63,220	0	63,220	0.21	18,529	0	18,529	0.08	(0.13)

Category of Shareholders	No. of shareholding at the beginning of the year				No. of shareholding at the end of the year				% Change during the year
	Demat	Physical	Total	% of Shares	Demat	Physical	Total	% of Shares	
Non-institutions									
Bodies Corporate	1,231,400	0	1,231,400	4.10	966,550	0	966,550	4.29	0.19
Individuals									
Individuals -									
i. Individual shareholders holding nominal share capital up to ₹ 1 lakh	6,040,396	20,716	6,061,112	20.20	4,844,837	17,966	4,862,803	21.56	1.36
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh.	140,000	0	140,000	0.47	145,000	0	145,000	0.64	0.17
Qualified Foreign Investor	0	0	0	0	0	0	0	0	0
Any Other (specify)	0	0	0	0	0	0	0	0	0
Non Resident Indian Non Repatriable	0	0	0	0	35,182	0	35,182	0.16	0.16
Non Resident Indians	136,951	0	136,951	0.46	88,282	0	88,282	0.39	(0.07)
Clearing Members	21,391	0	21,391	0.07	38,713	0	38,713	0.17	(0.10)
NBFC registered with RBI	200	0	200	0	1,556	0	1,556	0.01	0.01
Sub-Total (B)(2)	75,70,338	20,716	75,91,054	25.30	6,120,120	17,966	6,138,086	27.22	1.92
Total Public Shareholding (B) = (B)(1) + (B)(2)	7,633,558	20,716	7,654,274	25.51	6,138,649	17,966	6,156,615	27.30	1.79
TOTAL (A)+(B)	29,984,134	20,716	30,004,850	100.00	22,532,034	17,966	22,550,000	100.00	0
Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-	-	-	-	-	-
Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
Public	-	-	-	-	-	-	-	-	-
Sub-Total (C)	-	-	-	-	-	-	-	-	-
GRAND TOTAL (A)+(B)+(C)	29,984,134	20,716	30,004,850	100.00	22,532,034	17,966	22,550,000	100.00	0

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	11,488,272	50.94	0.00	(1.25)
2.	Ms. Arati Kamalaksha Naik	3,013,528	10.05	0.00	2,210,320	9.80	0.00	(0.25)
3.	Mrs. Lakshana Amit Sharma	1,830,841	6.10	0.00	1,342,859	5.96	0.00	(0.14)
4.	Mrs. Sudha Kamalaksha Naik	1,500,243	5.00	0.00	1,100,377	4.88	0.00	(0.12)
5.	Kamalaksha Rama Naik (HUF)	342,971	1.14	0.00	251,557	1.12	0.00	(0.02)
	Total	22,350,576	74.49	0.00	16,393,385	72.70	0.00	(1.79)

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

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Mr. Kamalaksha Naik - Promoter				
	At the beginning of the year	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) Tendering of shares in buyback 27.06.2016			(4,174,721)	(1.25)
	At the end of the year			11,488,272	50.95
2.	Ms. Arati Naik - Promoter				
	At the beginning of the year	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) Tendering of shares in buyback 27.06.2016			(803,208)	(0.25)
	At the end of the year			2,210,320	9.80
3.	Mrs. Lakshana Amit Sharma - Promoter				
	At the beginning of the year	1,830,841	6.10		
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity etc) Tendering of shares in buyback 27.06.2016			(487,982)	(0.14)
	At the end of the year			1,342,859	5.96
4.	Mrs. Sudha Kamalaksha Naik - Promoter				
	At the beginning of the year	1,500,243	5.00		
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity etc): Tendering of shares in buyback 27.06.2016			(399,866)	(0.12)
	At the end of the year			1,100,377	4.88

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
5.	Kamalaksha Rama Naik (HUF) - Promoter				
	At the beginning of the year	342,971	1.14		
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity etc): Tendering of shares in buyback 27.06.2016			(91,414)	(0.02)
	At the end of the year			251,557	1.12

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 Ltd	427,557	1.42	01/04/2016	-	-	427,557	1.42
				08/04/2016	4,702	Transfer	432,259	1.44
				08/04/2016	-4,763	Transfer	427,496	1.42
				15/04/2016	-6,470	Transfer	421,026	1.40
				22/04/2016	370	Transfer	421,396	1.40
				22/04/2016	-1,790	Transfer	419,606	1.40
				29/04/2016	-8,459	Transfer	411,147	1.37
				06/05/2016	3,191	Transfer	414,338	1.38
				13/05/2016	92	Transfer	414,430	1.38
				20/05/2016	4,849	Transfer	419,279	1.40
				27/05/2016	315	Transfer	419,594	1.40
				27/05/2016	-954	Transfer	418,640	1.40
				03/06/2016	8,009	Transfer	426,649	1.42
				10/06/2016	4,291	Transfer	430,940	1.44
				17/06/2016	3,331	Transfer	434,271	1.45
				17/06/2016	-6,249	Transfer	428,022	1.43
				24/06/2016	-2,436	Transfer	425,586	1.42
				30/06/2016	9,611	Transfer	435,197	1.93
				30/06/2016	-6,369	Transfer	428,828	1.90
				01/07/2016	2,020	Transfer	430,848	1.91
				01/07/2016	-370	Transfer	430,478	1.91
				08/07/2016	40,156	Transfer	470,634	2.09
				08/07/2016	-1,195	Transfer	469,439	2.08

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
				15/07/2016	16,587	Transfer	486,026	2.16
				15/07/2016	-450	Transfer	485,576	2.15
				22/07/2016	21,950	Transfer	507,526	2.25
				29/07/2016	700	Transfer	508,226	2.25
				29/07/2016	-2,259	Transfer	505,967	2.24
				05/08/2016	2,985	Transfer	508,952	2.26
				12/08/2016	232	Transfer	509,184	2.26
				12/08/2016	-1,979	Transfer	507,205	2.25
				19/08/2016	-577	Transfer	506,628	2.25
				26/08/2016	881	Transfer	507,509	2.25
				26/08/2016	-18,525	Transfer	488,984	2.17
				02/09/2016	-26,464	Transfer	462,520	2.05
				09/09/2016	-4,843	Transfer	457,677	2.03
				16/09/2016	150	Transfer	457,827	2.03
				16/09/2016	-611	Transfer	457,216	2.03
				23/09/2016	11,399	Transfer	468,615	2.08
				30/09/2016	6,032	Transfer	474,647	2.10
				07/10/2016	1,657	Transfer	476,304	2.11
				07/10/2016	-6,703	Transfer	469,601	2.08
				14/10/2016	3,242	Transfer	472,843	2.10
				14/10/2016	-32	Transfer	472,811	2.10
				21/10/2016	5,819	Transfer	478,630	2.12
				21/10/2016	-83	Transfer	478,547	2.12
				28/10/2016	17,690	Transfer	496,237	2.20
				28/10/2016	-3,579	Transfer	492,658	2.18
				04/11/2016	983	Transfer	493,641	2.19
				04/11/2016	-13,339	Transfer	480,302	2.13
				11/11/2016	10,869	Transfer	491,171	2.18
				11/11/2016	-1,485	Transfer	489,686	2.17
				18/11/2016	100	Transfer	489,786	2.17
				18/11/2016	-2,734	Transfer	487,052	2.16
				25/11/2016	-5,326	Transfer	481,726	2.14
				02/12/2016	5,298	Transfer	487,024	2.16
				02/12/2016	-300	Transfer	486,724	2.16
				09/12/2016	1,437	Transfer	488,161	2.16
				09/12/2016	-5,012	Transfer	483,149	2.14

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
				16/12/2016	262	Transfer	483,411	2.14
				16/12/2016	-33,094	Transfer	450,317	2.00
				23/12/2016	12,098	Transfer	462,415	2.05
				23/12/2016	-1,467	Transfer	460,948	2.04
				30/12/2016	68	Transfer	461,016	2.04
				30/12/2016	-3,125	Transfer	457,891	2.03
				31/12/2016	8,000	Transfer	465,891	2.07
				31/12/2016	-4,489	Transfer	461,402	2.05
				06/01/2017	8,645	Transfer	470,047	2.08
				06/01/2017	-6,773	Transfer	463,274	2.05
				13/01/2017	3,730	Transfer	467,004	2.07
				13/01/2017	-627	Transfer	466,377	2.07
				20/01/2017	3,873	Transfer	470,250	2.09
				20/01/2017	-1,130	Transfer	469,120	2.08
				27/01/2017	8,674	Transfer	477,794	2.12
				03/02/2017	4,698	Transfer	482,492	2.14
				03/02/2017	-55	Transfer	482,437	2.14
				10/02/2017	19,383	Transfer	501,820	2.23
				10/02/2017	-389	Transfer	501,431	2.22
				17/02/2017	12,226	Transfer	513,657	2.28
				17/02/2017	-1,800	Transfer	511,857	2.27
				24/02/2017	2,561	Transfer	514,418	2.28
				24/02/2017	-300	Transfer	514,118	2.28
				03/03/2017	100	Transfer	514,218	2.28
				03/03/2017	-11,523	Transfer	502,695	2.23
				10/03/2017	285	Transfer	502,980	2.23
				10/03/2017	-21,154	Transfer	481,826	2.14
				17/03/2017	7,994	Transfer	489,820	2.17
				17/03/2017	-12,643	Transfer	477,177	2.12
				24/03/2017	-21,114	Transfer	456,063	2.02
				31/03/2017	2,156	Transfer	458,219	2.03
				31/03/2017	-	-	458,219	2.03
2.	K. Satish	140,000	0.47	01/04/2016	-	-	140,000	0.47
				12/08/2016	5,000	Transfer	145,000	0.64
				31/03/2017	-	-	145,000	0.64

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
3.	Rajasthan Global Securities Private Limited	94,363	0.31	01/04/2016	-	-	94,363	0.31
				15/04/2016	-913	Transfer	93,450	0.31
				29/04/2016	-91,946	Transfer	1,504	0.01
				10/06/2016	-1,504	Transfer	0	0.00
				31/03/2017	-	-	0	0.00
4.	Anand Rathi Share And Stock Brokers Ltd	64,291	0.21	01/04/2016	-	-	64,291	0.21
				01/04/2016	2,720	Transfer	67,011	0.22
				01/04/2016	-2,721	Transfer	64,290	0.21
				08/04/2016	16,814	Transfer	81,104	0.27
				08/04/2016	-6,880	Transfer	74,224	0.25
				15/04/2016	1,212	Transfer	75,436	0.25
				15/04/2016	-10,474	Transfer	64,962	0.22
				22/04/2016	-20,023	Transfer	44,939	0.15
				29/04/2016	-11,210	Transfer	33,729	0.11
				06/05/2016	750	Transfer	34,479	0.11
				06/05/2016	-3	Transfer	34,476	0.11
				13/05/2016	-250	Transfer	34,226	0.11
				20/05/2016	250	Transfer	34,476	0.11
				20/05/2016	-100	Transfer	34,376	0.11
				27/05/2016	-250	Transfer	34,126	0.11
				03/06/2016	-250	Transfer	33,876	0.11
				10/06/2016	100	Transfer	33,976	0.11
				17/06/2016	6,578	Transfer	40,554	0.14
				17/06/2016	-4,906	Transfer	35,648	0.12
				24/06/2016	-29	Transfer	35,619	0.12
				30/06/2016	3,087	Transfer	38,706	0.17
				01/07/2016	-2	Transfer	38,704	0.17
				08/07/2016	26	Transfer	38,730	0.17
				08/07/2016	-102	Transfer	38,628	0.17
				15/07/2016	-1,927	Transfer	36,701	0.16
				22/07/2016	100	Transfer	36,801	0.16
				29/07/2016	103	Transfer	36,904	0.16
				29/07/2016	-4,139	Transfer	32,765	0.15
				05/08/2016	-12,903	Transfer	19,862	0.09
				12/08/2016	-58	Transfer	19,804	0.09
				19/08/2016	100	Transfer	19,904	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
				19/08/2016	-76	Transfer	19,828	0.09
				26/08/2016	800	Transfer	20,628	0.09
				02/09/2016	-950	Transfer	19,678	0.09
				30/09/2016	407	Transfer	20,085	0.09
				07/10/2016	-407	Transfer	19,678	0.09
				14/10/2016	21,000	Transfer	40,678	0.18
				14/10/2016	-19,553	Transfer	21,125	0.09
				21/10/2016	-18,530	Transfer	2,595	0.01
				28/10/2016	6,017	Transfer	8,612	0.04
				28/10/2016	-2,242	Transfer	6,370	0.03
				04/11/2016	8,077	Transfer	14,447	0.06
				04/11/2016	-250	Transfer	14,197	0.06
				11/11/2016	2,308	Transfer	16,505	0.07
				18/11/2016	-2,469	Transfer	14,036	0.06
				25/11/2016	50	Transfer	14,086	0.06
				25/11/2016	-500	Transfer	13,586	0.06
				02/12/2016	400	Transfer	13,986	0.06
				02/12/2016	-50	Transfer	13,936	0.06
				09/12/2016	13,206	Transfer	27,142	0.12
				16/12/2016	1,664	Transfer	28,806	0.13
				16/12/2016	-13,634	Transfer	15,172	0.07
				23/12/2016	382	Transfer	15,554	0.07
				23/12/2016	-3,642	Transfer	11,912	0.05
				30/12/2016	-1,391	Transfer	10,521	0.05
				31/12/2016	214	Transfer	10,735	0.05
				31/12/2016	-289	Transfer	10,446	0.05
				06/01/2017	10,418	Transfer	20,864	0.09
				13/01/2017	-1,316	Transfer	19,548	0.09
				20/01/2017	20	Transfer	19,568	0.09
				20/01/2017	-1,437	Transfer	18,131	0.08
				27/01/2017	-8,854	Transfer	9,277	0.04
				03/02/2017	930	Transfer	10,207	0.05
				03/02/2017	-146	Transfer	10,061	0.04
				10/02/2017	783	Transfer	10,844	0.05
				10/02/2017	-947	Transfer	9,897	0.04
				17/02/2017	562	Transfer	10,459	0.05

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
				24/02/2017	1,000	Transfer	11,459	0.05
				24/02/2017	-550	Transfer	10,909	0.05
				03/03/2017	1,107	Transfer	12,016	0.05
				10/03/2017	-926	Transfer	11,090	0.05
				17/03/2017	41	Transfer	11,131	0.05
				17/03/2017	-74	Transfer	11,057	0.05
				24/03/2017	50	Transfer	11,107	0.05
				24/03/2017	-3,564	Transfer	7,543	0.03
				31/03/2017	1,150	Transfer	8,693	0.04
				31/03/2017	-506	Transfer	8,187	0.04
				31/03/2017	-	-	8,187	0.04
5.	Ravya Kantheti	0	0.00	01/04/2016	-	-	0	0.00
				30/06/2016	60,000	Transfer	60,000	0.27
				31/03/2017	-	-	60,000	0.27
6.	Nitin Tandon*	52,500	0.17	01/04/2016	-	-	52,500	0.17
				22/04/2016	-52,500	Transfer	0	0.00
				31/03/2017	-	-	0	0.00
7.	Suyash Outsourcing Pvt Ltd*	50,000	0.17	01/04/2016	-	-	50,000	0.17
				08/04/2016	-50,000	Transfer	0	0.00
				31/03/2017	-	-	0	0.00
8.	Jenn Wei Yang*	50,000	0.17	01/04/2016	-	-	50,000	0.17
				23/09/2016	-50,000	Transfer	0	0.00
				31/03/2017	-	-	0	0.00
9.	Keshav Bhalotia	0	0.00	01/04/2016	-	-	0	0.00
				28/10/2016	25,000	Transfer	25,000	0.11
				04/11/2016	25,000	Transfer	50,000	0.22
				31/03/2017	-	-	50,000	0.22
10.	Chemtech Acids & Chemicals Pvt. Ltd.	46,710	0.16	01/04/2016	-	-	46,710	0.16
				31/03/2017	-	-	46,710	0.21
11.	Rameshwar Lal Kalani*	44,395	0.15	01/04/2016	-	-	44,395	0.15
				10/06/2016	-44,395	Transfer	0	0.00
				30/06/2016	25,899	Transfer	25,899	0.11
				31/03/2017	-	-	25,899	0.11
12.	Axis Bank Limited*	42,381	0.14	01/04/2016	-	-	42,381	0.14
				08/04/2016	-7,000	Transfer	35,381	0.12
				15/04/2016	-100	Transfer	35,281	0.12
				22/04/2016	-2,280	Transfer	33,001	0.11
				29/04/2016	-28,001	Transfer	5,000	0.02

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
				27/05/2016	25,495	Transfer	30,495	0.10
				03/06/2016	-25,495	Transfer	5,000	0.02
				22/07/2016	1,431	Transfer	6,431	0.03
				29/07/2016	-220	Transfer	6,211	0.03
				30/09/2016	-1,211	Transfer	5,000	0.02
				28/10/2016	-500	Transfer	4,500	0.02
				11/11/2016	1,313	Transfer	5,813	0.03
				18/11/2016	-390	Transfer	5,423	0.02
				02/12/2016	-200	Transfer	5,223	0.02
				09/12/2016	-50	Transfer	5,173	0.02
				16/12/2016	21,230	Transfer	26,403	0.12
				23/12/2016	6,253	Transfer	32,656	0.14
				30/12/2016	-19,000	Transfer	13,656	0.06
				24/02/2017	808	Transfer	14,464	0.06
				03/03/2017	-40	Transfer	14,424	0.06
				24/03/2017	-190	Transfer	14,234	0.06
				31/03/2017	-	-	14,234	0.06
13.	Shashi Kant Goyal*	40,000	0.13	01/04/2016	-	-	40,000	0.00
				17/06/2016	-40,000	Transfer	0	0.10
				30/06/2016	23,335	Transfer	23,335	0.09
				21/10/2016	-3,335	Transfer	20,000	0.00
				28/10/2016	-20,000	Transfer	0	0.00
				31/03/2017	-	-	0	0
14.	Sanjeev Bhalotia	0	0.00	01/04/2016	-	-	0	0.00
				30/09/2016	40,000	Transfer	40,000	0.18
				31/03/2017	-	-	40,000	0.18
15.	Ashok Kumar Gupta*	39,575	0.13	31/03/2016	-	-	39,575	0.13
				15/04/2016	-5,000	Transfer	34,575	0.12
				22/04/2016	-7,500	Transfer	27,075	0.09
				29/04/2016	-831	Transfer	26,244	0.09
				17/06/2016	-26,244	Transfer	0	0.00
				30/06/2016	15,310	Transfer	15,310	0.07
				31/03/2017	-	-	15,310	0.07

* Not in the list of top 10 shareholders as on 31.03.2017. The same has been reflected above since the shareholder was one of the top 10 shareholders as on 01.04.2016.

** The shareholding is consolidated based on Permanent Account Number (PAN) of the Shareholder

v) Shareholding of Directors and Key Managerial Personnel

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
1.	Mr. Kamalaksha Naik, Executive Chairman				
	At the beginning of the year	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.) Tendering of shares in buyback 27.06.2016			(41,74,721)	(1.25)
	At the end of the year			1,14,88,272	50.95
2.	Ms. Arati Naik, Non-Executive Director				
	At the beginning of the year	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) Tendering of shares in buyback 27.06.2016			(803,208)	(0.25)
	At the end of the year			22,10,320	9.80
3.	Mr. Krishnanand Gaonkar, Non-Executive and Independent				
	At the beginning of the year	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) Tendering of shares in buyback 27.06.2016			(17,037)	(0.02)
	Sold shares 12.12.2016			(10,000)	(0.01)
	At the end of the year			41,925	0.19
4.	Mr. Jangoo Dalal, Non-Executive Director and Independent				
	At the beginning of the year	30,000	0.13		
	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			30,000	0.13
5.	Mr. Pradeep Rane, Non-Executive Director and Independent				
	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
6.	Mr. Pankaj Baliga, Non-Executive and Independent				
	At the beginning of the year				
	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				
			Nil		
7.	Mr. Bhanubhai Patel, Non-Executive and Independent				
	At the beginning of the year				
	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				
			Nil		
8.	Mr. Pradeep Pande, Non-Executive and Independent				
	At the beginning of the year				
	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				
			Nil		
9.	K G Prabhu, Chief Financial Officer				
	At the beginning of the year	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) Tendering of shares in buyback 27.06.2016			(546)	0.00
	At the end of the year			204	0.00
10.	Urjita Damle, Company Secretary				
	At the beginning of the year				
	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				
			Nil		

V. INDEBTEDNESS

As on 31st March, 2017, indebtedness of the Company including interest outstanding/accrued, but not due is 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	12.02	12.02
	(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
	Total (A)	Nil	12.02	12.02
	Ceiling as per the Act			114.32

* Ms. Arati Naik resigned from the post of Wholetime Director of the Company w.e.f 26th October, 2016.

(₹ in lakhs)

ii. Remuneration to other directors

Sr. No.		Particulars of Remuneration	Name of Directors					Total	
INDEPENDENT DIRECTORS									
			Mr. Krishnanand Gaonkar	Mr. Pankaj Baliga	Mr. Bhanubhai Patel	Mr. Pradeep Pande	Mr. Pradeep Rane	Mr. Jangoo Dalal	
i	Fee for attending board/committee meetings	6.05	7.50	5.00	3.00	6.00	3.00	30.55	
ii	- Commission	-	-	-	-	-	-	-	
iii	- Others, please specify	-	-	-	-	-	-	-	
Total (1)		6.05	7.50	5.00	3.00	6.00	3.00	30.55	
OTHER NON-EXECUTIVE DIRECTORS									
		Ms. Arati Naik*	-	-	-	-	-	-	
i	Fee for attending board/committee meetings	Nil	-	-	-	-	-	-	
ii	- Commission	Nil	-	-	-	-	-	-	
iii	- Others, please specify	Nil	-	-	-	-	-	-	
Total (2)		Nil	-	-	-	-	-	0	
		Total (B) = (1 + 2)							30.55
		Total Managerial Remuneration							12.02
		Overall Ceiling as per the Act							114.32

* Ms. Arati Naik resigned as Wholetime Director and continued as Non-Executive Director of the Company from 26th October, 2016.

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

(₹ in lakhs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		
		Chief Financial Officer Mr. K. G. Prabhu	Company Secretary Ms. Urjita Damle	Total
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	29.19	12.98	42.17
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	- as % of profit	-	-	-
	- others, specify	-	-	-
5.	Others, please specify	-	-	-
	Total	29.19	12.98	42.17

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

During the year 2016-17, there were no penalties/punishment/compounding of offences under the Companies Act, 2013.

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. Kamalaksha Naik - Executive Chairman & Promoter	Nil	Nil
2.	Mr. Krishnanand Gaonkar - Independent Director	Nil	Nil
3.	Mr. Pradeep Rane - Independent Director	Nil	Nil
4.	Mr. Pankaj Baliga - Independent Director	Nil	Nil
5.	Mr. Jangoo Dalal - Independent Director	Nil	Nil
6.	Ms. Arati Naik - Non - Executive Director & Promoter*	N.A.	N.A.
7.	Mr. Bhanubhai Patel - Independent Director	Nil	Nil
8.	Mr. Pradeep Pande - Independent Director	Nil	Nil
9.	Ms. Urjita Damle - Company Secretary	N.A.	32.33%
10.	Mr. K. G. Prabhu** - Chief Financial Officer	N.A.	N.A.

* Resigned as Wholtime Director w.e.f 26th October, 2016 and continued as the Non-Executive Director of the Company

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

Notes:

- Mr. Krishnanand 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. Kamalaksha Naik, Executive Chairman during the Financial year ended 31st March, 2017 as well as the previous financial year.

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

15.77%

IV. The number of permanent employees on the rolls of company; as on 31st March, 2017

27

V. 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 -1.49%.

VI. The key parameters for any variable component of remuneration availed by the directors

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

VII. 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.

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 12th November, 2014 in accordance with the provisions of Section 135 of the Companies Act, 2013. The CSR activities undertaken by the Company are as per the CSR policy by way of projects or programmes or activities (either new or ongoing) in India, excluding the activities undertaken in pursuance of the normal course of business. Our policy is to actively contribute to the social and economic development of the country. 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 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. Kamalaksha Naik - Member
 - c. Mr. Pankaj Baliga - Member
3. Average net profit of the company for last three financial years
₹ 53,427,416/-
4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above)
₹ 1,068,548/-
5. Details of CSR spent during the financial year

(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 in ₹	Amount spent on the programs Sub-heads: (1) Direct Expenditure on projects or programs (2) Overheads in ₹	Cumulative expenditure Upto the reporting period in ₹	Amount Spent Direct or through implementing agency
1.	Education	Education	Goa and nearby areas	500,000	500,000	500,000	Through Implementing Agency – I Create Goa
2	Prime Minister National Relief Fund	N.A.	N.A.	600,000	600,000	600,000	Directly to Prime Minister National Relief Fund

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 for the current year.
Unspent balance amount of ₹ 57,219/- for FY 2015-16 was spent for CSR activities during the 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. Bhanubhai Patel
Chairman of CSR Committee

17th May, 2017, Mumbai

Mr. K. R. Naik
Executive Chairman

17th May, 2017, Mumbai

Annexure - I

FORM NO. AOC-1

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

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

Part "A": Subsidiaries

(Amount in ₹)

Sr. No	Particulars	Details	Details	Details
1.	Name of the subsidiary	Digisol Systems Limited	Synegra EMS Limited	Telesmart SCS Limited
2.	The date since when subsidiary was acquired	17 th August, 2016	17 th August, 2016	17 th November, 2016
3.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	17 th August, 2016 to 31 st March, 2017	17 th August, 2016 to 31 st March, 2017	17 th November, 2016 to 31 st March, 2017
4.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	N.A.	N.A.	N.A.
5.	Share capital	160,000,000	45,000,000	5,000,000
6.	Reserves & surplus	(106,665,676)	1,106,870	(2,556,094)
7.	Total assets	532,425,694	54,094,514	4,554,022
8.	Total Liabilities	479,091,370	7,987,644	2,110,116
9.	Investments	34,196,085	12,526,170	100,000
10.	Turnover	359,982,182	39,489,804	563,768
11.	Profit before taxation	(106,665,676)	1,106,870	(2,556,094)
12.	Provision for taxation	-	-	-
13.	Profit after taxation	(106,665,676)	1,106,870	(2,556,094)
14.	Proposed Dividend	-	-	-
15.	Extent of shareholding (In percentage)	100	100	100

Notes: 1. There are no other subsidiaries of the Company

Part "B": Associates and Joint Ventures

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

Name of associates/Joint Ventures	Details
Latest audited Balance Sheet Date	Not Applicable
Date on which the Associate or Joint Venture was associated or Acquired	
Shares of Associate/Joint Ventures held by the company on the year end	
No.	
Amount of Investment in Associates/Joint Venture	
Extend of Holding (In percentage)	
Description of how there is significant influence	
Reason why the associate/joint venture is not consolidated	
Net worth attributable to shareholding as per latest audited Balance Sheet	
Profit/Loss for the year	
Considered in Consolidation	
Not Considered in Consolidation	

Note: 1. There are no other associates or joint ventures of the Company

For and on behalf of the Board

Mumbai
Dated: 17th May, 2017**K. R. Naik**
Executive Chairman
DIN: 00002013

Annexure - J

FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts or arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:

1. Details of contracts or arrangements or transactions not at arm's length basis: Smartlink Network Systems Limited (the Company) has not entered into any contract/arrangement/transaction with its related parties which are not in ordinary course of business or at arm's length during FY 2016-17. The Company has laid down policies and processes/procedures so as to ensure compliance to the subject section in the Companies Act, 2013 (Act) and the corresponding Rules. In addition, the process goes through internal and external checking, followed by quarterly reporting to the Audit Committee.
 - a) Name(s) of the related party and nature of relationship: Not Applicable
 - b) Nature of contracts/arrangements/transactions: Not Applicable
 - c) Duration of the contracts / arrangements/transactions: Not Applicable
 - d) Salient terms of the contracts or arrangements or transactions including the value, if any: Not Applicable
 - e) Justification for entering into such contracts or arrangements or transactions: Not Applicable
 - f) Date(s) of approval by the Board: Not Applicable
 - g) Amount paid as advances, if any: Not Applicable
 - h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188: Not Applicable
2. Details of material contracts or arrangement or transactions at arm's length basis:
 - a) Name(s) of the related party and nature of relationship: Not Applicable
 - b) Nature of contracts / arrangements / transactions: Not Applicable
 - c) Duration of the contracts / arrangements / transactions: Not Applicable
 - d) Salient terms of the contracts or arrangements or transactions including the value, if any: Not Applicable
 - e) Date(s) of approval by the Board, if any: Not Applicable
 - f) Amount paid as advances, if any: None

Note: The above disclosures on material transactions are based on the principle that transactions with wholly owned subsidiaries are exempt for purpose of section 188(1) of the Act.

For and on behalf of the Board

Mumbai
Dated: 17th May, 2017

K. R. Naik
Executive Chairman
DIN: 00002013

Independent Auditor's Report

TO THE MEMBERS OF SMARTLINK NETWORK SYSTEMS LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **SMARTLINK NETWORK SYSTEMS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, 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 Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act.

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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone 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 standalone financial statements are free from material misstatement.

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017, 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, based on our audit, we report, to the extent applicable that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
 - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 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, as amended, 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 standalone financial statements – Refer Note 24A to the standalone 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.
 - iv. The Company has provided requisite disclosures in the standalone financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November 2016 to 30th December 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company and produced to us by the Management.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order" / "CARO 2016") 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, 17th May, 2017

Annexure A to the Independent Auditor's Report

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section 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 31st March, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 31st March, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

A. Siddharth
Partner
Membership No: 31467

Mumbai, 17th May, 2017

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) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as 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, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at 31st March, 2017 for a period of more than six months from the date they became payable.
 - (c) There were no dues to Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax as at 31st March, 2017 on account of disputes.
- (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 material 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 directors of its subsidiary or persons connected with them and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.
- (xvi) In our opinion and accordingly to the information and explanations given to us, in respect of the current year, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. However, the Company has filed an application for registration and categorization of the Company as Type I-NBFC-ND {Non-Banking Financial Company (NBFC) not accepting public funds} in terms of sub-section (2) of Section 45-IA of the Reserve Bank of India Act, 1934, subsequent to the year-end.

For Deloitte Haskins & Sells LLP

Chartered Accountants

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

A. Siddharth

Partner

Membership No: 31467

Mumbai, 17th May, 2017

Balance Sheet as at 31st March, 2017

Particulars	Note No.	As at 31 st March, 2017 ₹	As at 31 st March, 2016 ₹
I EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	3	45,100,000	60,009,700
(b) Reserves and surplus	4	3,350,809,837	4,104,206,929
		3,395,909,837	4,164,216,629
(2) Non-current liabilities			
(a) Deferred tax liabilities (Net)	38	13,674,274	-
(b) Other long term liabilities	5	95,188	1,397,123
(c) Long-term provisions	6	251,755	5,100,939
		14,021,217	6,498,062
(3) Current liabilities			
(a) Trade payables	7		
Total outstanding dues of micro enterprises and small enterprises		-	311,567
Total outstanding dues of creditors other than micro enterprises and small enterprises		11,827,281	75,199,623
(b) Other current liabilities	8	9,530,952	17,130,563
(c) Short-term provisions	9	1,722,230	10,521,208
		23,080,463	103,162,961
Total		3,433,011,517	4,273,877,652
II ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Property, plant and equipment	10 a	195,796,327	213,287,382
(ii) Intangible assets	10 b	5,691,138	1,643,677
		201,487,465	214,931,059
(b) Non-current investments	11	210,000,000	-
(c) Deferred tax assets (net)	38	-	15,850,491
(d) Long-term loans and advances	12	5,705,784	51,613,861
		417,193,249	282,395,411
(2) Current assets			
(a) Current investments	13	2,840,691,505	3,303,129,255
(b) Inventories	14	-	105,019,113
(c) Trade receivables	15	-	118,516,151
(d) Cash and bank balance	16	129,625,791	399,933,985
(e) Short-term loans and advances	17	6,701,978	46,780,244
(f) Other current assets	18	38,798,994	18,103,493
		3,015,818,268	3,991,482,241
Total		3,433,011,517	4,273,877,652

See accompanying notes forming part of the Financial Statements

1-44

In terms of our report attached

For and on behalf of the Board

For Deloitte Haskins & Sells LLP
Chartered Accountants

K. R. Naik
Executive Chairman
DIN: 00002013

Pankaj Baliga
Director
DIN: 00002864

A. Siddharth
Partner

Urjita Damle
Company Secretary

K.G. Prabhu
Chief Financial Officer

Mumbai, dated: 17th May, 2017Mumbai, dated: 17th May, 2017

Statement of Profit and Loss for the year ended 31st March, 2017

Particulars	Note No.	For the year ended 31 st March, 2017 ₹	For the year ended 31 st March, 2016 ₹
A CONTINUING OPERATIONS			
I Revenue from operations	19	216,421,183	319,745,352
II Other income	20	25,230,748	2,837,737
III Total Revenue (I + II)		241,651,931	322,583,089
IV Expenses:			
Employee benefits expense	21	41,740,734	62,735,700
Finance costs	22	1,478,061	528,061
Depreciation and amortisation expense	10c	11,989,549	13,778,751
Other expenses	23	68,193,596	49,701,038
Total Expenses		123,401,940	126,743,550
V Profit before exceptional items and tax (III - IV)		118,249,991	195,839,539
VI Exceptional items		31,299,446	-
VII Profit before tax (V + VI)		149,549,437	195,839,539
VIII Tax Expenses			
- Current tax		38,141,333	68,767,000
- Deferred tax	38	44,594,300	27,601,473
		82,735,633	96,368,473
IX Profit from continuing operations (after tax) (VII - VIII)		66,813,804	99,471,066
B DISCONTINUED OPERATIONS			
X (Loss) from discontinued operations (before tax)		(48,581,928)	(128,192,620)
XI Tax expense of discontinued operations			
- Current tax		(18,425,297)	(48,667,000)
- Deferred tax		(15,069,535)	(23,889,000)
		(33,494,832)	(72,556,000)
XII (Loss) from discontinued operations (after tax) (X - XI)		(15,087,096)	(55,636,620)
XIII Profit for the year (IX + XII)		51,726,708	43,834,446
XIV Earnings per equity share (Face value of ₹ 2/- per share)			
Basic and Diluted	37	2.12	1.46
See accompanying notes forming part of the Financial Statements	1-44		

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

A. Siddharth
Partner

Mumbai, dated: 17th May, 2017

For and on behalf of the Board

K. R. Naik
Executive Chairman
DIN: 00002013

Urjita Damle
Company Secretary

Mumbai, dated: 17th May, 2017

Pankaj Baliga
Director
DIN: 00002864

K.G. Prabhu
Chief Financial Officer

Cash Flow Statement for the year ended 31st March, 2017

	For the year ended 31 st March, 2017 ₹	For the year ended 31 st March, 2016 ₹
A. Cash flows from operating activities		
Profit before tax	100,967,509	67,646,919
Adjustments for:		
Depreciation and amortisation expense	14,187,872	18,925,869
Loss / (Profit) on fixed assets sold / written off (net)	180,747	(858,362)
Gain on sale of current investment (non-trade) (net)	(139,505,223)	(256,014,976)
Profit on sale of discontinued business (net)	(31,299,446)	-
Excess of cost over fair value of current investments (non-trade) (net)	(167,954)	323,981
Provision for doubtful debts and advances (net)	(1,909,377)	502,287
Bad debts written off	1,773,092	291,775
Sundry balances written off	334,979	504,959
Unrealised exchange differences	4,918	(369,588)
Sundry balances written back	(297,594)	(1,501,614)
Finance costs	1,478,258	556,906
Interest income	(77,583,620)	(60,574,791)
Dividend income	(4,535,275)	(3,706,346)
Operating (loss) before working capital changes	(136,371,114)	(234,272,981)
(Increase) in trade receivables	(28,233,392)	(32,047,244)
(Increase) / Decrease in inventories	(85,162,753)	29,379,825
Decrease / (Increase) in loans and advances	12,180,733	(1,174,834)
Increase / (Decrease) in trade and other payables	65,141,327	(12,286,513)
Cash (used in) / generated from operations	(172,445,199)	(250,401,747)
Direct taxes (paid) / refunded (net)	(356,804)	(10,678,572)
Net cash (used in) operating activities	(172,802,003)	(261,080,319)
B. Cash flows from investing activities		
Purchase of fixed assets (Refer note 2)	(17,105,117)	(1,891,223)
Sale of fixed assets	189,009	1,127,675
Investment in subsidiaries	(210,000,000)	-
Purchase of current investments	(11,469,177,509)	(19,868,782,634)
Sale of current investments	12,071,288,438	20,001,188,570
Bank balances not considered as Cash and bank balance		
Placed	(104,400,591)	(855,047,722)
Matured	366,204,557	977,258,170
Proceeds from sale of discontinued operations	287,495,375	-
Dividend received	4,535,275	3,706,346
Interest received	56,888,119	76,067,104
Net cash from investing activities	985,917,556	333,626,286
C. Cash flows from financing activities		
Buyback of Company's equity shares	(820,033,500)	-
Dividend paid	(106,718)	(72,011,595)
Interest paid	(1,474,646)	(101,809)
Net cash (used in) financing activities	(821,614,864)	(72,113,404)
Net (Decrease) / Increase in cash and bank balance	(8,499,311)	432,563
Cash and bank balance at the beginning of the year	10,928,380	10,449,252
Effect of exchange differences on restatement of foreign currency Cash and bank balance.	(4,918)	46,565
Cash and bank balance at the end of the year (Refer note 3)	2,424,151	10,928,380
Notes:		
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 bank balance (Refer note 16)	129,625,791	399,933,985
Less : Bank balances not considered as Cash and bank balance as defined in Accounting Standard (AS) 3 on 'Cash Flow Statements'		
In deposits accounts		
Original maturity more than 3 months	122,989,313	-
In deposits accounts (Escrow account for buyback)	-	205,008,375
In earmarked accounts:		
Unpaid dividend accounts	1,971,048	2,077,766
Deposits held as security against letters of credit	-	180,105,096
Deposits held as margin money	2,241,279	1,814,368
Net Cash and bank balance as defined in AS 3 on 'Cash Flow Statements'	2,424,151	10,928,380

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

A. Siddharth
Partner

Mumbai, dated: 17th May, 2017

For and on behalf of the Board

K. R. Naik
Executive Chairman
DIN: 00002013

Urjita Damle
Company Secretary

Mumbai, dated: 17th May, 2017

Pankaj Baliga
Director
DIN: 00002864

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 incorporated on 31st March, 1993. The Company was in the business of developing, manufacturing, marketing, distributing and servicing of networking products.

During the year the Board of Directors of the Company at its meeting held on 04th August, 2016 approved transfer of "Digisol Brand" Business of the Company related to Selling and Marketing of DIGISOL branded active Networking Products and the Electronic Manufacturing Services Business, ("EMS Business") together with its respective assets and liabilities, as a going concern on a slump sale basis to its wholly owned subsidiaries i.e. M/s Digisol Systems Limited (Digisol) and Synegra EMS Limited (Synegra) respectively. The same was given effect pursuant to entering into a Business Transfer Agreements signed on 24th September, 2016 by the Company with Digisol and Synegra respectively.

Thus pursuant to completion of transfer of Digisol brand business and Electronic Manufacturing Services Business to Digisol and Synegra respectively on 10th October, 2016, the Company's Income consists mainly of income from investments.

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, and the relevant provisions of the Act. 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 & Amortisation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible 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 equipment	- 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 (ERP)	- 3 years
Computer Software (Other Softwares)	- 4 years

(e) Revenue recognition

Income from debentures and bonds is accrued over the maturity of the security.

Profit / Loss on sale of investments is recognised on the contract date.

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

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.

(f) Fixed assets

i) Property, plant and equipment

Tangible 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 and impairment losses, if any.

Notes forming part of the financial statements

(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.

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 1st 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 38 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 st March, 2017 ₹	As at 31 st March, 2016 ₹
NOTE 3: SHARE CAPITAL		
Authorised		
35,000,000 Equity Shares of ₹ 2/- each	70,000,000	70,000,000
Issued, subscribed and paid-up		
30,004,850 Equity Shares of ₹ 2/- each, fully paid-up	60,009,700	60,009,700
Less: 7,454,850 Equity Shares purchased under buyback scheme	14,909,700	-
	45,100,000	60,009,700
Total	45,100,000	60,009,700

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) Reconciliation of the number of shares outstanding

	No. of Shares	No. of Shares
Shares outstanding at the beginning of the year	30,004,850	30,004,850
Less: Shares bought-back during the year (refer Footnote below)	7,454,850	-
Shares outstanding at the end of the year	22,550,000	30,004,850

Footnote: The Board of Directors of the Company at its meeting on 29th February, 2016 and the Shareholder of the Company through postal ballot on 14th April, 2016 had approved the proposal of the Company to buy-back up to 7,454,850 fully paid-up equity shares of ₹ 2/- each at a price of ₹ 110/- per share (aggregating up to 24.85% of the fully paid-up equity share capital and free reserves of the Company), payable in cash for an aggregate amount of up to ₹ 820,033,500/- from the existing shareholders of the Company under Tender Offer mechanism. The offer was kept open from 6th June, 2016 to 17th June, 2016. The Company has bought back 7,454,850 equity shares, representing 100.00% of issue size and the shares were extinguished on 30th June, 2016.

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

	As at 31 st March, 2017		As at 31 st March, 2016	
	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	11,488,272	50.95%	15,662,993	52.20%
Ms. Arati K. Naik	2,210,320	9.80%	3,013,528	10.05%
Mrs. Lakshana A. Sharma	1,342,859	5.96%	1,830,841	6.10%
Mrs. Sudha K. Naik	1,100,377	4.88%	1,500,243	5.00%

	As at 31 st March, 2017 ₹	As at 31 st March, 2016 ₹
NOTE 4: RESERVES AND SURPLUS		
Capital Reserve		
State Government subsidy	2,500,000	2,500,000
As per last Balance sheet		
Securities Premium Account		
As per last Balance sheet	278,614,693	278,614,693
Revaluation Reserve		
As per last Balance sheet	37,183,524	37,183,524
General Reserve		
As per last Balance sheet	556,720,271	556,720,271
Capital Redemption Reserve		
7,454,850 Equity Shares of ₹ 2/- each purchased under buyback scheme	14,909,700	-
Surplus in Statement of Profit and Loss		
As per last Balance sheet	3,229,188,441	3,171,638,279
Add : Employee stock options	-	13,715,716
Add : Profit for the year	51,726,708	43,834,446
Less : Amount paid to Shareholders for purchase of shares under buyback scheme	820,033,500	
Closing balance	2,460,881,649	3,229,188,441
Total	3,350,809,837	4,104,206,929

Notes forming part of the financial statements

	As at 31 st March, 2017 ₹	As at 31 st March, 2016 ₹
NOTE 5: OTHER LONG-TERM LIABILITIES		
Other payables:		
Security deposits	95,188	1,397,123
Total	95,188	1,397,123
NOTE 6: LONG-TERM PROVISIONS		
Provision for employee benefits		
For Gratuity (Refer note 34)	-	2,686,862
For Leave encashment	251,755	2,414,077
Total	251,755	5,100,939
NOTE 7: TRADE PAYABLES		
Total outstanding dues of micro enterprises and small enterprises (Refer footnote below)	-	311,567
Total outstanding dues of creditors other than micro enterprises and small enterprises	11,827,281	75,199,623
Total	11,827,281	75,511,190
Footnote:		
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;		
Particulars		
Outstanding principal amount and interest as on 31 st March 2017		
- Principal Amount	-	311,567
- Interest due thereon	-	304
Amount of interest paid along with the amounts of payment made beyond the appointed day	-	2,229
Amount of interest due and payable (where the principal has already been paid but interest has not been paid)	11,354	7,438
The amount of interest accrued and remaining unpaid at the end of each accounting year	11,354	7,742
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	-	-
NOTE 8: OTHER CURRENT LIABILITIES		
Unearned revenue	-	135,165
Unpaid dividends	1,971,048	2,077,766
Temporary overdrawn bank balance as per books	322,848	338,582
Other payables:		
Provision for Gratuity (Refer note 34)	681,796	2,000,000
Statutory dues	6,279,473	9,547,110
Security deposits	264,433	1,450,278
Interest accrued on trade payables (Refer Note 7)	11,354	7,742
Advance from customers	-	1,573,920
Total	9,530,952	17,130,563
NOTE 9: SHORT-TERM PROVISIONS		
Provision for employee benefits		
For Leave encashment	144,225	1,429,326
Others		
For Income-tax (net of advance tax ₹ 102,921,995/-, (Previous year ₹ 116,504,329/-))	1,578,005	9,091,882
Total	1,722,230	10,521,208

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Particulars	For the year ended 31 st March, 2017	For the year ended 31 st March, 2016
Depreciation and amortisation for the year on Property, Plant and Equipment as per Note 10 a	12,739,998	16,967,421
Depreciation and amortisation for the year on intangible assets as per Note 10 b	1,447,874	1,958,448
Less: Depreciation and amortisation relating to discontinued operation (Refer Note 40)	14,187,872	18,925,869
Depreciation and amortisation	2,198,323	5,147,118
Depreciation and amortisation	11,989,549	13,778,751

1. Leasehold land / premises include:
 - (i) 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.
 - (ii) 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.
2. 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.
3. Part of the building given on Operating Lease cannot be segregated from Building classified as for own use. Figures in brackets are those of the previous year.

Notes forming part of the financial statements

	As at 31 st March, 2017 ₹	As at 31 st March, 2016 ₹
NOTE 11: NON-CURRENT INVESTMENTS		
Investment in Equity Instruments (at cost) (unquoted) (Trade)		
In Subsidiary Companies		
16,000,000 Equity Shares of ₹ 10/- each fully paid-up in Digisol Systems Limited	160,000,000	-
4,500,000 Equity Shares of ₹ 10/- each fully paid-up in Synegra EMS Limited	45,000,000	-
500,000 Equity Shares of ₹ 10/- each fully paid-up in Telesmart SCS Limited	5,000,000	-
Total	210,000,000	-
Aggregate value of investments (net of adjustment)		
Unquoted - cost	210,000,000	-
NOTE 12: LONG-TERM LOANS AND ADVANCES		
Unsecured, considered good (unless stated otherwise):		
Security deposits	1,340,866	2,550,173
Prepaid expenses	59,809	-
Others:		
Advance payment of taxes (net of provision ₹ 63,857,475/-, (previous year ₹ 23,447,475/-))	4,305,109	31,178,218
Customs duty receivable	-	5,585,470
Pre-deposit with Government authorities in connection with appeals filed (Refer note 24 A)	-	12,300,000
	5,705,784	51,613,861
Unsecured, considered doubtful:		
Security deposits	798,635	798,635
Less: Provision for doubtful deposits	798,635	798,635
	-	-
Total	5,705,784	51,613,861
NOTE 13: CURRENT INVESTMENTS		
Investments in Mutual Funds (unquoted)		
(At lower of cost and fair value)		
1,087,164.7020 (Previous year, 1,087,160.9070) units in ICICI Prudential Mutual Fund Regular Savings Fund -Regular Plan-Growth	17,936,805	17,109,521
NIL (Previous year, 3,506,675.4600 units in ICICI Prudential Mutual Fund Banking & PSU Debt Fund-Regular Plan-Growth	-	58,997,009
1,000,000.0000 (Previous year, 1,000,000.0000) units in ICICI Prudential Mutual Fund FMP Series 73-1140 days Plan E - Regular plan	11,395,899	11,395,899
2,122.9100 (Previous year, NIL) units in ICICI Prudential Mutual Fund Liquid Plan Growth	502,611	-
656,375.5870 (Previous year, NIL) units in ICICI Prudential Mutual Fund Balanced Advantage Fund-Growth	19,500,000	-
2,672,718.4030 (Previous year, 15,601,830.3690) Units in Birla Sun Life Mutual Fund Dynamic Bond Fund Retail -Growth-Regular Plan	76,656,771	409,732,130
NIL (Previous year, 2,488,763.1560) Units in Birla Sun Life Mutual Fund Dynamic Bond fund Retail - Growth- Direct Plan	-	66,450,225

Notes forming part of the financial statements

	As at 31 st March, 2017 ₹	As at 31 st March, 2016 ₹
1,199,036.1800 (Previous year, 1,199,036.1800) Units in Birla Sun Life Mutual Fund Short Term Opportunities Fund Growth - Regular Plan	29,615,594	29,615,594
8,321,415.8920 (Previous year, 10,793,430.1900) Units in Birla Sun Life Mutual Fund Medium Term Growth - Regular Plan	162,245,974	200,644,471
8,002,321.1440 (Previous year 8,002,321.0450) Units in Birla Sun Life Mutual Fund BSL Corporate Bond Fund - Growth Regular	90,574,272	86,542,701
NIL (Previous year, 7,282,177.7657) Units in Kotak Mutual Fund Bond Scheme Plan A - Growth	-	305,511,389
NIL (Previous year, 1,744,427.9070) Units in Kotak Mutual Fund Flexi Debt Scheme -Plan A - Growth	-	32,849,496
NIL (Previous year 4,337.7320) Units in Kotak Mutual Fund Corporate Bond Fund - Direct -Growth	-	8,500,000
495,091.5080 (Previous year, NIL) Units in Kotak Mutual Fund Income Opp. Fund - Direct Plan -Growth	9,123,348	-
340,357.3500 (Previous year, 15,897,383.5080) Units in Reliance Mutual Fund Dynamic Bond Fund - Growth	7,331,195	318,152,828
NIL (Previous year, 930,143.7810) Units in Reliance Mutual Fund Income Fund-Growth Plan-Growth	-	44,493,149
4,090,502.4860 (Previous year, 3,298,826.4240) Units in Reliance Mutual Fund Short Term Fund -Direct Growth Plan-Growth option	123,772,469	94,860,063
NIL (Previous year, 565,770.3820) Units in Reliance Mutual Fund Income Fund - Direct Growth Plan-Growth Option	-	27,834,715
NIL (Previous year, 3,009,518.4680) Units in Reliance Mutual Fund Floating Rate Fund - Short Term Plan -Direct - Growth	-	72,578,450
NIL (Previous year, 1,141,346.2060) Units in Reliance Mutual Fund Gilt Securities Fund-Direct - Growth Plan	-	22,445,372
NIL (Previous year, 641,503.7640) Units in Reliance Mutual Fund Medium Term Fund - Direct - Growth Plan- Growth	-	20,304,749
NIL (Previous year, 2,879.8656) Units in Reliance Mutual Fund Liquid Fund - Treasury Plan - Growth	-	10,600,483
4,614.5020 (Previous year, NIL) Units in Reliance Mutual Fund Liquid Fund - Treasury Plan -DIRECT- Growth Option	18,299,998	-
5,849,130.6850 (Previous year, NIL) Units in Reliance Mutual Fund Medium Term Fund - Growth Plan- Growth Option	191,304,008	-
2,596,025.9290 (Previous year, NIL) Units in Reliance Mutual Fund Reliance Corporate Bond fund - Direct Growth Plan	33,086,350	-
2,590,655.0770 (Previous year, NIL) Units in Reliance Mutual Fund Dynamic Bond Fund -DIRECT- Growth Plan	58,806,575	-
NIL (Previous year, 10,588.8930) Units in Religare Invesco Mutual Fund Credit Opportunities Fund - Direct Plan-Growth	-	18,423,470
NIL (Previous year, 31,758.7410) Units in Religare Invesco Mutual Fund Gilt Fund Long Duration Plan - Growth	-	49,262,240
10,022.3350 (Previous year, 10,022.3340) Units in Religare Invesco Mutual Fund Medium Term Bond Fund - Growth	15,846,534	15,230,682
52,648.1970 (Previous year, NIL) Units in Religare Invesco Mutual Fund Medium Term Bond Fund Direct Plan - Growth	86,500,458	-
4,280,663.9210 (Previous year, 4,280,618.9010) Units in Franklin Templeton Mutual Fund Income Opportunities Fund - Growth	81,532,949	73,347,121

Notes forming part of the financial statements

	As at 31 st March, 2017 ₹	As at 31 st March, 2016 ₹
5,912,490.9490 (Previous year, 5,912,471.7820) Units in Franklin Templeton Mutual Fund Corporate Bond Opportunities Fund - Growth	93,239,391	88,598,390
17,818.3710 (Previous year, NIL) Units in Franklin Templeton Mutual Fund India Short Term Income Plan - Retail Plan	60,000,000	-
3,595,272.7570 (Previous year, 3,595,245.2410) Units in HDFC Mutual Fund Short Term Plan - Growth	110,685,146	106,012,277
NIL (Previous year, 7,424,949.9640) Units in HDFC Mutual Fund Corporate Debt Opportunities Fund-Regular - Growth	-	90,781,893
8,063,903.2310 (Previous year, NIL) Units in HDFC Mutual Fund Corporate Debt Opportunities Fund- Regular Plan Normal Dividend	100,593,161	-
2,011,527.2600 (Previous year, 2,011,523.3240) Units in HDFC Mutual Fund Short Term Opportunities Fund - Growth	34,528,469	33,138,439
NIL (Previous year, 1,720,199.7850 Units) in HDFC Mutual Fund Banking & PSU Debt Fund - Regular Growth	-	20,609,714
663,301.0500 (Previous year, NIL) Units in HDFC Mutual Fund HDFC Short Term Plan-Direct Plan-Growth Option	20,675,558	-
905,568.8540 (Previous year, NIL Units in HDFC Mutual Fund Banking & PSU Debt Fund - Direct Growth	11,500,000	-
NIL (Previous year, 4,803,356.6600) Units in SBI Mutual Fund Dynamic Bond Fund- Plan Direct -Growth	-	88,277,530
2,407,321.9700 (Previous year 2,407,332.9300) Units in SBI Mutual Fund Short Term Debt Fund-Regular Plan-Growth	42,470,456	41,535,882
4,667,268.9810 (Previous year, 17,734,968.6260) Units in IDFC Mutual Fund Dynamic Bond Fund-Growth-Direct Plan	92,320,914	324,494,947
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
4,876,813.1160 (Previous year, NIL) Units in IDFC Mutual Fund Corporate Bond Fund Direct Plan-Growth	52,049,739	-
4,936,864.8010 (Previous year, 4,936,839.3260) Units in BNP Paribas Mutual Fund Medium Term Income Fund-Direct Plan-Growth	63,205,692	60,346,937
1,531,473.6570 (Previous year, 1,531,483.1230) Units in BNP Paribas Mutual Fund Flexi Debt Fund - Growth	41,530,503	39,105,043
2,599,321.6350 (Previous year, 2,599,321.6350) Units in BNP Paribas Mutual Fund Medium Term Income Fund-Growth	31,197,318	31,197,318
NIL (Previous year, 1,546,745.3356) Units in Axis Mutual fund Short Term Plan-Direct Plan-Growth Plan	-	25,852,302
2,884,116.9400 (Previous year, 2,884,105.1090) Units in L & T Mutual Fund Short Term Income Fund - Direct Plan - Growth	47,858,748	45,808,530
1,936,145.9080 (Previous year, 1,936,145.9080) Units in Edelweiss Mutual Fund Arbitrage Fund Dividend Option - Payout	20,000,000	20,000,000
491,197.5640 (Previous year, 491,197.5640) Units in Edelweiss Mutual Fund Equity Savings Advantage Fund - Regular Plan Dividend - Payout	4,999,900	4,999,900
1,418,003.2780 (Previous year, 1,418,003.2780) Units in Edelweiss Mutual Fund Equity Savings Advantage Fund - Direct Plan Dividend - Payout	14,800,000	14,800,000
	1,883,986,805	3,038,740,859
Less: Adjustment for excess of cost over fair value	-	55,414
	1,883,986,805	3,038,685,445

Notes forming part of the financial statements

	As at 31 st March, 2017 ₹	As at 31 st March, 2016 ₹
Investments in Debentures or Bonds		
Debentures in Subsidiary Company (Unquoted)		
3,000,000 (Previous year, NIL) 8% Unsecured Non-convertible Debentures of ₹ 100/- each in Digisol Systems Limited debenture - 8.00%	300,000,000	-
In Other Companies (Quoted)		
Face value of below units, ₹ 1,000,000/-		
55 (Previous year, 55) Units in RR The Tata Power Company Limited 2072 - NCD 10.75%	56,555,000	56,555,000
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
20 (Previous year, 20) Units in IDBI Bank Limited - NCD Perpetual - 10.75%	21,253,000	21,253,000
10 (Previous year, 10) Units in Canara Bank BD Perpetual - 9.55%	9,990,330	9,990,330
10 (Previous year, 10) Units in LIC Housing Finance Limited 2020 - NCD 8.95%	10,168,000	10,168,000
NIL (Previous year, 30) Units in SP Jammu Udhampur Highway Limited 2030 - NCD 9.15%	-	30,711,000
NIL (Previous year, 15) Units in State Bank of India 2021 BD - 8.80%	-	14,988,000
NIL (Previous year, 8) Units in Axis Bank Limited 2017 BD - 10.10%	-	8,074,400
25 (Previous year, NIL) Units in M&M FIN 11-05-2017 - NCD 12%	25,710,000	-
50 (Previous year, NIL) Units in Fullerton India Credit Company Limited 2019 - NCD 8.9%	50,000,000	-
50 (Previous year, NIL) Units in Chola mandalam Investment and Finance Company Limited 2018 - NCD 9.25%	50,340,000	-
50 (Previous year, NIL) Units in LIC Housing Finance Limited 2019 - NCD 8.38%	49,894,650	-
50 (Previous year, NIL) Units in ICICI BANK AT1 - BD 9.2%	50,007,650	-
Face value of below units, ₹ 10,000,000/-		
5 (Previous year, NIL) Units in Housing Development Finance Corporation Limited 2018 - NCD 8.43%	49,925,000	-
Face value of below units, ₹ 2,500,000/-		
20 (Previous year, NIL) Units in L&T Housing and Finance Limited JULY 2019 - NCD 8.70%	50,020,000	-
Face value of below units, ₹ 100,000/-		
500 (Previous year, NIL) Units in Edelweiss Asset Reconstruction Company 2019 - NCD 10.25%	50,024,450	-
	863,139,080	240,990,730
Less: Adjustment for excess of cost over fair value	1,572,460	1,685,000
	861,566,620	239,305,730
Investments in Preference Shares (unquoted)		
200,000 (Previous year, 200,000) Units in L & T Finance Holding Ltd. Preference Shares - 8.15%	20,033,493	20,033,493
340 (Previous year, 340) Units in Infrastructure Leasing and Financial Services Limited Preference Shares - 16.46%	5,104,587	5,104,587
	25,138,080	25,138,080

Notes forming part of the financial statements

	As at 31 st March, 2017 ₹	As at 31 st March, 2016 ₹
Investments in Deposits (unquoted)		
Fixed Deposit with Housing Development Finance Corporation Limited	50,000,000	-
Fixed Deposit with PNB Housing Finance Limited	20,000,000	-
(Refer footnote below)	70,000,000	-
Total	2,840,691,505	3,303,129,255
Aggregate value of investments (net of adjustment)		
Unquoted - cost	2,279,124,885	3,063,878,939
Quoted - cost	563,139,080	240,990,730
- Market value	565,153,025	244,166,500
Footnote:		
Investment in Deposits include deposits amounting to ₹ 20,000,000/- (Previous year, NIL) with residual maturity of more than 12 months		
NOTE 14: INVENTORIES		
(At lower of cost and net realisable value)		
Raw materials and components	-	17,873,091
(Includes Goods-in-transit of ₹ NIL (Previous year ₹ 14,566,754/-))		
Work-in-progress	-	474,914
Finished goods	-	14,670,752
Traded goods	-	71,308,777
(Includes Goods-in-transit of ₹ NIL (Previous year ₹ 2,527,438/-))		
Stores, spares and packing materials	-	691,579
Total	-	105,019,113
NOTE 15: TRADE RECEIVABLES		
Unsecured		
a) Outstanding for a period exceeding six month from the date they were due for payment		
Considered doubtful	-	13,131,016
Less: Provision for doubtful receivables	-	13,131,016
	-	-
b) Others		
Considered good	-	118,516,151
Total	-	118,516,151
NOTE 16: CASH AND BANK BALANCE		
a) Cash on hand	220,798	203,970
b) Cheques in hand	341,244	-
c) Balances with bank		
In Current accounts	1,862,109	10,724,410
	2,424,151	10,928,380

Notes forming part of the financial statements

	As at 31 st March, 2017 ₹	As at 31 st March, 2016 ₹
Other bank balances		
In deposits accounts (Refer footnote below)	122,989,313	-
In deposits accounts (Escrow account for buyback)	-	205,008,375
In earmarked accounts		
Unpaid dividend accounts	1,971,048	2,077,766
Deposits held as security against letters of credit (Refer footnote below)	-	180,105,096
Deposits held as margin money (Refer footnote below)	2,241,279	1,814,368
	127,201,640	389,005,605
Total	129,625,791	399,933,985
Footnote:		
Balances with bank include deposits amounting to ₹ 122,989,313/- (previous year ₹ 180,105,096/-) and margin monies amounting to ₹ 2,241,279/- (previous year ₹ 1,814,368/-) which have an original maturity of more than 12 months.		
NOTE 17: SHORT-TERM LOANS AND ADVANCES		
Unsecured, considered good (unless otherwise stated):		
Other receivables (Refer footnote (i) below)	4,475,689	-
Security deposits	-	791,486
Advances / Loans to Employees	174,267	915,315
Prepaid expenses	744,026	4,170,836
Others:		
CENVAT / Service tax credit receivable	837,043	18,102,746
Custom duty receivable	-	122,190
Advances to suppliers	470,953	22,677,671
	6,701,978	46,780,244
Unsecured, considered doubtful:		
Other receivables	751,093	-
Less: Provision for doubtful advances	751,093	-
	-	-
Total	6,701,978	46,780,244
Footnote:		
(i) Receivable from related parties:		
Digisol Systems Limited	2,611,826	-
Synegra EMS Limited	791,683	-
Telesmart SCS Limited	1,065,431	-
NOTE 18: OTHER CURRENT ASSETS		
Interest accrued on		
Bank deposits	5,538,899	10,542,901
Debentures and Bonds held as current investments	33,260,095	7,560,592
Total	38,798,994	18,103,493

Notes forming part of the financial statements

	For the year ended 31 st March, 2017 ₹	For the year ended 31 st March, 2016 ₹
NOTE: 19 REVENUE FROM OPERATIONS		
<u>Interest income</u>		
- On fixed deposits with banks	17,296,986	36,533,218
- On bonds and securities	45,973,279	23,168,667
- On Debentures	8,942,466	322,145
	<u>72,212,731</u>	<u>60,024,030</u>
Other financial services		
- Dividend income from current investments	4,535,275	3,706,346
- Write back of adjustment for excess of cost over fair value of current investments (net)	167,954	-
- Gain on sale of current investments (net)	139,505,223	256,014,976
	<u>144,208,452</u>	<u>259,721,322</u>
Total	<u>216,421,183</u>	<u>319,745,352</u>
NOTE 20: OTHER INCOME		
Interest on income tax refund	5,059,524	-
Other Interest	26,265	-
Rent income from operating leases	15,116,240	1,617,774
Profit on fixed assets sold / written off (net)	-	858,362
Management support fees	4,346,775	-
Provision for Gratuity written back	84,008	-
Provision for Leave Encashment written back	-	195,652
Provision for doubtful trade receivable and advances written back	137,420	165,949
Sundry balances written back	205,639	-
Recovery of trade receivables earlier written off	179,677	-
Scrap income	75,200	-
Total	<u>25,230,748</u>	<u>2,837,737</u>
NOTE 21: EMPLOYEE BENEFITS EXPENSE		
Salaries and wages (Refer Note (42a))	39,689,733	53,042,601
Contribution to provident and other funds	751,990	1,624,976
Staff welfare expenses	945,494	4,653,635
Gratuity	-	3,414,488
Leave encashment	353,517	-
Total	<u>41,740,734</u>	<u>62,735,700</u>
NOTE 22: FINANCE COSTS		
Interest Expenses on:		
Trade payables (Refer Note 7)	-	7,326
Others		
- Interest on delayed payment of income tax	120,094	502,763
- Interest on statutory payments etc.	1,357,967	17,972
Total	<u>1,478,061</u>	<u>528,061</u>

Notes forming part of the financial statements

	For the year ended 31 st March, 2017 ₹	For the year ended 31 st March, 2016 ₹
NOTE 23: OTHER EXPENSES		
Power and fuel	3,412,704	5,686,235
Rent	9,320	229,001
Rates and taxes	1,943,609	1,750,465
Insurance	769,536	1,289,226
<u>Repairs and maintenance</u>		
Buildings	9,774,035	731,779
Machinery	5,069	10,235
Others	5,138,308	3,671,734
	14,917,412	4,413,748
Travelling and conveyance expenses	5,706,152	5,569,429
Communication expenses	1,599,827	2,978,168
Legal and Professional fees	21,116,873	12,595,872
Advertisement expenses	1,701,622	629,462
Loss on fixed assets sold / scrapped / written off	180,747	-
Exchange loss (net)	4,918	-
Excess of cost over fair value of current investments (non-trade) (net), adjusted	-	323,981
Sundry balances written off	132,324	209,009
Expenditure on Corporate Social Responsibility (Refer note 42(b))	1,194,775	405,225
Directors Sitting Fees	3,411,633	3,258,327
Annual maintenance expenses	2,441,169	2,989,732
Miscellaneous expenses	9,650,975	7,373,158
Total	68,193,596	49,701,038

	As at 31 st March, 2017 ₹	As at 31 st March, 2016 ₹
NOTE 24: CONTINGENT LIABILITIES AND COMMITMENTS		
A. Contingent liabilities in respect of		
The contingent liabilities mentioned below have been transferred to Digisol Systems Limited pursuant to Business Transfer Agreement		
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
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
c. Disputed penalty demands of Excise Authorities with regard to (b) above, pending before the CESTAT	-	39,880,674
One of the penalty demands of ₹ 702,041/- for which appeal was filed by the Department before the Honourable High Court of Bombay at Goa has been disposed on 13 th June, 2016 on the grounds of monetary limits.		

Notes forming part of the financial statements

	As at 31 st March, 2017 ₹	As at 31 st March, 2016 ₹
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.	-	3,883,884
The Company has paid such differential duty under protest, which was 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.		
B. Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for.	-	477,761

C. Corporate Guarantees given in favour of banks on behalf of:

Sr. No.	Name of the entity	Guarantees given	Bank to whom given	Purpose
1	Digisol Systems Limited	40,000,000	HDFC Bank Limited	Towards working capital limit.
2	Digisol Systems Limited	50,000,000	Kotak Mahindra Bank	Towards working capital limit.

NOTE 25: SPECIFIED BANK NOTES DISCLOSURE (SBN)

During the year, the Company had specified bank notes as defined in the MCA notification G.S.R. 308 (E) dated 31st March, 2017 on details of specified bank notes held and transacted during the period from 8th November, 2016 to 30th December, 2016.

The SBN and other notes denomination wise details as per the notification is given below.

	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	27,500	10,209	37,709
(+) Permitted receipts	-	165,100	165,100
(-) Permitted payments	-	152,439	152,439
(-) Amount deposited in Banks	27,500	-	27,500
Closing cash in hand as on 30.12.2016	-	22,870	22,870

	For the year ended 31 st March, 2017 ₹	For the year ended 31 st March, 2016 ₹
NOTE 26: PAYMENT TO AUDITORS (NET OF SERVICE TAX)		
As Auditors	820,000	1,170,000
For other services - certification	380,000	750,300
For Expenses	51,038	74,495
Total	1,251,038	1,994,795

Notes forming part of the financial statements

	For the year ended 31 st March, 2017 ₹	For the year ended 31 st March, 2016 ₹
NOTE 27: COST OF RAW MATERIALS CONSUMED		
Raw materials consumed comprises		
Intergrated circuits	42,909,631	35,117,338
Power supplies, batteries and accessories	23,477,274	23,943,757
Inductors, Chip Beads & Transformers	11,013,297	7,499,233
PCBs	8,403,750	9,978,569
Enclosures and parts	9,560,829	8,220,365
Others	35,209,803	75,849,405
Total	130,574,584	160,608,667
NOTE 28: PURCHASE OF TRADED GOODS		
Networking products	240,291,080	377,933,853

NOTE 29: CONSUMPTION OF IMPORTED AND INDIGENIOUS RAW MATERIAL, STORES, SPARES AND PACKING MATERIAL

	Current year		Previous year	
	₹	% age to total consumption	₹	% age to total consumption
a) Raw materials consumed				
imported	127,045,551	97.30	147,182,366	91.64
indigenous	3,529,033	2.70	13,426,301	8.36
Total	130,574,584	100.00	160,608,667	100.00
b) Stores, spares and packing materials consumed				
imported	2,774,823	85.41	3,120,320	89.60
indigenous	473,958	14.59	362,319	10.40
Total	3,248,781	100.00	3,482,639	100.00

NOTE 30: VALUE OF IMPORTS ON CIF BASIS IN RESPECT OF

	For the year ended 31 st March, 2017 ₹	For the year ended 31 st March, 2016 ₹
Raw materials and components	184,067,423	121,968,771
Stores, spares and packing materials	5,655,737	3,365,933
Capital goods	6,031,956	315,537
Traded goods	202,030,461	330,073,129
NOTE 31: FOREIGN CURRENCY		
a) Expenditure In Foreign Currency:		
Travelling expenses	1,746,892	1,467,469
Professional fees	17,162	106,409
Advertisement, Sales development, reimbursement of expenses, etc.	97,013	1,095,835
b) Amount of Exchange differences included in Statement of Profit and Loss:		
Exchange Gain	6,277,350	7,025,419
Exchange Loss	1,726,352	2,946,511

Notes forming part of the financial statements

	For the year ended 31 st March, 2017 ₹	For the year ended 31 st March, 2016 ₹
NOTE 32: EARNINGS IN FOREIGN EXCHANGE		
Income from services	20,440,597	44,426,441
NOTE 33: REMITTANCE IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND		
Number of non-resident shareholders	-	1
Number of shares held by them on which dividend is due	-	50,000
Year to which dividend relates	-	2014-15
Amount of dividend remitted (Rupees)	-	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.

	Current Year ₹	Previous Year ₹
NOTE 34: EMPLOYEE BENEFITS		
A The disclosure as required under AS-15 regarding the Company's defined benefit plans is as follows:		
	Gratuity (Funded)	Gratuity (Funded)
I. Reconciliation of opening and closing balances of Defined Benefit obligation		
Defined Benefit obligation at beginning of the year	13,924,932	14,833,863
Current Service Cost	2,218,487	2,473,598
Interest Cost	597,841	955,758
Actuarial (gain) / loss	(3,314,663)	600,910
Benefits paid	(2,115,550)	(4,939,197)
Transfer pursuant to Business Transfer Agreement	(9,706,409)	-
Defined Benefit obligation at year-end	1,604,638	13,924,932
II. Reconciliation of opening and closing balances of fair value of plan assets		
Fair value of plan assets at beginning of the year	9,238,070	9,047,182
Adjustment to opening balance	(18,127)	161,480
Expected return on plan assets	714,898	744,125
Actuarial gain / (loss)	(68,038)	(128,347)
Employer contribution	2,877,998	4,352,827
Benefits paid	(2,115,550)	(4,939,197)
Transfer pursuant to Business Transfer Agreement	(9,706,409)	-
Fair value of plan assets at year end	922,842	9,238,070
III. Reconciliation of fair value of assets and obligations		
Present value of obligation as at 31 st March, 2017	1,604,638	13,924,932
Fair value of plan assets as at 31 st March, 2017	922,842	9,238,070
Amount recognized in Balance Sheet	(681,796)	(4,686,862)

Notes forming part of the financial statements

	Current Year ₹	Previous Year ₹
IV. Expense recognized during the year (Under the head "Employees benefits expense" - Refer to note 21)		
Current Service Cost	2,218,487	2,473,598
Interest Cost	597,841	955,758
Expected return on plan assets	(714,898)	(744,125)
Actuarial (gain) / loss	(3,246,625)	729,257
Net Cost	(1,145,195)	3,414,488
V. Actuarial assumptions		
Discount rate (per annum)	6.69%	7.46%
Expected rate of return on plan assets (per annum)	7.50%	8.75%
Rate of escalation in salary (per annum)	5.00%	5.00%
Mortality Table used	Indian Assured Lives Mortality 2006-08 ultimate table	Indian Assured Lives Mortality 2006-08 ultimate table

VI. 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.

VII. 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.

Experience Adjustment	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13
On plan liabilities	(3,314,663)	600,910	1,219,715	(1,169,462)	(2,862,272)
On plan assets	(68,038)	(128,347)	(19,104)	(27,133)	130,550
Present value of benefit obligation	1,604,638	13,924,932	14,833,863	12,372,964	13,090,123
Fair value of plan assets	922,842	9,238,070	9,047,182	8,699,007	8,556,750
Excess of (obligation over plan assets) / plan assets over obligation	(681,796)	(4,686,862)	(5,786,681)	(3,673,957)	(4,533,373)

VIII. The contribution expected to be made by the Company during the financial year 2017-18 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 ₹ 2,467,130/- (previous year ₹ 4,551,157/-).

NOTE 35: SEGMENT INFORMATION

Segment information for primary reporting (by business segment)

Consequent to Slump sale (refer Note 1 above) the Company is focussing on earning income through dividends, interest and gains on investments held. Hence, the Company operates in a single business segment namely "Investment".

NOTE 36: OPERATING LEASE RENTALS

Lease rental charged to the statement of Profit and Loss in respect of premises taken on cancellable operating lease are ₹ 1,891,875/- (Previous year: ₹ 5,388,577/-)

Notes forming part of the financial statements

NOTE 37: 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 st March, 2017 ₹	For the year ended 31 st March, 2016 ₹
Net Profit for the year attributable to Equity Shareholders (Rupees)	51,726,708	43,834,446
Weighted average number of equity shares	24,388,182	30,004,850
Par value per share (Rupees)	2.00	2.00
Basic and Diluted earnings per share including exceptional item net of tax (Rupees)	2.12	1.46

NOTE 38: 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 st March, 2017 ₹	As at 31 st March, 2016 ₹
a. Deferred Tax Liability		
Fiscal allowances of fixed assets	(18,016,548)	(8,784,686)
Total	(18,016,548)	(8,784,686)
b. Deferred Tax Asset		
Provision for doubtful debts and advances	248,334	4,605,561
Provision for slow moving stock	-	10,375,718
Others	4,093,940	9,653,898
Total	4,342,274	24,635,177
Deferred Tax (Liability) / Asset (net)	(13,674,274)	15,850,491

NOTE 39: RELATED PARTY DISCLOSURES

a) Name of related parties where control exists

Name of the Related Party	Nature of Relationship
Digisol Systems Limited	Subsidiary
Synegra EMS Limited	Subsidiary
Telesmart SCS Limited	Subsidiary

b) 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
Digisol Systems Limited	Subsidiary
Synegra EMS Limited	Subsidiary
Telesmart SCS Limited	Subsidiary
Mr. Kamalaksha R. Naik	Key management person
Ms. Arati K. Naik	Relative of key management person (Key management person till 26 th October 2016)
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

c) Details of related party transactions during the year

Amount in ₹

Nature of transactions	Subsidiary	Key Management Person	Enterprise over which key management person is able to exercise significant influence	Relative of key management person	Total
Purchase Consideration received on Sale of Business including working capital adjustment					
Digisol Systems Limited	259,884,723	-	-	-	259,884,723
	-	-	-	-	-
Synegra EMS Limited	27,610,652	-	-	-	27,610,652
	-	-	-	-	-
Interest Income on Debentures					
Digisol Systems Limited	8,942,466	-	-	-	8,942,466
	-	-	-	-	-
Rent Income					
Digisol Systems Limited *	11,602,750	-	-	-	11,602,750
	-	-	-	-	-
Synegra EMS Limited *	2,847,131	-	-	-	2,847,131
	-	-	-	-	-
Telesmart SCS Limited *	486,360	-	-	-	486,360
	-	-	-	-	-
Management Support Fees Income					
Digisol Systems Limited *	2,569,355	-	-	-	2,569,355
	-	-	-	-	-
Synegra EMS Limited *	1,427,420	-	-	-	1,427,420
	-	-	-	-	-
Telesmart SCS Limited *	350,000	-	-	-	350,000
	-	-	-	-	-
Repairs and maintenance - Others					
Digisol Systems Limited	182,427	-	-	-	182,427
	-	-	-	-	-
Salary					
Ms. Arati K. Naik	-	1,262,226	-	-	1,262,226
	-	(3,098,400)	-	-	(3,098,400)
Rent Expense					
Ms. Arati K. Naik	-	360,000	-	-	360,000
	-	(720,000)	-	-	(720,000)
Dividend paid					
Mr. Kamalaksha R. Naik	-	-	-	-	-
	-	(31,325,986)	-	-	(31,325,986)
Ms. Arati K. Naik	-	-	-	-	-
	-	(6,027,056)	-	-	(6,027,056)
Mr. Kamalaksha R. Naik (HUF)	-	-	-	-	-
	-	-	(685,942)	-	(685,942)
Mrs. Sudha K. Naik	-	-	-	-	-
	-	-	-	(3,000,486)	(3,000,486)
Mrs. Lakshana A. Sharma	-	-	-	-	-
	-	-	-	(3,661,682)	(3,661,682)

Notes forming part of the financial statements

c) Details of related party transactions during the year (contd.)

Amount in ₹

Nature of transactions	Subsidiary	Key Management Person	Enterprise over which key management person is able to exercise significant influence	Relative of key management person	Total
Consideration paid for Buyback of Shares					
Mr. Kamalaksha R. Naik	-	459,219,310	-	-	459,219,310
	-	-	-	-	-
Ms. Arati K. Naik	-	88,352,880	-	-	88,352,880
	-	-	-	-	-
Mr. Kamalaksha R. Naik (HUF)	-	-	10,055,540	-	10,055,540
	-	-	-	-	-
Mrs. Sudha K. Naik	-	-	-	43,985,260	43,985,260
	-	-	-	-	-
Mrs. Lakshana A. Sharma	-	-	-	53,678,020	53,678,020
	-	-	-	-	-
Investment in Subsidiary Companies					
Digisol Systems Limited - Equity Shares	160,000,000	-	-	-	160,000,000
	-	-	-	-	-
Synegra EMS Limited - Equity Shares	45,000,000	-	-	-	45,000,000
	-	-	-	-	-
Telesmart SCS Limited - Equity Shares	5,000,000	-	-	-	5,000,000
	-	-	-	-	-
Digisol Systems Limited - Debentures	300,000,000	-	-	-	300,000,000
	-	-	-	-	-
Bank Guarantee given on behalf of					
Digisol Systems Limited	90,000,000	-	-	-	90,000,000
	-	-	-	-	-
As at the year-end					
Amount due from					
Digisol Systems Limited	2,611,826	-	-	-	2,611,826
	-	-	-	-	-
Digisol Systems Limited - Debentures	300,000,000	-	-	-	300,000,000
	-	-	-	-	-
Digisol Systems Limited - Debentures Interest accrued	5,326,027	-	-	-	5,326,027
	-	-	-	-	-
Synegra EMS Limited	791,683	-	-	-	791,683
	-	-	-	-	-
Telesmart SCS Limited	1,065,431	-	-	-	1,065,431
	-	-	-	-	-
Ms. Arati K. Naik (Rent Deposit)	-	-	-	-	-
	-	(600,000)	-	-	(600,000)
Amount due to					
Digisol Systems Limited	182,427	-	-	-	182,427
	-	-	-	-	-

* The amounts are exclusive of Service Tax.

Note:

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

Notes forming part of the financial statements

NOTE 40: DISCONTINUED OPERATIONS

The Board of Directors of the Company at its meeting held on 04th August, 2016 approved the sale of its "Digisol Business" comprising of Selling and Marketing of various categories of Networking and Information Technology (IT) Products sold under brand name "DIGISOL", hereinafter referred to as ("Digisol Business") and "EMS Business" comprising mainly of manufacture of various categories of electronic and IT products, to Digisol Systems Limited ("Digisol") and Synegra EMS Limited ("Synegra") respectively both 100% subsidiaries of the Company.

The Digisol Business and EMS Business together with its respective assets and liabilities, were transferred to Digisol and Synegra on a 'slump sale' basis as a going concern, for a cash consideration of ₹ 190,000,000/- and ₹ 33,000,000/- respectively adjusted for net working capital changes as on the closing date.

In this connection, the Company had obtained the shareholder's approval through postal ballot on 16th September, 2016 and signed the Business Transfer Agreement dated 24th September, 2016. The closing date for the transfer as per the Business Transfer Agreement was 10th October, 2016. Subsequently, the Company has received the aforesaid amount on 15th November, 2016.

Accordingly, the Digisol Business and EMS Business is considered as a 'discontinued operation' in terms of Accounting Standard 24 on 'Discontinued Operations' (AS 24).

The disclosures required under AS 24 are as under:

- a. Details of revenue and expenses and assets and liabilities of continuing and discontinued operations:

Particulars	(In ₹)			(In ₹)		
	2017			2016		
	Continuing Operation	Discontinued Operation	Total	Continuing Operation	Discontinued Operation	Total
Turnover (net)	216,421,183	453,925,286	670,346,469	319,745,352	704,997,398	1,024,742,750
Other Income	25,230,748	5,896,201	31,126,949	2,837,737	4,948,662	7,786,399
Total Income	241,651,931	459,821,487	701,473,418	322,583,089	709,946,059	1,032,529,148
Total Expenditure	123,401,940	508,403,415	631,805,355	126,743,550	838,138,680	964,882,230
Profit / (Loss) before tax	118,249,991	(48,581,928)	69,668,063	195,839,539	(128,192,620)	67,646,919
Provision for taxation	82,735,633	(33,494,832)	49,240,801	96,368,473	(72,556,000)	23,812,473
Profit / (Loss) after tax	35,514,358	(15,087,096)	20,427,262	99,471,066	(55,636,620)	43,834,446
Assets	3,433,011,517	399,656,299	-	3,978,769,361	295,108,291	4,273,877,652
Liabilities	37,101,680	143,460,367	-	27,324,495	82,336,528	109,661,023

- b. Cash flow from continuing and discontinued operations:

Particulars	(In ₹)			(In ₹)		
	2017			2016		
	Continuing Operation	Discontinued Operation	Total	Continuing Operation	Discontinued Operation	Total
Net cash from operating activities	(89,025,570)	(83,776,433)	(172,802,003)	(119,815,278)	(141,265,041)	(261,080,319)
Net cash (used in) / from investing activities	976,187,345	9,730,211	985,917,556	333,075,525	550,761	333,626,286
Net cash (used in) financing activities	(821,615,061)	197	(821,614,864)	(72,142,249)	28,845	(72,113,404)

NOTE 41: DISCLOSURE REQUIRED UNDER SECTION 186(4) OF THE COMPANIES ACT, 2013

- a) Particulars of Guarantees given

Sr. No.	Name of the entity	Opening Balance	Guarantees given	Guarantees Discharged	Outstanding balance	Purpose
1	Digisol Systems Limited	-	40,000,000	-	40,000,000	To HDFC Bank, for the working capital limit availed
2	Digisol Systems Limited	-	50,000,000	-	50,000,000	To Kotak Mahindra Bank, for working capital limit availed

Notes forming part of the financial statements

b) Particulars of Investments made during the year

Sr. No.	Name of the Investee	Investment made	Purpose
1	Digisol Systems Limited	160,000,000	In Equity Shares as Strategic Investment
2	Synegra EMS Limited	45,000,000	In Equity Shares as Strategic Investment
3	Telesmart SCS Limited	5,000,000	In Equity Shares as Strategic Investment
4	Digisol Systems Limited	300,000,000	In 8% Unsecured Non-convertible Debentures to meet the working capital requirement

NOTE 42: OTHER DISCLOSURE

- a. Employee benefits expense for the previous year includes compensation to employees pursuant to a employee separation scheme of ₹ 16,835,510/-.
- b. In light of section 135 of the Companies Act 2013, the company has incurred expenses on Corporate Social Responsibility (CSR) aggregating to ₹ 1,194,775/- (Previous year ₹ 405,225/-) for CSR activities carried out during the current year.

Particulars	For the year ended 31 st March, 2017 ₹	For the year ended 31 st March, 2016 ₹
a) Gross amount required to be spent by the company during the year	1,068,548	462,444
b) Amount spent during the year on the following		
1. Construction / acquisition of any asset	-	-
2. On purpose other than (1) above		
- Prime Minister's National Relief Fund	600,000	-
- Aspiring Entrepreneurs Workshop / mentoring sessions for educational institutions	594,755	405,225

- c. The Company has made an application in terms of sub-section (2) of section 45-IA of Reserve Bank of India Act, 1934, for issue of certificate of Registration as a Non-Banking Financial Institution (Non-Deposit taking). The Company has not accepted any public deposits during the year.

NOTE 43:

The information provided in Note no. 26 to 30, 32 and 36 includes information pertaining to Discontinued Operations.

NOTE 44:

Previous year's figures have been regrouped , wherever necessary, to correspond with those of the current year.

Signature to notes 1 to 44

For and on behalf of the Board

K. R. Naik
Executive Chairman
DIN: 00002013

Pankaj Baliga
Director
DIN: 00002864

Urjita Damle
Company Secretary

K.G. Prabhu
Chief Financial Officer

Mumbai, dated: 17th May, 2017

Independent Auditor's Report

TO THE MEMBERS OF SMARTLINK NETWORK SYSTEMS LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **SMARTLINK NETWORK SYSTEMS LIMITED** (hereinafter referred to as "the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at 31st March, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Parent's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent, as aforesaid.

Auditor's Responsibility

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Parent's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Parent's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditor in terms of their report referred to in sub-paragraphs (a) and (b) of the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the report of the other auditor on separate financial statements of the subsidiary referred to in the Other Matter paragraph below, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2017, and their consolidated loss and their consolidated cash flows for the year ended on that date.

Other Matter

We did not audit the financial statements of one subsidiary, whose financial statements reflect total assets of ₹ 4,554,022/- as at 31st March, 2017, total revenues of ₹ 563,768/- and net cash inflows amounting to ₹ 1,014,141/- for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by another auditor whose report has been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the report of the other auditor.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditor.

Independent Auditors' Report (contd.)

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditor on separate financial statements of the subsidiary and the other financial information of the subsidiary, referred in the Other Matter paragraph above we report, to the extent applicable that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books, returns and the reports of the other auditor.
 - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards prescribed under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors of the Parent as on 31st March, 2017 taken on record by the Board of Directors of the Parent and the reports of the statutory auditors of its subsidiary companies, none of the directors of the group companies is disqualified as on 31st March, 2017 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 and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Parent and subsidiary companies. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Parent's and subsidiary companies' 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, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group - Refer Note 27A to the consolidated financial statements
 - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent.
 - iv. The Parent has provided requisite disclosures in the consolidated financial statements as regards the holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November, 2016 to 30th December, 2016 of the Group entities as applicable. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the relevant books of accounts maintained by those entities for the purpose of preparation of the consolidated financial statements and as produced to us and the other auditor by the Management of the respective Group entities

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

A. Siddharth
Partner

Mumbai, 17th May, 2017

Membership No: 31467

Annexure A to the Independent Auditor's Report

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section 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")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st March, 2017, we have audited the internal financial controls over financial reporting of **Smartlink Network Systems Limited** (hereinafter referred to as "Parent") and its subsidiary companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent and its subsidiary companies, which are companies incorporated in India, 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 and the audit evidence obtained by the other auditor of the subsidiary, which is a company incorporated in India in terms of its reports referred to in the Other Matter paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent and its subsidiary companies, which are companies incorporated in India.

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 and based on the consideration of the report of the other auditor referred to in the Other Matter paragraph below, the Parent and its subsidiary companies, which are companies incorporated in India, have, 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 31st March, 2017, based on the internal control over financial reporting criteria established by the respective companies 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.

Other Matter

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to one subsidiary company, which is a company incorporated in India, is based solely on the corresponding report of the auditor of such company, incorporated in India.

Our opinion is not modified in respect of the above matters.

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

A. Siddharth
Partner

Mumbai, 17th May, 2017

Membership no: 31467

Consolidated Balance Sheet

as at 31st March, 2017

Particulars	Note No.	As at 31 st March, 2017 ₹
I EQUITY AND LIABILITIES		
(1) Shareholders' funds		
(a) Share capital	3	45,100,000
(b) Reserves and surplus	4	3,201,957,924
		<u>3,247,057,924</u>
(2) Non-current liabilities		
(a) Deferred tax liabilities (Net)	39	13,674,274
(b) Other long term liabilities	5	307,844
(c) Long-term provisions	6	2,353,110
		<u>16,335,228</u>
(3) Current liabilities		
(a) Short-term borrowing	7	6,825,475
(b) Trade payables	8	
Total outstanding dues of micro enterprises and small enterprises		467,480
Total outstanding dues of creditors other than micro enterprises and small enterprises		132,120,074
(c) Other current liabilities	9	54,072,673
(d) Short-term provisions	10	2,686,003
		<u>196,171,705</u>
Total		<u>3,459,564,857</u>
II ASSETS		
(1) Non-current assets		
(a) Fixed assets		
(i) Property, Plant and equipment	11 a	216,444,595
(ii) Intangible assets	11 b	7,358,435
		<u>223,803,030</u>
(b) Long-term loans and advances	12	21,146,576
		<u>244,949,606</u>
(2) Current assets		
(a) Current investments	13	2,587,513,760
(b) Inventories	14	287,501,656
(c) Trade receivables	15	146,715,976
(d) Cash and bank balance	16	136,473,126
(e) Short-term loans and advances	17	22,937,766
(f) Other current assets	18	33,472,967
		<u>3,214,615,251</u>
Total		<u>3,459,564,857</u>
See accompanying notes forming part of the Consolidated Financial Statements	1-42	

In terms of our report attached

For and on behalf of the Board

For Deloitte Haskins & Sells LLP
Chartered Accountants

K. R. Naik
Executive Chairman
DIN: 00002013

Pankaj Baliga
Director
DIN: 00002864

A. Siddharth
Partner

Urjita Damle
Company Secretary

K.G. Prabhu
Chief Financial Officer

Mumbai, dated: 17th May, 2017Mumbai, dated: 17th May, 2017

Consolidated Statement of Profit and Loss

for the year ended 31st March, 2017

Particulars	Note No.	For the year ended 31 st March, 2017 ₹
I Revenue from operations (gross)	19	1,073,955,283
Less: Excise duty		36,572,984
Revenue from operations (net)		1,037,382,299
II Other income	20	15,544,514
III Total Revenue (I + II)		1,052,926,813
IV Expenses:		
Cost of raw materials consumed	21	361,988,501
Purchases of traded goods	22	454,068,282
(Increase) in inventories of finished goods, work-in-progress and traded goods	23	(172,353,442)
Employee benefits expense	24	208,835,685
Finance costs	25	1,679,364
Depreciation and amortisation expense	11	16,517,204
Other expenses	26	230,075,623
Total Expenses		1,100,811,217
V (Loss) before tax (III - IV)		(47,884,404)
VI Tax Expenses		
- Current tax		19,716,036
- Deferred tax	39	29,524,765
		49,240,801
VII (Loss) for the year (V - VI)		(97,125,205)
VIII Earnings per equity share (Face value of ₹ 2/- per share)		
Basic and Diluted	38	(3.98)
See accompanying notes forming part of the Consolidated Financial Statements	1-42	

In terms of our report attached

For and on behalf of the Board

For Deloitte Haskins & Sells LLP
Chartered Accountants

K. R. Naik
Executive Chairman
DIN: 00002013

Pankaj Baliga
Director
DIN: 00002864

A. Siddharth
Partner

Urjita Damle
Company Secretary

K.G. Prabhu
Chief Financial Officer

Mumbai, dated: 17th May, 2017Mumbai, dated: 17th May, 2017

Consolidated Cash Flow Statement

for the year ended 31st March, 2017

	For the year ended 31 st March, 2017 ₹
A. Cash flows from operating activities	
(loss) before tax	(47,884,404)
Adjustments for:	
Depreciation and amortisation expense	16,517,204
Loss on fixed assets sold / scrapped / written off (net)	180,747
Gain on sale of current investments (net)	(140,327,478)
Write back of adjustment for Excess of cost over fair value of current investments (net)	(167,954)
Provision for doubtful debts and advances (net)	641,918
Bad debts written off	1,773,158
Sundry balances written off	334,539
Unrealised exchange differences	(649,153)
Sundry balances written back	(307,864)
Finance costs	1,679,364
Interest income	(68,720,789)
Dividend income	(4,535,275)
Operating (loss) before working capital changes	(241,465,987)
(Increase) in trade receivables	(29,973,784)
(Increase) in inventories	(182,482,543)
Decrease in loans and advances	26,854,475
Increase in trade and other payables	90,908,663
Cash (used in) operations	(336,159,176)
Direct taxes (paid) / refunded (net)	(980,257)
Net cash (used in) operating activities	(337,139,433)
B. Cash flows from investing activities	
Purchase of fixed assets (Refer note 2)	(25,639,774)
Sale of fixed assets	189,009
Purchase of current investments	(11,440,977,509)
Sale of current investments	12,297,088,438
Bank balances not considered as Cash and bank balance	
Placed	(104,400,591)
Matured	366,204,557
Dividend received	4,535,275
Interest received	53,351,315
Net cash from investing activities	1,150,350,720
C. Cash flows from financing activities	
Buyback of Parent Company's equity shares	(820,033,500)
Proceeds received on account of short term borrowings	6,825,475
Dividend paid	(106,718)
Interest paid	(1,548,007)
Net cash (used in) financing activities	(814,862,750)
Net (Decrease) in cash and bank balance	(1,651,463)
Cash and bank balance at the beginning of the year of Parent Company	10,928,380
Effect of exchange differences on restatement of foreign currency Cash and bank balance	(5,431)
Cash and bank balance at the end of the year (Refer note 3)	9,271,486
Notes:	
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 bank balance:	
Cash and bank balance (Refer note 16)	136,473,126
Less : Bank balances not considered as Cash and bank balance as defined in Accounting Standard (AS) 3 on 'Cash Flow Statements'	
In deposits accounts	
Original maturity more than 3 months	122,989,313
In earmarked accounts:	
Unpaid dividend accounts	1,971,048
Deposits held as margin money	2,241,279
Net Cash and bank balance as defined in AS 3 on 'Cash Flow Statements'	9,271,486

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

A. Siddharth
Partner

Mumbai, dated: 17th May, 2017

For and on behalf of the Board

K. R. Naik
Executive Chairman
DIN: 00002013

Urvita Damle
Company Secretary

Mumbai, dated: 17th May, 2017

Pankaj Baliga
Director
DIN: 00002864

K.G. Prabhu
Chief Financial Officer

Notes forming part of the consolidated financial statements

NOTE 1: BACKGROUND

The Consolidated Financial Statement of Smartlink Network Systems Limited ("The Parent Company") comprise of the financial statements of the Parent Company and Digisol Systems Limited, Synegra EMS Limited, Telesmart SCS Limited (Subsidiaries of the Parent Company), together referred to as the 'Group'.

Digisol Systems Limited is in the business of developing, manufacturing, selling, marketing and servicing of various categories of Networking and Information Technology (IT) products.

Synegra EMS Limited is in the business of manufacture of various categories of electronic and IT products on job work basis and also engages in contract manufacturing for Original Equipment Manufacturers (collectively the activities constitute Electronic Manufacturing Services (EMS) business).

Telesmart SCS Limited is in the business of manufacture of various categories of electronic and IT products.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting and preparation of financial statements

The consolidated financial statements of the Group 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 ("the Act"), and the relevant provisions of the Act. The consolidated financial statements have been prepared on accrual basis under the historical cost convention except for building acquired by Parent Company through amalgamation, that is carried at revalued amounts.

(b) Principles of Consolidation

The Consolidated Financial Statements have been prepared on the following basis:

- (i) The Financial Statements of the Subsidiary Companies used in consolidation is drawn upto the same reporting date as that of the Parent Company i.e. year ended 31st March, 2017 and are audited.
- (ii) The Financial Statements of the Parent Company and its Subsidiary Companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, incomes and expenses, after eliminating intra-group balances, intra-group transactions and resulting unrealised profit or losses, unless cost cannot be recovered.
- (iii) The following Subsidiary Companies (incorporated in India) have been considered in the preparation of Consolidated Financial Statements:

Name	% holding as at 31 st March, 2017
Digisol Systems Limited	100%
Synegra EMS Limited	100%
Telesmart SCS Limited	100%

(c) Use of estimates

The preparation of consolidated 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 consolidated 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.

(d) 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.
- (iii) Traded goods - on weighted average basis.

(e) Depreciation and amortisation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible 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 Equipment	- 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:

Computer Software (ERP)	- 3 years
Computer Software (Other Softwares)	- 4 years

(f) Revenue recognition

Income from debentures and bonds is accrued over the maturity of the security.

Profit / Loss on sale of investments is recognised on the contract date.

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

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

Notes forming part of the consolidated financial statements

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.

(g) Fixed assets

(i) Property, plant and equipment

Tangible 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.

(h) 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.

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

(i) 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 Consolidated Statement of Profit and Loss. Grants in the nature of promoter's contribution are treated as Capital reserve.

(j) 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.

(k) 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 Group 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.

(l) 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.

(m) Assets taken on Lease (Hire Purchase)

Assets taken on finance lease (including on hire purchase) on or after 1st 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.

(n) 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 39 below)

(o) Impairment of assets

At the end of each accounting period, the Group 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 Consolidated 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.

(p) 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 Consolidated Financial Statements.

Notes forming part of the consolidated financial statements

	₹	As at 31 st March, 2017 ₹
NOTE 3: SHARE CAPITAL		
Authorised		
35,000,000 Equity Shares of ₹ 2/- each		70,000,000
Issued, subscribed and paid-up		
30,004,850 Equity Shares of ₹ 2/- each, fully paid-up	60,009,700	
Less: 7,454,850 Equity Shares purchased under buyback scheme	14,909,700	
		45,100,000
Total		45,100,000

a) Terms/rights attached to equity shares

The Parent 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) Reconciliation of the number of shares outstanding

	No. of Shares
Shares outstanding at the beginning of the year	30,004,850
Less: Shares bought-back during the year (refer Footnote below)	7,454,850
Shares outstanding at the end of the year	22,550,000

Footnote: The Board of Directors of the Parent Company at its meeting on 29th February, 2016 and the Shareholder of the Parent Company through postal ballot on 14th April, 2016 had approved the proposal of the Parent Company to buy-back up to 7,454,850 fully paid-up equity shares of ₹ 2/- each at a price of ₹ 110/- per share (aggregating up to 24.85% of the fully paid-up equity share capital and free reserves of the Parent Company), payable in cash for an aggregate amount of up to ₹ 820,033,500/- from the existing shareholders of the Parent Company under Tender Offer mechanism. The offer was kept open from 6th June, 2016 to 17th June, 2016. The Parent Company has bought back 7,454,850 equity shares, representing 100.00% of issue size and the shares were extinguished on 30th June, 2016.

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

	As at 31 st March, 2017	
	No. of Shares	% holding in the class
Equity shares of ₹ 2/- each fully paid-up.		
Mr. Kamalaksha R. Naik	11,488,272	50.95%
Ms. Arati K. Naik	2,210,320	9.80%
Mrs. Lakshana A. Sharma	1,342,859	5.96%

		As at 31 st March, 2017 ₹
NOTE 4: RESERVES AND SURPLUS		
Capital Reserve		
State Government subsidy		2,500,000
As per last Balance sheet		
Securities Premium Account		
As per last Balance sheet		278,614,693
Revaluation Reserve		
As per last Balance sheet		37,183,524
General Reserve		
As per last Balance sheet		556,720,271
Capital Redemption Reserve		
7,454,850 Equity Shares of ₹ 2/- each purchased under buyback scheme		14,909,700
Surplus in Consolidated Statement of Profit and Loss		
As per last Balance sheet	3,229,188,441	
Add : (Loss) for the year	(97,125,205)	
Less: Amount paid to Shareholders for purchase of shares under buyback scheme	820,033,500	
Closing balance		2,312,029,736
Total		3,201,957,924

Notes forming part of the consolidated financial statements

	As at 31 st March, 2017 ₹
NOTE 5: OTHER LONG-TERM LIABILITIES	
Other payables:	
Security deposits	279,284
Unearned revenue	28,560
Total	307,844
NOTE 6: LONG-TERM PROVISIONS	
Provision for employee benefits	
For Leave encashment	2,353,110
Total	2,353,110
NOTE 7: SHORT TERM BORROWING	
Bank Overdraft (Refer footnote below)	6,825,475
Total	6,825,475
Footnote:	
Secured by charge ranking pari passu, by way of hypothecation of all existing and future current assets of Digisol Systems Limited.	
NOTE 8: TRADE PAYABLES	
Total outstanding dues of micro enterprises and small enterprises (Refer footnote below)	467,480
Total outstanding dues of creditors other than micro enterprises and small enterprises	132,120,074
Total	132,587,554
Footnote:	
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;	
Particulars	
Outstanding principal amount and interest as on 31 st March 2017	
- Principal Amount	467,480
- Interest due thereon	1,360
Amount of interest paid along with the amounts of payment made beyond the appointed day	-
Amount of interest due and payable (where the principal has already been paid but interest has not been paid)	17,739
The amount of interest accrued and remaining unpaid at the end of each accounting year	19,099
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	-
NOTE 9: OTHER CURRENT LIABILITIES	
Capital creditors	119,157
Unearned revenue	13,092
Unpaid dividends	1,971,048
Temporary overdrawn bank balance as per books	322,848
Other payables:	
Provision for Gratuity (Refer note 35)	681,796
Statutory dues	22,662,464
Security deposits	2,600,100
Interest accrued on trade payables (Refer Note 8)	19,099
Payable to Customer	25,106,702
Advance from customers	576,367
Total	54,072,673
NOTE 10: SHORT-TERM PROVISIONS	
Provision for employee benefits	
For Leave encashment	1,107,998
Others	
For Income-tax (net of advance tax ₹ 103,425,448/-)	1,578,005
Total	2,686,003

Notes forming part of the consolidated financial statements

NOTE 11: FIXED ASSETS

₹

Nature of assets		Gross block				Depreciation/Amortisation		Net block		
		As at 01 st April, 2016	Additions	Deductions	As at 31 st March, 2017	Upto 31 st March, 2016	For the year	Deductions	As at 31 st March, 2017	
a	Property, plant and equipment:									
	Land									
	Freehold	8,791,000	-	-	8,791,000	8,791,000	-	-	8,791,000	-
	Leasehold	9,278,538	-	-	9,278,538	1,583,115	98,670	-	1,681,785	7,596,753
	Buildings									
	Own use	272,428,725	-	-	272,428,725	86,569,553	6,234,662	-	92,804,215	179,624,510
	Plant and Equipment	154,908,970	12,621,818	8,679,439	158,851,349	150,097,646	2,116,831	8,570,958	143,643,519	15,207,830
	Furniture and Fixture	30,090,314	501,267	260,855	30,330,726	28,323,752	577,309	236,336	28,664,725	1,666,001
	Vehicles	6,851,265	731,476	1,301,890	6,280,851	4,369,679	1,051,976	1,105,754	4,315,901	1,964,950
	Office equipment	13,834,007	112,149	13,156	13,933,000	13,001,637	410,822	13,156	13,399,303	533,697
	Others									
	Electrical installations	40,763,581	-	-	40,763,581	35,872,624	2,179,171	-	38,051,795	2,711,786
	Air conditioners	33,847,841	1,551,766	85,875	35,313,732	29,448,163	1,355,146	45,255	30,758,054	4,555,678
Computers	34,152,899	2,913,939	107,549	36,959,289	33,602,589	880,859	107,549	34,375,899	2,583,390	
Property, Plant and Equipment totals		604,947,140	18,432,415	10,448,764	612,930,791	391,659,758	14,905,446	10,079,008	396,486,196	216,444,595
b	Intangible assets:									
	Computer software - acquired	35,182,168	7,326,516	-	42,508,684	33,538,491	1,611,758	-	35,150,249	7,358,435
	Intangible assets totals	35,182,168	7,326,516	-	42,508,684	33,538,491	1,611,758	-	35,150,249	7,358,435
	Total	640,129,308	25,758,931	10,448,764	655,439,475	425,198,249	16,517,204	10,079,008	431,636,445	223,803,030

Footnotes

- Leasehold land/premises include:
 - Plots of land of the aggregate gross value of ₹ 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/-, 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.

Notes forming part of the consolidated financial statements

	As at 31 st March, 2017 ₹
NOTE 12: LONG-TERM LOANS AND ADVANCES	
Unsecured, considered good (unless stated otherwise):	
Security deposits	1,822,466
Prepaid expenses	59,809
Others:	
Advance payment of taxes (net of provision ₹ 63,857,475/-)	4,808,562
Customs duty receivable	2,155,739
Pre-deposit with Government authorities in connection with appeals filed (Refer note 27 A)	12,300,000
	<u>21,146,576</u>
Unsecured, considered doubtful:	
Security deposits	798,635
Less: Provision for doubtful deposits	798,635
Total	<u>21,146,576</u>
NOTE 13: CURRENT INVESTMENTS	
Investments in Mutual Funds (unquoted)	
(At lower of cost and fair value)	
In Mutual Funds (unquoted)	1,930,809,060
Investments in Debentures or Bonds (quoted)	
In Debentures (quoted)	563,139,080
Less: Adjustment for excess of cost over fair value	1,572,460
	<u>561,566,620</u>
Investments in Preference Shares (unquoted)	
In Preference Shares (unquoted)	25,138,080
Investments in Deposits (unquoted)	
In Fixed Deposits (unquoted) (Refer footnote below)	70,000,000
Total	<u>2,587,513,760</u>
Aggregate value of investments (net of adjustment)	
Unquoted - cost	2,025,947,140
Quoted - cost	561,566,620
- Market value	565,153,025
Footnote:	
Investment in Deposits include deposits amounting to ₹ 20,000,000/- with residual maturity of more than 12 months	
NOTE 14: INVENTORIES	
(At lower of cost and net realisable value)	
Raw materials and components	25,581,218
Work-in-progress	2,607,269
Finished goods	137,229,257
Traded goods (Includes Goods-in-transit of ₹ 8,198,160/-)	118,971,359
Stores, spares and packing materials	3,112,553
Total	<u>287,501,656</u>

Notes forming part of the consolidated financial statements

	As at 31 st March, 2017 ₹
NOTE 15: TRADE RECEIVABLES	
Unsecured	
a) Outstanding for a period exceeding six month from the date they were due for payment	
Considered doubtful	13,021,841
Less: Provision for doubtful receivables	13,021,841
	-
b) Others	
Considered good	146,715,976
Total	146,715,976
NOTE 16: CASH AND BANK BALANCE	
Cash and Cash Equivalents	
Cash on hand	282,013
Cheques in hand	346,244
Balances with bank	
In Current accounts	8,619,885
In Exchange Earners Foreign Currency (EEFC) account	23,344
	9,271,486
Other bank balances	
In deposits accounts (Refer footnote below)	122,989,313
In earmarked accounts	
Unpaid dividend accounts	1,971,048
Deposits held as margin money (Refer footnote below)	2,241,279
	127,201,640
Total	136,473,126
Footnote:	
Balances with bank include deposits amounting to ₹ 122,989,313/- and margin monies amounting to ₹ 2,241,279/- which have an original maturity of more than 12 months.	
NOTE 17: SHORT-TERM LOANS AND ADVANCES	
<u>Unsecured, considered good (unless otherwise stated):</u>	
Other receivables	6,749
Security deposits (refer footnote below)	883,000
Advances / Loans to Employees	837,759
Prepaid expenses	4,880,808
Others:	
VAT credit receivable	23,321
CENVAT / Service tax credit receivable	7,697,316
Custom duty receivable	322,051
Advances to suppliers	8,286,762
	22,937,766

Notes forming part of the consolidated financial statements

	As at 31 st March, 2017 ₹
Unsecured, considered doubtful:	
Security deposits	751,093
Less: Provision for doubtful advances	751,093
	-
Total	22,937,766
Footnote:	
(i) Deposit with related party	
Arati Naik	600,000
NOTE 18: OTHER CURRENT ASSETS	
Interest accrued on	
Bank deposits	5,538,899
Debentures and Bonds held as current investments	27,934,068
Total	33,472,967
	For the year ended 31 st March, 2017 ₹
NOTE: 19 REVENUE FROM OPERATIONS	
Income from investments (Refer Footnote (i) below)	207,478,717
Sale of products (Refer Footnote (ii) below)	824,801,726
Sale of services (Refer Footnote (iii) below)	40,931,590
Other operating revenues (Refer Footnote (iv) below)	743,250
	1,073,955,283
Footnotes:	
(i) Income from investments	
Interest income	
- On fixed deposits with banks	17,296,986
- On bonds and securities	45,973,279
	63,270,265
Other financial income	
- Dividend income from current investments	4,535,275
- Write back of adjustment for excess of cost over fair value of current investments (net)	167,954
- Gain on sale of current investments (net)	139,505,223
	144,208,452
Total	207,478,717
(ii) Sale of products comprises of	
Finished goods	
Networking products	380,175,744
Traded Goods	
Networking products	444,625,982
Total	824,801,726

Notes forming part of the consolidated financial statements

	For the year ended 31 st March, 2017 ₹
(iii) Sale of Services comprises of	
Repair services	40,686,587
AMC services	156,353
Job work charges	88,650
Total	40,931,590
(iv) Other operating revenues	
Sundry balances written back	307,864
Recovery of trade receivables earlier written off	435,386
Total	743,250
NOTE 20: OTHER INCOME	
<u>Interest income</u>	
- On overdue trade receivables	364,735
- Interest on income tax refund	5,059,524
- Other Interest	26,265
	5,450,524
Gain on sale of current investments (net)	822,255
Rent income from operating leases	179,999
Exchange gain (net) (Refer note 28 (b))	7,036,513
Scrap income	2,055,223
Total	15,544,514
NOTE 21: COST OF RAW MATERIALS CONSUMED	
<u>Raw materials consumed comprises</u>	
Integrated circuits	116,404,119
Power supplies, batteries and accessories	56,866,844
Enclosures and parts	27,586,402
Inductors, chip beads & transformers	27,309,500
PCBs	22,806,695
Others	111,014,941
Total	361,988,501
NOTE 22: PURCHASE OF TRADED GOODS	
Networking products	454,068,282
NOTE 23: (INCREASE) IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND TRADED GOODS	
<u>Stock as at 1st April, 2016</u>	
Finished goods	
- Manufactured	14,670,752
- Traded	71,308,777
Work-in-progress	474,914
	86,454,443

Notes forming part of the consolidated financial statements

	₹	For the year ended 31 st March, 2017 ₹
Less: Stock as at 31 st March, 2017		
Finished goods		
- Manufactured		137,229,257
- Traded		118,971,359
Work-in-progress		2,607,269
		258,807,885
	(Increase)	(172,353,442)
NOTE 24: EMPLOYEE BENEFITS EXPENSE		
Salaries and wages		192,945,558
Contribution to provident and other funds		4,733,015
Staff welfare expenses		9,121,847
Gratuity		1,013,212
Leave encashment		1,022,053
	Total	208,835,685
NOTE 25: FINANCE COSTS		
Interest Expenses on:		
Trade payables (Refer Note 8)		19,099
Bank overdraft account		183,374
Others		
- Interest on delayed payment of income tax		128,670
- Interest on statutory payments etc.		1,348,221
	Total	1,679,364
NOTE 26: OTHER EXPENSES		
Stores, spares and packing material consumed		9,825,123
Excise duty (Refer Note 42 (c))		8,868,641
Power and fuel		12,044,621
Rent		5,101,424
Rates and taxes		2,444,450
Insurance		3,935,581
Repairs and maintenance		
- Buildings	9,966,009	
- Machinery	1,851,252	
- Others	7,922,099	
		19,739,360
Travelling and conveyance expenses		16,634,639
Communication expenses		7,258,794
Legal and Professional fees		42,751,186
Advertisement and sales development expenses		47,117,193
Freight Outward		8,357,196
Servicing expenses		8,969,655

Notes forming part of the consolidated financial statements

	For the year ended 31 st March, 2017 ₹
Loss on fixed assets sold / scrapped / written off	180,747
Provision for doubtful debts and advances	641,918
Sundry balances written off	334,539
Bad debts written off	1,773,158
Expenditure on Corporate Social Responsibility (Refer note 43 (b))	1,194,775
Miscellaneous expenses	32,902,623
Total	230,075,623

	As at 31 st March, 2017 ₹
NOTE 27: CONTINGENT LIABILITIES AND COMMITMENTS	
A. Contingent liabilities in respect of	
Below contingent liabilities have been transferred from Parent company to its Subsidiary Company Digisol Systems Limited pursuant to Business Transfer Agreement.	
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
b. Disputed demand of excise duty in connection with valuation of products manufactured pending before CESTAT (Amount deposited as pre-deposit ₹ 11,400,000/-)	38,715,672
c. Disputed penalty demands of Excise Authorities with regard to (b) above, pending before the CESTAT	39,178,633
One of the penalty demands of ₹ 702,041/- for which appeal was filed by the Department before the Honourable High Court of Bombay at Goa has been disposed on 13 th June, 2016 on the grounds of monetary limits.	
d. Custom duty paid under protest	764,011
The raw material / trading material / software imported by the Parent Company are subjected to different rates of customs duty based on classification under respective Tariff Head. The Customs department had objected to the classifications adopted by the Parent Company for certain items and has demanded additional duty for the same. The total duty demand was ₹ 3,883,884/-.	
During the period Customs department accepted the classification adopted by the Parent Company and allowed refund of ₹ 3,119,873/- in one of the above cases.	
The balance differential duty paid under protest, is included under Long term loans and advances in Note 12, pending resolution of the dispute at Customs, Excise and Service Tax Appellate Tribunal (CESTAT).	
The Group is confident of successfully contesting the demands and does not expect any significant liability to crystallise.	

B. Corporate Guarantees given by the Parent Company in favour of banks on behalf of:

Sr. No.	Name of the entity	Guarantees given	Bank to whom given	Purpose
1	Digisol Systems Limited	40,000,000	HDFC Bank Limited	Towards working capital limit.
2	Digisol Systems Limited	50,000,000	Kotak Mahindra Bank	Towards working capital limit.

Notes forming part of the consolidated financial statements

NOTE 28: FOREIGN CURRENCY

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

Amount receivable in foreign currency on account of the following:

As at 31st March, 2017

	In foreign Currency	In Rupees
Trade receivables	USD 141,491	9,173,572
Loans and advances	USD 81,415	5,502,731

Amount payable in foreign currency on account of the following:

As at 31st March, 2017

	In foreign Currency	In Rupees
Trade payable	USD 614,080	39,820,034

- b) Amount of exchange differences included in the Consolidated Statement of Profit and Loss

	For the year ended 31 st March, 2017 ₹
Exchange gain	10,153,046
Exchange loss	3,116,533

NOTE 29: SPECIFIED BANK NOTES DISCLOSURE (SBN)

During the year, the Group had specified bank notes as defined in the MCA notification G.S.R. 308 (E) dated 31st March, 2017 on details of specified bank notes held and transacted during the period from 8th November, 2016 to 30th December, 2016.

The SBN and other notes denomination wise details as per the notification is given below:

₹

	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	72,500	64,540	137,040
(+) Permitted receipts	-	368,408	368,408
(-) Permitted payments	-	365,033	365,033
(-) Amount deposited in Banks	72,500	-	72,500
Closing cash in hand as on 30.12.2016	-	67,915	67,915

	For the year ended 31 st March, 2017 ₹
NOTE 30: PAYMENT TO AUDITORS (NET OF SERVICE TAX)	
a) As Auditors	1,820,000
b) For other services - certification	380,000
c) For Expenses	51,038
Total	2,251,038

NOTE 31: CONSUMPTION OF IMPORTED AND INDIGENOUS RAW MATERIAL, STORES, SPARES AND PACKING MATERIAL

	₹	% age to total consumption
a) Raw materials consumed		
Imported	337,199,860	93.15
Indigenous	24,788,641	6.85
Total	361,988,501	100.00

Notes forming part of the consolidated financial statements

	₹	% age to total consumption
b) Stores, spares and packing materials consumed		
Imported	7,336,185	74.67
Indigenous	2,488,938	25.33
Total	9,825,123	100.00

	For the year ended 31 st March, 2017 ₹
NOTE 32: VALUE OF IMPORTS ON CIF BASIS IN RESPECT OF	
Raw materials and components	348,908,588
Stores, spares and packing materials	9,810,124
Capital goods	7,789,493
Traded goods	269,411,540
NOTE 33: EXPENDITURE IN FOREIGN CURRENCY	
Travelling expenses	1,864,431
Professional fees	83,785
Advertisement, Sales development, reimbursement of expenses, etc.	119,780
NOTE 34: EARNINGS IN FOREIGN EXCHANGE	
Income from services	40,000,799

	Current Year ₹
NOTE 35: EMPLOYEE BENEFITS	
A The disclosure as required under AS-15 regarding the Group's defined benefit plans is as follows:	
I. Reconciliation of opening and closing balances of Defined Benefit obligation	
Defined Benefit obligation at beginning of the year	13,924,932
Current Service Cost	3,007,888
Interest Cost	1,109,552
Actuarial (gain) / loss	(4,595,547)
Benefits paid	(2,312,863)
Defined Benefit obligation at year-end	11,133,962
II. Reconciliation of opening and closing balances of fair value of plan assets	
Fair value of plan assets at beginning of the year	9,238,070
Adjustment to opening balance	(18,127)
Expected return on plan assets	967,455
Actuarial gain / (loss)	(318,933)
Employer contribution	3,534,839
Benefits paid	(2,312,863)
Fair value of plan assets at year end	11,090,441

Notes forming part of the consolidated financial statements

	Current Year ₹
III. Reconciliation of fair value of assets and obligations	
Present value of obligation as at 31 st March, 2017	11,133,962
Fair value of plan assets as at 31 st March, 2017	11,090,441
Amount recognised in Balance Sheet	(43,521)
IV. Expense recognised during the year	
(Under the head "Employees benefits expense" - Refer to note 24)	
Current Service Cost	3,007,888
Interest Cost	1,109,552
Expected return on plan assets	(967,455)
Actuarial (gain) / loss	(4,276,614)
Net Cost	(1,126,629)
V. Actuarial assumptions	
Discount rate (per annum)	6.69%
Expected rate of return on plan assets (per annum)	7.50%
Rate of escalation in salary (per annum)	5.00%
Mortality Table used	Indian Assured Lives Mortality 2006-08 ultimate table
VI. 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.	
VII. 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.	
Experience Adjustment	31-Mar-17
On plan liabilities	(4,595,547)
On plan assets	(318,933)
Present value of benefit obligation	11,133,962
Fair value of plan assets	11,090,441
Excess of (obligation over plan assets) / plan assets over obligation	(43,521)
VIII. The contribution expected to be made by the Group during the financial year 2017-18 is ₹ 2,000,000/-.	
IX. The plan assets are managed by the Gratuity trust formed by the respective Company. The management of funds is entrusted to 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 Group's defined contribution plans is as follows:	
i) Contribution to provident fund ₹ 4,461,621/-.	

NOTE 36: SEGMENT INFORMATION

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

The group has three business segments

- Investment: Earning income through dividends, interest and gains on Investment in various securities.
- Networking: Developing, manufacturing, marketing, distributing and servicing of networking products.
- EMS: Manufacture of various categories of electronic and IT products on job work basis and also engages in contract manufacturing for Original Equipment Manufacturers (collectively the activities constitute Electronic Manufacturing Services (EMS) business).

A) SEGMENT REVENUE

Particulars	Investment	Networking	EMS	Eliminations	Consolidated Total
External Sales	208,211,697	806,152,371	23,018,231	-	1,037,382,299
Inter-Segment Sales	8,942,466	197,154	22,473,224	(31,612,844)	-
Total Revenue	217,154,163	806,349,525	45,491,455	(31,612,844)	1,037,382,299

Notes forming part of the consolidated financial statements

B) SEGMENT RESULTS

Particulars	Investment	Networking	EMS	Eliminations	Consolidated Total
Segment Result	137,703,784	(162,516,017)	(21,840,315)	-	(46,652,548)
Unallocated Corporate Expenses	-	-	-	-	(447,508)
Operating profit	-	-	-	-	(46,205,040)
Interest expense	-	-	-	-	(1,679,364)
Interest income	-	-	-	-	-
Income taxes	-	-	-	-	(49,240,801)
Profit from ordinary activities	-	-	-	-	(97,125,205)

C) OTHER INFORMATION

Particulars	Investment	Networking	EMS	Eliminations	Consolidated Total
Segment Assets	2,705,452,928	462,348,034	29,827,234	-	3,197,628,196
Unallocated Corporate Assets	-	-	-	-	261,936,664
Total Assets	2,705,452,928	462,348,034	29,827,234	-	3,459,564,860
Segment Liabilities	10,022,120	167,361,761	8,225,919	-	185,609,800
Unallocated Corporate Liabilities	-	-	-	-	26,897,133
Total Liabilities	10,022,120	167,361,761	8,225,919	-	212,506,933
Capital Expenditure	-	-	-	-	-
Depreciation & Amortisation	14,187,872	3,246,506	2,048,217	(2,965,391)	16,517,204
Non-cash Expenditure other than Depreciation	1,624,644	1,886,583	-	-	3,511,227

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

The secondary reporting segment for the Group 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)	997,381,500	40,000,799	-	1,037,382,299
Segment assets	3,185,918,323	9,173,572	264,472,962	3,459,564,857
Additions to fixed assets during the year	25,774,939	-	-	25,774,939

NOTE 37: OPERATING LEASE RENTALS

Lease rental charged to the Consolidated Statement of Profit and Loss in respect of premises taken on cancellable operating lease are ₹ 5,101,424/-. The tenure of these leases is 11 to 36 months.

NOTE 38: 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 st March, 2017 ₹
(Loss) for the year attributable to Equity Shareholders (₹)	(97,125,205)
Weighted average number of equity shares	24,388,182
Par value per share (₹)	2.00
Basic and Diluted earnings per share net of tax (₹)	(3.98)

Notes forming part of the consolidated financial statements

	As at 31 st March, 2017 ₹
NOTE 39: DEFERRED TAX (NET)	
The tax effect of significant timing differences that has resulted in deferred tax assets and liabilities are given below:	
a. Deferred Tax Liability	
Fiscal allowances of Fixed Assets	(18,016,548)
Total	(18,016,548)
b. Deferred Tax Asset	
Provision for doubtful debts and advances	248,334
Others	4,093,940
Total	4,342,274
Deferred Tax Asset (net)	(13,674,274)

Notes:

- 1) The Deferred Tax Asset of ₹ 51,495,106/- of the subsidiaries has not been recognised in the absence of virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realised.

NOTE 40: RELATED PARTY DISCLOSURES

- a) 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	Relative of key management person (Key management person till 26 th October, 2016)
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

- b) 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
Salary				
Ms. Arati K. Naik	3,279,368	-	-	3,279,368
Rent Expense				
Ms. Arati K. Naik	720,000	-	-	720,000
Consideration paid for Buyback of Shares				
Mr. Kamalaksha R. Naik	459,219,310	-	-	459,219,310
Ms. Arati K. Naik	88,352,880	-	-	88,352,880
Mr. Kamalaksha R. Naik (HUF)	-	10,055,540	-	10,055,540
Mrs. Sudha K. Naik	-	-	43,985,260	43,985,260
Mrs. Lakshana A. Sharma	-	-	53,678,020	53,678,020
<u>As at the year-end</u>				
<u>Amount due from</u>				
Ms. Arati K. Naik (Rent Deposit)	600,000	-	-	600,000
<u>Amount due to</u>				
Ms. Arati K. Naik	1,050,000	-	-	1,050,000

Notes forming part of the consolidated financial statements

NOTE 41: DISCLOSURE REQUIRED UNDER SECTION 186(4) OF THE COMPANIES ACT, 2013

a) Particulars of Guarantees given by Parent Company

Sr. No.	Name of the entity	Opening Balance	Guarantees given	Guarantees Discharged	Outstanding balance	Purpose
1	Digisol Systems Limited	-	40,000,000	-	40,000,000	To HDFC Bank, for the working capital limit availed
2	Digisol Systems Limited	-	50,000,000	-	50,000,000	To Kotak Mahindra Bank, for the working capital limit availed

b) Particulars of Investments made during the year by the Parent Company

Sr. No.	Name of the Investee	Investment made	Purpose
1	Digisol Systems Limited	160,000,000	In Equity Shares as Strategic Investment
2	Synegra EMS Limited	45,000,000	In Equity Shares as Strategic Investment
3	Telesmart SCS Limited	5,000,000	In Equity Shares as Strategic Investment
4	Digisol Systems Limited	300,000,000	In 8% Unsecured Non-convertible Debentures to meet the working capital requirement

NOTE 42: OTHER DISCLOSURE

a. In light of section 135 of the Companies Act 2013, the Parent Company has incurred expenses on Corporate Social Responsibility (CSR) aggregating to ₹ 1,194,775/- for CSR activities carried out during the current year.

Particulars	₹
a) Gross amount required to be spent by the Parent Company during the year	1,068,548
b) Amount spent during the year on the following	
1. Construction / acquisition of any asset	-
2. On purpose other than (1) above	
- Prime Minister's National Relief Fund	600,000
- Aspiring Entrepreneurs Workshop/ mentoring sessions for educational institutions	594,755

b. Disclosure required under Schedule III of Companies Act, 2013

Name of the Entity	Net Assets, i.e. total assets minus total liabilities		Share in Profit or Loss	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount
Smartlink Network Systems Limited (Consolidated)	100.00	3,247,057,924	100.00	(97,125,205)
Parent				
Smartlink Network Systems Limited	104.58	3,395,909,837	(53.26)	51,726,708
Subsidiaries				
Digisol Systems Limited	1.64	53,334,322	109.82	(106,665,678)
Synegra EMS Limited	1.42	46,106,870	(1.14)	1,106,870
Telesmart SCS Limited	0.08	2,443,906	2.63	(2,556,094)
Elimination and Adjustment due to Consolidation	(7.72)	(250,737,011)	41.94	(40,737,011)
Total	100.00	3,247,057,924	100.00	(97,125,205)

c. 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 Note 26 in the statement of profit and loss as "Excise Duty"

d. Figures for the previous year have not been provided, this being the first year of consolidation.

Signature to notes 1 to 42

For and on behalf of the Board

K. R. Naik
Executive Chairman
DIN: 00002013

Pankaj Baliga
Director
DIN: 00002864

Urjita Damle
Company Secretary

K.G. Prabhu
Chief Financial Officer

Mumbai, dated: 17th May, 2017

Notes

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Smartlink Network Systems Ltd.

Corporate Office:
Smartlink House, Plot No. 5, Off CST Road,
Bandra-Kurla Complex Road,
Santacruz (East), Mumbai - 400098.

Registered Office:
L-7, Verna Industrial Estate, Verna,
Salcete, Goa - 403722

Website: www.smartlink.co.in