



Smartlink Network Systems Limited
Annual Report 2013-14



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VISION

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

MISSION

To facilitate our customers growth in their business through our best in class product & service offerings.

To encompass technological foresight with focused leadership.

To create a trustworthy environment by keeping transparency with internal and external stakeholders.



Chairman's Message



Dear Shareholders,

In my last address to you, we had looked back on a year of consolidation, in which we strived hard to establish our key brands, DIGISOL and DIGILITE, in a highly competitive environment. I was able to report that we were moving on a number of fronts, such as building our customer base and our network of relationships, innovating new offerings and creating an edge in quality, service and price. Our efforts were met with widespread acceptance and our offerings earned the confidence of various customer segments.

A lot has happened since then. There has been an explosion of new products in the market from MNCs, Chinese players, local players and unbranded products, all struggling for their share of the pie. The market has become highly volatile and more unpredictable than ever before. That has been the challenge before us and I am pleased to report that we have responded energetically, innovatively and productively in a variety of ways.

“**The market has become highly volatile and more unpredictable than ever before. That has been the challenge before us and I am pleased to report that we have responded energetically, innovatively and productively in a variety of ways.**”

Our main strengths have always been three-fold: firstly, the strong reputation commanded by our brands, which we build through dedication and prudent investment. Secondly, the quality of our products, to which we pay the greatest attention at all times. And thirdly, our ability to innovate new product features accurately aligned to the needs of a constantly shifting market running the gamut from the area of small and medium networking products all the way to end user segments.

Over the last year, this is the arsenal of weapons that we have deployed. Our DIGISOL range of Converged Communications solutions has been fine-tuned to meet the changing demands of an evolving market. New configurations have been created in response to demand in the various market segments that we serve, in switching, wireless LAN, IP surveillance, broadband routing and so on. With our pan-India distribution network, we have been quicker in putting these products within customer reach. You will appreciate that in such a volatile market, speedy response is critical – not just in sales, but in service as well.

In our quest to diversify into new offerings, we have made our entry into the exciting and fast-growing category of tablets. The brand name is DIGITAB and it has been launched with three new models. This is a very competitive market dominated by a few top players but we have a winning hand of advantages. We have a deep understanding of the Indian market and have the ability to customize products for customer needs. We conform to BIS norms, a mandatory requirement. We have a strong nationwide support network. And we are well established in the enterprise and SME segments, where this product category is becoming increasingly popular.

In the case of DIGILITE motherboards, we will reduce our penetration as the PC market is rapidly shrinking and the tablet segment is on the upswing.

As I said earlier, the networking industry is going through extremely challenging times. But there is no doubt in my mind that we will come through stronger than ever. The time calls for adaptation and we are following that mantra: rethinking our strategies, reworking our offerings, revisiting our marketing platform and revising our priorities.

Before I conclude, I must gratefully acknowledge the unstinted support that I have received from my colleagues on the Board, our employees, all our business associates, channel partners and our customers. Last but not least, I would like to express my sincere thanks to our Shareholders for their faith in the Company.

I would like all of you to share my confidence in our future and join me in looking forward to what tomorrow will bring.

Sincerely,

K. R. Naik
Executive Chairman

Business Overview

Smartlink Network Systems Ltd has been a pioneer in the field of networking products and technology in the country. It ranks among the few companies to have a large scale state-of-the-art manufacturing facility for the manufacture of networking products.

The company offers a comprehensive range of products for various communications needs including switching, broadband routing, wireless LAN and surveillance. The other product lines include motherboards, PC peripherals and tablets. All Smartlink products are backed by high quality after sales and service support.

The Company has four brands:

DIGISOL - for its range of active networking and communication products

DIGILITE - for its motherboards and peripherals

DIGITAB - for its tablets

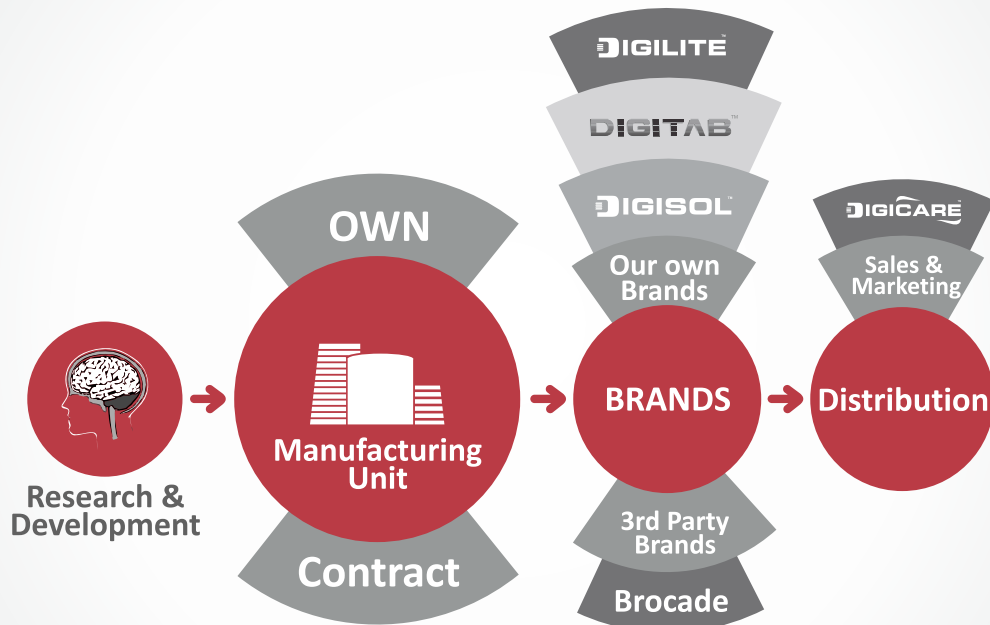
DIGICARE - for its service and support division

Smartlink has a nationwide network of over 10 branch offices, 20+ regional distributors, 180+ stockist partners, 222+ system integrators and more than 5000+ resellers across India and caters to customers across the value chain from small and medium businesses to large enterprises.

The 'Smartlink' Advantage

- Pioneers in bringing IT Networking to India
- Over two decades of experience in Manufacturing, Sales & Marketing in the IT Industry
- First company to start local manufacturing of IT Networking Products in India
- Excellent Support Services across PAN India with Technical Contact Centre Support
- Company known for its honesty, ethics, integrity and respected by all its peers in the Industry
- Smartlink Technical Assistance Centre located at Goa

Business Model



smartlink
Smart Solutions for a Smarter Planet

DIGISOL

DIGISOL delivers a wide range of powerful networking products within **Converged Communications Solutions**. DIGISOL has a range of over 150 products across the



IT networking spectrum. DIGISOL products incorporate world class quality and is backed by Smartlink's own manufacturing facility, its R&D, a Pan India distribution and call based technical support backed by a strong inhouse service team.

DIGISOL offer products in the following areas:

- Switching
- Broadband Routing
- Wireless LAN
- Converged Communication
- IP Surveillance
- CCTV Surveillance
- GPS Vehicle Tracker
- NAS

Our well trained engineers offer assistance in designing optimum systems and provide value added services like consultancy, site evaluation, networking planning, site audits etc. to meet customer needs. With a pool of certified engineers we are always available to provide our customers with prompt technical support, pre-sales and post-sales. Our 'Future ready' products deliver unparalleled value and enable our customers to excel through lower network ownership costs, enhanced productivity, total reliability and easy scalability of their networks.



DIGILITE

Smartlink manufactures and markets wide range of high quality motherboards under its brand DIGILITE. Among the fastest selling motherboards brands in India, DIGILITE offers a complete range with over 20 models.

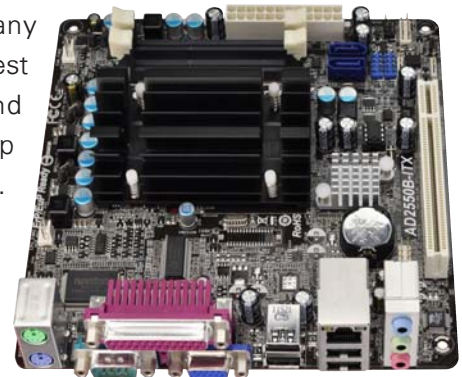


The motherboard market is huge and the company has sophisticated manufacturing capabilities and vast experience in the manufacture of

motherboards, having done so for a leading brand for several years. Like other Smartlink products, DIGILITE motherboards have set new benchmarks for quality, reliability and deliver great value for money. Smartlink has sold over 600,000 motherboards since inception.

The company follows the latest Intel and AMD roadmap for its products.

The nationwide distribution network with committed national and



regional distributors coupled with excellent service and support provided by DIGICARE has made DIGILITE one of the top motherboard brands in the country.

Power Banks

DIGILITE has recently introduced a varied range of powerbanks ranging from 5200mAh to 6600mAh. In today's day and age where one uses multiple smart devices, it becomes imperative to have a powerbank handy to charge them anytime and anywhere. DIGILITE powerbanks are stylish and affordable and a must have for everyone.



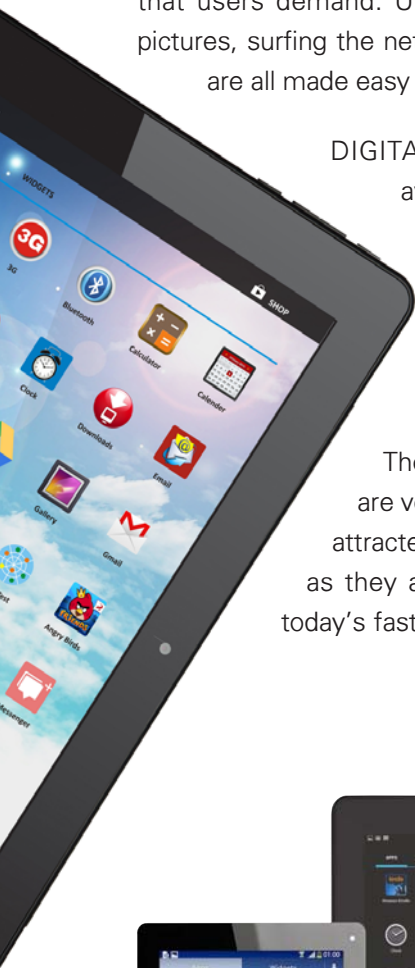
DIGITAB

The mobile computing revolution has led to a sharp increase in the demand for tablets. Having studied the needs of the Indian marketplace, Smartlink has entered this exciting new area with a range of sturdy, high quality tablets.

DIGITAB packs its tablets with all the special features that users demand. Using Skype, Facebook, taking pictures, surfing the net and even making phone calls, are all made easy with the user friendly interface.

DIGITAB android based tablets are available in both 7" and 10" size, with 3G and Wifi and with 2G calling and dual sim capabilities to meet the needs of today's discerning users.

The high-quality premium tablets are very well priced and have already attracted a lot of praise from its users, as they are the perfect companions in today's fast track world.



DIGICARE

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

DIGICARE's RMA has an all India network of 61 service and support centres (15 direct RMA centres and 46 service partners) and has a STAC Technical Call centre as well.



DIGICARE supports all India customers on voice, email and chat. DIGICARE offers significant advantages:

- State-of-the-art infrastructure, well equipped, with the latest equipments
- High skill sets to repair networking products, motherboards, notebooks and LCD monitors
- Supports level 1, 2 and 3 troubleshooting in PC Motherboards, LAN adapters, switches, routers, broadband, VoIP, etc.
- Unique web based RMA only system 'iSMART' to monitor service activity

Besides providing effective support and after sales services to wide product portfolio of Smartlink, DIGICARE also supports many MNC brands.

Electronic Manufacturing Services

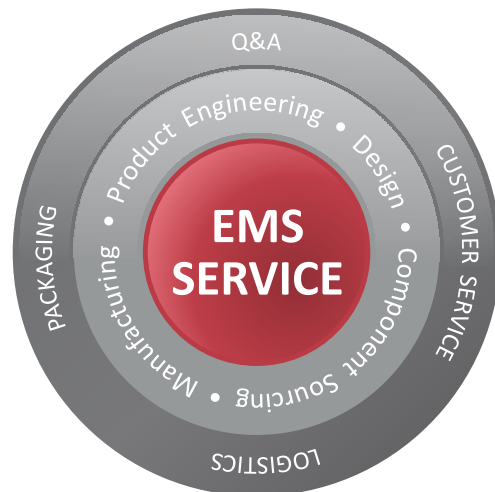
Smartlink has over two decades of experience in manufacturing electronic products for the IT, networking and the telecom industries. Its state-of-the-art manufacturing facility at Goa is highly versatile and is geared for delivering products of international quality and meeting tight delivery schedules. The highlights of Smartlink Electronic Manufacturing Services (EMS) are:

- ISO 9001:2008 and ISO 14001:2004 certified plants with highly versatile SMT lines
- Production shop floor area of 1,20,000 sq. ft.
- World class manufacturing setup with dust proof and humidity controlled environment
- SMT setup with unique integration
- Latest technology equipments like - ICT, BGA Rework machines, X-ray machine
- Process capability of manufacturing RoHS Products
- BAR code shop floor control system for flawless process engineering
- Highly skilled and well trained personnel to deliver the finest quality

Benefits of Local Manufacturing

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

- Preferential treatment in Govt, PSU purchases
- Shorter lead times
- 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. Mr. Naik has nearly 4 decades of experience in the networking industry. He holds a Post Graduate Degree in Industrial Engineering 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 was part of the design and development of parts and products team. He is also a former President of MAIT.



Jangoo Dalal

Mr. Jangoo Dalal is an industry veteran and brings with him 25 years of industry experience from organizations like Wipro Infotech, Wipro British Telecom, Cisco Systems, erstwhile D-Link (India) Ltd. and Avaya India Pvt. Ltd. He holds a Bachelors Degree in Science and Master of Management Studies (MBA) with specialization in Marketing from Mumbai University. He currently runs his own consultancy firm and is also pursuing a start-up in the Tech space.



Pradeep Rane

Mr. Pradeep Rane is a retired professional with over 32 years of experience in sales & marketing, strategic business planning and overall business management in Pharmaceutical Industry.



Pankaj Baliga

Mr. Pankaj Baliga has a Bachelors Degree in Engineering, NIT, Durgapur, Masters Degree in Business Administration, IIM, Ahmedabad and is a SPURS Fellow, Massachusetts Institute of Technology, U.S.A. He has more than 36 years of experience in Management of which for over 30 years with the Tata Group and the last 12 years at Tata Consultancy Services Ltd. (TCS), where he is presently a Consulting Advisor.



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. where he worked for 23 years in various positions, with the last six years as a Vice President in their Fibre Marketing Division.



Dattaraj Salgaocar

Mr. Dattaraj Salgaoncar holds a Bachelors Degree in Production Engineering from VJTI, University of Mumbai and MBA (Finance) from Wharton Business School, University of Pennsylvania, USA. He is a leading industrialist.

Awards & Recognitions



DIGISOL
Most Channel Friendly
Networking Brand
NCN Awards 2013



DIGICARE
Editor's Choice Award:
Most Trustable Service Provider
NCN Awards 2013



DIGILITE
Editor's Choice Award:
Most Selling Motherboard Brand
NCN Awards 2013



Western India Information Technology Fair

DIGICARE
Best Service Support Western India
VAR India WIITF Awards
2013



MR. K. R. Naik
Evangelist of the year
VAR India Star Nite Special Awards
2013



SMARTLINK
Fastest growing
Indian IT Company
Star Nite Awards 2013



DIGICARE
Best post sales care service
Star Nite Awards
2013



DIGISOL
CRN Channel Champion
No. 1 in Home Networking
2013



DIGISOL
Innovative Products for SMEs
DG-NS5004 "CLOUD VAULT"
SME Channel Awards 2013

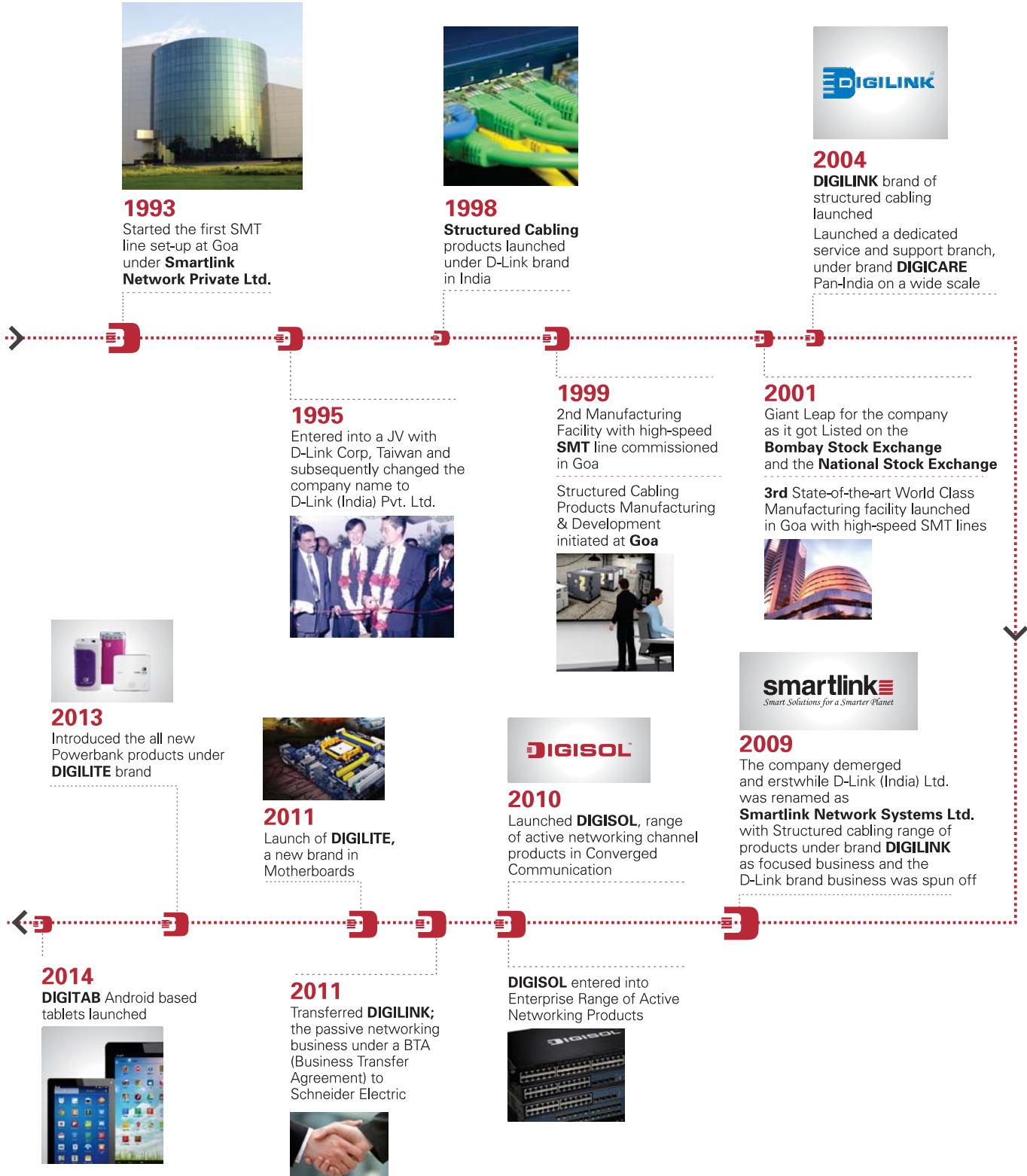
**Growth is never by mere chance;
it is the result of forces working together.**

- James Cash Penney



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

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



FINANCIAL INFORMATION



Directors' Report

TO THE MEMBERS,

The Board of Directors of your Company take pleasure in presenting their 21st Annual Report together with Audited Balance Sheet and Statement of Profit & Loss for the financial year ended 31st March, 2014. The summarised financials are as under:

1. FINANCIAL RESULTS AND APPROPRIATIONS

(₹ in million)

	2013-14	2012-13
Income from operations (Gross)	1543.15	1214.48
Other Income	233.96	362.49
(Loss)/Profit Before Depreciation and Tax	(22.45)	18.39
Less: Depreciation for the year	36.95	38.86
(Loss) Before Tax	(59.40)	(20.47)
Less: Provision for Tax		
a) Current Tax	-	-
b) Deferred Tax	-	-
c) Tax adjustment of Previous Year	38.47	(0.29)
(Loss) After Tax	(20.93)	(20.18)
Balance of profit brought forward	3204.29	3294.68
Amount available for appropriations	3183.36	3274.50
- Transfer to General Reserve	-	-
- Final Dividend	60.01	60.01
- Corporate Dividend Tax	10.20	10.20
Balance carried forward to Balance Sheet	3113.15	3204.29
Earnings Per Share (₹)	(0.70)	(0.67)

2. SIGNIFICANT DEVELOPMENTS

In the financial year 2013-14, the company achieved an Income from operations of ₹ 1543.15 million representing a growth of 27.06% as compared to ₹ 1214.48 million in the previous year.

Loss before depreciation & tax was ₹ 22.45 million for the year ending 31st March, 2014 as compared to Profit of ₹ 18.39 million in the previous year.

Loss after tax was ₹ 20.93 million for the year ended 31st March, 2014 as compared to loss ₹ 20.18 million in the previous year.

3. DIVIDEND

Your Directors have recommended for your consideration a dividend of ₹ 2/- per share (100%) for the year 2013-14.

Dividend has been recommended out of the accumulated profits available for distribution.

4. MANAGEMENT DISCUSSION & ANALYSIS REPORT

In accordance with Clause 49 of the Listing Agreement with the Stock Exchanges, Management Discussion & Analysis Report is attached as part of this Annual Report.

5. CORPORATE GOVERNANCE

A separate section on Corporate Governance and Certificate by Dr. K. R. Chandratre - Practising Company Secretary, regarding compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges forms part of the Annual Report.

6. AWARDS & RECOGNITIONS

The Company's products sold under the various brands have been acknowledged through numerous awards and prestigious accolades in 2013-14 and have been mentioned in the Management Discussion and Analysis Report.

7. DIRECTORS

Mr. Jangoo Dalal and Mr. Dattaraj Salgaocar, Directors of the Company who retire by rotation at the forthcoming Annual General Meeting and being eligible Mr. Jangoo Dalal offers himself for re-appointment. However Mr. Dattaraj Salgaocar has conveyed that, he does not seek to be reappointed. The Board of Directors places on record its appreciation for his valuable contribution and guidance to the Board and Management.

Pursuant to Section 149 and other applicable provisions of the Companies Act, 2013, your Directors are seeking re-appointment of Mr. K. M. Gaonkar and Mr. Pankaj Baliga as Independent Directors for five consecutive years for a term upto 31st March, 2019. Details of the proposal for appointment of Mr. K. M. Gaonkar and Mr. Pankaj Baliga are mentioned in the Explanatory Statement under Section 102 of the Companies Act, 2013 of the Notice of the 21st Annual General Meeting.

8. FIXED DEPOSITS

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

9. AUDITORS

The Auditors, M/s Deloitte Haskins & Sells LLP, Chartered Accountants, retire at the ensuing Annual General Meeting and are eligible for re-appointment.

10. COST AUDITOR

The Company has appointed Mr. D. H. Zaveri, Cost Accountant, as Cost Auditor for conducting the cost audit for the financial year ending 31st March, 2014. Mr. D.H. Zaveri is also reappointed as Cost Auditor for the year ending 31st March, 2015.

The due date for filing the Cost Audit Report in XBRL for the financial year ended 31st March, 2013 was 30th September, 2013 and the same was filed on 13th September, 2013 vide SRN No. S22246284 with the Ministry of Corporate Affairs, New Delhi.

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

A. Conservation of Energy

Your Company's manufacturing facilities at Goa continue to maintain the prestigious ISO 9001:2008 for the Quality Management System and got recently re-certified for ISO 14001: 2004 in Environmental Management System under its triennial certification programme.

The company's drive towards energy conservation continues. Devices like Arcosaver and Occupancy Sensors have been installed which help save sizeable electric power.

Conservation of natural resources is high on your company's list and saving of water is one of the prime goals. Drip irrigation has been deployed in the green belt area across the Smartlink Campus. This helps the Company save considerable water and yet goes long way in maintaining good greenery all round the year.

B. Research & Development & Technology Absorption:

With increase in use of Smartphones, Tablets, Phablets and Laptops, number of people accessing Internet over the Wireless Networks has increased manifold.

Your company has greatly enhanced the Test and Measurement (T & M) facilities at the factory, with the addition of the latest high end, state of art T & M equipments that include Wireless Tester, Sound Proof Chamber, Automated Test Bed, Function Generator, Performance Analyzer etc. These facilities will help your company to introduce a variety of wireless products encompassing those based on new and upcoming technologies.

C. Foreign Exchange Earnings and Outgo

Total foreign exchange earnings and outgo is stated in Note 37(e) forming part of the Accounts.

12. PARTICULARS OF EMPLOYEES

Particulars of employees as required under the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, forms part of this report. However, in pursuance of section 219(1) (b) (iv) of the Companies Act, 1956, this report is being sent to all the members of the company excluding the aforesaid information and the said particulars are made available at the Registered Office of the Company. The members desirous of obtaining such particulars may write/email to the Company Secretary.

13. CONSOLIDATED FINANCIAL STATEMENTS

In accordance with Accounting Standard - 21 on Consolidated Financial Statements, the audited consolidated statements including the financial results of the 100% subsidiary, Smartlink Middle East FZE has been provided in the Annual Report.

The Company has availed the exemption given under Notification No: 51/12/2007-CL-III dated 8th February, 2011 issued by the Ministry of Corporate Affairs and accordingly the Balance Sheet, Statement of Profit and Loss and other documents of the subsidiary company are not being attached with the Annual Report of the Company.

The information relating to the subsidiary company as required under the aforesaid circular is being provided by way of a separate note no. 33 in the consolidated financial statements. The Company will make available the Annual Accounts of the subsidiary company, M/s Smartlink Middle East FZE to any member/ investor of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary company are also available for inspection at the Registered Office of the Company.

14. DIRECTOR'S RESPONSIBILITY STATEMENT

As required under Section 217 (2AA) of the Companies (Amendment) Act, 2000, your Directors 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, 2014 and the loss of the Company for the financial year ending on 31st March, 2014.

c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 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.

15. EMPLOYEE STOCK OPTION PLAN :

In accordance with the SEBI Circular CIR/CFD/DIL/7/2013 dated 13th May, 2013; CIR/CFD/DIL/3/2013 dated 17th January, 2013 and CIR/CFD/POLICYCELL/14/2013 dated 29th November, 2013 Smartlink ESOP Trust has informed the Company that it has sold all the shares held by it in the Company in the open market during the year ending 31st March, 2014 and does not hold any shares as on date.

16. 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
Dated : 29th April, 2014

K. R. NAIK
Executive Chairman

Management Discussion and Analysis

ECONOMIC OVERVIEW

2013-14 was overall an improved year for the global economy, although the eurozone remained largely in recession. There continued a structural shift from the developed to the emerging world. Growth slowed down in India as well to a little below 5%.

The worldwide economic recovery gained ground, especially in advanced economies, although it remains below par and erratic across the globe. Global growth aggregated to 3%, with the IMF forecasting a rise to 3.6% in 2014-15. However, the global economy remains vulnerable to risks such as high debt levels in many countries, stubbornly high unemployment and concerns about emerging markets. *(Source: World Economic Outlook, IMF, 2nd April, 2014).*

The Indian economy is going through a challenging phase, with high inflation and slowing growth. This coupled with the upcoming national elections has created a temporary slowdown of the broader economy. Nevertheless, the broader market in India has shown resilience and companies have been cautiously upgrading their IT and communications infrastructure in order to deliver stronger value to business.

IT SPEND - GLOBAL AND LOCAL

With the global economy showing signs of gradual recovery, worldwide IT spending kept pace to total \$3.8 trillion in 2014, a 3.2 percent increase from 2013 spending, according to the latest forecast by Gartner, Inc.

“Globally, businesses are shaking off their malaise and returning to spending on IT to support the growth of their business,” said Richard Gordon, Managing Vice President at Gartner. “Consumers will be purchasing many new devices in 2014; however, there is a greater substitution toward lower cost and more basic devices than we have seen in prior years.”

The devices market (including PCs, ultra mobiles, mobile phones and tablets) is forecast to return to growth in 2014, with worldwide spending of \$689 billion, a 4.4 percent increase from 2013 (see Table 1). However,

in top-line spending, a shift in the product mix continues to be seen in the marketplace. Demand for highly priced premium phones is slowing, with buyers in mature countries preferring midtier premium phones, while those in emerging countries favor low-end basic android phones.

Table 1. Worldwide IT Spending Forecast

(Billions of U.S. Dollars)

	2013 Spending	2013 Growth (%)	2014 Spending	2014 Growth (%)
Devices	660	-1.4	689	4.4
Data Center Systems	140	-0.2	143	2.3
Enterprise Software	299	4.9	320	6.9
IT Services	922	1.8	964	4.6
Telecom Services	1,633	-0.5	1,655	1.3
Overall IT	3,654	0.4	3,771	3.2

Source: Gartner (April 2014)

The number of traditional PC users is contracting to a set of fewer, albeit more engaged users. In general, consumers are opting to buy premium ultra mobiles as notebook replacements and purchasing tablets as additional devices. *(Source: Gartner Report, 2nd April, 2014)*

INDIAN HARDWARE MARKET

India’s overall PC shipments for Calendar Year (CY) 2013 stood at 11.5 million units i.e. a year-on-year growth of 4.8% over CY 2012, driven largely by state governments’ purchase and distribution of laptops to students.

The commercial PC segment hit a high of 6.7 million units in CY 2013, with a year-on-year growth of 15.8% over CY 2012.

The overall consumer PC market recorded a year-on-year drop of 7.4% over CY 2012, with sales aggregating to 4.8 million units.

Rising inflation tightened up discretionary spending by consumers, and sales were further aggravated by loss of share to smartphones and tablets. *(Source: IDC’s Asia Pacific Quarterly PC Tracker, Feb 2014)*

INDIAN NETWORKING INDUSTRY

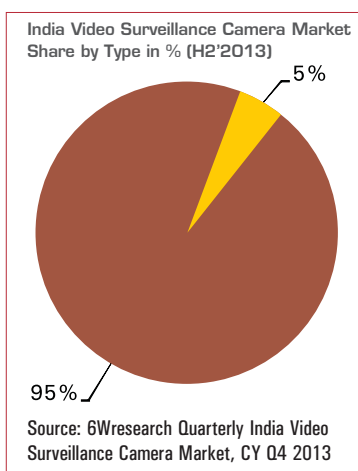
Thanks to the huge traction in cloud, mobility, video, social networking, virtual networks areas, the shift from IPv4 to IPv6, convergence of networking, computing and storage; network infrastructure / networking market have become more relevant today than ever before.

The industry is transitioning towards programmable, flexible and virtual networks. Despite the uncertain macroeconomic conditions, the Indian networking industry has also been witnessing steady growth in line with the networking industry globally.

INDIAN SURVEILLANCE MARKET

The Indian video surveillance camera market is growing at a healthy rate and according to 6Wresearch, in the fourth quarter grew to 0.80 million in CY Q4 2013, representing an increase of 20% over the previous quarter.

The demand for low cost video surveillance cameras is being driven by small and medium businesses while public infrastructure and government segments are creating the demand for high end cameras. IP cameras are also experiencing positive growth due to the need for advanced security and also in various metro rail, mono rail and airport projects. The demand should touch new heights in the coming years.



Business Overview

DIGISOL

Networking Products:

The growth in the LAN market in CY 2013 was not very encouraging with the Switch market growing by about 0.3% and Routing market by about 0.8% compared to CY 2012. The WLAN market, however, grew by a whopping 36% in the same period. (Source: IDC Enterprise Networking Tracker, Dec 2013)

Such exponential growth results from the proliferation of smart devices coupled with the need for mobile connectivity, spurring demand for a wireless last mile connection. Network infrastructure and networking products have become more relevant than ever.

In line with its mission to offering power combined with convenience, ease of use and mobility, DIGISOL

introduced an array of new products during the year. These span the gamut from personal individual use to enterprise-level application. The most significant launches have been the 14.4 Mbps Dongle which enables connectivity just about anywhere; the personal hot-spot Pocket and MiFi routers. These tiny devices allow fast connection between multiple devices through a dongle or GSM SIM.

At the upper end, DIGISOL introduced its 300Mbps Wireless ADSL 2/2+ Broadband Router with USB Port: a high-performance ADSL router providing downstream speeds of up to 24Mbps with a built-in Access Point that permits multiple wireless clients to simultaneously access LAN resources and Internet.

An adjacent product launch was that of DIGISOL's 300Mbps Wireless Router, designed to provide a superior wireless signal for home networks. The router supports wireless 802.11 b/g/n and security protocols such as WEP, WPA and WPA2.

Security and Surveillance Products:

The year also saw the introduction of a new range of security products under the DIGISOL CCTV camera range, with an extensive product portfolio spanning Bullet cameras, Dome cameras and 4 to 16 channel DVRs, suitable for both home and office security solution. A key benefit is of effectively viewing the security feed over one's smartphone or tablet at any location.

DIGILITE

Motherboards:

The motherboard market worldwide is decreasing with users shifting to notebooks and tablets. With the corporate and SMB segments expected to grow at a higher rate, motherboard vendors have been increasing focus on small form factor PCs and penetration into Class B & C cities which will drive the segment.

Vendors are trying to differentiate and gain share through aggressive bundling of processors and motherboards, service and support are becoming key factors in gaining market share. There is also a growing demand for motherboards that are energy-efficient and 'green'.

In spite of the numerous players in the market, DIGILITE continued to distinguish itself among motherboard brands in India, especially with its high-end Intel and AMD products known for the robustness and dependable quality.

As a valuable extension of its range, DIGILITE forayed into the domain of peripherals and accessories with the introduction of its range of stylish, colorful and high-capacity Powerbanks, ranging from 5200 mAH to 6600 mAH charging power.

Powerbanks cater to the market created by exploding sales of smart phones and tablet PCs, which could run out of power at any time or location, seriously inconveniencing the user. The Powerbanks deliver the fastest possible charge to the device and automatically halt the charging process on completion. They are a vital defence against the dangers of voltage overages, short circuits, over currents and other electrical hazards.

DIGITAB

Tablets:

“In FY2013-14, tablet sales in India stood at 1.9 million units with revenues surpassing US\$2 billion but the growth in tablet demand will surpass 3.9 million units in FY2014-15”. (Source: MAIT)

Seeing an opportunity almost tailor-made for its capabilities, Smartlink entered the tablet market with its DIGITAB line of tablets. In a field already approaching saturation with competing brands, Smartlink saw a chance to deploy its particular strengths and its edge in sourcing and customization.

Smartlink’s other marketplace differentiators are its well-established nationwide sales and service channel network further strengthened by the multi-locational DIGICARE, and its pre-existing penetration into the enterprise and SME segments, where the tablet category is rapidly gaining popularity.

According to Gartner, by 2017, nearly half of first-time computer purchases in India will be tablets; making use of such positive predictions, DIGITAB introduced three models in February 2014, with an eye to capture a customer base ranging from students to professionals seeking a practical and price-competitive tablet.

Built on the Android™ operating system, the new compact, full-featured tablets are powered by a dual-core processor, enabling users to multitask at business and recreational usages from email and web surfing to gaming and streaming. All devices come equipped with front and rear camera for photos and video chats. High quality coupled with advanced technology are distinct and desirable brand attributes that DIGITAB commands, assuring users of a perfect fit with all their computing-cum-networking needs. Smartlink will also be working closely with its SI community to target BFSI and Education sectors, while also engaging its strong IT & Telecom channels to access the end-customer.

DIGICARE

DIGICARE is a well known brand in providing high level repair/RMA services to various MNC brands. It has emerged as a preferred vendor for many MNC brands on account of its brand neutral service policies and strict adherence to customer SLAs.

DIGICARE has a nationwide presence through its 15 direct service centres and 46 partner managed service centres across the country. It also has a highly efficient, skilled and professional service infrastructure with capabilities to cater to the latest technologies.

Smartlink Technical Assistance Centre provides customer support on voice, email and chat with a wide range of technological skills as well as various levels of trouble shooting in LAN, Adapters, Switches, Routers, Broadband, Wireless Security, VoIP, Surveillance, Storage and 3G products.

DIGICARE is now expanding its reach and capabilities to support the new generation of devices like notebooks, tablets and smart phones.

FINANCIAL PERFORMANCE

- **Revenue from Operations:** The Company’s Revenue from Operations (Gross) was ₹ 1543.15 million for the current year as compared to ₹ 1214.48 million for the previous year registering a growth of 27.06%.
- **Loss Before Tax:** Loss before Tax was ₹ 59.40 million for the current year as compared to ₹ 20.47 million in the previous year.
- **Loss After Tax:** Loss after Tax of the Company was ₹ 20.93 million during the current year as compared to loss of ₹ 20.18 million in the previous year.

AWARDS AND RECOGNITIONS

As in the previous year, Smartlink won numerous awards and accolades during the year under review. These awards are a testimony to the company’s commitment to quality and latest technology and recognition of its products in the industry. A few of these awards are listed below:

- DIGISOL was awarded as the ‘Most Channel Friendly Networking Brand’ at NCN Awards in 2013
- DIGICARE also won ‘Editor’s Choice Award’ at NCN Awards Night in 2013 for the most trusted service provider
- DIGILITE bagged ‘Editor’s Choice Award’ for the most selling motherboard brand at NCN Awards Night 2013
- Smartlink’s Chairman Mr. K. R. Naik was honoured as ‘Evangelist of the year’ at the VAR India Star Nite Special Award 2013
- DIGICARE won the ‘Best Service Support Western India’ award at the VAR India WIITF Awards 2013
- Smartlink was adjudged as the ‘Fastest growing Indian IT Company’ at VAR India Star Nite Awards 2013
- DIGICARE was honoured with the ‘Best Post Sales Services’ award at the VAR India Star Nite Awards 2013

- DIGISOL won the 'CRN 2013 Channel Champion' award for the No.1 brand in Home Networking
- DIGISOL's Innovative Product for SMEs, DG-NS5004 "CLOUD VAULT" was honoured at the SME Channel Awards 2013

HUMAN RESOURCES

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

Smartlink Values at work:

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

Smartlink has always focused on developing the employees and enhancing their capabilities. The key element of Smartlink Human Resource strategy is to provide a working environment that encourages innovation, enhances work satisfaction and builds a merit-driven organization. The Company's human resource vision is to create a committed workforce through people-enabling processes and knowledge sharing practices based upon its value system. As on March 31, 2014, the Company had 387 permanent employees, Smartlink's future success will depend, in part, on its ability to continue to attract, retain and motivate highly qualified technical and management personnel, for whom competition is intense.

RISK FACTORS

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

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

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

The risk of technological obsolescence is very high in the segments where the company operates. Moreover, the technological advancements are dictated by the large

OEM players. On the other hand, the company needs to continuously invest to keep launching new products to enhance reach and reputation amongst customers and channel partners.

The Company is exposed to fluctuations in foreign currency, in particular the movement of US dollar vis-à-vis the Indian Rupee. The Company imports more than 90% of its components where the payment is in US Dollars. There was extreme volatility during the financial year 2013-14, especially during the period July to September, 2013.

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. This may require the vendors to sell software-based products offerings and value-added services in addition to network equipment as a way to drive margin expansion.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACIES

The Company has appointed an independent internal audit firm which conducts a complete review of all transactions throughout the year to ensure that they are properly authorized and recorded in the books of account. The Internal Audit firm directly reports to the Audit Committee. The Audit Committee reviews the adequacy and effectiveness of internal control systems and procedures and reviews the steps taken to implement the recommendations made by the internal auditors.

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. Information provided in this MD&A pertain to Smartlink Network Systems Ltd. unless otherwise stated.

Report on Corporate Governance

The detailed report on Corporate Governance as per the format prescribed by SEBI and incorporated in Clause 49 of the Listing Agreement is set out below:

1. STATEMENT ON 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 6 members consisting of 1 Executive Director and 5 Non-Executive Directors out of which 3 are Independent Directors. The name and category of each Director is given below:

Name of the Director	Category
Mr. K. R. Naik	Executive Director & Promoter
Mr. Jango Dalal	Non-Executive Director
Mr. K. M. Gaonkar	Non-Executive and Independent
Mr. Pankaj Baliga	Non-Executive and Independent
Mr. Pradeep Rane	Non-Executive Director
Mr. Dattaraj Salgaocar	Non-Executive and Independent

B) Attendance of each Director at the Board Meetings and the last Annual General Meeting (AGM)

Name of the Director	No. of Board Meetings Held	No. of Board Meetings attended	Attendance At last AGM
Mr. K. R. Naik	4	4	Present
Mr. Jango Dalal	4	4	Absent
Mr. K. M. Gaonkar	4	4	Present
Mr. Pankaj Baliga	4	4	Present
Mr. Pradeep Rane	4	3	Present
Mr. Dattaraj Salgaocar	4	0	Absent

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

Name of Director	No. of Directorships in other Companies (excluding private / foreign Companies)	No. of Chairmanship / Membership in other Board Committees*
Mr. K. R. Naik	Nil	Nil
Mr. K. M. Gaonkar	Nil	Nil
Mr. Dattaraj Salgaocar	Nil	Nil
Mr. Pankaj Baliga	1	2
Mr. Pradeep Rane	Nil	Nil
Mr. Jango Dalal	Nil	Nil

* Committees considered are Audit Committee and Shareholders / Investors Grievance Committee

D) Number of Board Meetings held and the dates of the Board Meetings

The gap between two Board Meetings did not exceed four months. Four Board Meetings were held during the Financial Year 2013-14 on the following dates:

30 th April, 2013	30 th October, 2013
26 th July, 2013	30 th January, 2014

3. AUDIT COMMITTEE**A) Terms of Reference**

The terms of reference stipulated by the Board to the Audit Committee and as contained under Clause 49 of the Listing Agreement, are as follows:

a) Powers of Audit Committee

- i. To investigate any activity within its terms of reference.
- ii. To seek information from any employee.
- iii. To obtain outside legal or other professional advice.
- iv. To secure attendance of outsiders with relevant expertise, if it considers necessary.

b) Role of Audit Committee

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending the appointment, re-appointment and if required, the replacement or removal of the Statutory Auditors and the fixation of audit fees.
3. Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.
4. Reviewing, with the management, the Annual Financial Statements before submission to the Board for approval, with particular reference to:
 - i. Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956.
 - ii. Changes, if any, in accounting policies and practices and the reasons for the same.
 - iii. Major accounting entries involving estimates based on exercise of judgement by management.
 - iv. Significant adjustments made in the financial statements arising out of audit findings.
 - v. Compliance with Listing and other Legal Requirements relating to financial statements.
 - vi. Disclosure of any related party transactions.
 - vii. Qualifications in draft Audit Report.
5. Reviewing, with the Management, the quarterly financial statements before submission to the board for approval.
6. Reviewing, with the Management, performance of the Statutory and Internal Auditors, and the adequacy of internal control systems.
7. 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 and frequency of the internal audit.

8. Discussion with Internal Auditors about any significant findings and follow up thereon.
9. 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.
10. Discussion with Statutory Auditors before the audit commences, on the nature and scope of audit as well as, have post-audit discussion to ascertain any area of concern.
11. 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.
12. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

B) Composition

The composition of the Audit Committee is as under:

1. Mr. Pankaj Baliga - Chairman
2. Mr. K. M. Gaonkar
3. Mr. Pradeep Rane

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

C) Meetings and Attendance during the year

Members	Meetings held	Meetings attended
Mr. Pankaj Baliga	4	4
Mr. K. M. Gaonkar	4	4
Mr. Pradeep Rane	4	3

4. REMUNERATION COMMITTEE

The Company has constituted a Remuneration Committee on 23rd July, 2010

A) Terms of Reference

The Remuneration Committee has been constituted for determining the remuneration for all Executive Directors including the Executive Chairman and 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.

B) Composition

1. Mr. Pradeep Rane - Chairman
2. Mr. Pankaj Baliga
3. Mr. K. M. Gaonkar

The Remuneration Committee meeting was held on 26th July, 2013 during the year.

C) The remuneration paid to the Directors for the year ended 31st March, 2014 is given below:**a) Executive Director**

Executive Director	Salary, Contribution to P.F, Perquisites & Commission
Mr. K. R. Naik - Executive Chairman	Nil

Salient features of terms of appointment

Particulars	Mr. K. R. Naik
Salary	₹ 6,00,000/- to ₹ 10,00,000/- per month
Perquisites	In addition to salary the perquisites shall be paid as approved by the shareholders at the Annual General Meeting held on 30 th July, 2011.
Commission	Nil
Variable/Performance Pay	Nil
Terms of appointment	Re-appointed for a period of five years with effect from 26 th December, 2011.
Notice Period	Either party may terminate the agreement by giving the other party three months notice in writing.
Severance fees	None

b) Non-Executive Directors (as decided by the Board of Directors)

In accordance with the resolution passed at the Annual General Meeting held on 30th July, 2011 the shareholders approved the payment of commission not exceeding 1% of the net profits of the Company to Non-Executive Directors. For the financial year 2013-14 the Board has decided not to pay any commission to the Non-Executive Directors due to operating losses for the year.

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

Non-Executive Directors	Sitting Fees (₹)
Mr. K. M. Gaonkar	1,85,000/-
Mr. Pankaj Baliga	1,85,000/-
Mr. Pradeep Rane	1,35,000/-
Mr. Jangoo Dalal	80,000/-
Mr. Dattaraj Salgaocar	Nil

d) Details of other pecuniary relationship/transactions of Non-Executive Directors vis-à-vis the Company

The Company has paid dividend to the following Non-Executive Directors

Name of the Non-Executive Director	Number of Shares held	Amount of Dividend Paid towards Final Dividend 2012-13
Mr. K. M. Gaonkar	68,962	1,37,924
Mr. Dattaraj Salgaocar	30,000	60,000
Mr. Pankaj Baliga	Nil	Nil
Mr. Pradeep Rane	Nil	Nil
Mr. Jangoo Dalal	60,000	1,20,000

5. SHAREHOLDER'S/INVESTORS GRIEVANCE COMMITTEE

A) Terms of Reference

The Investor's Grievance Committee has been constituted to deal with the redressal of investors' complaints relating to transfer of shares, non-receipt of Annual Report, non-receipt of Dividend etc.

B) Composition

1. Mr. Pankaj Baliga - Chairman
2. Mr. K. M. Gaonkar
3. Mr. K. R. Naik

C) Meetings and Attendance during the year

Members	Meetings held	Meetings attended
Mr. Pankaj Baliga	2	2
Mr. K. M. Gaonkar	2	2
Mr. K. R. Naik	2	0

The Investors Grievance Committee meeting was held on 05th December, 2013 & 21st February, 2014 during the year.

Name and Designation of Compliance Officer - Mr. K. G. Prabhu, Company Secretary.

During the year, the Company had received 43 complaints from the shareholders and the same were attended and resolved to the satisfaction of the shareholders.

6. GENERAL BODY MEETINGS

A) Location and time, where last three AGMs were held

Location	Date	Time
L-7, Verna Industrial Estate, Verna, Salcete, Goa - 403722	27 th July, 2013	11.00 a.m.
L-7, Verna Industrial Estate, Verna, Salcete, Goa - 403722	28 th July, 2012	11.00 a.m.
L-7, Verna Electronic City, Verna Plateau, Verna, Goa - 403722	30 th July, 2011	11.00 a.m.

B) Special Resolutions Passed

Whether Special Resolution passed at the Last Annual General Meeting held on 27 th July, 2013 a) Consent of the Shareholders be and is hereby accorded to holding and continuing to hold and office or place of profit to Ms. Arati K. Naik, relative of Mr. Kamalaksha R. Naik - Executive Chairman of the Company and to increase limits in monthly remuneration payable to her upto ₹ 2,50,000/- from existing ₹ 50,000/- w.e.f 01 st April, 2013 provided that the Board may from time to time determine the remuneration payable to Ms. Arati K. Naik subject to the limit of ₹ 2,50,000/- per month and also be authorized to change the designation/role which may be assigned to her.	Yes
Whether Special Resolutions passed at the Annual General Meeting held on 28 th July, 2012	No
Whether Special Resolutions passed at the Annual General Meeting held on 30 th July, 2011 Special Resolutions passed by the company at the Annual General Meeting is as under; a) The approval be and is hereby accorded for the payment of remuneration to the Non-Executive Directors of the Company by way of commission not exceeding 1% of the Net Profits for a further period of 5 years commencing from the financial year beginning 01 st April, 2011. The Board of Directors shall determine the quantum of commission payable to each Non-Executive Director.	Yes
C) Details of Ordinary Resolutions passed through Postal Ballot during the year	Nil
D) Are proposed to be conducted through postal ballot	Nil
Brief Procedure for Postal Ballot	N.A

7. DISCLOSURES

A) Disclosure on materially significant related party transactions, i.e., transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company at large.

Details of the transactions entered into with related parties have been disclosed in the financial statements. None of these have had any potential conflict with the interest of the Company.

B) Details of non-compliance by the Company, penalties and strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets during the last three years.

None

C) The Company has complied with all mandatory requirements as stated in Clause 49 of the Listing Agreement.

8. MEANS OF COMMUNICATION

Quarterly Results	Published in Newspapers
Newspapers in which normally published in	Financial Express, The Times of India (in English) and Gomantak (in Marathi)
Whether it also displays official News releases	Yes
Any website, where displayed	www.smartlink.co.in
The presentations made to Institutional Investors or to the Analysts	N. A.
Whether MD & A is a part of Annual report	Yes

9. GENERAL SHAREHOLDER INFORMATION:

1. Annual General Meeting

Date: 26th July, 2014

Time: 11:00 a.m.

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

2. Financial Year

Particulars	Date
First Quarter Results	On or before 14 th August, 2014
Second Quarter Results	On or before 14 th November, 2014
Third Quarter Results	On or before 14 th February, 2015
Fourth Quarter Results	On or before 30 th May, 2015

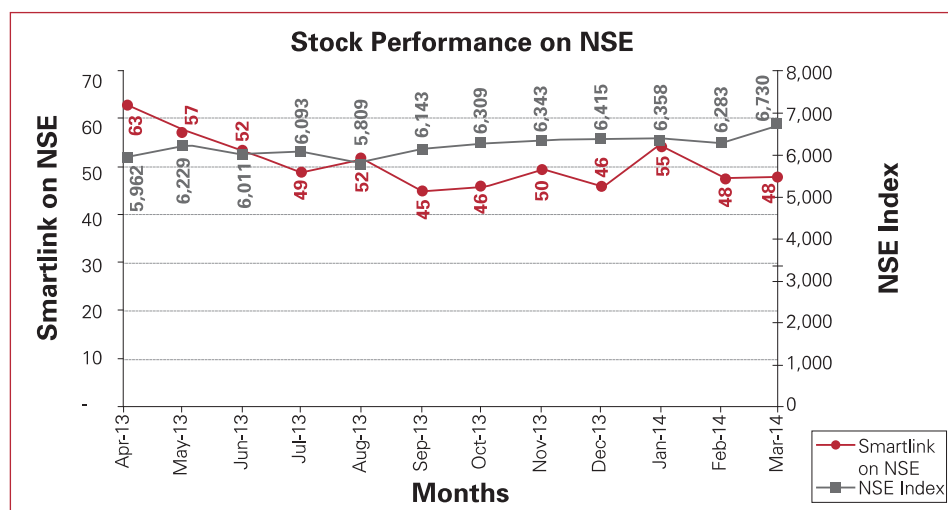
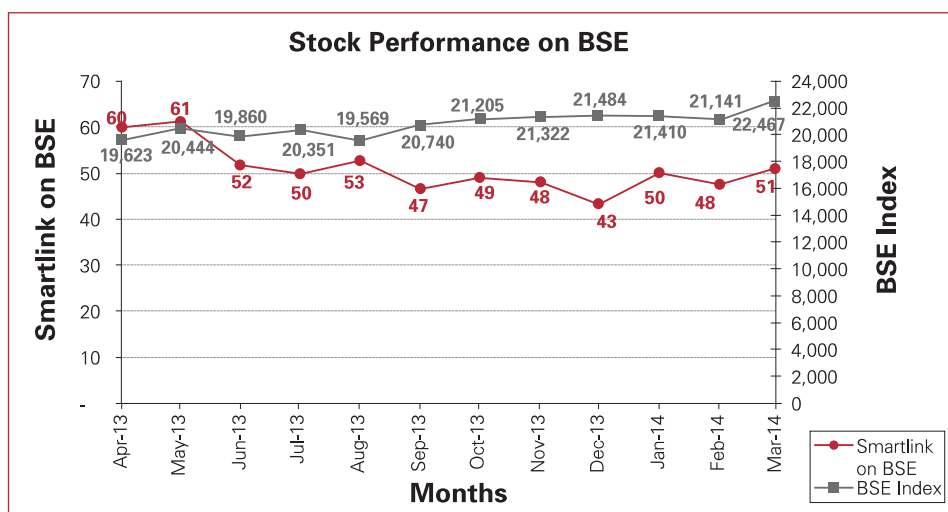
3. Dates of Book Closure

02nd July, 2014 to 09th July, 2014 (both days inclusive)

4. Market Price Data

Stock High/Low price during each month in the last financial year 2013-2014 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-13	59.90	53.00	19,622.68	18,144.22	63.00	53.30	5962.30	5477.20
May-13	61.30	48.65	20,443.62	19,451.26	57.45	47.30	6229.45	5910.95
Jun-13	51.70	45.50	19,860.19	18,467.16	51.75	45.05	6011.00	5566.25
Jul-13	49.80	41.25	20,351.06	19,126.82	48.95	41.60	6093.35	5675.75
Aug-13	52.65	40.05	19,569.20	17,448.71	52.00	40.00	5808.50	5118.85
Sep-13	46.55	39.00	20,739.69	18,166.17	44.95	40.05	6142.50	5318.90
Oct-13	49.00	43.00	21,205.44	19,264.72	46.00	43.00	6309.05	5700.95
Nov-13	48.00	40.30	21,321.53	20,137.67	49.55	40.25	6342.95	5972.45
Dec-13	43.40	39.00	21,483.74	20,568.70	46.00	37.40	6415.25	6129.95
Jan-14	50.00	40.45	21,409.66	20,343.78	54.60	40.30	6358.30	6027.25
Feb-14	47.50	42.50	21,140.51	19,963.12	47.65	43.50	6282.70	5933.30
Mar-14	51.00	42.50	22,467.21	20,920.98	47.95	42.00	6730.05	6212.25



5. Dividend Payment Date

The Dividend payment will be made to all eligible shareholders on or after 28th July, 2014.

6. Listing on Stock Exchanges

The shares of the Company are listed on the Bombay Stock Exchange Ltd. and the National Stock Exchange of India Limited from 11th April, 2001. The listing fees for the financial year 2014-15 to both these Stock Exchanges have been paid.

7. Stock Code

The Stock Exchange	Stock Code
Bombay Stock Exchange Limited	532419
National Stock Exchange of India Limited	SMARTLINK
ISIN Number for NSDL/CDSL	INE 178C01020
Corporate Identity Number (CIN)	L30007GA1993PLC001341

8. Registrar and Share Transfer Agents

Karvy Computershare Private Limited
 Unit: Smartlink Network Systems Ltd.
 Plot No.17 to 24, Vittalrao Nagar,
 Madhapur, Hyderabad - 500 081
 Phone No. 040-44655000
 Fax No: 040-23420814
 Email: einward.ris@karvy.com

9. 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.

10. Distribution of Shareholding

Distribution of Shareholding as on 31st March, 2014

Sr. No.	Category (Shares) From - To	Number of Shareholders	No. of Shares	% To Equity Capital
1	1 - 500	12,266	1,568,521	5.23
2	501 - 1000	739	617,533	2.06
3	1001 - 2000	313	487,864	1.63
4	2001 - 3000	99	251,190	0.84
5	3001 - 4000	42	149,602	0.50
6	4001 - 5000	51	242,153	0.81
7	5001 -10000	63	488,176	1.63
8	10001 and above	98	26,199,811	87.32
	TOTAL	13,671	30,004,850	100.00

11. Shareholding Pattern as on 31st March, 2014

Sr. No.	Category of Shareholders	Total Holdings	Holdings in %
1	Shareholding of Promoter and Promoter Group	2,23,50,576	74.49
2	Financial Institutions / Banks	30	0.00
3	Bodies Corporate	11,65,374	3.88
4	Individuals	62,46,277	20.82
5	Clearing Members	41,897	0.14
6	Trusts	2,000	0.01
7	NRI's	1,98,696	0.66
	Total	30,004,850	100.00

12. Dematerialization of Shares and Liquidity

The total number of shares in dematerialized form as on 31st March, 2014 is 2,99,82,634 representing 99.93% of the total number of shares of the Company.

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

13. Plant Location

L-5 & L-7, Verna Industrial Estate, Verna, Salcete, Goa - 403722.

14. Address for Correspondence

Shareholders Correspondence should be addressed to:

The Company Secretary,
Smartlink Network Systems Limited
L-7, Verna Industrial Estate, Verna,
Salcete, Goa - 403722
Phone Nos: 0832-2885450/451
Fax No: 0832-2783395
Email: Company.Secretary@smartlink.co.in

Karvy Computershare Private Limited
Unit: Smartlink Network Systems Limited
Registrars & Share Transfer Agents,
Plot No.17 to 24 Vittalrao Nagar
Madhapur, Hyderabad - 500 081
Phone No: 040-44655000
Fax No: 040-23420814
Email: einward.ris@karvy.com

Ms. Urjita Damle has been appointed as the Company Secretary of the Company w.e.f from 2nd May 2014.

15. Whistle Blower Policy

The Company promotes ethical behaviour in all its business activities and has put in place a mechanism for reporting illegal or unethical behaviour. The Company has a whistle blower policy wherein the employees are free to report violations of laws, rules, regulations or unethical conduct to the Audit Committee. The confidentiality of those reporting violations is maintained and they are not subjected to any discriminatory practice.

For protection against sexual harassment, Smartlink has formed an internal committee to which employees can write their complaints. Also the Company has sexual harassment policy in which it formalised a free and fair enquiry process with clear timeline.

16. Disclosure of General Information on Company's Website

Pursuant to the Voluntary Guidelines issued by the Ministry of Corporate Affairs the company has provided the general information on Company's website to promote good corporate governance and enhance investor's awareness about the company.

17. Compliance with Mandatory & Non Mandatory requirements

The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement relating to Corporate Governance. The company has not adopted the non-mandatory requirements except for Whistle Blower Policy and setting up of Remuneration Committee as specified in Annexure - ID of the Clause 49 of the Listing Agreement.

For and on behalf of the Board

Mumbai
Dated: 29th April, 2014

K. R. NAIK
Executive Chairman

CERTIFICATE ON COMPLIANCE WITH CLAUSE 49 OF THE LISTING AGREEMENT 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 under Clause 49 of the Listing Agreement, entered into by the Company with the Stock Exchanges, for the year ended 31st March 2014.

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 Clause 49 of Listing Agreement.

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 Clause 49. 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 or effectiveness with which the management has conducted the affairs of the company.

Dr. K. R. Chandratre

Practising Company Secretary

FCS No. 1370 | Certificate of Practice No. 5144

29th April, 2014

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

I confirm that the Company has in respect of the financial year ended 31st March, 2014, received from all the members of the Senior Management of the Company and of the Board, a declaration of compliance with the code of conduct as provided under clause 49 of the listing agreement.

For Smartlink Network Systems Limited

Mumbai

Dated: 29th April, 2014

K. R. Naik

Executive Chairman

Independent Auditors' Report

TO THE MEMBERS OF SMARTLINK NETWORK SYSTEMS LIMITED

Report on the Financial Statements

1. We have audited the accompanying financial statements of **SMARTLINK NETWORK SYSTEMS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control 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.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
 - b. in the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date; and
 - c. in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

7. As required by the Companies (Auditor's Report) Order, 2003, ("the Order") issued by the Central Government in terms of section 227 (4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
8. As required by Section 227(3) of the Act, we report that:
 - a. We have 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 appears from our examination of those books;
 - c. The Balance sheet, the Statement of Profit and Loss, and the CashFlow Statement dealt with by this report are in agreement with the books of account;
 - d. In our opinion, the Balance sheet, the Statement of Profit and Loss and the Cash Flow statement comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs).
 - e. On the basis of the written representations received from the Directors as on 31st March, 2014 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For Deloitte Haskins & Sells LLP

Chartered Accountants

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

A. Siddharth

Partner

Membership no: 31467

Mumbai, 29th April, 2014

Annexure to the Independent Auditors' Report

Re: Smartlink Network Systems Limited

(Referred to in paragraph 7 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

In our opinion and according to the information and explanations given to us, the nature of the Company's business / activities / results during the year are such that clauses (vi), (xiii), (xiv), (xvi), (xviii), (xix) and (xx) of paragraph 4 of the Order are not applicable to the Company. In respect of other clauses, we report that:

- 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 assets at reasonable intervals having regard to the size of the Company and the nature of its assets. According to the information and explanation given to us, no material discrepancies were noticed on such verification;
 - c. The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- ii. In respect of its inventories:
 - a. The inventories have been physically verified during the year by the Management. In our opinion, the frequency of verification is reasonable;
 - b. In our opinion and accordingly to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business;
 - c. In our opinion and accordingly to the information and explanations given to us, the Company has maintained proper records of inventories and no material discrepancies were noticed on physical verification.
- iii. The Company has neither granted nor taken loans, secured or unsecured, to/from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in the aforesaid internal control system.
- v. In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
 - a. The particulars of contracts or arrangements referred to in Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
 - b. Where each of such transaction is in excess of ₹ 5 lakhs in respect of any party, the transactions have been made at prices which are *prima facie* reasonable having regard to the prevailing market prices at the relevant time.
- vi. In our opinion, the internal audit function carried out during the year, by a firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- vii. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that *prima facie* the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- viii. According to the information and explanations given to us and the books of account examined by us, in respect of statutory dues:
 - a. The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues where applicable, with the appropriate authorities;
 - b. There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employee State Insurance, Sales tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2014 for a period of more than six months from the date they became payable except as under.

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

Annexure to the Auditors' Report

- c. There are no cases of non-deposit with appropriate authorities of disputed dues of Income-tax, Sales Tax, Wealth Tax and Service Tax. Details of dues of Custom Duty, Excise Duty and Cess which have not been deposited as on 31st March, 2014 on account of disputes are given below:

Name of the Statute	Nature of dues	Forum where dispute is pending	Financial Year to which amount relates	Amount (₹)
Customs Act, 1962	Customs Duty	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)	2004-2005	1,514,221/- (Net of ₹ 900,000/- of pre-deposit)
Customs Act, 1962	Customs Duty	Commissioner of Customs (Appeals)	2004-2005	238,259/-
Central Excise Act, 1944	Excise Duty	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)	2004-2005	3,226,176/- (Net of ₹ 1,400,000/- of pre-deposit)
Central Excise Act, 1944	Penalty (Excise Duty)	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)	2004-2005	4,626,176/-
Central Excise Act, 1944	Excise Duty	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)	2001-2002 2002-2003 2003-2004 2004-2005	24,089,496/- (Net of ₹ 10,000,000/- of pre-deposit)
Central Excise Act, 1944	Penalty (Excise Duty)	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)	2001-2002 2002-2003 2003-2004 2004-2005	34,089,496/-
Central Excise Act, 1944	Penalty (Excise Duty)	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)	2004-2005	100,000/-
Central Excise Act, 1944	Penalty (Excise Duty)	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)	2004-2005	702,041/-
Central Excise Act, 1944	Penalty (Excise Duty)	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)	2007-2008	362,961/-

- ix. The Company does not have accumulated losses at the end of the financial year and has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- x. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks.
- xi. In our opinion and according to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xii. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xiii. In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, funds raised on short term basis have, *prima facie*, not been used during the year for long term investment.
- xiv. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company, was noticed or reported during the year.

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

A. Siddharth
Partner
Membership no: 31467

Mumbai, 29th April, 2014

Balance Sheet as at 31st March, 2014

Particulars	Note No.	As at 31 st March, 2014 ₹	As at 31 st March, 2013 ₹
I EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	3	60,009,700	60,009,700
(b) Employee stock options	37 g	13,715,716	13,715,716
(c) Reserves and surplus	4	3,988,167,958	4,080,075,814
		<u>4,061,893,374</u>	<u>4,153,801,230</u>
(2) Non-current liabilities			
(a) Deferred tax liabilities (Net)	32	-	-
(b) Other long term liabilities	5	1,160,946	2,707,671
(c) Long-term provisions	6	6,254,774	6,954,098
		<u>7,415,720</u>	<u>9,661,769</u>
(3) Current liabilities			
(a) Trade payables	7	174,058,311	203,823,869
(b) Other current liabilities	8	24,073,403	26,643,977
(c) Short-term provisions	9	73,429,016	73,345,697
		<u>271,560,730</u>	<u>303,813,543</u>
	Total	<u>4,340,869,824</u>	<u>4,467,276,542</u>
II ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	10 a	260,266,514	286,886,706
(ii) Intangible assets	10 b	4,223,542	7,489,192
(iii) Capital work-in-progress	10 c	3,513,432	-
		<u>268,003,488</u>	<u>294,375,898</u>
(b) Non-current investments	11	-	22,791,754
(c) Long-term loans and advances	12	94,286,881	75,627,273
		<u>362,290,369</u>	<u>392,794,925</u>
(2) Current assets			
(a) Current investments	13	2,828,195,184	2,684,707,165
(b) Inventories	14	275,097,757	159,503,000
(c) Trade receivables	15	291,743,440	250,709,651
(d) Cash and cash equivalents	16	501,384,008	861,498,511
(e) Short-term loans and advances	17	53,052,794	41,871,335
(f) Other current assets	18	29,106,272	76,191,955
		<u>3,978,579,455</u>	<u>4,074,481,617</u>
	Total	<u>4,340,869,824</u>	<u>4,467,276,542</u>

See accompanying notes forming part of the Financial Statements

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

A. Siddharth
Partner

Mumbai, dated: 29th April, 2014

For and on behalf of the Board

K. R. Naik
Executive Chairman

K. M. Gaonkar
Director

K. G. Prabhu
Company Secretary

Bhushan Prabhu
Chief Financial Officer

Mumbai, dated: 29th April, 2014

Statement of Profit and Loss for the year ended 31st March, 2014

Particulars	Note No.	For the year ended 31 st March, 2014 ₹	For the year ended 31 st March, 2013 ₹
I Revenue from operations (gross)	19	1,543,153,389	1,214,476,470
Less : Excise duty		44,697,966	39,419,061
Revenue from operations (net)		1,498,455,423	1,175,057,409
II Other income	20	233,963,571	362,490,329
III Total Revenue (I + II)		1,732,418,994	1,537,547,738
IV Expenses :			
Cost of raw materials consumed	35	294,232,554	273,200,261
Purchases of traded goods	36	1,017,380,746	620,309,016
(Increase) / Decrease in inventories of finished goods, work-in-progress and traded goods	21	(95,393,416)	70,966,826
Employee benefits expense	22	244,008,607	261,761,001
Finance costs	23	130,241	680,883
Depreciation and amortisation expenses	10 d	36,953,349	38,860,545
Other expenses	24	294,508,455	292,240,691
Total Expenses		1,791,820,536	1,558,019,223
V (Loss) before tax (III - IV)		(59,401,542)	(20,471,485)
VI Tax Expenses			
- Current tax		-	-
- Excess provision for earlier years		(38,471,263)	(290,837)
- Deferred tax	32	-	-
		(38,471,263)	(290,837)
VII (Loss) for the year (V-VI)		(20,930,279)	(20,180,648)
VIII Earnings per equity share (Face value of ₹ 2/- per share)			
Basic and Diluted	31	(0.70)	(0.67)

See accompanying notes forming part of the Financial Statements

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

A. Siddharth
Partner

Mumbai, dated: 29th April, 2014

For and on behalf of the Board

K. R. Naik
Executive Chairman

K. G. Prabhu
Company Secretary

Mumbai, dated: 29th April, 2014

K. M. Gaonkar
Director

Bhushan Prabhu
Chief Financial Officer

Cash Flow Statement for the year ended 31st March, 2014

	For the year ended 31 st March, 2014 ₹	For the year ended 31 st March, 2013 ₹
A. Cash flows from operating activities		
(Loss) before tax	(59,401,542)	(20,471,485)
Adjustments for:		
Depreciation	36,953,349	38,860,545
(Profit) on sale of fixed assets (net)	(249,190)	(5,076,311)
(Profit) on sale of current investment (non-trade) (net)	(148,206,717)	(102,073,037)
Excess of cost over fair value of current investments (non-trade) (net)	32,612,509	(3,264,493)
Provision for doubtful debts and advances (net)	10,122,596	(1,551,292)
Bad debts written off	356,054	1,177,589
Sundry balances written off	705,977	720,995
Unrealised exchange differences	(665,621)	(2,820,533)
Provision for Leave encashment (net)	104,573	(73,815)
Provision for Gratuity written back	(859,416)	(1,734,681)
Sundry balances written back	(2,288,983)	(320,636)
Provision for wealth tax	141,150	138,838
Interest and finance charges	130,241	680,883
Interest income	(76,073,229)	(161,138,150)
Dividend income	(521,905)	(59,627,625)
Operating (loss) before working capital changes	(207,140,154)	(316,573,208)
(Increase) in trade receivables	(53,245,504)	(94,292,353)
(Increase) / Decrease in inventories	(115,594,757)	170,088,169
Decrease in loans and advances	12,415,730	12,973,498
(Decrease) / Increase in trade and other payables	(32,935,978)	72,101,612
Cash (used in) operations	(396,500,663)	(155,702,282)
Direct taxes paid (net)	(4,330,778)	(19,577,848)
Net cash (used in) operating activities	(400,831,441)	(175,280,130)
B. Cash flows from investing activities		
Purchase of fixed assets	(8,328,979)	(22,383,225)
Sale of fixed assets	741,434	5,148,511
Investment in subsidiary	-	(4,582,954)
Purchase of current investments	(12,551,207,359)	(12,925,532,979)
Sale of current investments	12,546,105,303	11,932,373,970
Bank balances not considered as Cash and cash equivalents		
Placed	(469,526,406)	(475,476,673)
Matured	830,129,828	1,472,010,361
Dividend received	521,905	59,627,625
Interest received	123,158,912	160,800,260
Net cash from investing activities	471,594,638	201,984,896
C. Cash flows from financing activities		
Dividend paid	(70,208,349)	(69,744,774)
Interest paid	(130,241)	(680,883)
Net cash (used in) financing activities	(70,338,590)	(70,425,657)
Net Increase / (Decrease) in cash and cash equivalents	424,607	(43,720,891)
Cash and cash equivalents at the beginning of the year	27,657,573	71,346,861
Effect of exchange differences on restatement of foreign currency Cash and cash equivalents.	64,313	31,603
Cash and cash equivalents at the end of the year	28,146,493	27,657,573
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 cash equivalents (Refer note 16)	501,384,008	861,498,511
Less : Bank balances not considered as Cash and cash equivalents as defined in Accounting Standard (AS) 3 on 'Cash Flow Statements'		
In deposits accounts		
Original maturity more than 3 months	341,380,571	715,000,000
In earmarked accounts :		
Unpaid dividend accounts	1,886,742	1,902,692
Deposits held as security against letters of credit	128,145,834	114,646,673
Deposits held as margin money	1,824,368	2,291,573
Net Cash and cash equivalents as defined in AS3 on 'Cash Flow Statements'	28,146,493	27,657,573

In terms of our report attached

For and on behalf of the Board

For Deloitte Haskins & Sells LLP
Chartered AccountantsK. R. Naik
Executive ChairmanK. M. Gaonkar
DirectorA. Siddharth
PartnerK. G. Prabhu
Company SecretaryBhushan Prabhu
Chief Financial OfficerMumbai, dated: 29th April, 2014Mumbai, dated: 29th April, 2014

Notes forming part of the financial statements

NOTE 1 : BACKGROUND OF THE COMPANY

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

NOTE 2 : SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standard notified under Section 211 (3C) of the Companies Act, 1956 ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in term of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act / 2013 Act, as applicable.

(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) Fixed assets

- i) **Tangible assets:** Tangible fixed assets are carried at cost of acquisition or construction less accumulated depreciation and impairment loss, if any
- ii) **Intangible assets:** Intangible assets are stated at cost less accumulated amortisation. Computer software is amortised over a period of four years, which is as estimated by management (except ERP software which is amortised over a period of three years). Goodwill arising on amalgamation is amortised over a period of five years.

(d) 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.

(e) Depreciation

- i) Cost of leasehold land / premises and structural improvements are amortized over the period of lease.
- ii) Depreciation on Buildings is provided on the straight line basis at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.
- iii) Depreciation on the following assets is provided over their useful life which is as estimated by management:

Asset Description	Useful life
Motor vehicles	5 years
Computer Software tools	5 years
Computers & Computer software	4 years
Plant and machinery	8 years
Electrical installations	10 years
Furniture, fittings and office equipment	8 years
Air conditioners	10 years
Moulds	1 year

(f) 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.

(g) 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.

(h) 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.

Notes forming part of the financial statements

(i) Revenue recognition

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

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

Revenue from services is recognised when the services are rendered.

Interest income is accounted on accrual basis.

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

(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) 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.

(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) 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.

(n) Taxes on income

Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. 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 sufficient future taxable income will be available to realise the same (Refer note 32 below).

(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, 2014 ₹	As at 31 st March, 2013 ₹
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
Total	60,009,700	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) Details of shareholders holding more than 5% shares in the company.

	As at 31 st March, 2014		As at 31 st March, 2013	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
Equity shares of ₹ 2/- each fully paid-up				
Mr. Kamalaksha R. Naik	15,662,993	52.20%	15,662,993	52.20%
Ms. Aarti K. Naik	3,013,528	10.05%	3,013,528	10.05%
Mrs. Lakshana A. Sharma	1,830,841	6.10%	1,830,841	6.10%
Mrs. Sudha K. Naik	1,500,243	5.00%	1,500,243	5.00%

	₹	As at 31 st March, 2014 ₹	As at 31 st March, 2013 ₹
NOTE 4 : RESERVES AND SURPLUS			
Capital Reserve			
State Government subsidy As per last Balance sheet		2,500,000	2,500,000
Securities Premium Account			
As per last Balance sheet		278,614,693	278,614,693
Revaluation Reserve			
As per last Balance sheet	37,952,752		38,721,980
Less : Utilised for set off against depreciation (Refer Note 10 d)	769,228		769,228
		37,183,524	37,952,752
General Reserve			
As per last Balance sheet		556,720,271	556,720,271
Surplus in Statement of Profit and Loss			
As per last Balance sheet	3,204,288,098		3,294,677,095
Add : (Loss) for the year	(20,930,279)		(20,180,648)
Less : Appropriations			
Proposed dividend (Amount per Equity share ₹ 2/- (Previous year ₹ 2/-)	60,009,700		60,009,700
Dividend distribution tax	10,198,649		10,198,649
Closing balance		3,113,149,470	3,204,288,098
Total		3,988,167,958	4,080,075,814

Notes forming part of the financial statements

	As at 31 st March, 2014 ₹	As at 31 st March, 2013 ₹
NOTE 5 : OTHER LONG-TERM LIABILITIES		
Other payables :		
Security deposits	957,136	2,295,878
Unearned revenue	203,810	411,793
Total	1,160,946	2,707,671
NOTE 6 : LONG-TERM PROVISIONS		
Provision for employee benefits		
For Gratuity	3,673,957	4,533,373
For Leave encashment	2,580,817	2,420,725
Total	6,254,774	6,954,098
NOTE 7 : TRADE PAYABLES		
Outstanding dues of micro enterprises and small enterprises (Refer note no. 34)	420,760	243,353
Other trade payables	173,637,551	203,580,516
Total	174,058,311	203,823,869
NOTE 8 : OTHER CURRENT LIABILITIES		
Capital creditors	3,513,432	-
Unearned revenue	1,113,908	972,033
Unpaid dividends	1,886,742	1,902,692
Temporary overdrawn bank balance as per books	502,951	4,110,387
Other payables :		
Statutory dues	12,104,868	16,909,475
Security deposits	3,054,386	772,766
Interest accrued on trade payables (Refer Note 34)	28,085	27,535
Advance from customers	1,869,031	1,949,089
Total	24,073,403	26,643,977
NOTE 9 : SHORT-TERM PROVISIONS		
Provision for employee benefits		
For Leave encashment	1,576,719	1,632,238
Others		
For Income-tax (net of advance tax ₹ 105,349,738/-)		
Previous year ₹ 105,349,738/-	1,643,948	1,505,110
Proposed dividend	60,009,700	60,009,700
Corporate dividend tax on proposed dividend	10,198,649	10,198,649
Total	73,429,016	73,345,697

Notes forming part of the financial statements

	As at 31 st March, 2014 ₹	As at 31 st March, 2013 ₹
NOTE 11 : NON-CURRENT INVESTMENTS		
Investment in Equity Instruments (at cost) (Unquoted) (Trade) In Subsidiary Company, Wholly Owned		
12 Equity shares of AED 150,000 each fully paid-up in Smartlink Middle East FZE	22,791,754	22,791,754
Less : held as current at the year end (Refer note 11.1)	22,791,754	-
Total	-	22,791,754
Aggregate value of investments (net of provision)		
Unquoted - cost	-	-
Quoted - cost	-	22,791,754
- Market value	-	-
11.1 The operation of the Wholly Owned Subsidiary Company are being closed as decided and approved by the Board of Directors and necessary approval / formalities are being obtained / completed by the Subsidiary Company. The Board of Directors have approved the closure of the Subsidiary Company subject to obtaining various statutory approvals. The investments has been re-classified as current investments.		
NOTE 12 : LONG-TERM LOANS AND ADVANCES		
Unsecured, considered good :		
Security deposits	3,809,319	5,819,286
Prepaid expenses	374,599	479,359
Others :		
VAT / Service tax receivable	256,300	256,300
Advance payment of taxes [net of provision ₹ Nil, (previous year ₹ 1,075,000,000/-)]	70,540,078	27,740,349
Custom duty receivable	7,006,585	12,941,309
Pre-deposit with Government authorities in connection with appeals filed (Refer note 25)	12,300,000	28,390,670
	94,286,881	75,627,273
Unsecured, considered doubtful :		
Security deposits	801,499	964,544
Less : Provision for doubtful deposits	801,499	964,544
	-	-
Total	94,286,881	75,627,273

Notes forming part of the financial statements

	As at 31 st March, 2014 ₹	As at 31 st March, 2013 ₹
NOTE 13 : CURRENT INVESTMENTS		
Investment in Equity Instruments (at cost) (unquoted) In Subsidiary Company, Wholly Owned		
12 Equity Share of AED 150,000 each fully paid-up in Smartlink Middle East FZE (Refer Note 11.1)	22,791,754	-
Less: Adjustment for excess of cost over fair value	1,784,091	-
	21,007,663	-
Investments in Mutual Funds (unquoted) (At lower of cost and fair value)		
Face value of all units, ₹ 10/-		
3,061,822.4800 (Previous year, 3,061,823.8810) units in ICICI Prudential Mutual Fund Income - Regular Plan - Growth	118,207,475	113,328,512
NIL (Previous year, 4,630,064.3740) units in ICICI Prudential Mutual Fund Institutional Short Term - Regular Plan - Growth	-	110,617,331
8,015,966.9900 (Previous year, 16,118,788.8720) Units in Birla Sun Life Mutual Fund Dynamic Bond Fund Retail - Growth - Regular Plan	169,722,069	319,257,903
NIL (Previous year, 2,537,773.6200) Units in Birla Sun Life Mutual Fund Growth - Regular Plan	-	134,703,653
3,957,186.6400 (Previous year, NIL) Units in Birla Sun Life Mutual Fund Income Plus Growth - Regular Plan	219,706,259	-
4,693,491.9600 (Previous year, NIL) Units in Birla Sun Life Mutual Fund Dynamic Bond fund Retail - Growth - Direct Plan	99,778,476	-
2,265,301.1800 (Previous year, NIL) Units in Birla Sun Life Mutual Fund Short Term Opportunities Fund Growth - Regular Plan	46,521,131	-
NIL (Previous year, 1405,995.1630) Units in Kotak Mutual Fund Short Equity Arbitrage Fund - Dividend	-	15,000,000
NIL (Previous year, 5,449,584.9890) Units in Kotak Mutual Fund Short Kotak Bond Scheme Plan A - Growth	-	184,403,057
NIL (Previous year, 756,136.5940) Units in Kotak Mutual Fund Short Gilt - (Investment Regular) - Growth	-	30,613,400
5,449,576.8100 (Previous year, NIL) Units in Kotak Mutual Fund Bond Scheme Plan A - Growth	191,836,549	-
756,135.4300 (Previous year, NIL) Units in Kotak Mutual Fund GILT Investments - Regular - Growth	32,249,630	-
12,033,708.8800 (Previous year, 10,227,513.1290) Units in Reliance Mutual Fund Dynamic Bond Fund - Growth	197,741,529	160,307,063
1,928,782.2700 (Previous year, 2,693,279.8170) Units in Reliance Mutual Fund - Income Fund - Retail - Growth Plan - Growth	77,472,240	103,838,057
NIL (Previous year, 976,615.5480) Units in Reliance Mutual Fund Medium Term Fund - Direct Plan Growth Plan - Growth	-	23,765,158
NIL (Previous year, 2,726,137.9910) Units in Religare Mutual Fund Short Term Fund - Growth	-	43,306,610

Notes forming part of the financial statements

	As at 31 st March, 2014 ₹	As at 31 st March, 2013 ₹
NIL (Previous year, 3,786,250.9720) Units in Religare Mutual Fund Active Income Fund - Growth	-	52,927,624
NIL (Previous year, 4,053,025.6420) Units in Religare Mutual Fund Gilt Fund - Long Duration Plan - Growth	-	51,216,464
20,000.0000 (Previous year, 20,000.000) Units in Religare Mutual Fund Bank Debt Fund - Growth	21,902,306	20,365,340
NIL (Previous year, 39,167,676.5050) Units in Religare Mutual Fund Gilt Fund - Long Duration Plan - Growth	-	49,720,799
35,189.4100 (Previous year, NIL) Units in Religare Mutual Fund Short Term Fund - Direct - Growth	60,270,943	-
33,033.6000 (Previous year, NIL) Units in Religare Mutual Fund Active Income Fund - Direct - Growth	49,094,950	-
NIL (Previous year, 7,730,622.5180) Units in Templeton India Mutual Fund Low Duration Fund - Growth	-	98,100,054
46,510.3700 (Previous year, 46,510.3740) Units in Templeton India Mutual Fund India Short Term Income - Retail Plan - Growth (Face Value ₹1000)	119,477,444	109,248,789
28,439.1000 (Previous year, NIL) Units in Templeton India Mutual Fund India Short Term Income - Retail Plan - Direct - Growth (Face Value ₹1000)	73,725,749	-
2,896,017.4400 (Previous year, NIL) Units in Templeton India Mutual Fund Low Duration Fund - Growth	125,369,754	-
11,896,066.5860 (Previous year, 11,896,166.8200) Units in DWS Mutual Fund - Gilt Fund - Regular - Growth	162,194,541	154,508,604
3,294,478.4400 (Previous year, 8,181,981.9820) Units in DWS Mutual Fund - Short Maturity Fund - Direct Plan - Growth	75,404,352	172,001,625
2,498,509.6100 (Previous year, 1,000,000.0000) Units in DWS Mutual Fund - DWS Banking & PSU Debt Fund - Direct Plan - Growth	27,182,784	10,056,800
2,980,959.4900 (Previous year, 4,687,261.7840) Units in Baroda Pioneer Mutual Fund - Dynamic Bond Fund Plan B - Growth	33,937,628	50,385,252
4,283,128.3400 (Previous year, 4,283,108.9460) Units in HDFC Mutual Fund - Short Term Plan - Growth	104,331,010	96,642,785
NIL (Previous year, 4,528,612.7589) Units in SBI Mutual Fund Dynamic Bond Fund - Regular Plan - Growth	-	66,555,210
4,589,700.9100 (Previous year, 4,589,716.6100) Units in SBI Mutual Fund Magnum Income Fund - Regular Plan - Growth	138,593,363	133,270,683
7,128,828.3700 (Previous year, NIL) Units in SBI Mutual Fund Dynamic Bond Fund - Regular Plan - Direct - Growth	110,253,728	-
14,432,361.9100 (Previous year, 15,155,805.6330) Units in IDFC Mutual Fund - Dynamic Bond Fund - Growth - Direct Plan	212,717,325	213,613,502
NIL (Previous year, 1,967,101.1260) Units in BNP Paribas Mutual Fund Short Term Income Fund - Growth	-	26,323,157

Notes forming part of the financial statements

	As at 31 st March, 2014 ₹	As at 31 st March, 2013 ₹
1,531,468.9300 (Previous year, 1,531,479.5620) Units in BNP Paribas Mutual Fund - Flexi Debt Fund - Growth	32,203,422	30,000,000
7,613,482.0900 (Previous year, NIL) Units in Axis Mutual fund Constant Maturity 10 Year Fund - Direct Plan - Growth Plan	82,878,082	-
2,000,019.8000 (Previous year, NIL) Units in IDBI Mutual Fund Debt Opportunities Fund - Direct Plan - Growth	20,199,200	-
759,422.5400 (Previous year, NIL) Units in L&T Mutual Fund Short Term Income Fund - Direct Plan - Growth	10,000,000	-
595,267.6220 (Previous year, NIL) Units in UTI Mutual Fund Banking & PSU Debt Fund - Regular Plan - Growth	6,000,000	-
1,177,287.7640 (Previous year, NIL) Units in Sundaram Mutual Fund Flexible Fund - Flexible Income Plan - Growth	20,000,000	-
	<u>2,638,971,939</u>	<u>2,574,077,432</u>
Less: Adjustment for excess of cost over fair value	25,287,658	-
	<u>2,613,684,281</u>	<u>2,574,077,432</u>
Investments in Bonds (quoted)		
Face value of all units, ₹ 1,000,000/-		
NIL (Previous year, 5) Units in The Tata Power Company Limited RR NCD Perpetual - 11.40%	-	5,374,302
NIL (Previous year, 50) Units in Hindalco Industries Limited SR II - 9.55% NCD	-	53,763,595
55 (Previous year, 50) Units in Tata Power Company Limited RR NCD - 10.75%	56,555,000	51,773,836
50 (Previous year, NIL) Units in Reliance Gas Transport Infrastructure Limited - NCD - 10.25%	53,520,000	-
30 (Previous year, NIL) Units in Tata Steel Limited NCD Perpetual - 11.50%	31,662,000	-
30 (Preious year, NIL) Units in TISCO Perpetual NCD Perpetual - 11.80%	57,589,000	-
	<u>199,326,000</u>	<u>110,911,733</u>
Less: Adjustment for excess of cost over fair value	5,822,760	282,000
	<u>193,503,240</u>	<u>110,629,733</u>
Total	<u>2,828,195,184</u>	<u>2,684,707,165</u>
Aggregate value of investments (net of adjustment)		
Unquoted - cost	2,659,979,602	2,574,077,432
Quoted - cost	199,326,000	110,911,733
- Market value	193,719,240	110,687,782

Notes forming part of the financial statements

	As at 31 st March, 2014 ₹	As at 31 st March, 2013 ₹
NOTE 14 : INVENTORIES		
(At lower of cost and net realisable value)		
Raw materials and components	39,748,919	18,208,840
[Includes Goods-in-transit of ₹ 12,227,972/- (Previous year ₹ 76,006/-)]		
Work-in-progress	1,182,888	3,654,214
Finished goods	25,354,453	53,212,109
Traded goods	208,144,927	82,422,529
[Includes Goods-in-transit of ₹ 47,753,902/- (Previous year ₹ 29,634,177/-)]		
Stores, spares and packing materials	666,570	2,005,308
Total	275,097,757	159,503,000
NOTE 15 : TRADE RECEIVABLE		
Unsecured		
a) Outstanding for a period exceeding six month from the date they were due for payment		
Considered doubtful	11,744,858	1,459,217
Less: Provision for doubtful receivables	11,744,858	1,459,217
	-	-
b) Others		
Considered good	291,743,440	250,709,651
Total	291,743,440	250,709,651
NOTE 16 : CASH AND CASH EQUIVALENTS		
a) Cash on hand	162,367	329,623
b) Balances with bank		
In Current accounts	27,984,126	26,116,516
In Exchange Earners Foreign Currency (EEFC) account	-	1,211,434
In deposits accounts (Refer note below)	341,380,571	715,000,000
In earmarked accounts		
Unpaid dividend accounts	1,886,742	1,902,692
Deposits held as security against letters of credit (Refer note below)	128,145,834	114,646,673
Deposits held as margin money (Refer note below)	1,824,368	2,291,573
Total	501,384,008	861,498,511

Note :

Balances with bank include deposits amounting to ₹ 469,526,405/- (Previous year ₹ 829,646,673/-) and margin monies amounting to ₹ 1,824,368/- (Previous year ₹ 2,291,573/-) which have an original maturity of more than 12 months.

Notes forming part of the financial statements

	As at 31 st March, 2014 ₹	As at 31 st March, 2013 ₹
NOTE 17 : SHORT-TERM LOANS AND ADVANCES		
Unsecured, considered good :		
Security deposits	3,032,886	2,063,188
Advances / Loans to Employees (Refer note below)	1,015,156	1,122,825
Prepaid expenses	3,845,860	5,218,578
Others :		
VAT credit receivable	129,290	595,134
CENVAT / Service tax credit receivable	20,117,596	19,410,855
Custom duty receivable	10,549,250	9,135,720
Balance in DEPB licenses	1,227,195	901,150
Advances to suppliers	13,135,561	3,423,885
	53,052,794	41,871,335
Unsecured, considered doubtful :		
Advances to suppliers	206,455	206,455
Less : Provision for doubtful advances	206,455	206,455
	-	-
Total	53,052,794	41,871,335
Notes :		
Loans and advances in the nature of loans due from: (in accordance with clause 32 of Listing Agreement)		
Others (interest-free loans with no repayment schedules)		
Employees	180,720	176,051
Maximum balance outstanding at any time during the year	548,388	301,300
NOTE 18 : OTHER CURRENT ASSETS		
Interest accrued on		
Bank deposits	20,767,098	73,730,531
Trade receivable	1,235,660	-
Bonds held as current investments	7,103,514	2,461,424
Total	29,106,272	76,191,955

Notes forming part of the financial statements

	For the year ended 31 st March, 2014 ₹	For the year ended 31 st March, 2013 ₹
NOTE : 19 REVENUE FROM OPERATIONS		
Sale of products (Refer Note (i) below)	1,415,902,067	1,037,503,276
Sale of services (Refer Note (ii) below)	124,948,331	175,101,266
Other operating revenues (Refer Note (iii) below)	2,302,991	1,871,928
	1,543,153,389	1,214,476,470
Notes :		
(i) Sale of products comprises of		
Finished goods		
Networking products	393,718,824	319,071,426
Traded goods		
Networking products	1,022,183,243	718,431,850
Total	1,415,902,067	1,037,503,276
(ii) Sale of Services comprises of		
Repair services	108,766,291	131,753,862
AMC services	10,058,058	13,239,711
Technical support services	258,132	24,160,432
Job work charges	5,865,850	5,947,261
Total	124,948,331	175,101,266
(iii) Other operating revenues		
Provision for doubtful trade receivable and advances written back	-	1,551,292
Sundry balances written back	2,288,983	320,636
Recovery of trade receivables earlier written off	14,008	-
Total	2,302,991	1,871,928
NOTE 20 : OTHER INCOME		
Interest income		
- On fixed deposits with banks	56,954,808	157,045,601
- On bonds and securities	13,999,423	3,660,943
- On overdue trade receivables	5,072,074	430,175
- Other Interest	46,924	1,431
	76,073,229	161,138,150
Dividend income from current investments	521,905	59,627,625
Write back of adjustment for excess of cost over fair value of current investments (net)	-	3,264,493
Net gain on sale of current investment	148,206,717	102,073,037
Rent income from operating leases	3,289,142	5,455,501
Profit on fixed assets sold / written off (net)	249,190	5,076,311

Notes forming part of the financial statements

	For the year ended 31 st March, 2014 ₹	For the year ended 31 st March, 2013 ₹
Exchange gain (net) (Refer note 26 b)	4,590,156	16,352,309
Provision for Gratuity written back	-	380,604
Insurance and other claims	428,567	8,319,500
Scrap income	604,665	802,799
Total	233,963,571	362,490,329
NOTE 21 : INCREASE / (DECREASE) IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND TRADED GOODS		
Stock as at 31st March, 2014		
Finished goods		
- Manufactured	25,354,453	53,212,109
- Traded	208,144,927	82,422,529
Work-in-progress	1,182,888	3,654,214
	<u>234,682,268</u>	<u>139,288,852</u>
Less: Stock as at 1st April, 2013		
Finished goods		
- Manufactured	53,212,109	81,232,524
- Traded	82,422,529	121,654,574
Work-in-progress	3,654,214	7,368,580
	<u>139,288,852</u>	<u>210,255,678</u>
Increase / (Decrease)	95,393,416	(70,966,826)
NOTE 22 : EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	221,844,688	236,206,884
Contribution to provident and other funds	5,793,742	7,400,897
Staff welfare expenses	13,412,414	17,429,595
Gratuity	971,610	-
Leave encashment	1,986,153	723,625
Total	244,008,607	261,761,001
NOTE 23 : FINANCE COST		
Interest Expenses on :		
Trade payables (Refer Note 34)	6,454	6,021
Others		
- Interest on delayed payment of income tax	25,869	50,710
- Interest on statutory payments etc.	97,918	624,152
Total	130,241	680,883

Notes forming part of the financial statements

	For the year ended 31 st March, 2014 ₹	For the year ended 31 st March, 2013 ₹
NOTE 24 : OTHER EXPENSES		
Stores, spares and packing material consumed	12,266,843	13,589,591
Excise duty [Refer Note No. 37 (h)]	(5,415,541)	110,255
Power and fuel	13,792,240	13,952,769
Rent	16,309,006	18,551,892
Operating lease rentals	-	18,160
Rates and taxes	2,087,649	1,740,599
Insurance	4,589,197	4,855,383
Repairs and maintenance		
Buildings	68,000	4,007,263
Machinery	2,664,867	2,412,643
Others	9,571,261	9,786,799
	<u>12,304,128</u>	<u>16,206,705</u>
Travelling and conveyance expenses	18,457,197	17,215,432
Communication expenses	6,821,916	7,816,832
Legal and Professional fees	25,096,694	33,651,908
Advertisement and sales development expenses	73,011,573	99,486,539
Freight Outward	21,610,581	25,764,681
Printing and stationery expenses	4,711,491	5,124,781
Servicing expenses	16,720,649	14,880,275
Excess of cost over fair value of current investments (non-trade) (net), adjusted	32,612,509	-
Provision for doubtful debts and advances	10,122,596	-
Sundry balances written off	705,977	720,995
Bad debts written off	356,054	1,177,589
Miscellaneous expenses	28,347,696	17,376,305
Total	<u>294,508,455</u>	<u>292,240,691</u>
	As at 31st March, 2014 ₹	As at 31st March, 2013 ₹
NOTE 25 : CONTINGENT LIABILITIES AND COMMITMENTS		
Contingent liabilities in respect of		
a. Show cause notices received from customs authorities relating to imports made in earlier years	238,259	709,043
b. Disputed demands of custom duty pending before the Customs, Excise and Service Tax Appellate Tribunal (CESTAT) has been decided in favour of Company and has pronounced the judgement on 28/03/2014 dismissing the appeal filed by the Revenue Department	-	242,023,983

Notes forming part of the financial statements

	As at 31 st March, 2014 ₹	As at 31 st March, 2013 ₹
c. Disputed demands of custom duty pending before the Customs, Excise and Service Tax Appellate Tribunal (CESTAT) (Amount deposited as pre-deposit ₹ 900,000/-) in connection with classification of networking products	2,414,221	2,414,221
d. Disputed demand of excise duty in connection with valuation of products manufactured by the Company pending before CESTAT (Amount deposited as pre-deposit ₹ 11,400,000/-)	38,715,672	38,715,672
e. Disputed penalty demands of Excise Authorities with regard to (d) above, pending before the CESTAT	39,880,674	39,517,713
f. Custom duty paid under protest The raw material/trading material/software imported by the Company are subjected to different rates of customs duty based on classification under respective Tariff Head. The Customs department has objected to the classifications adopted by the Company for certain items and has demanded additional duty for the same The Company has paid such differential duty under protest, which is included under Long term loans and advances in Note 12, pending resolution of the dispute	3,883,884	4,487,728
g. SEBI had filed a criminal case, in the Metropolitan Magistrate court, in June, 2006 under Section 77A(4) r/w Section 621 for alleged contravention of provisions of the Companies Act, 1956 for failing to complete the process of buy back of shares as provided under the said section. The Company had filed an application in the Hon'ble High Court of Bombay and the Hon'ble High Court has passed Orders staying the proceedings in the Metropolitan Magistrate court. The stay is continuing. The Company does not expect any liability on this account at this stage		

NOTE 26 : FOREIGN CURRENCY

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

	As at 31 st March, 2014		As at 31 st March, 2013	
	In foreign Currency	In ₹	In foreign Currency	In ₹
Amount receivable in foreign currency on account of the following:				
Trade receivables	USD 563,705	33,777,183	USD 779,635	42,318,579
Loans and advances	USD 5,633	241,784	USD 5,642	242,758
Amount payable in foreign currency on account of the following:				
Trade payable	USD 1,910,965	114,524,125	USD 2,559,033	138,929,895

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

	For the year ended 31 st March, 2014 ₹	For the year ended 31 st March, 2013 ₹
Exchange gain	27,450,976	23,708,420
Exchange loss	22,860,820	7,356,111

Notes forming part of the financial statements

	For the year ended 31 st March, 2014 ₹	For the year ended 31 st March, 2013 ₹
NOTE 27 : PAYMENT TO AUDITORS (NET OF SERVICE TAX)		
a. As Auditors	1,170,000	1,170,000
b. For other services - certification	280,000	380,000
c. For Expenses	38,731	38,404
Total	1,488,731	1,588,404
	Current year ₹	Previous year ₹
NOTE 28 :		
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	13,090,123	13,444,956
Current Service Cost	1,926,343	2,165,746
Interest Cost	950,239	1,047,369
Actuarial (gain) / loss	(1,169,462)	(2,862,272)
Benefits paid	(2,424,279)	(705,676)
Defined Benefit obligation at year-end	12,372,964	13,090,123
II. Reconciliation of opening and closing balances of fair value of plan assets		
Fair value of plan assets at beginning of the year	8,556,750	7,176,902
Expected return on plan assets	762,643	600,897
Actuarial gain / (loss)	(27,133)	130,550
Employer contribution	1,831,026	1,354,077
Benefits paid	(2,424,279)	(705,676)
Fair value of plan assets at year end	8,699,007	8,556,750
III. Reconciliation of fair value of assets and obligations		
Present value of obligation as at 31 st March, 2014	12,372,964	13,090,123
Fair value of plan assets as at 31 st March, 2014	8,699,007	8,556,750
Amount recognized in Balance Sheet	(3,673,957)	(4,533,373)
IV. Expense recognized during the year (Under the head "Employees benefits expense" - Refer to note 22)		
Current Service Cost	1,926,343	2,165,746
Interest Cost	950,239	1,047,369
Expected return on plan assets	(762,643)	(600,897)
Actuarial (gain) / loss	(1,142,329)	(2,992,822)
Net Cost	971,610	(380,604)

Notes forming part of the financial statements

	Current year ₹	Previous year ₹			
V. Actuarial assumptions					
Discount rate (per annum)	9.14%	8.00%			
Expected rate of return on plan assets (per annum)	9.15%	8.00%			
Rate of escalation in salary (per annum)	5.00%	5.00%			
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.		Amount in ₹			
	31-Mar-14	31-Mar-13	31-Mar-12	31-Mar-11	31-Mar-10
Experience Adjustment					
On plan liabilities	(1,169,462)	(2,862,272)	(201,931)	(862,308)	(1,479,004)
On plan assets	(27,133)	130,550	133,459	103,636	(2,609)
Present value of benefit obligation	12,372,964	13,090,123	13,444,956	13,663,386	10,646,662
Fair value of plan assets	8,699,007	8,556,750	7,176,902	4,769,523	4,191,613
Excess of (obligation over plan assets) / plan assets over obligation	(3,673,957)	(4,533,373)	(6,268,054)	(8,893,863)	(6,455,049)
VIII. The contribution expected to be made by the Company during the financial year 2014-15 have not been ascertained.					
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 ₹ 5,431,967/- (previous year ₹ 7,389,162/-).					

NOTE 29 : SEGMENT INFORMATION

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

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

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

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

- i) Domestic
- ii) Export

Information about secondary segments

	Amount in ₹			
Particulars	Domestic	Exports	Unallocated	Total
Revenues from external customers (net) (including sale of services)	1,384,240,007	114,215,416	-	1,498,455,423
	(1,043,453,867)	(131,603,542)	-	(1,175,057,409)
Segment assets	877,867,099	33,777,183	3,429,225,542	4,340,869,824
	(752,028,229)	(42,318,579)	(3,672,929,734)	(4,467,276,542)
Additions to fixed assets during the year	8,328,979	-	-	8,328,979
	(22,383,225)	-	-	(22,383,225)

Figures in brackets are for the previous year

Notes forming part of the financial statements

NOTE 30 : LEASE TRANSACTION

Operating leases

The Company had taken premises / vehicles on cancellable operating lease basis. The tenure of the agreement ranged from 33/60 months. There were no renewal or purchase options and escalation clauses in these agreements. The lease rentals for the year charged to revenue are ₹ Nil/- (previous year ₹ 18,160/-)

NOTE 31 : EARNINGS PER SHARE

Earnings per share is calculated by dividing the (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, 2014 ₹	For the year ended 31 st March, 2013 ₹
Net (Loss) for the year attributable to Equity Shareholders	(20,930,279)	(20,180,648)
Weighted average number of equity shares	30,004,850	30,004,850
Par value per share	2.00	2.00
Basic and Diluted earnings per share net of tax	(0.70)	(0.67)

NOTE 32 : 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, 2014 ₹	As at 31 st March, 2013 ₹
a. Deferred Tax Liability		
Fiscal allowances of fixed assets	(11,058,751)	(13,205,643)
Total	(11,058,751)	(13,205,643)
b. Deferred Tax Asset		
Mainly unabsorbed depreciation restricted to above	11,058,751	13,205,643
Total	11,058,751	13,205,643

Note :

Deferred tax asset has been recognised to the extent of deferred tax liability on prudence. Other deferred tax assets have not been recognised in the absence of virtual / reasonable certainty supported by convincing evidence that future taxable income will be available against which such deferred tax asset can be recognised.

NOTE 33 : RELATED PARTY DISCLOSURES

Names of related parties where control exists

Smartlink Middle East FZE

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
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
Ms. Aarti K. Naik	Relative of Key Management Person

Notes forming part of the financial statements

Details of related party transactions during the year

Amount in ₹

Nature of transactions	Key Management Person	Enterprise over which key management person is able to exercise significant influence	Relative of key management person	Total
Salary				
Ms. Aarti K. Naik	-	-	884,842	884,842
	-	-	(456,106)	(456,106)
Dividend paid				
Mr. Kamalaksha R. Naik	31,325,986	-	-	31,325,986
	(31,291,746)	-	-	(31,291,746)
Mr. Kamalaksha R. Naik (HUF)	-	685,942	-	685,942
	-	(685,942)	-	(685,942)
Mrs. Sudha K. Naik	-	-	3,000,486	3,000,486
	-	-	(3,000,486)	(3,000,486)
Mrs. Lakshana A. Sharma	-	-	3,661,682	3,661,682
	-	-	(3,600,582)	(3,600,582)
Ms. Aarti K. Naik	-	-	6,027,056	6,027,056
	-	-	(4,860,398)	(4,860,398)
Rent Expense				
Ms. Aarti K. Naik	-	-	720,000	720,000
	-	-	(720,000)	(720,000)

Note :

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

NOTE 34 : THE DISCLOSURES UNDER THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006

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;

Amount in ₹

Particulars	Current year	Previous year
Outstanding principal amount and interest as on 31 st March 2014		
- Principal Amount	420,760	243,353
- Interest due thereon	-	-
Amount of interest paid along with the amounts of payment made beyond the appointed day	5,904	55,878
Amount of interest due and payable (where the principal has already been paid but interest has not been paid)	6,454	6,021
The amount of interest accrued and remaining unpaid at the end of each accounting year	28,085	27,535
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	-	-

Notes forming part of the financial statements

	For the year ended 31 st March, 2014 ₹	For the year ended 31 st March, 2013 ₹
NOTE 35 : COST OF RAW MATERIALS CONSUMED		
Raw materials consumed comprises		
Intergrated circuits	150,713,238	82,547,534
Connectors	25,336,841	21,998,795
PCBs	17,676,228	15,464,659
Capacitors	12,567,562	11,527,138
Transistors	8,659,579	7,037,484
Others	79,279,106	134,624,651
Total	294,232,554	273,200,261

	For the year ended 31 st March, 2014 ₹	For the year ended 31 st March, 2013 ₹
NOTE 36 : PURCHASE OF TRADED GOODS		
Networking products	1,017,380,746	620,309,016

NOTE 37 : OTHER DISCLOSURE

	Current year		Previous year	
	₹	% age to total consumption	₹	% age to total consumption
a) Raw materials consumed				
imported	265,619,146	90.28	239,271,684	87.58
indigenous	28,613,408	9.72	33,928,577	12.42
Total	294,232,554	100.00	273,200,261	100.00
b) Stores, spares and packing materials consumed				
imported	10,866,037	88.58	12,711,188	93.54
indigenous	1,400,806	11.42	878,403	6.46
Total	12,266,843	100.00	13,589,591	100.00

	For the year ended 31 st March, 2014 ₹	For the year ended 31 st March, 2013 ₹
c) C.I.F. value of goods imported		
Raw materials and components	289,104,426	160,450,990
Stores, spares and packing materials	11,518,474	3,744,813
Traded goods	904,633,406	578,435,356
d) Expenditure in foreign currency		
Travelling expenses	2,326,537	2,519,661
Professional fees	448,811	2,097,427
Advertisement, Sales development, reimbursement of expenses, etc.	2,578,312	2,147,373
e) Earnings in foreign exchange		
F.O.B. value of goods exported	16,533,825	604,808
Income from services	97,681,591	130,998,734

Notes forming part of the financial statements

	For the year ended 31 st March, 2014 ₹	For the year ended 31 st March, 2013 ₹
f) Amount remitted during the year in foreign currency on account of dividend		
Number of non-resident shareholders	1	1
Number of shares held by them on which dividend is due	50,000	50,000
Year to which dividend relates	2012-13	2011-12
Amount of dividend remitted (₹)	100,000	100,000

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

- g)** The Company had instituted "Employee Stock Option Plan" (ESOP) for its employees in the year 2000. To administer the ESOP the Company had created a Trust viz. D-Link (India) Limited ESOP Trust (the Trust) in September 2000. The said Trust was allotted 6,50,000 Equity Shares of ₹ 2/- each. In terms of the said ESOP, the Trust had granted options to the employees in the form of Equity Shares which vest at the rate of 25% on each successive anniversary of the grant date. The Trust had been renamed as Smartlink ESOP Trust.

ESOP Compensation Committee had also re-priced the unexercised options granted to employees to compensate for reduction in the intrinsic value of the company pursuant to the Scheme of arrangement with D-Link (India) Limited. The accounting of ESOP's granted by the Trust to the employees of the Company was done in accordance with The SEBI (ESOS and ESPS) Guidelines, 1999. These Guidelines were amended in July 2004 for all accounting periods commencing after 30th June 2003. The amendment required the Company to prepare its accounts as if the ESOS/ESPS scheme was administered by itself (rather than by the Trust). The Company had accordingly considered all the options granted by the Trust on or after 1st April 2004. The difference between the Market price of the share (intrinsic value) and the exercise price of the option, on the date of grant, had been amortised over the vesting period. The annual amortization was included under "Employee benefit expenses" and the cumulative charge disclosed in the Balance sheet under "Employee stock options" There are no further options outstanding to be granted.

- h)** Excise duty collected from customers against sales has been disclosed as a deduction from turnover. The excise duty related to the difference between the opening and closing stock of finished goods is disclosed separately in the statement of profit and loss account as "Excise Duty".
- i)** Previous year's figures have been regrouped, wherever necessary, to correspond with those of the current year.

Signature to notes 1 to 37

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

A. Siddharth
Partner

Mumbai, dated: 29th April, 2014

For and on behalf of the Board

K. R. Naik
Executive Chairman

K. G. Prabhu
Company Secretary

Mumbai, dated: 29th April, 2014

K. M. Gaonkar
Director

Bhushan Prabhu
Chief Financial Officer

Independent Auditors' Report To The Board of Directors of Smartlink Network Systems Limited

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of Smartlink Network Systems Limited ("the Company") and its subsidiary (the Company and its subsidiary constitute "the Group"), which comprise the Consolidated Balance Sheet as at 31st March, 2014, the Consolidated Statement of Profit and Loss and the Consolidated 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 Consolidated Financial Statements

2. The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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.
4. 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 control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. 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 the financial statements of the subsidiary referred to below in the Other Matter paragraph, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a. in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2014;
 - b. in the case of the Consolidated Statement of Profit and Loss, of the loss of the Group for the year ended on that date; and
 - c. in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Other Matter

7. We did not audit the financial statements of a subsidiary - Smartlink Middle East FZE, whose financial statements reflect total assets (net) of ₹ 21,732,879/- as at 31st March, 2014, total revenues of ₹ 2,364,970/- and net cash flows amounting to ₹ 1,305,130/- for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditor whose report has been furnished to us by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of the subsidiary, is based solely on the report of the other auditor.

Our opinion is not qualified in respect of this matter.

For Deloitte Haskins & Sells LLP

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

A. Siddharth

Partner

Membership no: 31467

Mumbai, 29th April, 2014

Consolidated Balance Sheet as at 31st March, 2014

Particulars	Note No.	As at 31 st March, 2014 ₹	As at 31 st March, 2013 ₹
I EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	3	60,009,700	60,009,700
(b) Employee stock options	33 a	13,715,716	13,715,716
(c) Reserves and surplus	4	3,988,551,182	4,077,385,431
		<u>4,062,276,598</u>	<u>4,151,110,847</u>
(2) Non-current liabilities			
(a) Deferred tax liabilities (Net)	31	-	-
(b) Other Long term liabilities	5	1,160,946	2,707,671
(c) Long-term provisions	6	6,254,774	6,954,098
		<u>7,415,720</u>	<u>9,661,769</u>
(3) Current liabilities			
(a) Trade payables	7	174,400,303	203,993,525
(b) Other current liabilities	8	24,073,403	26,643,977
(c) Short-term provisions	9	73,429,016	73,345,697
		<u>271,902,722</u>	<u>303,983,199</u>
	Total	<u>4,341,595,040</u>	<u>4,464,755,815</u>
II ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	10 a	260,266,514	286,890,004
(ii) Intangible assets	10 b	4,223,542	7,489,192
(iii) Capital work-in-progress	10 c	3,513,432	-
		<u>268,003,488</u>	<u>294,379,196</u>
(b) Long-term loans and advances	11	94,286,881	75,627,273
		<u>362,290,369</u>	<u>370,006,469</u>
(2) Current assets			
(a) Current investments	12	2,807,187,521	2,684,707,165
(b) Inventories	13	275,097,757	159,503,000
(c) Trade receivables	14	291,996,045	250,852,461
(d) Cash and cash equivalents	15	522,330,722	881,140,095
(e) Short-term loans and advances	16	53,586,354	42,354,670
(f) Other current assets	17	29,106,272	76,191,955
		<u>3,979,304,671</u>	<u>4,094,749,346</u>
	Total	<u>4,341,595,040</u>	<u>4,464,755,815</u>

See accompanying notes forming part of the Financial Statements

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

A. Siddharth
Partner

Mumbai, dated: 29th April, 2014

For and on behalf of the Board

K. R. Naik
Executive Chairman

K. G. Prabhu
Company Secretary

Mumbai, dated: 29th April, 2014

K. M. Gaonkar
Director

Bhushan Prabhu
Chief Financial Officer

Consolidated Statement of Profit and Loss for the year ended 31st March, 2014

Particulars	Note No.	For the year ended 31 st March, 2014 ₹	For the year ended 31 st March, 2013 ₹
I Revenue from operations (gross)	18	1,545,518,359	1,223,999,289
Less : Excise duty		44,697,966	39,419,061
Revenue from operations (net)		1,500,820,393	1,184,580,228
II Other income	19	233,945,379	362,296,117
III Total Revenue (I + II)		1,734,765,772	1,546,876,345
IV Expenses :			
Cost of raw materials consumed		294,232,554	273,200,261
Purchases of traded goods		1,019,300,162	628,068,669
(Increase) / Decrease in inventories of finished goods, work-in-progress and traded goods	20	(95,393,416)	70,966,826
Employee benefits expense	21	244,008,607	261,761,001
Finance costs	22	130,241	680,883
Depreciation and amortisation expenses	10 d	36,956,646	38,869,423
Other expenses	23	293,954,840	293,342,140
Total Expenses		1,793,189,634	1,566,889,203
V (Loss) before tax (III - IV)		(58,423,862)	(20,012,858)
VI Tax Expenses			
- Current tax		-	-
- Excess provision for earlier years		(38,471,263)	(290,837)
- Deferred tax	31	-	-
		(38,471,263)	(290,837)
VII (Loss) for the year (V-VI)		(19,952,599)	(19,722,021)
VIII Earnings per equity share (Face value of ₹ 2/- per share)			
Basic and Diluted	30	(0.66)	(0.66)

See accompanying notes forming part of the Financial Statements

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

A. Siddharth
Partner

Mumbai, dated: 29th April, 2014

For and on behalf of the Board

K. R. Naik
Executive Chairman

K. G. Prabhu
Company Secretary

Mumbai, dated: 29th April, 2014

K. M. Gaonkar
Director

Bhushan Prabhu
Chief Financial Officer

Consolidated Cash Flow Statement for the year ended 31st March, 2014

	For the year ended 31 st March, 2014 ₹	For the year ended 31 st March, 2013 ₹
A. Cash flows from operating activities		
(Loss) before tax	(58,423,862)	(20,012,858)
Adjustments for:		
Depreciation	36,956,646	38,869,423
(Profit) on sale of fixed assets (net)	(249,190)	(5,076,311)
(Profit) on sale of current investment (non-trade) (net)	(148,206,717)	(102,073,037)
Excess of cost over fair value of current investments (non-trade) (net)	30,828,418	(3,264,493)
Provision for doubtful debts and advances (net)	10,122,596	(1,551,292)
Bad debts written off	356,054	1,177,589
Sundry balances written off	705,977	720,995
Unrealised exchange differences	1,430,307	(2,026,012)
Provision for Leave encashment (net)	104,573	(73,815)
Provision for Gratuity written back	(859,416)	(1,734,681)
Provision for wealth tax	141,150	138,838
Sundry balances written back	(2,288,983)	(320,636)
Interest and finance charges	130,241	680,883
Interest income	(76,073,229)	(161,138,150)
Dividend income	(521,905)	(59,627,625)
Operating (loss) before working capital changes	(205,847,340)	(315,311,182)
(Increase) in trade receivables	(53,355,299)	(94,435,163)
(Increase) / Decrease in inventories	(115,594,757)	170,088,169
Decrease in loans and advances	12,365,505	12,901,457
(Decrease) / Increase in trade and other payables	(32,763,642)	72,146,324
Cash (used in) operations	(395,195,533)	(154,610,395)
Direct taxes paid (net)	(4,330,778)	(19,577,848)
Net cash (used in) operating activities	(399,526,311)	(174,188,243)
B. Cash flows from investing activities		
Purchase of fixed assets	(8,328,979)	(22,383,225)
Sale of fixed assets	741,434	5,148,511
Purchase of current investments	(12,551,207,359)	(12,925,532,979)
Sale of current investments	12,546,105,303	11,932,373,970
Bank balances not considered as Cash and cash equivalents		
Placed	(469,526,406)	(475,476,673)
Matured	830,129,828	1,472,010,361
Dividend received	521,905	59,627,625
Interest received	123,158,912	160,800,260
Net cash from investing activities	471,594,638	206,567,850
C. Cash flows from financing activities		
Dividend paid	(70,208,349)	(69,744,774)
Interest paid	(130,241)	(680,883)
Net cash (used in) financing activities	(70,338,590)	(70,425,657)
Net Increase / (Decrease) in cash and cash equivalents	1,729,737	(38,046,050)
Cash and cash equivalents at the beginning of the year	47,299,157	85,313,604
Effect of exchange differences on restatement of foreign currency Cash and cash equivalents.	64,313	31,603
Cash and cash equivalents at the end of the year	49,093,207	47,299,157
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 cash equivalents (Refer note 15)	522,330,722	881,140,095
Less : Bank balances not considered as Cash and cash equivalents as defined in Accounting Standard (AS) 3 on 'Cash Flow Statements'		
In deposits accounts :		
Original maturity more than 3 months	341,380,571	715,000,000
In earmarked accounts :		
Unpaid dividend accounts	1,886,742	1,902,692
Deposits held as security against letters of credit	128,145,834	114,646,673
Deposits held as margin money	1,824,368	2,291,573
Net Cash and cash equivalents as defined in AS3 on 'Cash Flow Statements'	49,093,207	47,299,157

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

A. Siddharth
Partner

Mumbai, dated: 29th April, 2014

For and on behalf of the Board

K. R. Naik
Executive Chairman

K. G. Prabhu
Company Secretary

Mumbai, dated: 29th April, 2014

K. M. Gaonkar
Director

Bhushan Prabhu
Chief Financial Officer

Notes forming part of the consolidated financial statements

NOTE 1 :

The Consolidated Financial Statements of Smartlink Network Systems Limited (the Parent Company) comprise of the financials of the parent company and Smartlink Middle East FZE, a wholly owned subsidiary of the parent company, together referred to as the 'Group'

BACKGROUND OF THE SUBSIDIARY COMPANY

Smartlink Middle East FZE (the Establishment) is registered on 10 November 2009 as a free zone establishment with limited liability as per a commercial license issued by Sharjah Airport International Free Zone, Sharjah, United Arab Emirates, in accordance with the provisions of Emiri Decree No. 2 of 1995. The principal activities of the Establishment are trading in networking products.

NOTE 2 : SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standard notified under Section 211 (3C) of the Companies Act, 1956 ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in term of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act / 2013 Act, as applicable.

(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) Fixed assets

- i) **Tangible assets:** Tangible fixed assets are carried at cost of acquisition or construction less accumulated depreciation and impairment loss, if any
- ii) **Intangible assets:** Intangible assets are stated at cost less accumulated amortisation. Computer software is amortised over a period of four years, which is as estimated by management (except ERP software which is amortised over a period of three years). Goodwill arising on amalgamation is amortised over a period of five years.

(d) 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.

(e) Depreciation

- i) Cost of leasehold land / premises and structural improvements are amortized over the period of lease.
- ii) Depreciation on Buildings is provided on the straight line basis at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.
- iii) Depreciation on the following assets is provided over their useful life which is as estimated by management:

Asset Description	Useful life
Motor vehicles	5 years
Computer Software tools	5 years
Computers & Computer software	4 years
Plant and machinery	8 years
Electrical installations	10 years
Furniture, fittings and office equipment	8 years
Air conditioners	10 years
Moulds	1 year

(f) 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 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.

(g) 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.

Notes forming part of the consolidated financial statements

(h) 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.

(i) Revenue recognition

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

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

Revenue from services is recognised when the services are rendered.

Interest income is accounted on accrual basis.

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

(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) 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.

On consolidation, the assets and liabilities are translated at exchange rates prevailing on the balance sheet date. Income and expenditure items are translated at the average exchange rates for the year.

Exchange differences arising in case of Non integral Foreign Operations are recognised in the Group's Translation Reserve classified under Reserves and Surplus.

(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) 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.

(n) Taxes on income

Current Income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961. 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 sufficient future taxable income will be available to realise the same (Refer note 31 below).

(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 consolidated financial statements

₹	As at 31 st March, 2014 ₹	As at 31 st March, 2013 ₹
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
Total	60,009,700	60,009,700
NOTE 4 : RESERVES AND SURPLUS		
Capital Reserve		
State Government subsidy As per last Balance sheet	2,500,000	2,500,000
Securities Premium Account		
As per last Balance sheet	278,614,693	278,614,693
Revaluation Reserve		
As per last Balance sheet	37,952,752	38,721,980
Less : Utilised for set off against depreciation (Refer Note 10 d)	769,228	769,228
	37,183,524	37,952,752
Foreign Currency Translation Reserve		
As per last Balance sheet	2,741,348	1,946,827
Add : Adjustment during the year	2,095,927	794,521
Closing balance	4,837,275	2,741,348
General Reserve		
As per last Balance sheet	556,720,271	556,720,271
Surplus in Statement of Profit and Loss		
As per last Balance sheet	3,198,856,367	3,288,786,737
Add : (Loss) for the year	(19,952,599)	(19,722,021)
Less : Appropriations		
Proposed dividend [Amount per Equity share ₹ 2/- (Previous year ₹ 2/-)]	60,009,700	60,009,700
Dividend distribution tax	10,198,649	10,198,649
Closing balance	3,108,695,419	3,198,856,367
Total	3,988,551,182	4,077,385,431

Notes forming part of the consolidated financial statements

	As at 31 st March, 2014 ₹	As at 31 st March, 2013 ₹
NOTE 5 : OTHER LONG-TERM LIABILITIES		
Other payables:		
Security deposits	957,136	2,295,878
Unearned revenue	203,810	411,793
Total	1,160,946	2,707,671
NOTE 6 : LONG-TERM PROVISIONS		
Provision for employee benefits		
For Gratuity	3,673,957	4,533,373
For Leave encashment	2,580,817	2,420,725
Total	6,254,774	6,954,098
NOTE 7 : TRADE PAYABLES		
Outstanding dues of micro enterprises and small enterprises	420,760	243,353
Other trade payables	173,979,543	203,750,172
Total	174,400,303	203,993,525
NOTE 8 : OTHER CURRENT LIABILITIES		
Capital creditors	3,513,432	-
Unearned revenue	1,113,908	972,033
Unpaid dividends	1,886,742	1,902,692
Temporary overdrawn bank balance as per books	502,951	4,110,387
Other payables :		
Statutory dues	12,104,868	16,909,475
Security deposits	3,054,386	772,766
Interest accrued on trade payables	28,085	27,535
Advance from customers	1,869,031	1,949,089
Total	24,073,403	26,643,977
NOTE 9 : SHORT-TERM PROVISIONS		
Provision for employee benefits		
For Leave encashment	1,576,719	1,632,238
Others		
For Income-tax [net of advance tax ₹ 105,349,738/-, (Previous year ₹ 105,349,738/-)]	1,643,948	1,505,110
Proposed dividend	60,009,700	60,009,700
Corporate dividend tax on proposed dividend	10,198,649	10,198,649
Total	73,429,016	73,345,697

NOTE 10 : FIXED ASSETS

Amount in ₹

Notes forming part of the consolidated financial statements

Nature of assets	Gross block			Depreciation			Net block As at 31 st March, 2014
	As at 1 st April, 2013	Additions	Deductions	As at 31 st March, 2014	For the year	Deductions	
a Tangible assets :							
Land							
Freehold	8,791,000	-	-	8,791,000	-	-	8,791,000
Leasehold	(8,791,000)	-	-	(8,791,000)	-	-	(8,791,000)
Buildings	9,278,538	-	-	1,283,397	99,906	-	7,895,235
Own use	(9,278,538)	-	-	(1,183,491)	(99,906)	-	(7,995,141)
Given under operating lease	268,676,525	(17,223,561)	-	65,725,946	6,170,664	-	196,779,915
Plant and machinery	(251,452,964)	3,419,656	-	(59,719,882)	(6,006,064)	-	(202,950,579)
Furniture and fixture	3,752,200	(264,358)	-	1,198,927	125,323	-	2,427,950
Vehicles	(3,752,200)	57,613	-	(1,073,604)	(125,323)	-	(2,553,273)
Office equipment	153,314,427	(29,635,972)	-	132,913,867	11,083,865	-	12,736,351
Others	(183,832,757)	(518,550)	(10,599)	(153,314,427)	(12,048,538)	(30,782,688)	(20,400,560)
Electrical installations	30,193,502	3,951,318	-	30,251,115	1,949,921	-	4,580,870
Air conditioners	(29,635,972)	(152,844)	-	(21,628,720)	(2,091,604)	-	(23,720,324)
Computers	22,633,816	442,866	-	14,845,961	3,884,570	-	7,380,051
Tangible assets totals	(748,612,755)	8,328,979	3,523,587	(753,418,146)	34,460,224	3,031,343	(717,885,679)
Previous year	(752,248,721)	(27,317,723)	(30,953,689)	(748,612,755)	(36,319,926)	(30,881,469)	(815,816,150)
b Intangible assets :							
Goodwill	27,898,105	-	-	27,898,105	-	-	27,898,105
Computer software - acquired	(27,898,105)	-	-	(27,898,105)	-	-	(27,898,105)
Intangible assets totals	46,568,154	-	-	39,078,962	3,265,650	-	4,223,542
Previous year	(46,568,154)	-	-	(46,568,154)	(3,318,725)	-	(49,886,879)
Total	74,466,259	8,328,979	3,523,587	66,977,067	37,725,874	3,031,343	74,732,270
Previous year	(74,466,259)	(27,317,723)	(30,953,689)	(74,466,259)	(39,638,651)	(30,881,469)	(144,906,197)
c Capital work-in-progress	823,079,014	-	-	827,884,405	-	-	264,490,056
Previous year	(826,714,980)	-	-	(823,079,014)	-	-	(294,379,196)
d Depreciation and amortisation							
Particulars							
Depreciation and amortisation for the year on tangible assets as per Note 10 a	34,460,224		36,319,926	528,689,818		3,031,343	264,490,056
Depreciation and amortisation for the year on intangible assets as per Note 10 b	3,265,650		3,318,725	(519,942,656)		(30,881,469)	(294,379,196)
Less : Utilised from revaluation reserve		37,725,874					3,513,432
Depreciation and amortisation		769,228					268,003,488
		36,956,646					(294,379,196)

Notes

- Leasehold land/premises include:
 - Plots of land of the aggregate gross value of ₹ 14,036,538/- (previous year ₹ 14,036,538/-) taken on lease from the Goa Industrial Development Corporation (GIDC) for an initial period of thirty years with an option to extend the lease to ninety/ninety-five years.
 - Land and premises of the aggregate gross value of ₹ 1,686,000/- (previous year ₹ 1,686,000/-), taken on lease from Maharashtra Industrial Development Corporation (MIDC) for an initial period of ten years with an option to extend the lease to ninety-five years. Title deeds in respect of the above are in the names of GIDC and MIDC respectively.
- Goodwill represents 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.
- Buildings comprises of a building given on operating lease for a period of 12 months.
- Figures in brackets are those of the previous year.

Notes forming part of the consolidated financial statements

	As at 31 st March, 2014 ₹	As at 31 st March, 2013 ₹
NOTE 11 : LONG TERM LOANS AND ADVANCES		
Unsecured, considered good:		
Security deposits	3,809,319	5,819,286
Prepaid expenses	374,599	479,359
Others:		
VAT / Service tax receivable	256,300	256,300
Advance payment of taxes [net of provision Nil, (previous year ₹ 1,075,000,000/-)]	70,540,078	27,740,349
Custom duty receivable	7,006,585	12,941,309
Pre-deposit with Government authorities in connection with appeals filed (Refer note 25)	12,300,000	28,390,670
	94,286,881	75,627,273
Unsecured, considered doubtful :		
Security deposits	801,499	964,544
Less : Provision for doubtful deposits	801,499	964,544
	-	-
Total	94,286,881	75,627,273
NOTE 12 : CURRENT INVESTMENTS		
Investments in Mutual Funds (unquoted)		
(At lower of cost and fair value)		
Face value of all units, ₹ 10/-		
In Mutual Funds (unquoted)	2,638,971,939	2,574,077,432
Less: Adjustment for excess of cost over fair value	25,287,658	-
	2,613,684,281	2,574,077,432
Investments in Bonds (quoted)		
Face value of all units, ₹ 1,000,000/-		
In Bonds (quoted)	199,326,000	110,911,733
Less: Adjustment for excess of cost over fair value	5,822,760	282,000
	193,503,240	110,629,733
Total	2,807,187,521	2,684,707,165
Aggregate value of investments (net of adjustment)		
Unquoted - cost	2,638,971,939	2,573,795,432
Quoted - cost	199,326,000	110,911,733
- Market value	193,719,240	110,687,782

Notes forming part of the consolidated financial statements

	As at 31 st March, 2014 ₹	As at 31 st March, 2013 ₹
NOTE 13 : INVENTORIES		
(At lower of cost and net realisable value)		
Raw materials and components	39,748,919	18,208,840
[Includes Goods-in-transit of ₹ 12,227,972/- (previous year ₹ 76,006/-)]		
Work-in-progress	1,182,888	3,654,214
Finished goods	25,354,453	53,212,109
Traded goods	208,144,927	82,422,529
[Includes Goods-in-transit of ₹ 47,753,902/- (previous year ₹ 29,634,197/-)]		
Stores, spares and packing materials	666,570	2,005,308
Total	275,097,757	159,503,000
NOTE 14: TRADE RECEIVABLE		
Unsecured		
a) Outstanding for a period exceeding six month from the date they were due for payment		
Considered doubtful	11,744,858	1,459,217
Less: Provision for doubtful receivables	11,744,858	1,459,217
	-	-
b) Others		
Considered good	291,996,045	250,852,461
Total	291,996,045	250,852,461
NOTE 15 : CASH AND CASH EQUIVALENTS		
a) Cash on hand	162,377	329,632
b) Balances with bank		
In Current accounts	48,930,830	45,758,091
In Exchange Earners Foreign Currency (EEFC) account	-	1,211,434
In deposits accounts (Refer note below)	341,380,571	715,000,000
In earmarked accounts		
Unpaid dividend accounts	1,886,742	1,902,692
Deposits held as security against letters of credit (Refer note below)	128,145,834	114,646,673
Deposits held as margin money (Refer note below)	1,824,368	2,291,573
Total	522,330,722	881,140,095

Note :

Balances with bank include deposits amounting to ₹ 469,526,405/- (previous year ₹ 829,646,673/-) and margin monies amounting to ₹ 1,824,368/- (previous year ₹ 2,291,573/-) which have an original maturity of more than 12 months.

Notes forming part of the consolidated financial statements

	As at 31 st March, 2014 ₹	As at 31 st March, 2013 ₹
NOTE 16 : SHORT TERM LOANS AND ADVANCES		
Unsecured, considered good:		
Security deposits	3,089,875	2,114,813
Advance / Loans to Employees	1,015,156	1,122,825
Prepaid expenses	4,322,431	5,650,288
Others:		
VAT credit receivable	129,290	595,134
CENVAT / Service tax credit receivable	20,117,596	19,410,855
Custom duty receivable	10,549,250	9,135,720
Balance in DEPB licenses	1,227,195	901,150
Advances to suppliers	13,135,561	3,423,885
	<u>53,586,354</u>	<u>42,354,670</u>
Unsecured, considered doubtful:		
Advances to suppliers	206,455	206,455
Less : Provision for doubtful advances	206,455	206,455
	<u>-</u>	<u>-</u>
Total	<u>53,586,354</u>	<u>42,354,670</u>
NOTE 17 : OTHER CURRENT ASSETS		
Interest accrued on		
Bank deposits	20,767,098	73,730,531
Trade receivable	1,235,660	-
Bonds held as current investments	7,103,514	2,461,424
	<u>29,106,272</u>	<u>76,191,955</u>
Total	<u>29,106,272</u>	<u>76,191,955</u>
	For the year ended 31 st March, 2014 ₹	For the year ended 31 st March, 2013 ₹
NOTE 18 : REVENUE FROM OPERATIONS		
Sale of products	1,418,267,037	1,047,026,095
Sale of services	124,948,331	175,101,266
Other operating revenues (Refer Note below)	2,302,991	1,871,928
	<u>1,545,518,359</u>	<u>1,223,999,289</u>
Note :		
Other operating revenues		
Provision for doubtful trade receivables and advances written back	-	1,551,292
Sundry balances written back	2,288,983	320,636
Recovery of trade receivables earlier written off	14,008	-
Total	<u>2,302,991</u>	<u>1,871,928</u>

Notes forming part of the consolidated financial statements

	For the year ended 31 st March, 2014 ₹	For the year ended 31 st March, 2013 ₹
NOTE 19 : OTHER INCOME		
Interest income		
On fixed deposits with banks	56,954,808	157,045,601
On bonds and securities	13,999,423	3,660,943
On overdue trade receivables	5,072,074	430,175
Other Interest	46,924	1,431
	<u>76,073,229</u>	<u>161,138,150</u>
Dividend income from current investments	521,905	59,627,625
Write back of adjustment for excess of cost over fair value of current investments (net)	-	3,264,493
Net gain on sale of current investment	148,206,717	102,073,037
Rent income from operating leases	3,289,142	5,455,501
Profit on fixed assets sold / written off (net)	249,190	5,076,311
Exchange gain (net)	4,571,964	16,158,097
Provision for Gratuity written back	-	380,604
Insurance and other claims	428,567	8,319,500
Scrap income	604,665	802,799
Total	<u>233,945,379</u>	<u>362,296,117</u>
NOTE 20 : INCREASE / (DECREASE) IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND TRADED GOODS		
Stock as at 31st March, 2014		
Finished goods		
- Manufactured	25,354,453	53,212,109
- Traded	208,144,927	82,422,529
Work-in-progress	1,182,888	3,654,214
	<u>234,682,268</u>	<u>139,288,852</u>
Less: Stock as at 1st April, 2013		
Finished goods		
- Manufactured	53,212,109	81,232,524
- Traded	82,422,529	121,654,574
Work-in-progress	3,654,214	7,368,580
	<u>139,288,852</u>	<u>210,255,678</u>
Increase / (Decrease)	<u>95,393,416</u>	<u>(70,966,826)</u>

Notes forming part of the consolidated financial statements

	For the year ended 31 st March, 2014 ₹	For the year ended 31 st March, 2013 ₹
NOTE 21 : EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	221,844,688	236,206,884
Contribution to provident and other funds	5,793,742	7,400,897
Staff welfare expenses	13,412,414	17,429,595
Gratuity	971,610	-
Leave encashment	1,986,153	723,625
Total	244,008,607	261,761,001
NOTE 22 : FINANCE COST		
Interest Expenses on:		
Trade payables	6,454	6,021
Others		
Interest on delayed payment of income tax	25,869	50,710
Interest on statutory payments etc.	97,918	624,152
Total	130,241	680,883
NOTE 23 : OTHER EXPENSES		
Stores, spares and packing material consumed	12,266,843	13,589,591
Excise duty [Refer Note No. 33 (b)]	(5,415,541)	110,255
Power and fuel	13,792,240	13,952,769
Rent	17,133,835	19,249,629
Operating lease rentals	-	18,160
Rates and taxes	2,087,649	1,740,599
Insurance	4,589,197	4,855,383
Repairs and maintenance		
Buildings	68,000	4,007,263
Machinery	2,664,867	2,412,643
Others	9,571,261	9,786,799
	12,304,128	16,206,705
Travelling and conveyance expenses	18,457,197	17,215,432
Communication expenses	6,821,916	7,816,832
Legal and Professional fees	25,195,328	33,945,759
Advertisement and sales development expenses	73,011,573	99,486,539
Freight Outward	21,610,581	25,764,681
Printing and stationery expenses	4,711,491	5,124,781
Servicing expenses	16,720,649	14,880,275
Excess of cost over fair value of current investments (non-trade) (net), adjusted	30,828,418	-
Provision for doubtful debts and advances	10,122,596	-
Sundry balances written off	705,977	720,995
Bad debts written off	356,054	1,177,589
Miscellaneous expenses	28,654,709	17,486,166
Total	293,954,840	293,342,140

Notes forming part of the consolidated financial statements

NOTE 24 :

The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 on 'Consolidated Financial Statements' (AS-21) notified in the Companies (Accounting Standards) Rules 2006.

The details of the subsidiary is as under:

Subsidiary (incorporated in United Arab Emirates)	Percentage holding	Date of the financial statements
Smartlink Middle East FZE	100%	31 st March, 2014

Note : The Board of Directors of Parent Company have approved the closure of the subsidiary company subject to obtaining various statutory approvals.

	As at 31 st March, 2014 ₹	As at 31 st March, 2013 ₹
NOTE 25 : CONTINGENT LIABILITIES AND COMMITMENTS		
Contingent liabilities in respect of		
a. Show cause notices received by the Parent Company from customs authorities relating to imports made in earlier years.	238,259	709,043
b. Disputed demands of custom duty against the Parent Company pending before the Customs, Excise and Service Tax Appellate Tribunal (CESTAT) has been decided in favour of Company and has pronounced the judgement on 28/03/2014 dismissing the appeal filed by the Revenue Department.	-	242,023,983
c. Disputed demands of custom duty against the Parent Company pending before the Customs, Excise and Service Tax Appellate Tribunal (CESTAT) (Amount deposited as pre-deposit ₹ 900,000/-) in connection with classification of networking products.	2,414,221	2,414,221
d. Disputed demand of excise duty in connection with valuation of products manufactured by the Parent Company pending before CESTAT (Amount deposited as pre-deposit ₹ 11,400,000/-)	38,715,672	38,715,672
e. Disputed penalty demands of Excise Authorities with regard to (d) above, against the Parent Company, pending before the CESTAT	39,880,674	39,517,713
f. Custom duty paid under protest 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 has objected to the classifications adopted by the Parent Company for certain items and has demanded additional duty for the same. The Parent Company has paid such differential duty under protest, which is included under Long term loans and advances in Note 11, pending resolution of the dispute.	3,883,884	4,487,728
g. SEBI had filed a criminal case, in the Metropolitan Magistrate court, in June, 2006 under Section 77A(4) r/w Section 621 for alleged contravention of provisions of the Companies Act, 1956 for failing to complete the process of buy back of shares as provided under the said section. The Parent Company had filed an application in the Hon'ble High Court of Bombay and the Hon'ble High Court has passed Orders staying the proceedings in the Metropolitan Magistrate court. The stay is continuing. The Parent Company does not expect any liability on this account at this stage.		

Notes forming part of the consolidated financial statements

NOTE 26 : FOREIGN CURRENCY

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

	As at 31st March, 2014		As at 31st March, 2013	
	In foreign Currency	In ₹	In foreign Currency	In ₹
Amount receivable in foreign currency on account of the following:				
Trade receivables	USD 567,921	34,029,788	USD 782,266	42,461,390
Loans and advances	USD 5,633	241,784	USD 5,642	242,758
Amount payable in foreign currency on account of the following:				
Trade payable	USD 1,910,965	114,524,125	USD 2,559,033	138,929,895

	Current year ₹	Previous year ₹
NOTE 27 :		
A The disclosure as required under AS-15 regarding the Group 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	13,090,123	13,444,956
Current Service Cost	1,926,343	2,165,746
Interest Cost	950,239	1,047,369
Actuarial (gain) / loss	(1,169,462)	(2,862,272)
Benefits paid	(2,424,279)	(705,676)
Defined Benefit obligation at year-end	12,372,964	13,090,123
II. Reconciliation of opening and closing balances of fair value of plan assets		
Fair value of plan assets at beginning of the year	8,556,750	7,176,902
Expected return on plan assets	762,643	600,897
Actuarial gain / (loss)	(27,133)	130,550
Employer contribution	1,831,026	1,354,077
Benefits paid	(2,424,279)	(705,676)
Fair value of plan assets at year end	8,699,007	8,556,750
III. Reconciliation of fair value of assets and obligations		
Present value of obligation as at 31 st March, 2014	12,372,964	13,090,123
Fair value of plan assets as at 31 st March, 2014	8,699,007	8,556,750
Amount recognized in Balance Sheet	(3,673,957)	(4,533,373)

Notes forming part of the consolidated financial statements

	Current year ₹	Previous year ₹		
IV. Expense recognized during the year				
(Under the head "Employee Benefits Expense" - Refer to Note 21)				
Current Service Cost	1,926,343	2,165,746		
Interest Cost	950,239	1,047,369		
Expected return on plan assets	(762,643)	(600,897)		
Actuarial (gain) / loss	(1,142,329)	(2,992,822)		
Net Cost	971,610	(380,604)		
V. Actuarial assumptions				
Discount rate (per annum)	9.14%	8.00%		
Expected rate of return on plan assets (per annum)	9.15%	8.00%		
Rate of escalation in salary (per annum)	5.00%	5.00%		
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. Amount in ₹				
	31-Mar-14	31-Mar-13	31-Mar-12	31-Mar-11
Experience Adjustment				
On plan liabilities	(1,169,462)	(2,862,272)	(201,931)	(862,308)
On plan assets	(27,133)	130,550	133,459	103,636
Present value of benefit obligation	12,372,964	13,090,123	13,444,956	13,765,190
Fair value of plan assets	8,699,007	8,556,750	7,176,902	4,769,523
Excess of (obligation over plan assets) / plan assets over obligation	(3,673,957)	(4,533,373)	(6,268,054)	(8,995,667)
VIII. The contribution expected to be made by the Parent Company during the financial year 2014-15 have not been ascertained.				
IX. The plan assets are managed by the Gratuity trust formed by the Parent 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 Parent Company's defined contribution plans is as follows :				
i) Contribution to provident fund ₹ 5,431,967/- (previous year ₹ 7,389,162/-).				

NOTE 28 : SEGMENT INFORMATION

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

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

(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

Notes forming part of the consolidated financial statements

Information about secondary segments

Amount in ₹

Particulars	Domestic	Exports	Unallocated	Total
Revenues from external customers (net) (including sale of services)	1,386,604,977 (1,052,976,686)	114,215,416 (131,603,542)	- -	1,500,820,393 (1,184,580,228)
Segment assets	878,400,659 (752,657,672)	34,029,788 (42,318,579)	3,429,164,593 (3,669,779,564)	4,341,595,040 (4,464,755,815)
Additions to fixed assets during the year	8,328,979 (22,383,225)	- -	- -	8,328,979 (22,383,225)

Figures in brackets are for the previous year

NOTE 29 : LEASE TRANSACTION

Operating leases

The Parent Company had taken premises / vehicles on cancellable operating lease basis. The tenure of the agreement ranged from 33/60 months. There were no renewal or purchase options and escalation clauses in these agreements. The lease rentals for the year charged to revenue are ₹ Nil (previous year ₹ 18,160/-)

NOTE 30 : EARNING PER SHARE

Earnings per share is calculated by dividing the (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, 2014 ₹	For the year ended 31 st March, 2013 ₹
Net (loss) for the year attributable to Equity Shareholders	(19,952,599)	(19,722,021)
Weighted average number of equity shares	30,004,850	30,004,850
Par value per share	2.00	2.00
Basic and Diluted earnings per share net of tax	(0.66)	(0.66)

NOTE 31 : 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, 2014 ₹	As at 31 st March, 2013 ₹
a. Deferred Tax Liability		
Depreciation	(11,058,751)	(13,205,643)
Total	(11,058,751)	(13,205,643)
b. Deferred Tax Asset		
Mainly unabsorbed depreciation restricted to above	11,058,751	13,205,643
	11,058,751	13,205,643

Note :

Deferred tax asset has been recognised to the extent of deferred tax liability on prudence. Other deferred tax assets have not been recognised in the absence of virtual / reasonable certainty supported by convincing evidence that future taxable income will be available against which such deferred tax asset can be recognised.

Notes forming part of the consolidated financial statements

NOTE 32 : RELATED PARTY DISCLOSURES

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

Name of the related parties	Nature of relationship
Mr. Kamalaksha R. Naik	Key Management Person
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
Ms. Aarti K. Naik	Relative of Key Management Person

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. Aarti K. Naik	-	-	884,842	884,842
	-	-	(456,106)	(456,106)
Dividend paid				
Mr. Kamalaksha R. Naik	31,325,986	-	-	31,325,986
	(31,291,746)	-	-	(31,291,746)
Mr. Kamalaksha R. Naik (HUF)	-	685,942	-	685,942
	-	(685,942)	-	(685,942)
Mrs. Sudha K. Naik	-	-	3,000,486	3,000,486
	-	-	(3,000,486)	(3,000,486)
Mrs. Lakshana A. Sharma	-	-	3,661,682	3,661,682
	-	-	(3,600,582)	(3,600,582)
Ms. Aarti K. Naik	-	-	6,027,056	6,027,056
	-	-	(4,860,398)	(4,860,398)
Rent Expense				
Ms. Aarti K. Naik	-	-	720,000	720,000
	-	-	(720,000)	(720,000)

Note :

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

Notes forming part of the consolidated financial statements

NOTE 33 : OTHER DISCLOSURE

- a. The Parent Company had instituted "Employee Stock Option Plan" (ESOP) for its employees in the year 2000. To administer the ESOP the Parent Company had created a Trust viz. D-Link (India) Limited ESOP Trust (the Trust) in September 2000. The said Trust was allotted 6,50,000 Equity Shares of ₹ 2/- each. In terms of the said ESOP, the Trust had granted options to the employees in the form of Equity Shares which vest at the rate of 25% on each successive anniversary of the grant date. The Trust had been renamed as Smartlink ESOP Trust. The accounting of ESOP's granted by the Trust to the employees of the Parent Company was done in accordance with The SEBI (ESOS and ESPS) Guidelines, 1999. These Guidelines were amended in July 2004 for all accounting periods commencing after 30th June 2003. The amendment required the Parent Company to prepare its accounts as if the ESOS/ESPS scheme was administered by itself (rather than by the Trust). The Parent Company had accordingly considered all the options granted by the Trust on or after 1st April 2004. The difference between the Market price (intrinsic of the share value) and the exercise price of the option, on the date of grant, had been amortised over the vesting period. The annual amortization was included under "Employee benefit expenses" in Note 21 and the cumulative charge disclosed in the Balance sheet under "Employee stock options" There are no further options outstanding to be granted.
- b. Excise duty collected from customers against sales has been disclosed as a deduction from turnover. The excise duty related to the difference between the opening and closing stock of finished goods is disclosed separately in the statement of profit and loss as "Excise Duty".
- c. Information as required under notification no. 51/12/2007-CL-III dated 8th February, 2011 issued by Ministry of Corporate Affairs relating to the subsidiary is as under.

	For the year ended 31 st March, 2014 ₹	For the year ended 31 st March, 2013 ₹
a) Capital	29,313,587	26,554,891
b) Reserves	(7,115,550)	(6,446,449)
c) Total assets	21,732,879	20,274,368
d) Total liabilities	341,992	169,656
e) Details of investment	NIL	NIL
f) Turnover	2,364,970	9,522,819
g) (Loss) before taxation	(802,862)	457,285
h) Provision for taxation	-	-
i) (Loss) after taxation	(802,862)	457,285
j) Proposed dividend	NIL	NIL

Exchange rate considered as on the closing date is ₹ 59.93 per USD (previous year ₹ 54.29 per USD)

- d. Previous year's figures have been regrouped, wherever necessary, to conform to those of the current year.

Signature to notes 1 to 33

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

A. Siddharth
Partner

Mumbai, dated: 29th April, 2014

For and on behalf of the Board

K. R. Naik
Executive Chairman

K. G. Prabhu
Company Secretary

Mumbai, dated: 29th April, 2014

K. M. Gaonkar
Director

Bhushan Prabhu
Chief Financial Officer

Smartlink Network Systems Ltd.

Reg. Office: L-7, Verna Industrial Estate, Verna, Salcete, Goa 403722 | CIN: L30007GA1993PLC001341

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

Joint shareholders may obtain additional Slip at the venue of the meeting.

ATTENDANCE SLIP

DP Id* :		Folio No. :	
Client Id* :		No. of Shares :	

Name and Address of the Shareholder: _____

I/We hereby record my / our presence at the 21st Annual General Meeting of the Company on Saturday the 26th day of July, 2014 at the Registered Office of the Company at L-7, Verna Industrial Estate, Verna, Salcete, Goa, 403722 at 11:00 a. m.

*Applicable for investors holding shares in electronic form.

Signature of the Shareholder / Proxy

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PROXY FORM

Smartlink Network Systems Ltd.

Reg. Office: L-7, Verna Industrial Estate, Verna, Salcete, Goa 403722 | CIN: L30007GA1993PLC001341

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member(s): _____ E-mail Id: _____

Registered address: _____ Folio No./Client Id: _____

DP/ID: _____

I/We, being the member(s) of _____ shares of Smartlink Network Systems Limited, hereby appoint

(1) Name: _____ Address: _____ E-mail id: _____ or failing him;

(2) Name: _____ Address: _____ E-mail id: _____ or failing him;

(3) Name: _____ Address: _____ E-mail id: _____

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 21st Annual General Meeting of the Company, to be held on Saturday the 26th day of July, 2014 at 11:00 a.m. at the Registered Office of the Company at L-7, Verna Industrial Estate, Verna, Salcete, Goa, 403722 and at any adjournment thereof in respect of such resolutions as are indicated below:

** I wish my above Proxy to vote in the manner as indicated in the box below:

Resolution No.	Resolutions	Optional*	
		For	Against
ORDINARY BUSINESS			
1.	Adoption of Financial Statements for the year ended March 31, 2014		
2.	Declaration of Dividend		
3.	Re-appointment of Mr. Jango Dalal, who retires by rotation		
4.	To resolve that Mr. Dattaraj Salgaocar, who retires by rotation at this Meeting and who has not sought re-appointment, be not re-appointed and the resulting vacancy be not filled up		
5.	Appointment of M/s Deloitte Haskins & Sells LLP, Chartered Accountants, as Statutory Auditors		
SPECIAL BUSINESS			
6.	Appointment of Mr. Pankaj Baliga as an Independent Director		
7.	Appointment of Mr. K. M. Gaonkar as an Independent Director		
8.	To ratify the remuneration of the Cost Auditors of the Company		

Signed this _____ day of _____, 2014

Signature of shareholder _____

Signature of First Proxy holder

Signature of Second Proxy holder

Signature of Third Proxy holder

Affix ₹ 0.15 Revenue Stamp

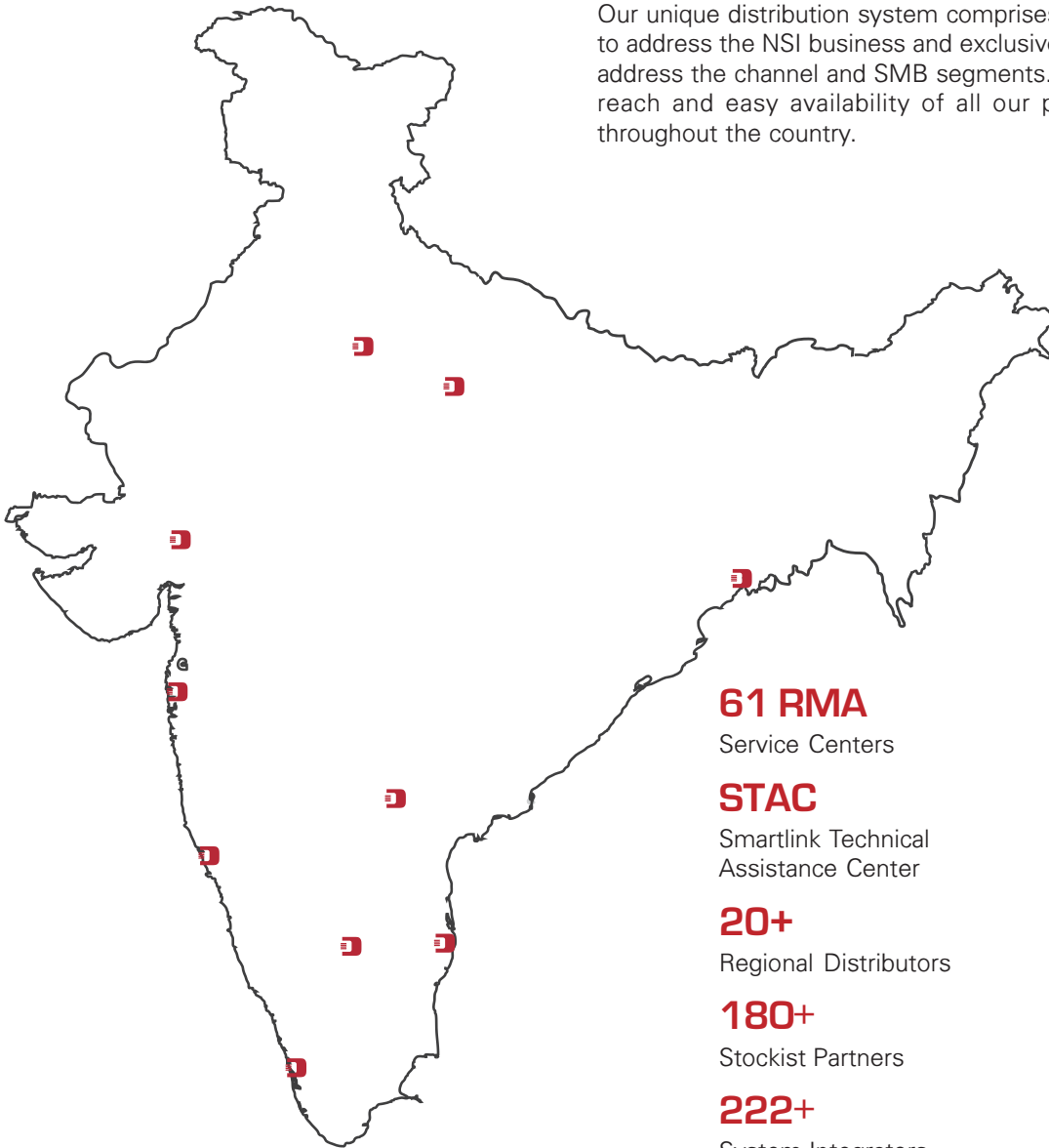
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Notes:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. A Proxy need not be a member of the Company. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
3. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company.
4. For the Resolutions, Explanatory Statement and Notes, please refer to Notice of the 21st Annual General Meeting.
- 5*. This is only Optional. Please put a 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
6. Please complete all details including details of member(s) in above box before submission.

Nationwide Reach

Our unique distribution system comprises of national distributors to address the NSI business and exclusive regional distributors to address the channel and SMB segments. This ensures extensive reach and easy availability of all our products and solutions throughout the country.



61 RMA

Service Centers

STAC

Smartlink Technical Assistance Center

20+

Regional Distributors

180+

Stockist Partners

222+

System Integrators

5000+

Resellers

**10
Branch
Offices**

Delhi

Lucknow

Kolkata

Ahmedabad

Mumbai

Secunderabad

Goa

Bangalore

Chennai

Cochin

Disclaimer/Forward Looking Statement

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

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

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

Smartlink Network Systems Limited

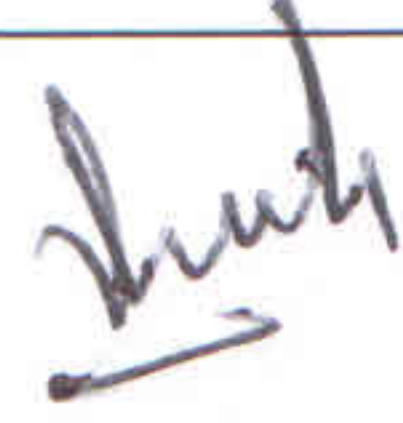
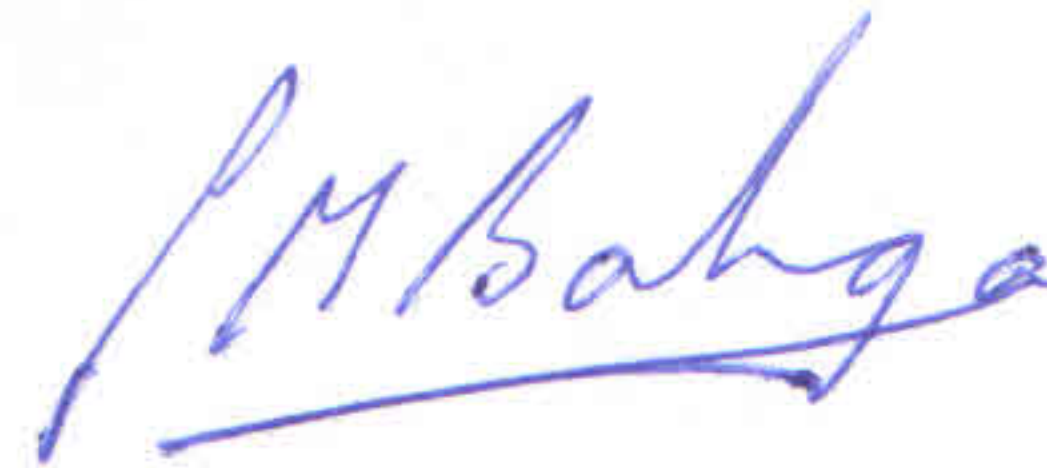
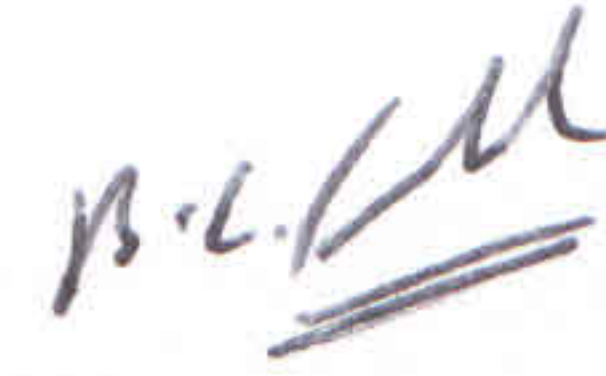
Corporate House:

Plot No. 5, Bandra-Kurla Complex,
Off CST Road,
Santacruz (East),
Mumbai 400 098

Registered Office:

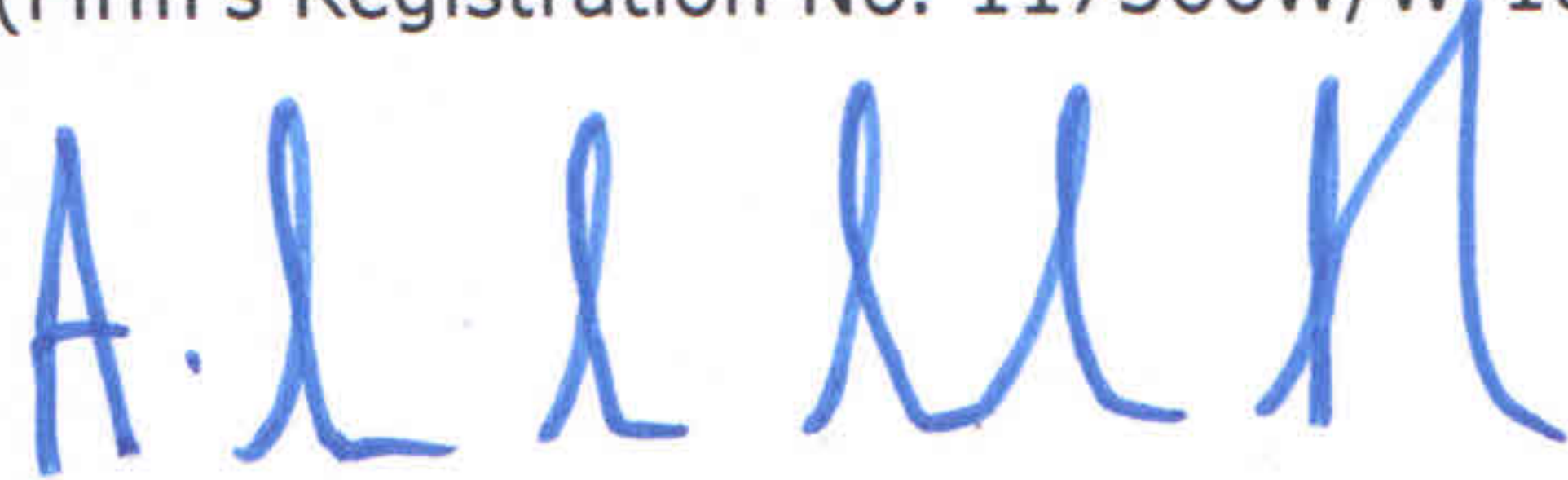
L-7, Verna Industrial Estate,
Verna, Salcete,
Goa 403 722

www.smartlink.co.in

FORM A		
Format of covering letter of the annual audit report to be filed with the stock exchanges		
1.	Name of the Company:	Smartlink Network Systems Limited
2.	Annual consolidated financial statements for the year ended	31st March, 2014 (Consolidated FS).
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	Not Applicable
5.	To be signed by- Mr. K. R. Naik – Executive Chairman Mr. Pankaj Baliga - Audit Committee Chairman Mr. Bhushan Prabhu - Chief Financial Officer	  

Auditor of the Company
Refer our Audit Report dated 29th April, 2014 on the consolidated financial statements of the Company.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)






(A. Siddharth)

(Partner)

(Membership No.: 31467)

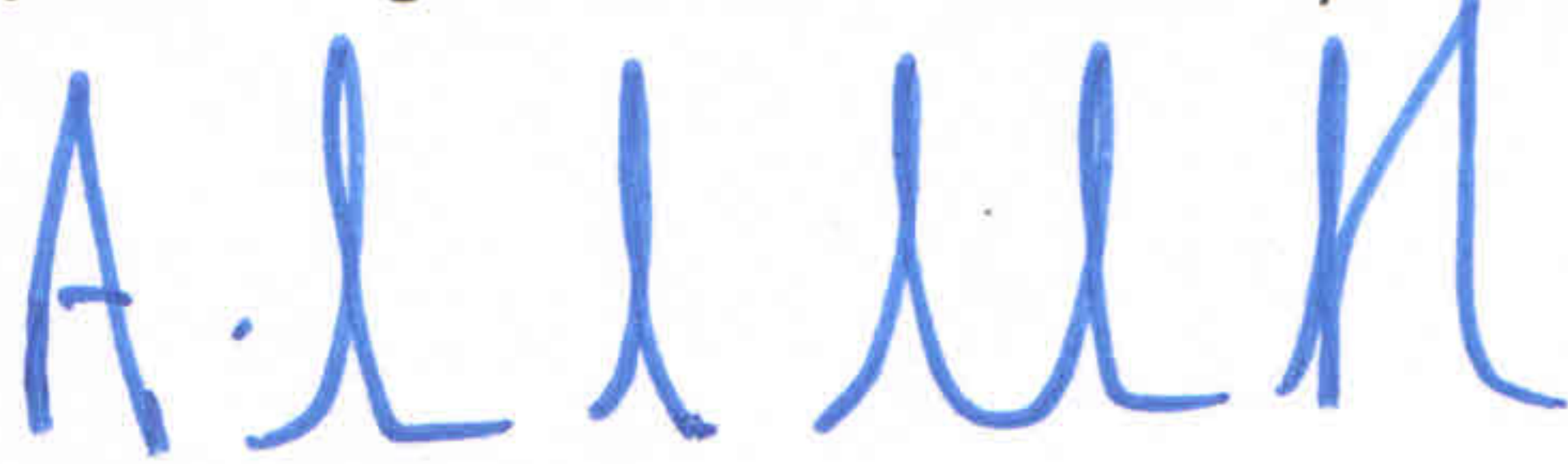
Mumbai, 29th April, 2014

FORM A		
Format of covering letter of the annual audit report to be filed with the stock exchanges		
1.	Name of the Company:	Smartlink Network Systems Limited
2.	Annual stand alone financial statements for the year ended	31st March, 2014 (Standalone).
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	Not Applicable
5.	To be signed by- Mr. K. R. Naik – Executive Chairman Mr. Pankaj Baliga - Audit Committee Chairman Mr. Bhushan Prabhu - Chief Financial Officer	  

Auditor of the Company

Refer our Audit Report dated 29th April, 2014 on the standalone financial statements of the Company.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)



A. Siddharth

Partner

Membership No.: 31467

Mumbai, 29th April, 2014

NOTICE

Smartlink Network Systems Limited

Registered Office: L-7, Verna Industrial Estate,
Verna, Salcete, Goa - 403722
Ph. No.: 0832-2885400/401; Website: www.smartlink.co.in
CIN: L30007GA1993PLC001341

Notice is hereby given that the Twenty First Annual General Meeting (AGM) of the Members of the Company will be held at the Registered Office of the Company at L-7, Verna Industrial Estate, Verna, Salcete, Goa - 403772, on Saturday, the 26th day of July, 2014, at 11:00 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the Financial Statements of the Company for the year ended 31st March, 2014 including Audited Balance Sheet of the Company as at 31st March, 2014 and the Statement of Profit and Loss for the financial year ended on that date together with the Report of the Board of Directors and Auditors thereon.
2. To declare Dividend for the year ended 31st March, 2014.
3. To appoint a Director in place of Mr. Jangoo Dalal (holding DIN 01683803), who retires by rotation and, being eligible, seeks re-appointment.
4. To resolve that Mr. Dattaraj Salgaocar (holding DIN 00105209), who retires by rotation at this Meeting and has not sought re-appointment, be not re-appointed and the resulting vacancy be not filled up.
5. To appoint M/s. Deloitte Haskins & Sells LLP, Chartered Accountants having registration no. 117366W/W-100018 the retiring Auditors of the Company as Statutory Auditors, on such remuneration as shall be fixed by the Board of Directors based on the recommendations of the Audit Committee.

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and Clause 49 of the Listing Agreement, Mr. Pankaj Baliga (holding DIN 00002864), Director of the Company whose period of office is liable to determination by retirement of Directors by rotation and in respect of whom the Company has received a notice in writing from a member under section 160 of the Companies Act, 2013 signifying his intention to propose

Mr. Pankaj Baliga as a candidature for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five years from 01st April, 2014 till 31st March, 2019."

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and Clause 49 of the Listing Agreement, Mr. K. M. Gaonkar (holding DIN 00002425), Director of the Company whose period of office is liable to determination by retirement of Directors by rotation and in respect of whom the Company has received a notice in writing from a member under section 160 of the Companies Act, 2013 signifying his intention to propose Mr. K. M. Gaonkar as a candidature for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five years from 01st April, 2014 till 31st March, 2019."

8. To ratify the remuneration of the Cost Auditors of the Company for the financial year ending 31st March, 2015 as approved by the Board of Directors and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the decision to pay remuneration of ₹ 50,000/- plus applicable taxes and out of pocket expenses to Mr. D. H. Zaveri, Cost Auditor of the Company for the year ending 31st March, 2015 as recommended by the Audit Committee and approved by the Board of Directors be and is hereby ratified."

By order of the Board

Place : Mumbai
Dated : 29th April, 2014

K. R. Naik
Executive Chairman

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company.
2. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
3. PROXIES IN ORDER TO BE EFFECTIVE, SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY, DULY COMPLETED AND SIGNED NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. A Proxy Form is sent herewith. Proxies submitted on behalf of the Companies, societies, etc. must be supported by and appropriate resolution/authority, as applicable.
4. During the period beginning twenty-four hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged, at any time during the business hours of the company, provided that not less than three days' notice in writing to inspect is given to the company.
5. The Company's Registrar & Share Transfer Agents (RTA) are:
M/s Karvy Computershare Private Limited
Plot No. 17 to 24, Vittalrao Nagar, Madhapur,
Hyderabad – 500 081
Phone No. 040-44655000; Fax No. 040-23420814
Email: einward.ris@karvy.com
6. The Register of members and share Transfer Books of the Company shall remain closed from 02nd July, 2014 to 09th July, 2014 (both days inclusive).
7. The dividend recommended by the Board, if approved by the shareholders at the Annual General Meeting, will be paid on or after 28th July, 2014 to those persons
 - (a) whose names appear as Beneficial Owners as at the end of the business hours on 01st July, 2014 as per the list of beneficial owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of shares held in electronic form.
 - (b) Whose names appear as Members in Register of Members of the Company after giving effect to valid share transfers, if any, in physical form lodged with the Company/Registrar & Share Transfer Agents on or before 01st July, 2014.
8. Pursuant to provisions of section 205A (5) of the Companies Act, 1956 (Section 124 of the Companies Act, 2013), dividend declared for financial year 31st March, 1996 and thereafter which remains unclaimed for a period of seven years is required to be transferred by the company to Investor Education and Protection Fund (IEPF) established by Central Government pursuant to section 205(C) of Companies Act, 1956. The Company had, accordingly, transferred an amount of ₹ 1,34,196/- being unclaimed dividend for the financial year ended 31st March 2006 on 28th September, 2013 and no claim lies against the company in respect thereof.

9. Information in respect of such unclaimed dividend when due for transfer to the said fund is given below:

Financial Year Ended	Date of Declaration of Dividend	Last Date for claiming unpaid Dividend	Due date for transfer to IEPF
31.03.2007	20.08.2007	19.08.2014	18.09.2014
31.03.2008	29.08.2008	28.08.2015	27.09.2015
31.03.2009	23.09.2009	22.09.2016	21.10.2016
31.03.2010	24.07.2010	23.07.2017	22.08.2017
31.03.2011	30.07.2011	29.07.2018	28.08.2018
31.03.2012 (Special Interim Dividend)	23.05.2011	22.05.2018	21.06.2018
31.03.2012	28.07.2012	27.07.2019	26.08.2019
31.03.2013	27.07.2013	26.07.2020	25.08.2020

The Company has uploaded the information in respect of the unclaimed amounts lying with the Company as on the date of 20th Annual General Meeting of the Company held on 27th July, 2013 on the website of IEPF viz. (www.iepf.gov.in) and under "Investor Relations" on the website of the Company viz. (www.smartlink.co.in).

Members who have not encashed the dividend warrants so far in respect of the aforesaid periods are requested to send their claims, if any, to the Company / share transfer agent immediately. Once the amount is transferred by the Company to IEPF, no claim thereof shall lie against the Company.

10. Shareholders are advised to avail of the facility for receipt of future dividends through Electronic Clearing Service (ECS). The ECS facility is available at the specified locations. Shareholders holding shares in electronic form are requested to contact their respective Depository Participant for availing ECS facility. The Company or its Registrars and Transfer Agents, Karvy Computershare Private Limited ("Karvy") cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Shareholders holding shares in physical form and desirous of either registering bank details or changing bank details already registered against their respective folios are requested to send a request letter for updating Bank Account No. with 9 digit MICR No. to our Registrar and Share Transfer Agent or to the Company with Attested copy of your PAN Card and a Photocopy of your cheque leaf (to capture correct bank account no, IFSC Code and 9 digit MICR Code).
11. Members can avail of the nomination facility in respect of shares held by them pursuant to the provisions of Section 72 of the Companies Act, 2013. Members holding shares in electronic form may contact their respective Depository Participant for availing this facility. Members holding shares in physical form may send their nomination in the prescribed form duly filled in to M/s Karvy Computershare Private Limited (RTA) at the above mentioned address.
12. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.

13. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company or RTA.
14. Details under Clause 49 of the Listing Agreement with the Stock Exchange in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting, forms integral part of the notice. The Directors have furnished the requisite declarations for their appointment/re-appointment.
15. Electronic copy of the Annual Report for 2013-14 is being sent to all the members whose email IDs are registered with the Company/ Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2013 -14 is being sent in the permitted mode.
16. The Notice of the 21st Annual General Meeting of the Company and instructions for e-voting, along with Attendance Slip and Proxy Form is being sent to all the members by electronic mode to all members whose email IDs are registered with the Company / Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the aforementioned documents are being sent in the permitted mode.
17. Members may also note that the Notice of the 21st Annual General Meeting and the Annual Report for 2013-14 will also be available on the Company's website www.smartlink.co.in for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Goa for inspection during normal business hours on working days, upto the date of AGM. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: company.secretary@smartlink.co.in
18. As required by Clause 49 of the listing agreement with the Stock Exchanges, the information relating to the Directors seeking Re-appointment at the Annual General Meeting is given below:

Mr. Jangoo Dalal 48 years of age, holds a Bachelor Degree in Science and Master of Management Studies (MBA) with specialization in Marketing from Bombay University. He brings with him 26 years of industry experience from organizations like Wipro Infotech, Wipro British Telecom, Cisco Systems, erstwhile D-Link (India) Limited and Avaya India Pvt Ltd. He has varied and diverse experience in the IT and Communications Industry Encompassing Sales Management, Marketing and Product Management, Channel Management (India and Asia Pacific), Strategic Planning and Profit Center and Country Operations Management.

He currently runs his own consultancy firm and is also pursuing a start-up in the Tech space.

He was appointed as Director on 31st May, 2009.

Mr. Jangoo Dalal does not hold any Directorship in any other Public Limited Company.

He holds 60,000 Equity Shares of the Company.
19. Shareholders are requested to notify any change of address:
 - i. To their Depository Participants (DPs) in respect of the shares held in demat form, and
 - ii. To the Company to its Share Department at the Registered Office at Verna, Goa in respect of the shares held in physical form.
 - iii. In case the mailing address mentioned on this Annual Report is without the PINCODE, inform your DP or the Company, as mentioned above
20. **To support the 'Green Initiative' in Corporate Governance taken by the Ministry of Corporate Affairs, to contribute towards the Greener Environment and to receive all documents, Notices, including Annual Reports and other communications of the Company, investors should register their e-mail addresses with Karvy Computer Share Private Limited, if shares are held in physical mode or with the Depository Participant if the shares are held in electronic mode.**

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM No. 6:

Mr. Pankaj Baliga is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in December, 2005. Mr. Pankaj Baliga is Chairman of the Audit Committee and Stakeholders Relationship Committee and a member of Nomination and Remuneration Committee of the Board of Directors of the Company.

"Mr. Pankaj Baliga has a Bachelors Degree in Engineering, NIT, Durgapur, Masters Degree in Business Administration, IIM, Ahmedabad and is a SPURS Fellow, Massachusetts Institute of Technology, U.S.A. He has more than 37 years of experience in Management of which for over 30 years with the Tata Group and the last 12 years at Tata Consultancy Services Ltd. (TCS), where he is presently a Consulting Advisor." Prior to TCS, he was the Global Head of Sales and Marketing of Taj Hotels, Resorts, and Palaces.

He does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

He does not hold Directorship in any other Public Company.

He is a Director who is liable to retire by rotation as per the erstwhile applicable provisions of Companies Act, 1956. In accordance with the provisions of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. Pankaj Baliga is eligible and offers himself for appointment as an Independent Director for five consecutive years for a term upto 31st March, 2019.

The Company has received a notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with a deposit of ₹ 1,00,000/- proposing the candidature of Mr. Pankaj Baliga for the office of the Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received from Mr. Pankaj Baliga (i) Consent in writing to act as Director in Form DIR -2 pursuant to Rule 8 of Companies (Appointment and qualification of Directors) Rules, 2014 (ii) a declaration to the effect that he meets the criteria of Independence as provided in sub-section 6 of Section 149 of the Companies Act, 2013.

In the opinion of the Board, Mr. Pankaj Baliga fulfils the conditions specified in the Companies Act, 2013 and rules made there under for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. Pankaj Baliga as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, upto the date of AGM.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Pankaj Baliga as an Independent Director.

Except Mr. Pankaj Baliga, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested in the resolution set out at Item No. 6. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchange.

The Board recommends the resolution set forth in Item no. 6 for the approval of the members.

ITEM No. 7:

Mr. K. M. Gaonkar is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in May, 2000. He is a member of the Audit Committee, Stakeholders Relationship Committee and Chairman of the Nomination and Remuneration Committee, of the Board of Directors of the Company.

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. Where he worked for 23 years in various positions, with the last six years as a Vice President in their Fibre Marketing Division.

Mr. K. M. Gaonkar is a Director who is liable to retire by rotation as per the erstwhile applicable provisions of Companies Act, 1956. In accordance with the provisions of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. K. M. Gaonkar is eligible and offers himself for appointment as an Independent Director for five consecutive years for a term upto 31st March, 2019.

He does not hold Directorship in any other Public Company.

He holds 69,126 shares by himself or for any other person on a beneficial basis in the Company.

The Company has received a notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with a deposit of ₹ 1,00,000/- proposing the candidature of Mr. Pankaj Baliga for the office of the Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received from Mr. K. M. Gaonkar (i) Consent in writing to act as Director in Form DIR -2 pursuant to Rule 8 of Companies (Appointment and qualification of Directors) Rules, 2014; and (ii) a declaration to the effect that he meets the criteria of Independence as provided in sub-section 6 of Section 149 of the Companies Act, 2013.

In the opinion of the Board, Mr. K. M. Gaonkar fulfils the conditions specified in the Companies Act, 2013 and rules made there under for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. K. M. Gaonkar as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, upto the date of AGM.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. K. M. Gaonkar as an Independent Director.

Except Mr. K. M. Gaonkar, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested in the resolution set out at Item No. 7. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchange.

The Board recommends the resolution set forth in Item no. 7 for the approval of the members.

ITEM No. 8:

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of Mr. D. H. Zaveri, as the Cost Auditor to conduct the audit of the cost records of the Company at a remuneration of ₹ 50,000/- plus applicable taxes and out of pocket expenses to Mr. D. H. Zaveri, Cost Auditor of the Company for the financial year ending 31st March, 2015.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 8 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2015.

None of the Directors or Key Managerial Personnel of the Company or their relatives are in any way, concerned or interested, in the resolution set out at Item No. 8 of the Notice.

The Board commends the Ordinary Resolution set out at Item No. 8 of the Notice for approval by the shareholders.

By order of the Board

Place : Mumbai
Dated : 29th April, 2014

K. R. Naik
Executive Chairman

DR. K. R. CHANDRATRE

FCS, M Com, LL B, Ph D

PRACTISING COMPANY SECRETARY

308 Commerce Avenue, 3rd Floor, 24 Mahaganesh Colony, Paud Road
Pune 411038

Telephone: (020)25450502. Cell- 9881235586

Email- krchandratre@vsnl.net; krchandratreoffice@gmail.com

Website: www.drkrchandratre.net

CERTIFICATE ON COMPLIANCE WITH CLAUSE 49 OF THE LISTING AGREEMENT BY SMARTLINK NETWORK SYSTEMS LIMITED

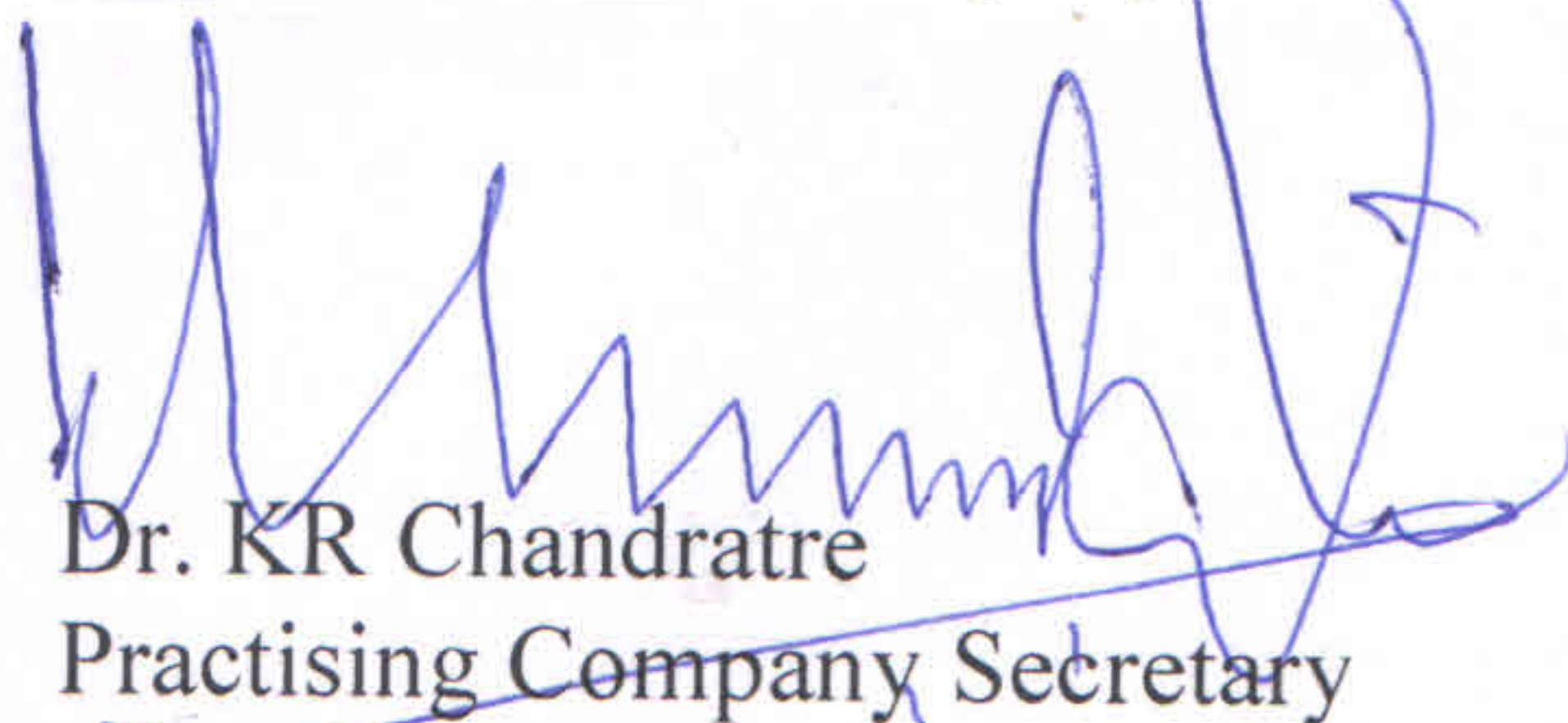
To the members of SMARTLINK NETWORK SYSTEMS LIMITED:

I have examined the compliance by SMARTLINK NETWORK SYSTEMS LIMITED (the Company) of the requirements under Clause 49 of the Listing Agreement, entered into by the Company with the Stock Exchanges, for the year ended 31st March 2014.

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 Clause 49 of Listing Agreement.

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 Clause 49. 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 or effectiveness with which the management has conducted the affairs of the company.


Dr. KR Chandratre
Practising Company Secretary

FCS No. 1370

Certificate of Practice No. 5144

April 29, 2014

