

30 August, 2019

To,  
Mr. Hari K – Asst. Vice President  
National Stock Exchange of India Ltd  
“Exchange Plaza”, C-1, Block G,  
Bandra – Kurla Complex,  
Bandra (E), Mumbai – 400 051

To,  
The Manager  
The corporate relationship Department  
Bombay Stock Exchange,  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai – 400 001

**Scrip Code: NSE: SMARTLINK**

**BSE: 532419**

**Sub: Dates for Book Closure and Annual General Meeting**

Pursuant to Regulation 42(2) of SEBI (Listing Obligations & Disclosure Requirements) Regulation 2015, we would like to inform you that the Company has scheduled to close the Register of Members and Share Transfer Register for the period commencing from Tuesday, 17<sup>th</sup> September, 2019 to Tuesday, 24<sup>th</sup> September, 2019 (both days inclusive).

We would also like to inform that the Annual General Meeting of Smartlink Holdings Limited will be held on the Saturday, the 28<sup>th</sup> day of September, 2019 at its registered office at L-7, Verna Industrial Estate, Verna, Salcete, Goa - 403722 at 11.00 a.m. Attached please find Annual Report 2018-19, AGM Notice along with proxy & attendance slip.

In terms of Section 108 of the Companies Act, 2013, read with rule 20 of the Companies (Management and Administration) Rules, 2014 as amended and Regulation 44 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015, the Company shall provide its members the facility to exercise their votes electronically for transacting the items of business, as per the details set out in the Notice convening the ensuing the 26<sup>th</sup> Annual General Meeting of the Company. The cut-off date for the purpose of determining voting rights for e-voting and for the voting at the AGM is fixed on Saturday, 21<sup>st</sup> September, 2019. The Company has entered into an arrangement with Karvy Fintech Pvt. Ltd., the Share Transfer Agents of the Company for facilitating the e-voting, through their e-voting platform i.e. [www.evoting.karvy.com](http://www.evoting.karvy.com).

The cut-off date for the purpose of determining the members eligible for sending Annual Report was Friday, the 23<sup>rd</sup> day of August, 2019.

Kindly note the above & acknowledge the receipt.

Thanking You,

Yours Faithfully,

For **SMARTLINK HOLDINGS LIMITED**

  
**URJITA DAMLE**  
**COMPANY SECRETARY**

**SMARTLINK HOLDINGS LIMITED**

(Formerly known as Smartlink Network Systems Limited)

Corporate Office : 215 Atrium, 2nd Floor, B-Wing, Courtyard Marriott Compound, Andheri-Kurla Road, Andheri (E), Mumbai - 400 093, INDIA  
Land Phone : +91 22 3061 6666 / 2652 6696

Registered Office : L-7, Verna Industrial Estate, Verna, Salcete, GA, 403722, IN | Land Phone : +91 832 2885400 | Fax : +91 832 2783395  
[www.smartlinkholdings.com](http://www.smartlinkholdings.com)



**SMARTLINK HOLDINGS LIMITED**

(Formerly known as Smartlink Network Systems Limited)



## Group Vision

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

## Group Mission

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



# Contents

Chairman's Message .....	02
Business Overview .....	04
Board of Directors .....	08
Directors' Report .....	10
Management Discussion and Analysis .....	15
Secretarial Audit Report .....	19
Report on Corporate Governance .....	21
Independent Auditor's Report .....	45
Balance Sheet .....	50
Statement of Profit & Loss .....	51
Cash Flow Statement .....	52
Notes Forming Part of the Financial Statements .....	53
Independent Auditor's Report (Consolidated) .....	74
Consolidated Balance Sheet .....	78
Consolidated Statement of Profit & Loss .....	79
Consolidated Cash Flow Statement .....	80
Notes Forming Part of the Consolidated Financial Statements .....	81

## Chairman's Message



“The next few years are going to be decisive for your company. We shall concentrate on strong operational excellence while making the right investments.”

**K. R. Naik**  
Executive Chairman

Dear Shareholders,

It is my privilege to write to you and present the annual report for the year ended 31<sup>st</sup> March 2019.

As you are aware, the global macro-economic landscape continues to remain volatile. In these uncertain circumstances while India's growth has largely remained positive, its economic growth rate slowed down to a 5-year low to 5.8% during the January-March 2019 quarter.

In our recent general elections, the ruling party has come back into power with an overwhelming majority and it is expected that they will focus on pushing forward the reform agenda in order to kick start the economy which has slowed down considerably. A decisive leadership and political stability are good for any country and should provide a boost for our national economy and give a significant fillip to the IT sector.

The ongoing 4G revolution and the rapid increase in the country's internet population over the past

few years augurs well for 'digital first' businesses like ours and should trigger a widespread increase in the off-take of Telecom, Enterprise to consumer-centric products in Copper and Fiber.

You are aware that in order to better take advantage of the opportunities in the marketplace, the company restructured and created three subsidiaries viz. Digisol Systems Ltd., Synegra EMS Ltd. and Telesmart SCS Ltd. Each of these companies are independent to pursue opportunities and focus on their areas of core competence.

Digisol Systems Ltd. is a brand company and will engage in the marketing and support of active and passive networking solutions under the brand 'DIGISOL' having presence across India.

DIGISOL introduced new products during the year and will continue to broaden its offering as per market needs. As it builds its brand as an independent entity, DIGISOL is free to source

products from not just Synegra but from any vendor in the world in line with its business objectives.

The manufacturing of active networking products is now the domain of Synegra EMS Ltd. Its manufacturing experience dates back to three decades and it has the infrastructure for the production of a wide range of sophisticated networking and electronic products. It is free to manufacture products for DIGISOL as well as for other brand companies in India and abroad.

Telesmart SCS Ltd. is engaged in the manufacture of passive networking products in copper and fiber. It has partnered with a company with over two decades of experience and has developed several products. It currently manufactures products for DIGISOL as well as for exports.

The three subsidiaries have distinct identities and a sharp focus in their respective businesses. They are also totally independent to draw up their own strategies in areas like sourcing, product development and marketing. This will enable them to concentrate better on manufacturing as well as marketing of their products to their customers.

Smartlink has substantial cash reserves and in order to reward our shareholders adequately, we have successfully completed two buy-backs – the first in FY2017 and the second in FY2019. You are aware that the Board of Directors of the Company has approved another buy-back which is currently under process. The buy-back offer would further enable the shareholders to encash part of their holdings in the company.

While we have quite some way to go before the three subsidiaries establish their businesses, the fundamentals are in place and these companies are well equipped to weather the storm that lies ahead. I feel reasonably confident that each of these three companies would be able to carve

out a niche in their respective areas of operation and find their rightful place in the Indian networking industry.

From an operational performance perspective, the last twelve months have been extremely challenging for Smartlink. The Company made a provision for diminution of investments in its wholly owned subsidiaries resulting in loss after tax of ₹ 2772.11 lakh on standalone basis. However, this had no impact on the consolidated financial results of the Company and the net loss stood at ₹ 248.49 lakh on consolidated basis. The provision has been made in line with prudent accounting policies followed by your Company.

The next few years are going to be decisive for your company. We shall concentrate on strong operational excellence while making the right investments. We understand that there is a need to transform ourselves so that we are geared for the future. This will require us to form partnerships to build the DIGISOL brand and manufacture increased volumes of active and passive products in order to optimize the use of our manufacturing facilities.

I am aware that this is not going to be an easy journey and I would like to thank our employees, channel partners, system integrators, tech partners and vendors for their hard work and commitment. I would also like to thank the government officials, associates, our customers and our shareholders for their continued trust, confidence and support as we endeavour to turn this business around and deliver the results that we all look forward to.

Thanking you,

Yours sincerely,

**K.R. Naik**  
Executive Chairman

## Business Overview

Smartlink Holdings Ltd. (formerly known as Smartlink Network Systems Ltd.) which was in the Networking Products business for more than three decades and involved in manufacturing, sourcing, sales and marketing, support, etc. Now, Smartlink Holdings Ltd. is an NBFC with assets, cash and investments including investment in three individual companies. Smartlink Holdings Ltd. has been restructured into three subsidiaries, each with a strong focus in their line of business.

- 1. DIGISOL Systems Ltd.:** DIGISOL Brand Networking Solutions Company with sales & marketing arm across India. It has a full range of Active and Passive networking products.
- 2. Synegra EMS Ltd.:** Active Networking Products EMS/ODM Manufacturing Company with teams for component sourcing and manufacturing. Its facilities include SMT lines, Assembly & Testing lines, etc. at Verna Industrial Estate, Goa.
- 3. Telesmart SCS Ltd.:** Passive Networking Products Manufacturing Company (ODM) in copper and fiber range with facilities that include Assembly & Testing lines at Verna Industrial Estate, Goa. It has an engineering team for design and development of Copper and Fiber Products along with a component sourcing team.



### DIGISOL SYSTEMS LTD.

Digisol Systems Ltd has three decades of expertise in Indian IT networking industry offering products and solutions catering to Voice, Data & Video services. Digisol has set a new benchmark by offering a wide range of products across the IT networking spectrum that includes Copper, Fiber, FTTH, Switching and Wireless solutions. The company's expertise in design, development, sales, marketing and service support makes Digisol a leading brand in the IT networking Industry.

DIGISOL is committed to the "MAKE IN INDIA" initiative of the Government of India and most of its best selling products, like ADSL Routers, Broadband Routers and Switches are made in India by the group Company, SYNEGRA.

DIGISOL has been able to build a name for itself in the Active Networking Products market, thanks to Smartlink Holdings Ltd.'s legacy built on quality products, PAN India distribution and excellent after sales service.

#### The range of DIGISOL Active Networking Products include:

- Broadband and ADSL Routers
- Switching: Unmanaged, Semi managed, Managed and Industrial Switches
- Enterprise Wireless: Indoor & outdoor
- GEAPON, GPON

### SMARTLINK GROUP OF COMPANIES:

**1 DIGISOL** Headquartered in Mumbai, focuses on Sales and Marketing of DIGISOL brand of Active Networking and Structured Cabling Solutions.

**2 SYNEGRA** With its facility based in Goa, manufactures Active Networking range of products for DIGISOL & also provides contract manufacturing services to other companies who wish to enjoy significant benefits of local manufacturing.

**3 TELESMA** Manufactures Structured Cabling products of Copper and Fiber at its Goa Facility.

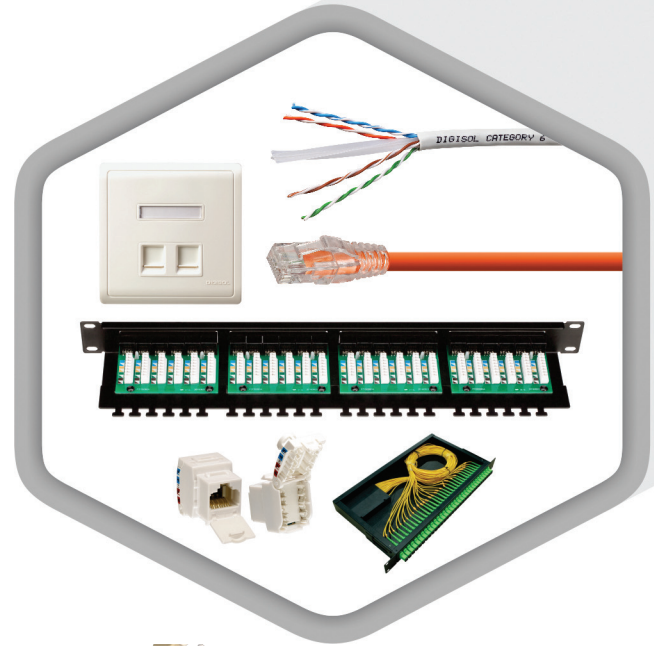
## DIGISOL Structured Cabling Solutions

DIGISOL introduced the range of Passive Products under DIGISOL brand two years back. The range of DIGISOL Passive Networking products include Copper, Fiber and FTTH solutions. All DIGISOL SCS Products adhere to EIA/TIA, ISO/IEC and UL international standards. RoHS compliant products are backed by international 25 years product warranty performance. With its strong presence in SMB & Enterprise, DIGISOL works with regional and national SIs for enhanced presence in large scale projects.

DIGISOL's Structured Cabling Systems fulfill the network connectivity needs of medium to small businesses and home networks. 90% of products are manufactured in India by TELESMA SCS Ltd.

### Structured Cabling Product Range

- COPPER range of products includes multiple types of Keystones, Patch Cords, Solid Cables/Multistrand Cables, multiple types of Patch Panels and various types of Face Plates.
- FIBER range of products include all types of Cables, Patch Cords, Pig Tails, LIU's and range of Adapters.
- FTTH range of products includes Splitters, FDB's, Fiber Output and ODF's.
- A new range of Enterprise Structure cabling products under "ConvergeX" catering to the specialised requirements of Enterprise Customers.



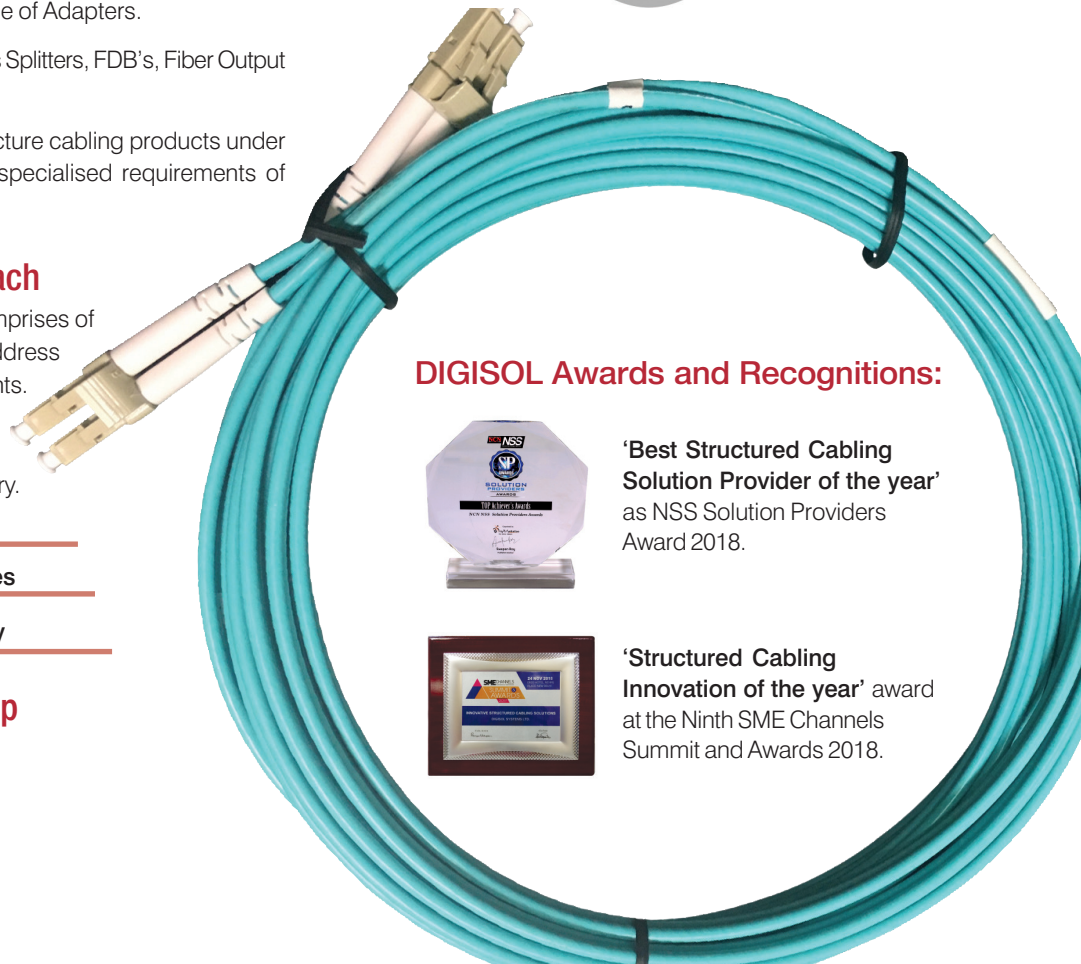
## DIGISOL Nationwide Reach

Our unique distribution system comprises of exclusive regional distributors to address the Channel and Enterprise segments. This ensures extensive reach and easy availability of all our products and solutions throughout the country.

- **7 Branch Offices in India**
- **61 Service & Support Centres**
- **Level 4 Support from Factory**

## Unique Distribution Setup

- 15+** Regional Distributors
- 250+** Stockist Partners
- 500+** System Integrators
- 5000+** Resellers



### DIGISOL Awards and Recognitions:



'Best Structured Cabling Solution Provider of the year' as NSS Solution Providers Award 2018.



'Structured Cabling Innovation of the year' award at the Ninth SME Channels Summit and Awards 2018.



## SYNEGRA EMS LTD.

Synegra EMS Ltd. is Smartlink's wholly owned subsidiary and engaged in the business of EMS/ODM manufacturing of a wide range of electronic and networking products for DIGISOL as well as for other Brand companies. Synegra is the ideal choice for companies looking to manufacture their electronic products in India.

SYNEGRA being a 100% subsidiary of Smartlink which had over three decades of experience in manufacturing electronic products for the IT Networking and telecom industries. Its state-of-the-art manufacturing facility at Goa is highly flexible and versatile, and geared for delivering products of global quality.

- ISO 9001:2008 and ISO 14001:2004 certified plants with highly versatile 2 SMT lines which can handle latest available different type's components in industry.
- Production shop floor area of 27,000 sq. ft.
- World-class manufacturing setup with dust-proof and humidity-controlled environment
- SMT setup with unique integration
- The latest technology in equipment such as ICT, BGA rework Machine, Automated optical Inspection machines, X-ray machine, Wi-Fi tester
- Process capability of manufacturing RoHS - certified products
- BAR code shop floor control system for flawless process engineering
- Highly skilled and well-trained personnel to consistently deliver



**TELESMART SCS LTD.**

Telesmart SCS Ltd. is a subsidiary of Smartlink Holdings Ltd. and is engaged in the business of manufacturing a wide range of Passive networking (SCS) products.

The focus of the Company is in the manufacture of various structured cabling products in both copper and fiber range as ODM supplier to DIGISOL and other Brand Companies. Telesmart's cabling portfolio includes end-to-end cabling solution (Cat 5e, Cat 6 & Cat6A), Patch Panels, Patch Cords. The fiber range includes fiber patch cords and pigtails, etc. The Company has state-of-the-art production lines for copper and fiber manufacturing designed as per lean concept. It has also set up a Clean Room for Fiber Patch cord manufacturing, where Fiber Cords are manufactured under controlled temperature and clean environment.



## Board of Directors

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

Mr. K. R. Naik is the founder of Smartlink Holdings Ltd. (formerly known as Smartlink Network Systems Limited). He joined the Company as the Director on 31<sup>st</sup> March 1993. His vision is to make the group companies the premier technology Companies with a strong base of Manufacturing in the Networking/ Communication field.

Mr. Naik has over four decades of experience in the networking industry. He holds Post Graduate Diploma in Industrial Engineering from Jhunjhunwala College & Diploma in Business Management from Jamnalal Bajaj Institute of Management, Mumbai. He started his career with IBM India in development & sourcing of parts of Data Processing Machines in IBM Mumbai Plant. He is also a former President of MAIT.

**Arati Naik**

Arati Naik has been appointed as Executive Director of Smartlink. She was Chief Operating Officer of the Subsidiary Company, Digisol Systems Limited and was involved in managing DIGISOL business and defining strategies for the products business. She is Graduate in Computer Science and Post-Graduation in Business & Information Systems from The University of Bolton, UK and alumni of IIM Bangalore, having done an executive general management program.

**K. M. Gaonkar**

Mr. K. M. Gaonkar possesses a Masters Degree in Science from UDC Mumbai and has 31 years of experience in the petrochemical and fibre industry. He started his career with Colour Chem Ltd as a research chemist, where he worked for a period of 7 years before shifting to Reliance Industries Ltd. He worked for 23 years in various positions in Reliance Industries, with the last six years as a Vice President in their Fibres Marketing Division.

**Pradeep Rane**

Mr. Pradeep Rane is a science graduate and has over 34 years of experience in Sales, Marketing, Strategic Planning and overall Business Management with the Pharmaceutical industry.

**Pankaj Baliga**

Mr. Pankaj Baliga, has a Bachelor's Degree in Engineering, NIT, Durgapur, a Master's Degree in Business Administration from IIM Ahmedabad and is a SPURS Fellow, Massachusetts Institute of Technology, U.S.A. He has more than 42 years of experience in management, including 35 years with the Tata Group with the last 14 years at Tata Consultancy Services Ltd (TCS).

**Bhanubhai Patel**

Mr. Bhanubhai Patel holds a Bachelors Degree in Commerce and General Law and is a Member of the Institute of Chartered Accountants of India. He has more than 33 years of experience in the field of Finance and General Management. He has worked with Indian Xerographic Systems Ltd. (a Modi-Xerox Joint Venture) for 10 years and for last 22 years with Oerlikon Textile India Pvt. Ltd. (part of a Swiss based Oerlikon Group) in various capacities where presently he is holding the position of Managing Director.

**Pradeep Pande**

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

# Financial Information



# Directors' Report

## TO THE MEMBERS,

The Directors of your Company take pleasure in presenting their 26<sup>th</sup> annual report along with the audited financial statements for the financial year ended 31<sup>st</sup> March, 2019. The consolidated performance of the Company and its subsidiaries has been referred to wherever required.

## 1. FINANCIAL RESULTS

(₹ in lakhs)

Particulars	Standalone		Consolidated	
	2018-19	2017-18	2018-19	2017-18
Revenue	1,852.68	1,805.65	10,768.14	9,745.68
Other income	175.32	291.02	113.75	99.22
(Loss)/Profit before depreciation, exceptional items and tax	(2,328.59)	1,571.66	257.48	211.22
Less: Depreciation for the year	101.71	127.86	164.13	184.88
<b>(Loss)/Profit before tax</b>	<b>(2,430.30)</b>	<b>1,443.80</b>	<b>93.35</b>	<b>26.34</b>
Less: Provision for tax				
a) Current tax	321.10	483.10	321.10	483.10
b) MAT Credit entitlement	-	(118.87)	-	(118.87)
c) Deferred tax	17.86	(20.63)	17.86	(20.63)
d) Adjustment of Income Tax of earlier year	2.85	-	2.88	13.57
<b>(Loss)/Profit for the year before Minority Interest</b>	<b>(2,772.11)</b>	<b>1,100.20</b>	<b>(248.49)</b>	<b>(330.83)</b>
Share in Loss attributable to Minority Interest	-	-	16.88	8.56
Profit/(Loss) for the year	(2,772.11)	1,100.20	(231.61)	(322.27)
<b>Earnings Per Share (₹)</b>	<b>(15.03)</b>	<b>4.88</b>	<b>(1.26)</b>	<b>(1.43)</b>

## 2. REVIEW OF OPERATIONS

### 2.1 Review of Standalone Financial

In the financial year 2018-19 the Company achieved an Income from operations of ₹1,852.68 lakhs as compared to ₹1,805.65 lakhs in the previous year. The Company has made a provision towards diminution in the value of investment in its wholly owned subsidiaries to the extent of ₹3477.85 lakhs hence the loss after tax was ₹2,772.11 lakhs for the year ending 31<sup>st</sup> March, 2019 as compared to Profit of tax of ₹1,100.20 lakhs in the previous year.

### 2.2 Review of Consolidated Financial

In the financial year 2018-19, the Company achieved an Income from operations of ₹10,768.14 lakhs as compared to ₹9,745.68 lakhs in the previous year. Loss after tax was ₹248.49 lakhs for the year ending 31<sup>st</sup> March, 2019 as compared to Loss after tax of ₹330.83 lakhs in the previous year.

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

## 3. BUYBACK

The Company completed its second buy-back of 56,00,000 equity shares at a price of ₹120/- per equity share for an aggregate consideration of ₹67,20,00,000 (Rupees Sixty Seven Crores Twenty Lakhs Only). The offer size of the buy-back was 19.68% of the fully paid-up equity share capital and free reserves as per the standalone audited accounts of the Company as on 31<sup>st</sup> March, 2018 and was within the statutory limits of 25% of the fully paid-up equity share capital and free reserves as per the last audited accounts of the Company. The buy-back process was completed and the shares were extinguished on 10<sup>th</sup> July, 2018. The Company's first buy-back was completed in FY 2017.

## 4. DIVIDEND

Your Directors have not recommended any Dividend for the year 2018-19.

## **5. SHARE CAPITAL**

The Paid-up Equity Capital of the Company as on 31<sup>st</sup> March, 2019 stood at ₹3,39,00,000/- consisting of 1,69,50,000 Equity Shares of ₹2/- each. During the financial year ended 31<sup>st</sup> March, 2019, the Company has completed the buyback of 56,00,000 equity shares of ₹2/- each. Therefore, the Paid-up Equity Share Capital decreased from ₹45,100,000/- to ₹33,900,000/-.

## **6. DEPOSITS FROM PUBLIC**

The Company has neither invited nor accepted any deposits from the public during the financial year 2018-19. The Company does not intend to invite or accept any deposits during financial year 2019-20 as such no amount on account of principal or interest on deposit from public was outstanding as on the date of the balance sheet.

## **7. RISK MANAGEMENT**

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

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

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

## **8. INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY**

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

## **9. VIGIL MECHANISM**

The Company has established a vigil mechanism for Directors and employees to report genuine concerns about unethical behavior, actual or suspected fraud or violation of code of conduct which provides for adequate safeguards against victimization of director(s)/employee(s) and also provides for direct access to the Chairman of the Audit committee in exceptional cases. The Audit Committee and the Board of Directors have approved the Whistle Blower Policy and the details are available on the website of the Company under the weblink <https://smartlinkholdings.com/wp-content/uploads/2018/02/Whistle-Blower-Policy-Final-2019.pdf>

## **10. CORPORATE SOCIAL RESPONSIBILITY (CSR)**

Pursuant to Section 135 of the Companies Act, 2013 (hereinafter referred to as 'the Act') read with rules made thereunder, your Company has constituted a Corporate Social Responsibility Committee (CSR Committee). The constitution of the committee is given in the Corporate Governance Report. The Corporate Social Responsibility Committee ('CSR Committee') has formulated and recommended to the Board, a Corporate Social Responsibility Policy ('CSR Policy') indicating the activities to be undertaken by the Company, which has been approved by the Board. The CSR Policy is displayed on the website of the Company at <https://smartlinkholdings.com/wp-content/uploads/2018/02/3.-Corporate-Social-Responsibility-Policy.pdf>. The requisite details on CSR activities pursuant to Section 135 of the Act and as per Annexure attached to the Companies (Corporate Social Responsibility Policy) Rules, 2014 are annexed as Annexure - H to this Report.

## **11. SUBSIDIARY COMPANIES**

The Company has three subsidiary companies, namely Digisol Systems Limited, Synegra EMS Limited and Telesmart SCS Limited as on 31<sup>st</sup> March, 2019.

Detailed information on the operations of subsidiaries of the Company is covered in the Management Discussion and Analysis Report and financial position is given in Annexure I.

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

In accordance with Section 136 of the Companies Act, 2013, the audited financial statements, including consolidated financial statements will be available on our website [www.smartlinkholdings.com](http://www.smartlinkholdings.com). The Company would provide the annual accounts of the subsidiaries and the related detailed information to the shareholders of the Company on specific request made to it in this regard by the shareholders.

The Company has formulated a Policy on Material Subsidiary as required under Listing Regulations and the policy is uploaded on the website of the Company at <https://smartlinkholdings.com/wp-content/uploads/2017/06/Smartlink-Subsidiary-Policy1.pdf>

## **12. DIRECTORS AND KEY MANAGERIAL PERSONNEL**

Mr. Kamalaksha Naik, Executive Chairman, Mr. K. G. Prabhu, Chief Financial Officer and Ms. Urjita Damle, Company Secretary have been designated as Key Managerial Personnel in accordance with provisions of Section 203 of the Companies Act, 2013. There was no change in Key Managerial Personnel during the year under review.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of Independence prescribed under section 149(6) of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations (hereinafter to be referred as "SEBI Listing Regulations"). There has been no change in the circumstances affecting their status as independent directors of the Company.

Mr. K. R. Naik retires by rotation and being eligible, offers himself for re-appointment. A resolution seeking shareholders' approval for his re-appointment forms part of the Notice.

Mr. Pankaj Baliga and Mr. K. M. Gaonkar were appointed as an independent director at the twenty First Annual General Meeting (AGM) held on 26<sup>th</sup> July, 2014 for a period of five year Based on the recommendation of the Nomination and Remuneration Committee, their re-appointment for a second term of five years is proposed at the ensuing AGM for the approval of the Members by way of a special resolution.

Ms. Arati Naik was appointed as Wholetime Director designated as Executive Director w.e.f. 1<sup>st</sup> April, 2019 subject to shareholder's approval. A resolution seeking shareholders' approval for her appointment forms a part of the Notice.

Board of Directors of the Company approved re-appointment of Mr. K. R. Naik for a further period of five years w.e.f. 26<sup>th</sup> December 2019 subject to shareholder's approval. A resolution seeking shareholder's approval forms part of the notice.

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

During the year under review, the non-executive directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fees, commission and reimbursement of expenses incurred by them for the purpose of attending meetings of the Board/Committee of the Company.

### **13. BOARD EVALUATION**

Pursuant to the provisions of the Companies Act, 2013 and the Listing Regulations, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit, Nomination & Remuneration and other Committees.

- a. Observations of board evaluation carried out for the year - There were no observations in the Board Evaluation carried for the year
- b. Previous year's observations and actions taken - There were no observations of the Board for the last financial year
- c. Proposed actions based on current year observations - Not applicable

The manner in which the evaluation has been carried out has been given in the Corporate Governance Report.

### **14. REMUNERATION POLICY**

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

### **15. MEETINGS**

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

### **16. AUDIT COMMITTEE**

The composition of the Audit Committee is in line with the provisions of Section 177 of the Act read with Regulation 18 of SEBI Listing Regulations. The Chairman of the Audit Committee is an Independent Director. The details of the composition of the Audit Committee are given in the Corporate Governance Report which is part of this report. During the year all the recommendation of the Audit Committee were accepted by the Board.

### **17. STAKEHOLDERS RELATIONSHIP COMMITTEE**

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

### **18. NOMINATION AND REMUNERATION COMMITTEE**

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

### **19. DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 134(5) of the Act, the Board of Directors, to the best of its knowledge and ability, hereby state and confirm that:

- a) in the preparation of annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same.
- b) appropriate accounting policies have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2019 and the profit of the Company for that period.
- c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) the annual accounts have been prepared on a 'going concern' basis.
- e) proper internal financial controls were in place and that the financial controls were adequate and were operating effectively.
- f) that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

## **20. RELATED PARTY TRANSACTIONS**

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

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

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

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

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

## **22. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY, IF ANY, DURING THE PERIOD FROM 31<sup>ST</sup> MARCH, 2019 TO THE DATE OF THE REPORT**

There was no material change/commitment which is mentioned below affecting the financial position of the Company during the period from the end of the financial year on 31<sup>st</sup> March, 2019 to the date of the Report.

## **23. EMPLOYEE STOCK OPTION SCHEME**

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

## **24. REPORTING OF FRAUDS**

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

## **25. AUDIT REPORTS AND AUDITORS**

### **• Statutory Auditors**

At the twenty-fifth AGM held on 7<sup>th</sup> August, 2018 the Members approved appointment of MSKA & Associates, Chartered Accountants (firm registration number 105047W) as Statutory Auditors of the Company to hold office for a period of five years from the conclusion of that AGM till the conclusion of the thirtieth AGM.

### **• Auditor's report and secretarial audit report**

The statutory auditor's report and the secretarial audit report do not contain any qualifications, reservations, or adverse remarks or disclaimer. Secretarial audit report is attached to this report.

## **26. PREVENTION AND REDRESSAL OF SEXUAL HARASSMENT AT WORKPLACE**

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

## **27. PREVENTION OF INSIDER TRADING**

The Company has adopted a Code of Conduct for Prevention of Insider Trading in compliance with SEBI (Prohibition & Insider Trading) Regulation, 2015 duly amended and approved at its board meeting held on 1<sup>st</sup> February, 2019 with a view to regulating trading in securities by the Directors and designated employees of the Company.

## **28. INVESTOR EDUCATION AND PROTECTION FUND (IEPF)**

Pursuant to the application provisions of the Companies Act, 2013, read with IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('the Rules'), all unpaid and unclaimed dividend are required to be transferred to the IEPF established by the Government



of India, after completion of seven years. Further, according to the Rules, the shares on which dividend has not been paid or claimed by shareholders for seven consecutive years or more shall be transferred to demat account of IEPF Authority. Accordingly the Company has transferred unclaimed and unpaid dividend of ₹967,482/- to IEPF. Further 7,595 shares were transferred as per requirements of IEPF Rules during the year during FY 2019.

## 29. DISCLOSURE REQUIREMENTS

As per SEBI Listing Regulations, Management Discussion and Analysis is annexed as “**Annexure - A**” to the report. Secretarial Audit Report is annexed as “**Annexure - B**”. A separate section on the corporate governance is annexed as “**Annexure - C**”, together with a certificate from Mr. Shivaram Bhat confirming compliance is annexed as “**Annexure - D**”. Declaration by the Executive Chairman is annexed as “**Annexure - E**”. The Company has devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standard issued by Institute of Company Secretaries of India and that such systems are adequate and operating effectively.

## 30. EXTRACT OF ANNUAL RETURN

As per the requirements of Section 92(3) of the Act and Rules framed thereunder, the extract of the annual return for FY 2019 is given in “**Annexure F**” in the prescribed Form No. MGT-9, which is a part of this report.

## 31. STATEMENT OF PARTICULARS OF APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL

The information required under section 197 of the Act read with Rule 5(1)(i) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company and Directors is enclosed as “**Annexure - G**” to this report.

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

The particulars regarding conservation of energy, technology absorption are not applicable.

### a. Foreign Exchange Earnings and Outgo

Total foreign exchange earnings and outgo is stated in Note 24 forming part of the Accounts

## 33. PARTICULARS OF LOANS / ADVANCES / GUARANTEE/ INVESTMENTS OUTSTANDING DURING THE FINANCIAL YEAR

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

## 34. ACKNOWLEDGEMENTS

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

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

For and on behalf of the Board

Place : Mumbai  
Date : 15<sup>th</sup> May, 2019

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

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

## Annexure - A

# Management Discussion and Analysis

### ECONOMIC OVERVIEW

After strong growth in 2017 and early 2018, the global economic activity slowed notably in the second half of 2018, reflecting a confluence of factors affecting major economies. China's growth declined following a combination of needed regulatory tightening to rein in shadow banking and an increase in trade tensions with the United States. Trade tensions increasingly took a toll on business confidence and, so, financial market sentiment worsened.

After peaking up to close to 4% in 2017, the global growth remained strong at 3.8% in the first half of 2018 but dropped to 3.2% in the second half of the year. The global growth is now projected at 3.3% in 2019 before returning to 3.6% in 2020.

One major risk in the coming year is the sharp drop-off in world trade growth, which fell from over 5% at the beginning of 2018 to nearly zero at the end. With anticipated escalation in trade conflicts, a contraction in world trade could drag down the global economy even more. At the same time, the combined effects of rising interest rates and surging equity and commodity market volatility mean that financial conditions worldwide are tightening. These risks point to the increasing vulnerability of the global economy to further shocks, and the rising probability of a recession in the next couple of years.

In response to recent economic shocks - including the impact of US tariffs, which has so far been limited - policy-makers have unleashed a series of monetary and fiscal measures to help support growth and stabilize financial markets. In spite of these measures, emerging market growth is expected to decelerate to 4.6% in 2019.

### THE INDIAN ECONOMY

India has emerged as the fastest growing major economy in the world and is expected to be one of the top three economic powers of the world over the next 10-15 years, backed by its strong democracy and partnerships.

India's GDP is estimated to have increased 7.2 per cent in 2017-18 and 7 per cent in 2018-19. India has retained its position as the third largest startup base in the world with over 4,750 technology start-ups.

India's labour force is expected to touch 160-170 million by 2020, based on rate of population growth, increased labour force participation, and higher education enrolment, among other factors, according to a study by ASSOCHAM and Thought Arbitrage Research Institute.

India's foreign exchange reserves were US\$ 405.64 billion in the week up to March 15, 2019, according to data from the RBI.

With the improvement in the economic scenario, there have been various investments in various sectors of the economy. The M&A activity in India reached record US\$ 129.4 billion in 2018 while private equity (PE) and venture capital (VC) investments reached US\$ 20.5 billion.

India's gross domestic product (GDP) is expected to reach US\$ 6 trillion by FY27 and achieve upper-middle income status on the back of digitisation, globalisation, favourable demographics, and reforms.

India's revenue receipts are estimated to touch ₹28-30 trillion (US\$ 385-412 billion) by 2019, owing to Government of India's measures to strengthen infrastructure and reforms like demonetisation and Goods and Services Tax (GST).

The World Bank has forecast India's growth rate for FY19-20 at 7.5%. It further stated that the growth rate is expected to stay at this pace for the next two years as well. The contribution of exports to economic activity is expected to remain weak with moderate global trade growth. According to the report, private consumption and investment will benefit from strengthening credit growth amid more accommodative monetary policy, with inflation having fallen below the Reserve Bank of India's target.

The beginning of the current fiscal was marked by the thumping victory of the ruling party in the country's general elections. It is widely expected that with such a strong mandate, the government will take bold initiative and strongly initiate reforms to kick start the economy from the present slumber.

### THE INDIAN IT SECTOR

The global sourcing market in India continues to grow at a higher pace compared to the IT-BPM industry. India is the leading sourcing destination across the world, accounting for approximately 55 per cent market share of the US\$ 185-190 billion global services sourcing business in 2017-18. Indian IT & ITeS companies have set up over 1,000 global delivery centres in about 80 countries across the world.

India has become the digital capabilities hub of the world with around 75 per cent of global digital talent present in the country.

India's IT & ITeS industry grew to US\$ 181 billion in 2018-19. Exports from the industry increased to US\$ 137 billion in FY19 while domestic revenues (including hardware) advanced to US\$ 44 billion.

As per Gartner, the spending on Information Technology in India is expected to grow over 9 per cent to reach US\$ 87.1 billion in 2018.

Indian IT's core competencies and strengths have attracted significant investments from major countries. The computer software and hardware sector in India attracted cumulative Foreign Direct Investment (FDI) inflows worth US\$ 37.23 billion between April 2000 and March 2019 and ranks second in inflow of FDI, as per data released by the Department for Promotion of Industry and Internal Trade (DPIIT).

Leading Indian IT firms are diversifying their offerings and showcasing leading ideas in blockchain, artificial intelligence to clients using innovation hubs, research and development centres, in order to create differentiated offerings.

India is the topmost offshoring destination for IT companies across the world. Having proven its capabilities in delivering both on-shore and off-shore services to global clients, emerging technologies now offer an entire new gamut of opportunities for top IT firms in India. Export revenue of the industry is expected to grow 7-9 per cent year-on-year to US\$ 135-137 billion in FY19. The industry is expected to grow to US\$ 350 billion by 2025 and Business Process Management (BPM) is expected to account for US\$ 50-55 billion out of the total revenue.

## THE NETWORKING INDUSTRY

The combined consumer and enterprise worldwide wireless local area network (WLAN) market grew by 4.3% in 2018, according to International Data Corporation (IDC) Worldwide WLAN Tracker.

The enterprise WLAN segment grew by 7.1% during the year reaching US\$ 6.1 billion as compared to 5.7% in 2017 and 7.2% in 2016. The consumer WLAN market remained stagnant and grew by a mere 0.2%. The growth in the enterprise segment of the WLAN market was driven by technological and business benefits of investments in wireless LAN infrastructure.

The worldwide Ethernet Switch market (Layer 2/3) recorded revenue of US\$ 28.1 billion for a year over year growth rate of 9.1% in 2018. The Ethernet Switch market saw solid growth around the world, driven by investments in both mature and emerging countries, indicating the strong demand for network infrastructure that powers enterprise digital transformation efforts

The worldwide total enterprise and service provider router market grew by 1.8% in 2018 with revenue of US\$ 15.5 billion.

2019 is expected to be a year of innovation with new wifi standard hitting the market and enterprises continuing to make investments; thus providing significant opportunities for vendors globally.

### Government Initiatives will boost the IT Industry

Some of the major initiatives taken by the government to promote IT and ITeS sector in India are as follows:

- The government has identified Information Technology as one of 12 champion service sectors for which an action plan is being developed. Also, the government has set up a ₹5,000 crore (US\$ 745.82 million) fund for realising the potential of these champion service sectors.

## THE INDIAN NETWORKING MARKET

### Active Products

The Indian Networking Market which comprises of Ethernet Switch, Router and WLAN segments posted a growth of 10.8% and 5.5% respectively in the first two quarters of 2018. The third quarter saw a steep growth of 67.1% with increased investments across the enterprise and service provider deployments, while in the 4th quarter the growth rate tapered down but still stood at a healthy 33.8%.

The Indian Ethernet Switch market registered a growth of 18% and grew to US\$ 590.6 million in 2018 from US\$ 499.8 million in 2017. Digital transformation initiatives across organizations is expected to generate significant revenue for the Ethernet Switch market in future.

The Indian Router market grew by 50% to US\$ 551.7 million in 2018 from US\$ 367.7 million. The growth has primarily been driven by the service provider segment where telecommunication players are continually investing in network upgrades to meet the demands of ever increasing 4G VoLTE footprint. With the launch of 5G roadmap and commercialization, the service provider segment is expected to see continued investments in the coming years.

The Indian WLAN market registered 20.8% in 2018 growing to US\$210.7 million in 2018 from US\$174.4 million in 2017. The growth was primarily driven by enterprise and service provider deployment and increased spending by government was also a key growth contributor.

The Ethernet Switch, Router and WLAN markets are expected to grow in single digits in terms of compound annual growth rate during 2018 to 2023, according to IDC India. Government and enterprise digitalization initiative are expected to drive growth across product categories. Increased adoption of emerging technologies such as Cloud, IOT, mobility would drive revenues for these segments in the future.

### Passive Products

The Indian structured cabling market grew at a rate of 7.19% to ₹1341 crore in 2018 from ₹1251 crore in 2017. As per 6W Research, the market is expected to grow at a CAGR of 7.5% during 2018 to 2024.

With the setting up of new data centres, office spaces, hotels, healthcare facilities and commercial establishments, the market for structured cabling solutions is expected to grow at a healthy pace in future.

## THE INDIAN NETWORKING MARKET IN 2018

(Values in USD million)

	Q1 2018		Q2 2018		Q3 2018		Q4 2018	
	Value	Growth	Value	Growth	Value	Growth	Value	Growth
Ethernet Switch Market	139.00	9.8%	137.20	1.2%	166.30	34.4%	148.10	24.2%
Router Market	99.90	8.0%	95.40	9.6%	214.90	140.4%	141.50	43.4%
WLAN	51.50	19.8%	48.20	10.7%	54.00	12.0%	57.00	38.5%
Indian Networking Market		10.8%		5.5%		67.1%		33.8%

\* Source from "IDC WLAN AND LAN" tracker report

## Management Discussion and Analysis

Copper cables account for around 60% of the cable market while Fiber optics account for the remaining 40%.

### BUSINESS OVERVIEW

The income of Smartlink Holdings Limited is mainly from investments and rent income from immovable properties.

### DIGISOL SYSTEMS LTD.

#### Active Networking Products

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

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

The company consistently introduces DIGISOL products including routers, networking switches and enterprise wireless products based on the changing needs of the market. These also include products manufactured by the Group's manufacturing arm Synegra EMS.

#### Passive Networking Products

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

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

#### Brand Building is the key to DIGISOL's success

Brand building has always been accorded top priority at Digisol. While it is important to provide finest quality products of the latest technology, the manner in which the consumer perceives the brand is equally important, especially from the long term perspective.

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

### DIGICARE

#### After Sales Service and Support

Digisol has its own Service & Support division DIGICARE, which gives it a tremendous edge over its competitors. It offers high quality after sales service and support designed to deliver total customer satisfaction.

DIGICARE has built one of the most efficient, skilled and highly

professional service infrastructures in the country and provides end-to-end product life cycle support.

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

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

### Awards and Recognitions

The DIGISOL brand received several notable awards during the year:

- 'Best Structured Cabling Solution Provider of the year' as NSS Solution Providers Award 2018
- 'Structured Cabling Innovation of the year' award at the Ninth SME Channels Summit and Awards 2018

### SYNEGRA EMS LIMITED

Synegra is a wholly owned manufacturing subsidiary of Smartlink Holdings Limited, it has a state-of-the-art manufacturing facility in Goa which is highly flexible and versatile and can deliver products of global quality.

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

### TELESMART SCS LIMITED

Telesmart is a subsidiary of Smartlink Holdings Limited and engaged in the business of manufacturing a wide range of Structured Cabling Systems (SCS) products. The Company has its manufacturing facility at Verna, Goa and is in the business of developing, and manufacturing of copper and fiber range of cabling products. The focus of the Company is on contract manufacturing of various structured cabling products in both copper and fiber range.

Telesmart's cabling portfolio includes end-to-end cabling solution (Cat 5e, Cat 6 & Cat6A), Patch Panels, Patch Cords and Face Plates.

The fiber range includes Fiber Patch Cords, Pig Tails and LIU's.

### FINANCIAL PERFORMANCE

#### i) Standalone Financial

In the financial year 2018-19, the Company achieved an Income from operations of ₹1852.68 lakhs as compared to ₹1805.65 lakhs in the previous year.

The Company's Loss after Tax for the year was ₹2772.10 lakhs ending 31<sup>st</sup> March, 2019 as compared to Profit after tax of ₹1100.20 lakhs in the previous year.

#### ii) Consolidated Financial

In the financial year 2018-19, the group achieved an Income from operations of ₹10,768.14 lakhs as compared to ₹9745.68 lakhs in the previous year.

The Loss after Tax for the year was lower at ₹231.61 lakhs for the year ending 31<sup>st</sup> March, 2019 as compared to Loss after tax of ₹322.27 lakhs in the previous year.

### HUMAN RESOURCES

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

Our Values at work:

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

We have always focused on developing the employees and enhancing their capabilities. The key element of our Human Resource strategy is to provide a working environment that encourages innovation, enhances work satisfaction and builds a merit-driven organization. The organisation's human resource vision is to create a committed workforce through people-enabling processes and knowledge sharing practices based upon its value system. As on 31<sup>st</sup> March, 2019, the Company had 27 employees. Smartlink's future success will depend, in part, on our 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.

Smartlink invests in various financial instruments like mutual fund, bonds, Non-convertible debentures and other securities and thus Smartlink is exposed to credit risk, market risk and interest rate risk.

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

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

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

The company's subsidiaries are exposed to fluctuations in foreign currency, in particular the movement of US dollar vis-à-vis the Indian

Rupee as the subsidiaries import more than 90% of the components where the payment is in US Dollars.

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

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACIES

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

Our management assessed the effectiveness of the Company's internal control over financial reporting (as defined in Clause 17 of SEBI Listing Regulations 2015) as of 31<sup>st</sup> March, 2019.

Based on its evaluation (as defined in section 177 of Companies Act 2013 and Clause 18 of SEBI Listing Regulations 2015), our audit committee has concluded that, as of 31<sup>st</sup> March, 2019, our internal financial controls were adequate and operating effectively.

### DISCLAIMER

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

## Annexure - B

# Secretarial Audit Report

For the financial year ended 31<sup>st</sup> March, 2019

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

To The Members,

### **SMARTLINK HOLDINGS LIMITED**

(Formerly known as SMARTLINK NETWORK SYSTEMS LIMITED)

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

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **SMARTLINK HOLDINGS LIMITED** (formerly known as SMARTLINK NETWORK SYSTEMS LIMITED). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended 31<sup>st</sup> March, 2019 (hereinafter referred to as the "Audit Period") generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31<sup>st</sup> March, 2019 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment (*provisions of external commercial borrowing and Overseas Direct Investment not applicable to the Company during the Audit Period*);
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (*Not applicable to the Company during the audit period*);
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (*Not applicable to the Company during the audit period*);
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (*Not applicable to the Company during the audit period*); and
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.
- vi. The following laws and Regulations applicable specifically to the Company (as per the representations made by the Company) viz.,
  - a) RBI regulations for Non-Banking Financial Companies to the extent applicable.

I have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii. The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited read with the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

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

**I further report that -**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors, including Women Director as prescribed. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. The Company has passed special resolution to approve continuation of holding of office by Mr. K.R. Naik as Executive Chairman who attained the age of 70 years pursuant to section 196 of Companies Act, 2013.

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

The decisions were carried unanimously.

**I further report that** there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**I further report that** during the audit period:

- a. The Company continues to be registered as a Non Banking Financial Company under the provisions of Section 45-IA of the Reserve Bank of India Act, 1934;
- b. Vide Postal Ballot Resolution dated April 05, 2018 the shareholders approved proposals to alter main objects and change of name of the Company; and
- c. Vide Special Resolution passed on 4<sup>th</sup> May, 2018 at an extra ordinary general meeting Buyback of Equity shares not exceeding 56,00,000 aggregating to 24.83% of the paid-up equity capital of the company at a price of ₹120/- per equity was approved. Since then, the buyback process has been completed.

**Shivaram Bhat**

Place : Panaji, Goa  
Date : 15<sup>th</sup> May, 2019

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

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

**'ANNEXURE A'**

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

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

**Shivaram Bhat**

Place : Panaji, Goa  
Date : 15<sup>th</sup> May, 2019

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

## Annexure - C

# Report on Corporate Governance

The detailed report on Corporate Governance as per the requirements of Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "SEBI Listing Regulations") is set out below:

### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

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

The Company is in compliance with the requirements stipulated under Regulation 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), as applicable, with regard to corporate governance.

### 2. BOARD OF DIRECTORS

#### A. Composition and Category of Directors

The present Board comprises of 7 members consisting of 1 Executive Director including one Woman Non-Executive Director and 5 Independent Non-Executive Directors. The Company has an Executive Chairman.

None of the Directors on the Board hold directorships in more than ten public companies. Further, none of them is a member of more than ten committees or chairman of more than five committees across all the public companies in which he or she is a Director. Necessary disclosures regarding Committee positions in other public companies as on 31<sup>st</sup> March, 2019 have been made by the Directors. None of the Directors are related to each other except Mr. K. R. Naik and Ms. Arati Naik.

#### B. Category and attendance of Directors

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

Name of the Director	Category*	No. of Board Meetings attended during 2018-19	Attendance at AGM held on 7 <sup>th</sup> August, 2018	No. of other Directorships (As on 31.03.2019) #	No. of Committee Positions in Mandatory Committee@	
					Member	Chairman
Mr. Kamalaksha Naik	EC	6	Yes	3	Nil	Nil
Mr. Krishnanand Gaonkar	NED and IND	5	Yes	2	Nil	Nil
Mr. Pankaj Baliga	NED and IND	6	Yes	1	Nil	Nil
Mr. Pradeep Pande	NED and IND	5	Yes	1	Nil	Nil
Mr. Bhanubhai Patel	NED and IND	6	Yes	2	Nil	Nil
Mr. Pradeep Rane	NED and IND	5	No	1	Nil	Nil
Ms. Arati Naik**	NED and NON-IND	5	Yes	1	Nil	Nil

\* EC: Executive Chairman,

NED and IND: Non-Executive Director and Independent Director

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

# Excludes Directorships in Private and Foreign companies

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

\*\* Appointed as Wholetime Director w.e.f. 1<sup>st</sup> April, 2019.

i. The Company held 6 Board Meetings during the Financial Year 2018-19 on 7<sup>th</sup> April, 2018, 11<sup>th</sup> May, 2018, 6<sup>th</sup> August, 2018, 31<sup>st</sup> October, 2018, 1<sup>st</sup> February, 2019 and 1<sup>st</sup> March, 2019 and the gap between the two meetings did not exceed 120 days. The necessary quorum was present for all the meetings.

During FY 2019, information as mentioned in Part A of Schedule II of the SEBI Listing Regulations, has been placed before the Board for its consideration.

ii. During FY 2019, one meeting of the Independent Directors was held on 11<sup>th</sup> May, 2018. The Independent Directors, inter-alia, reviewed the performance of Non-Independent Directors, Board as a whole and Executive Chairman of the Company.

iii. The Board periodically reviews the compliance reports of all laws applicable to the Company.



### C. Board Training and Induction

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

### D. Board Agenda

The Board meetings are scheduled well in advance and the Board members are generally given a notice of at least 7 days prior to the meeting date. All major items are backed by in-depth background information and analysis, wherever possible, to enable the Board members to take informed decisions. The information as required under Part A of Schedule II pursuant to Regulation 17 of Listing Regulations is made available to the Board.

As stated elsewhere, the Independent Directors of the Company at their meeting held on 11<sup>th</sup> May, 2018 expressed their satisfaction on the quality, quantity and timeliness on flow of information between the Company management and the Board, that is necessary for the Board to effectively and reasonably perform their duties.

### E. Certification from Company Secretary in Practice

Mr. Shivaram Bhat, Practicing Company Secretary, has issued certificate as required under the Listing Regulations, Confirming that none of the Directors of the Board of Company has been debarred or disqualified from being appointed or continuing as Director of the Companies by the SEBI/Ministry of Corporate affairs or any such statutory authority.

### F. Key Board qualifications, expertise and attributes

The Smartlink Board comprises of qualified members who bring in the required skills, competence and expertise that allows them to make effective contributions to the Board and its committees. The Board members are committed to ensuring that the Smartlink Board is in compliance with the highest standard of Corporate Governance.

The Board has identifies the following skills/expertise/competencies fundamental for effective functioning of the Company which are currently available with the Board:

Financial	Leadership in financial firm or management of the finance function of an enterprises, resulting in proficiency in complex financial management, Capital Allocation, and financial report processes or experience in actively supervising auditor or person performing similar functions.
Strategy and Planning	Appreciation of long term trends, strategy choices and experience in guiding and leading management teams to make decisions in uncertain environments.
Governance	Experience in developing governance practices, serving the best interests of all stakeholders, maintaining board and maintaining accountability, building long-term effective stakeholder engagements and driving corporate ethics and values.

### G. Details of Equity shares of the Company held by the Directors as on 31<sup>st</sup> March, 2019 are given below:

The Smartlink Board comprises of qualified members who bring in the required skills, competence and expertise that allows them to make effective contributions to the Board and its committees. The Board members are committed to ensuring that the Smartlink Board is in compliance with the highest standard of Corporate Governance.

Name	Category	Number of equity shares
Mr. K. R. Naik	Executive Chairman	8,495,878
Mr. Krishnanand Gaonkar	Independent, Non Executive	23,319
Ms. Arati Naik*	Non Independent, Non Executive	1,695,006

\*Ms. Arati Naik appointed as Wholetime Director w.e.f. 1<sup>st</sup> April, 2019

## 3. COMMITTEES OF BOARD

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

### A. AUDIT COMMITTEE

With a view to have better governance and accountability, the Board has constituted an Audit Committee in line with the provisions of Regulation 18 of SEBI Listing Regulation and Section 177 of the Act.

## Report on Corporate Governance

### 1. Extract of Terms of reference

- Audit Committee in line with the provisions of Regulation 18 of SEBI Listing Regulation and Section 177 of the Act.
- Oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval,
- reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Approve policies in relation to the implementation of the Insider Trading Code and to supervise implementation of the same.

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

Names	Category of Director	No. of meetings attended
Mr. Pankaj Baliga– Chairman	Independent, Non Executive	4
Mr. Krishnanand Gaonkar	Independent, Non Executive	4
Mr. Pradeep Rane	Independent, Non Executive	4
Mr. Bhanubhai Patel	Independent, Non Executive	4

Four Audit Committee meetings were held during the year and the gap between two meetings did not exceed 120 days. The Audit Committee meetings were held on 11<sup>th</sup> May, 2018, 6<sup>th</sup> August, 2018, 31<sup>st</sup> October, 2018 and 1<sup>st</sup> February, 2019. Necessary quorum was present at the above meetings. The representatives of the Statutory Auditors and Internal Auditors are invitees to the Audit Committee Meetings. The Company Secretary acts as the Secretary to the Audit Committee.

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

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

Ms. Urjita Damle is the Compliance Officer, to ensure compliance and effective implementation of the Insider Trading Code.

The Chairman of the Audit Committee was present at the Annual General Meeting of the Company held on 7<sup>th</sup> August, 2018.

## B. NOMINATION AND REMUNERATION COMMITTEE

The Company has constituted a Nomination and Remuneration Committee as required under section 178 of the Act, read with Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### 1. Terms of Reference

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

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

- i. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and other employees;
- ii. Formulation of criteria for evaluation of Independent Directors and the Board;
- iii. Devising a policy on Board diversity;
- iv. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
- v. Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

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

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

During the Financial Year 2018-19, three Committee meetings were held on 11<sup>th</sup> May, 2018, 28<sup>th</sup> August, 2018 and 1<sup>st</sup> February, 2019.

The Chairman of NRC Committee was present at the Annual General Meeting of the Company held on 7<sup>th</sup> August, 2018.

#### 4. Nomination and Remuneration Policy

- i. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the Directors, Key Managerial Personnel and other employees;
- ii. Formulation of criteria for evaluation of Independent Directors and the Board;
- iii. Devising a policy on Board diversity;

#### 5. The remuneration paid to the Directors for the year ended 31st March, 2019 is given below

##### i Executive Director

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

#### Salient features of the Terms of Appointment

Particulars	Mr. Kamalaksha Naik
Salary	₹625,000/- per month of which 50% will be fixed pay.
Perquisites	None
Commission	Nil
Variable/Performance Pay	Variable Pay/Performance Bonus shall be 50% of the consolidated remuneration.
Terms of Appointment	Re-appointed for a period of three years with effect from 26 <sup>th</sup> December, 2016.
Notice Period	Either party may terminate the appointment by giving the other party three months notice in writing.
Severance Fees	None

##### ii. Non-Executive Directors

In accordance with the resolution passed at the Annual General Meeting held on 5<sup>th</sup> August, 2016 the shareholders approved the payment of commission not exceeding 1% of the net profits of the Company to Non-Executive Directors. The Company has not paid any commission during the current year.

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

Non-Executive Directors	Sitting Fees (₹)
Mr. Krishnanand Gaonkar	560,000
Mr. Pankaj Baliga	710,000
Mr. Pradeep Rane	600,000
Mr. Bhanubhai Patel	600,000
Mr. Pradeep Pande	350,000
Ms. Arati Naik*	Nil

\*Appointed as Wholtime Director w.e.f. 1<sup>st</sup> April, 2019

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

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

### C. STAKEHOLDERS' RELATIONSHIP COMMITTEE

Stakeholder Relationship Committee has been constituted as required under Section 178 (5) of the Companies Act, 2013 and Regulation 20 of SEBI Listing Regulations.

#### 1. Terms of reference

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

## Report on Corporate Governance

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

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

- During the year one meeting of the Stakeholders Relationship Committee was held on 1<sup>st</sup> February, 2019.
- Name and Designation of Compliance Officer - Ms. Urjita Damle, Company Secretary.
- Details of investors complaints received and redressed during the year 2018-19 are as follows:

Opening Bal	Received During the year	Resolved during the year	Closing Balance
NIL	38	38	NIL

### D. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

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

#### 1. Terms of reference

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

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

Members	Category of Director	No. of meetings attended
Mr. Bhanubhai Patel - Chairman	Independent, Non Executive	2
Mr. Kamalaksha Naik - Member	Executive Chairman	2
Mr. Pankaj Baliga - Member	Independent, Non Executive	2

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

During the year two meetings of the CSR Committee were held on 11<sup>th</sup> May, 2018 and 31<sup>st</sup> October, 2018.

### 4. INDEPENDENT DIRECTORS

#### A. Formal Letter of Appointment to Independent Directors

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

#### B. Independent Directors' Meeting

During the year, the Independent Directors meeting was held on 11<sup>th</sup> May, 2018 inter alia, to:

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

#### C. Independent Directors' Familiarization Programme

SEBI Listing Regulations stipulates that:

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

The Company has adopted the familiarization programme for Independent Directors and the details of which are uploaded on the website of the Company at <http://smartlinkholdings.com/wp-content/uploads/2018/02/7.-Smartlink-Independent-Directors-Familiarization-Programme.pdf>

### 5. BOARD DIVERSITY POLICY

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

## 6. PERFORMANCE EVALUATION POLICY

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

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

## 7. RISK MANAGEMENT POLICY

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

## 8. DISCLOSURES

### A. Related Party Transactions

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

A Policy on materiality of RPTs and also on dealing with RPTs has been formulated by the Board and the same is placed on <https://www.digisol.com/wp-content/uploads/2018/02/5.-Related-Party-Transaction-Policy.pdf>

### B. Strictures and Penalties

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

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

D. The Company has complied with all the mandatory requirements as stated in Regulation 72 of SEBI Listing Regulations and regulation 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of regulation 46 of Listing Regulations, as applicable, with regards to Corporate Governance.

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

F. Details of foreign currency exposure and hedging - None.

## 9. CODE OF CONDUCT

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

## 10. PREVENTION OF INSIDER TRADING

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

## Report on Corporate Governance

### 11. SUBSIDIARY COMPANIES

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

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

The Company has formulated a policy for determining material Subsidiaries and the Policy is disclosed on the Company's website <https://smartlinkholdings.com/wp-content/uploads/2017/06/Smartlink-Subsidiary-Policy1.pdf>

### 12. GENERAL BODY MEETING

#### A. Location and time, where last three AGMs were held

Location	Date	Time
L-7, Verna Industrial Estate, Verna, Salcete, Goa - 403722	7 <sup>th</sup> August, 2018	11.00 a.m.
	12 <sup>th</sup> August, 2017	11.00 a.m.
	05 <sup>th</sup> August, 2016	11.00 a.m.

#### B. Special Resolutions Passed

1. Special Resolution passed at the last Annual General Meeting held on 7<sup>th</sup> August, 2018 was:
  - a. Continuation of holding office of Mr. K. R. Naik as Executive Chairman of the Company who had attained the age of 70 years
2. There was no Special Resolution passed at the Annual General Meeting held on 12<sup>th</sup> August, 2017.
3. Special Resolutions passed at the last Annual General Meeting held on 5<sup>th</sup> August, 2016 were:
  - a. Re-appointment of Mr. K. R. Naik as an Executive Chairman of the Company for a further period of three years with effect from 26<sup>th</sup> December, 2016.
  - b. Payment of commission to Non - Executive Directors of the Company not exceeding one percent per annum of the net profits of the Company.

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

None

#### D. Details of special resolution proposed to be conducted through Postal Ballot.

None

#### E. Procedure for Postal Ballot

Not Applicable

### 13. MEANS OF COMMUNICATION

Quarterly Results	Published in Newspapers
Newspapers in which normally published	Financial Express, The Times of India (in English) and Gomantak/Pudhari (in Marathi)
Any website, where displayed	<a href="http://www.smartlinkholdings.com">www.smartlinkholdings.com</a>
Whether it also displays official News releases	Yes
The presentations made to Institutional Investors or to the Analysts	Not Applicable

### 14. GENERAL SHAREHOLDER INFORMATION

#### A. Annual General Meeting

Date : Saturday, 28<sup>th</sup> September, 2019

Time : 11.00 a.m.

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

**B. Financial Calender**

The Company's financial year begins on April 1<sup>st</sup> and ends on March 31<sup>st</sup> every year.

Particulars	Date
First Quarter Results	On or before 14 <sup>th</sup> September, 2019
Second Quarter Results	On or before 14 <sup>th</sup> December, 2019
Third Quarter Results	On or before 14 <sup>th</sup> February, 2020
Fourth Quarter Results	On or before 30 <sup>th</sup> May, 2020

**C. Dates of Book Closure**

Tuesday, 17<sup>th</sup> September, 2019 to Tuesday, 24<sup>th</sup> September, 2019 (both days inclusive)

**D. Dividend payment date**

Not Applicable

**E. Listing on Stock Exchanges**

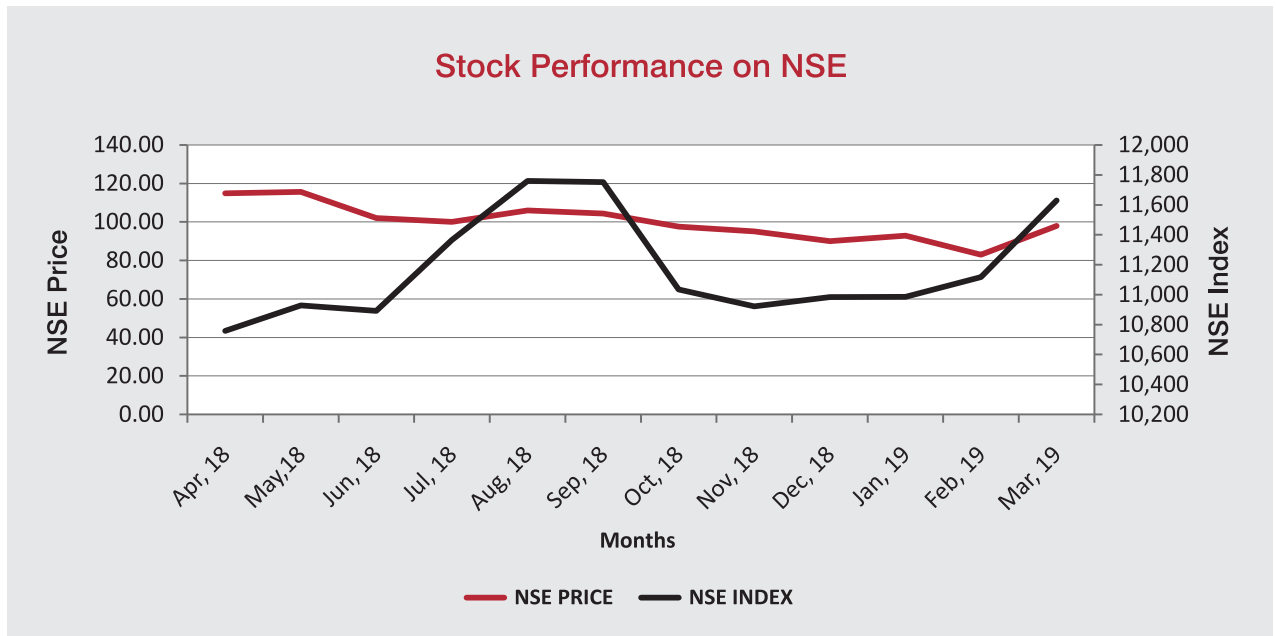
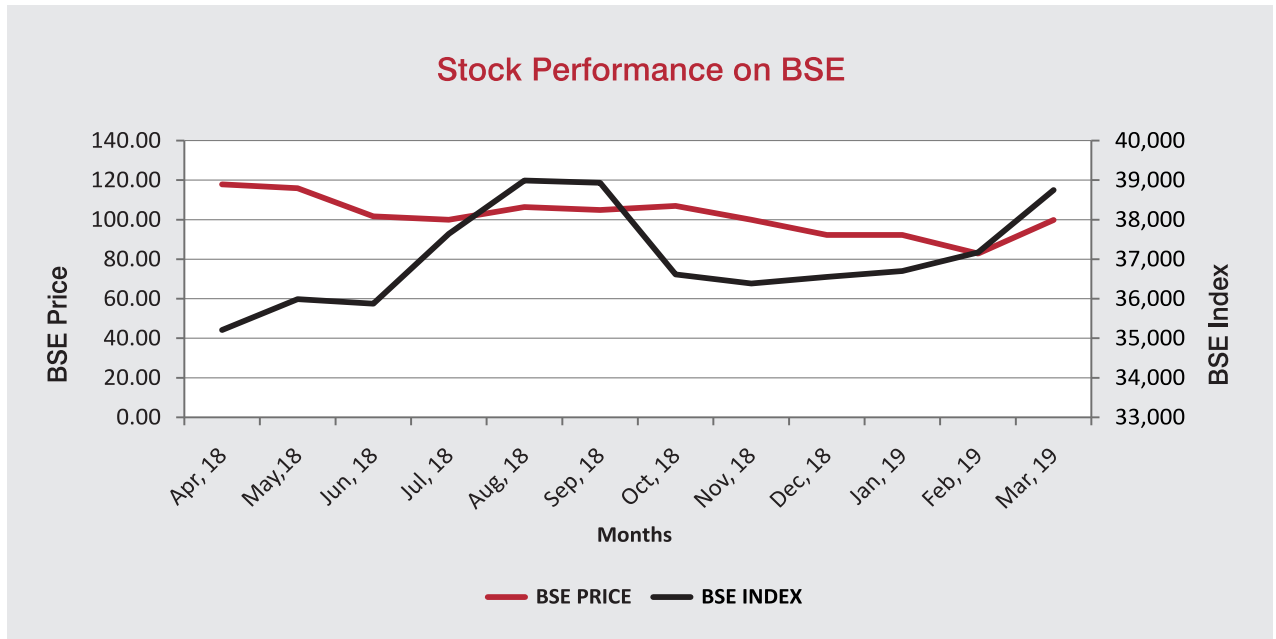
The shares of the Company are listed on following Stock Exchanges from 11<sup>th</sup> April, 2001. The listing fees for the financial year 2018-19 to both the Stock Exchanges have been paid.

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

**F. Market Price Data**

Stock High/Low price during each month in the last financial year 2018-2019 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, 18	117.95	79.10	35,213	32,973	114.90	82.50	10,759	10,111
May, 18	116.00	90.70	35,994	34,303	115.60	90.10	10,929	10,418
Jun, 18	101.80	88.50	35,877	34,785	102.00	88.50	10,893	10,551
Jul, 18	100.00	87.75	37,645	35,107	100.00	86.70	11,366	10,605
Aug, 18	106.50	92.45	38,990	37,129	106.00	90.65	11,760	11,235
Sep, 18	105.00	95.00	38,934	35,986	104.40	84.90	11,752	10,850
Oct, 18	107.00	87.40	36,617	33,292	97.60	87.05	11,036	10,005
Nov, 18	100.00	86.35	36,389	34,303	95.05	86.25	10,922	10,342
Dec, 18	92.40	83.75	36,555	34,426	90.05	84.25	10,985	10,334
Jan, 19	92.40	78.40	36,701	35,376	92.90	79.00	10,987	10,584
Feb, 19	82.95	76.40	37,172	35,287	83.00	77.00	11,118	10,586
Mar, 19	99.95	78.05	38,749	35,927	98.00	78.05	11,630	10,817



G. MSKA & Associates, Chartered Accountants (Firm Registration No. 101157W) have been appointed as the Statutory Auditors of the Company. The particulars of payment of Statutory Auditors fees and other fees paid to auditors and its network firms by the Company and its subsidiaries on consolidated basis is as given below:

Particulars	₹ in lacs
Audit and review fees	15.00
Re-imbursment of out-of-pocket expenses	0.16
Certifications	0.85
Other fees	7.50
<b>Total</b>	<b>23.51</b>



**H. Registrar and Share Transfer Agents**

Karvy Fintech Private Limited  
 Unit: Smartlink Holdings Limited  
 Karvy Selenium Tower B, Plot No 31 & 32,  
 Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500 032  
 Tel: +91 40 67162222, Fax: +91 40 23001153, Toll Free: 1800-345-4001  
 Email: einward.ris@karvy.com

**I. Share Transfer System**

Trading in equity shares of the Company is permitted only in dematerialized form.

Shares sent for transfer in physical form are normally processed within a period of 15 days of receipt of the documents, provided all documents are valid and complete in all respects.

There were no share Transfers during the year.

**J. Unclaimed dividend**

Pursuant to Sections 124 and 125 of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (“IEPF Rules”), dividend, if not claimed for a consecutive period of 7 years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund (“IEPF”).

Further, all the shares in respect of which dividend has remained unclaimed for seven consecutive years or more from the date of transfer to unpaid dividend account shall also be transferred to IEPF Authority. The said requirement does not apply to shares in respect of which there is a specific order of Court, Tribunal or Statutory Authority, restraining any transfer of the shares.

In the interest of the shareholders, the Company sends periodical reminders to the shareholders to claim their dividends in order to avoid transfer of dividends/shares to IEPF Authority. Notices in this regard are also published in the newspapers.

In light of the aforesaid provisions, the Company has during the year under review, transferred to IEPF the unclaimed dividends, outstanding for 7 consecutive years, of the Company. Further, shares of the Company, in respect of which dividend has not been claimed for 7 consecutive years or more from the date of transfer to unpaid dividend account, have also been transferred to the demat account of IEPF Authority.

a) The following table provides a list of years for which unclaimed dividends and their corresponding shares would become eligible to be transferred to the IEPF on the dates mentioned below:

Financial Year Ended	Date of declaration of dividend	Last date for claiming unpaid dividend	Due date for transfer to IEPF
31.03.2012	28.07.2012	27.07.2019	26.08.2019
31.03.2013	27.07.2013	26.07.2020	25.08.2020
31.03.2014	26.07.2014	25.07.2021	24.08.2021
31.03.2015	14.08.2015	13.08.2022	12.09.2022
31.03.2017	12.08.2017	11.08.2024	10.09.2024

b) Equity shares in the suspense account

In accordance with the requirement of Regulation 34(3) and Part F of Schedule V to the SEBI Listing Regulations, details of equity shares in suspense account are as follows:

Particulars	Number of shareholders	Number of Equity Shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on 1 <sup>st</sup> April, 2018	54	3,361
Shareholders who approached the Company for transfer of shares from suspense account during the year	NIL	NIL
Shareholders to whom shares were transferred from the suspense account during the year	NIL	NIL
Shareholders whose shares are transferred to the demat account of the IEPF Authority as per Section 124 of the Act	63	7,595
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2019	117	10,956

The voting rights on the shares outstanding in the suspense account as on 31<sup>st</sup> March, 2019 shall remain frozen till the rightful owner of such shares claims the shares.

## Report on Corporate Governance

### K. Shareholding as on 31<sup>st</sup> March, 2019

a) Distribution of Shareholding as on 31<sup>st</sup> March, 2019

Sr. No.	Category (Shares) From – To	Number of Shareholders	No. of Shares	% To Equity Capital
1.	1 - 500	10,220	1,208,113	7.13
2.	501 - 1000	597	485,574	2.86
3.	1001 - 2000	296	451,942	2.67
4.	2001 - 3000	96	244,801	1.44
5.	3001 - 4000	30	106,100	0.63
6.	4001 - 5000	28	132,955	0.78
7.	5001 - 10000	59	451,030	2.66
8.	10001 and above	45	13,869,485	81.83
	<b>Total</b>	<b>11,371</b>	<b>16,950,000</b>	<b>100.00</b>

b) Shareholding Pattern as on 31<sup>st</sup> March, 2019

Sr. No.	Category of Shareholders	Total Holdings	Holdings in %
1.	Promoter and Promoter Group	12,523,672	73.89
2.	Financial Institutions/Banks/ Trusts	310	0.00
3.	Bodies Corporate	716,204	4.22
4.	Individuals	3,524,418	20.79
5.	Clearing Members	83,627	0.49
6.	NRI's	90,297	0.54
7.	NBFC	516	0.00
8.	IEPF account	10,956	0.07
	<b>Total</b>	<b>16,950,000</b>	<b>100.00</b>

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

### M. Dematerialization of Shares and Liquidity

The total number of shares in dematerialized form as on 31<sup>st</sup> March, 2018 is 16,936,091 representing 99.92% of the total number of shares of the Company.

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

### N. Plant Location

Not Applicable

### O. Address for Correspondence

Shareholders Correspondence should be addressed to:

The Company Secretary,  
**Smartlink Holdings Limited**  
L-7, Verna Industrial Estate, Verna,  
Salcete, Goa- 403 722, India  
Phone No: 0832-2885400  
Fax No: 0832-2783395  
Email: Company.Secretary@smartlinkholdings.com

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

**Annexure-D: Independent Auditors' Certificate on Corporate Governance****CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE REQUIRED UNDER THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 BY SMARTLINK HOLDINGS LIMITED (formerly known as SMARTLINK NETWORK SYSTEMS LIMITED)**

To the members of **SMARTLINK HOLDINGS LIMITED (formerly known as SMARTLINK NETWORK SYSTEMS LIMITED)**

I have examined the compliance with conditions of Corporate Governance by SMARTLINK HOLDINGS LIMITED (formerly known as SMARTLINK NETWORK SYSTEMS LIMITED) (the Company) under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("LODR Regulations") for the year ended 31st March 2019.

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

The compliance with conditions of Corporate Governance is the responsibility of the management of the Company. My examination was limited to procedures adopted and implementation thereof, by the Company for ensuring compliance with the condition of Corporate Governance under LODR Regulations. 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 efficacy or effectiveness with which the management has conducted the affairs of the company.

**Shivaram Bhat**

Place : Panaji, Goa  
Date : 15<sup>th</sup> May, 2019

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

**Annexure - E****DECLARATION BY EXECUTIVE CHAIRMAN**

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

I, Mr. K. R. Naik, Executive Chairman of Smartlink Holdings Limited, hereby declare that the Company has in respect of the financial year ended 31<sup>st</sup> March, 2019, received from all the members of the Senior Management of the Company and the Board, a declaration for compliance with the code of conduct of the Company as provided under SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

Mumbai, dated: 15<sup>th</sup> May, 2019

**For Smartlink Holdings Limited**

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

## Annexure - F

# FORM NO. MGT. 9

**EXTRACT OF ANNUAL RETURN**  
**As on the financial year ended on 31<sup>st</sup> March, 2019**

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

### I. REGISTRATION AND OTHER DETAILS

CIN	L67100GA1993PLC001341
Registration Date	31 <sup>st</sup> March, 1993
Name of the Company	Smartlink Holdings Limited
Category/Sub-Category of the Company	Company having share capital
Address of the Registered office and contact details	L-7, Verna Industrial Estate, Verna, Salcete, Goa - 403722 Tel. No.: 0832-2885400 Email: Company.Secretary@smartlinkholdings.com Website: www.smartlinkholdings.com
Whether listed company	Yes
Name, Address and Contact details of Registrar and Transfer Agent	Karvy Computershare Private Limited Unit: Smartlink Holdings Limited Karvy Selenium Tower B, Plot No. 31 & 32 Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad - 500 032 Tel: +91 40 67161500 Toll Free No: 18003454001 Email: einward.ris@karvy.com

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the company
1.	Investment	6430	100

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

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of shares held	Applicable Section
1.	Digisol Systems Limited	U31909GA2016PLC012970	Subsidiary	100	2(87)
2.	Synegra EMS Limited	U31909GA2016PLC012969	Subsidiary	100	2(87)
3.	Telesmart SCS Limited	U31900GA2016PLC013046	Subsidiary	80	2(87)

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

#### i) Category-wise Share Holding

Category of Shareholders	No. of shareholding at the beginning of the year				No. of shareholding at the end of the year				% Change during the year
	Demat	Physical	Total	% of Shares	Demat	Physical	Total	% of Shares	
<b>Promoters</b>									
<b>Indian</b>									
Individuals/Hindu Undivided Family	16,786,815	0	16,786,815	74.44	12,523,672	0	12,523,672	73.89	0.55
Central Government/ State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
Financial Institutions/ Banks	0	0	0	0.00	0	0	0	0.00	0.00
Any Others (Specify)	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub Total (A)(1)</b>	<b>16,786,815</b>	<b>0</b>	<b>16,786,815</b>	<b>74.44</b>	<b>12,523,672</b>	<b>0</b>	<b>12,523,672</b>	<b>73.89</b>	<b>0.55</b>

Category of Shareholders	No. of shareholding at the beginning of the year				No. of shareholding at the end of the year				% Change during the year
	Demat	Physical	Total	% of Shares	Demat	Physical	Total	% of Shares	
<b>Foreign</b>									
Individuals (Non-Residents Individuals/Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
Institutions	0	0	0	0.00	0	0	0	0.00	0.00
Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
Any Others (Specify)	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub Total (A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>	<b>16,786,815</b>	<b>0</b>	<b>16,786,815</b>	<b>74.44</b>	<b>12,523,672</b>	<b>0</b>	<b>12,523,672</b>	<b>73.89</b>	<b>0.55</b>
<b>Public shareholding</b>									
<b>Institutions</b>									
Mutual Funds/UTI	0	0	0	0.00	0	0	0	0.00	0.00
Financial Institutions/ Banks	31,794	0	31,794	0.14	310	0	310	0.00	0.14
Central Government/ State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
Foreign Institutional Investors	0	0	0	0.00	0	0	0	0.00	0.00
Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
Any Other (specify)	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-Total (B)(1)</b>	<b>31,794</b>	<b>0</b>	<b>31,794</b>	<b>0.14</b>	<b>310</b>	<b>0</b>	<b>310</b>	<b>0.00</b>	<b>0.14</b>
<b>Non-institutions</b>									
Bodies Corporate	1,131,654	0	1,131,654	5.02	716,204	0	716,204	4.23	0.79
Individuals									
Individuals - i. Individual shareholders holding nominal share capital up to ₹1 lakh	4,291,630	17,210	4,308,840	19.11	3,360,509	13,909	3,374,418	19.91	(0.08)
ii. Individual shareholders holding nominal share capital in excess of ₹1 lakh.	145,000	0	145,000	0.64	150,000	0	150,000	0.88	(0.24)

Category of Shareholders	No. of shareholding at the beginning of the year				No. of shareholding at the end of the year				% Change during the year
	Demat	Physical	Total	% of Shares	Demat	Physical	Total	% of Shares	
Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
Any Other (specify)	0	0	0	0.00	0	0	0	0.00	0.00
Non Resident Indian Non Repatriable	42,043	0	42,043	0.19	33,927	0	33,927	0.20	(0.01)
Non Resident Indians	72,587	0	72,587	0.32	56,370	0	56,370	0.33	(0.01)
Clearing Members	27,206	0	27,206	0.12	83,627	0	83,627	0.49	(0.37)
NBFC registered with RBI	700	0	700	0.00	516	0	516	0.00	00.00
IEPF	3361	0	3361	0.01	10,956	0	10,956	0.06	(0.05)
<b>Sub-Total (B)(2)</b>	<b>5,714,181</b>	<b>17,210</b>	<b>5,731,391</b>	<b>25.41</b>	<b>4,412,109</b>	<b>13,909</b>	<b>4,426,018</b>	<b>0.26</b>	<b>25.15</b>
Total Public Shareholding (B)= (B)(1)+(B)(2)	5,745,975	17,210	5,763,185	25.56	4,412,419	13,909	4,426,328	26.11	(0.55)
<b>TOTAL (A)+(B)</b>	<b>22,532,790</b>	<b>17,210</b>	<b>22,550,000</b>	<b>100.00</b>	<b>16,936,091</b>	<b>13,909</b>	<b>16,950,000</b>	<b>100.00</b>	<b>0.00</b>
<b>Shares held by Custodians and against which Depository Receipts have been issued</b>	-	-	-	-					-
Promoter and Promoter Group	-	-	-	-					-
Public	-	-	-	-					-
<b>Sub-Total (C )</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>					<b>-</b>
<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>22,532,790</b>	<b>17,210</b>	<b>22,550,000</b>	<b>100.00</b>	<b>16,936,091</b>	<b>13,909</b>	<b>16,950,000</b>	<b>100.00</b>	<b>0.00</b>

**ii) Shareholding of Promoters**

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1	Mr. Kamalaksha Rama Naik	11,488,272	50.95	0.00	8,495,878	50.12	0.00	(0.83)
2	Ms. Arati Kamalaksha Naik	2,255,000	10.00	0.00	1,695,006	10.00	0.00	0.00
3	Mrs. Lakshana Amit Sharma	1,664,486	7.38	0.00	1,300,874	7.67	0.00	0.29
4	Mrs. Sudha Kamalaksha Naik	1,127,500	5.00	0.00	847,540	5.00	0.00	0.00
5	Kamalaksha Rama Naik (HUF)	251,557	1.12	0.00	184,374	1.09	0.00	(0.03)
	<b>Total</b>	<b>16,786,815</b>	<b>74.44</b>	<b>0.00</b>	<b>12,523,672</b>	<b>73.89</b>	<b>0.00</b>	<b>(0.55)</b>

**iii) Change in Promoters' Shareholding**

Sr. No.	Name of the Shareholder	Shareholding at the beginning of the year April 1, 2018		Date	Reason	Increase/Decrease in shareholding		Cumulative shareholding at the end of the year March 31, 2019	
		No of Shares	% of total shares of the Company			No of Shares	% of total shares of the Company	No of Shares	% of total shares of the Company
1	Mr. Kamalaksha Naik	1,14,88,272	50.95					1,14,88,272	50.95
				03-07-2018	Tendering of Shares in Buyback	(30,68,185)	(1.3)		
				21-09-2018	Market Purchase	477	0.00		
				25-09-2018	Market Purchase	51,307	0.30		
				13-11-2018	Market Purchase	12,950	0.08		
				15-11-2018	Market Purchase	8,108	0.05		
				07-12-2018	Market Purchase	2,949	0.02		
			At the end of the year						84,95,878
2	Ms. Aarti Naik	22,55,000	10.00					22,55,000	
				03-07-2018	Tendering of Shares in Buyback	(6,02,245)	(0.25)		
				05-09-2018	Market Purchase	17,501	0.10		
				29-08-2018	Market Purchase	8,414	0.05		
				31-08-2018	Market Purchase	13,773	0.08		
				30-08-2018	Market Purchase	2,563	0.02		
			At the end of the year						16,95,006
3	Mrs. Lakshana Amit Sharma	16,64,686	7.38					16,64,486	7.38
				03-07-2018	Tendering of Shares in Buyback	(4,44,536)	(0.19)		
				07-09-2018	Market Purchase	13,546	0.08		
				10-09-2018	Market Purchase	6,235	0.04		
				18-09-2018	Market Purchase	9,176	0.05		
				19-09-2018	Market Purchase	2,003	0.01		
				14-02-2019	Market Purchase	26,309	0.16		
				28-02-2019	Market Purchase	23,655	0.14		
			At the end of the year						13,00,874

Sr. No.	Name of the Shareholder	Shareholding at the beginning of the year April 1, 2018		Date	Reason	Increase/Decrease in shareholding		Cumulative shareholding at the end of the year March 31, 2019	
		No of Shares	% of total shares of the Company			No of Shares	% of total shares of the Company	No of Shares	% of total shares of the Company
4	Mrs. Sudha Kamalaksha Naik	11,27,500	5.00					11,27,500	5.00
				03-07-2018	Tendering of Shares in Buyback	(3,01,123)	(0.13)		
				20-09-2018	Market Purchase	2,719	0.02		
				21-09-2018	Market Purchase	18,444	0.11		
	At the end of the year							8,47,540	5.00
5	Kamaksha Rama Naik (HUF)	2,51,577	1.12					2,51,557	1.12
				03-07-2018	Tendering of Shares in Buyback	(67,183)	(0.03)		
	At the end of the year							1,84,374	1.09

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

Sr No	Top Ten Shareholders	Shareholding at the beginning of the year 01.04.2018		Cumulative shareholding at the end of the year 31.03.2019	
		No of shares	% of total shares of the Company	No of shares	% of total shares of the Company
1	Zen Securities Ltd	4,50,410	2.00	4,27,314	2.52
2	K.Swapna	-	0.00	1,50,000	0.88
3	K.Satish	1,45,000	0.64	14,000	0.08
4	Varsha Ramesh Parikh	-	0.00	73,008	0.43
5	Ravya Kantheti	60,000	0.27	-	0.00
6	Keshav Bhalotia	50,000	0.22	50,000	0.29
7	Chemtech Acids & Chemicals Pvt. Ltd.	46,710	0.21	46,710	0.28
8	IL And Fs Securities Services Limited	46,450	0.21	26,515	0.16
9	Kshitij Commodities Pvt Ltd	41,000	0.18	-	0.00
10	Nishith Ramesh Parikh	-	0.00	40,419	0.24
11	HSE Securities Limited	40,018	0.18	23,062	0.14
12	Sanjeev Bhalotia	40,000	0.18	-	0.00
13	Nuco Merchandise Private Limited	-	0.00	40,000	0.24

\*The shares of the Company are traded on daily basis and hence the datewise increase/decrease in shareholding is not indicated. Shareholding is consolidated based on permanent account number (PAN) of the shareholder.



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

Sr. No.	Name of the Shareholder	Shareholding at the beginning of the year April 1, 2018		Date	Reason	Increase/Decrease in shareholding		Cumulative shareholding at the end of the year March 31, 2019	
		No of Shares	% of total shares of the Company			No of Shares	% of total shares of the Company	No of Shares	% of total shares of the Company
1	Mr. Kamalaksha Naik, Executive Chairman	1,14,88,272	50.95					1,14,88,272	50.95
				03-07-2018	Tendering of Shares in Buyback	(30,68,185)	(1.30)		
				21-09-2018	Market Purchase	477	0.00		
				25-09-2018	Market Purchase	51,307	0.30		
				13-11-2018	Market Purchase	12,950	0.08		
				15-11-2018	Market Purchase	8,108	0.05		
				07-12-2018	Market Purchase	2,949	0.02		
				At the end of the year					
2	Ms. Aarti Naik, Non-Executive, Non Independent Director	22,55,000	10.00					22,55,000	10.00
				03-07-2018	Tendering of Shares in Buyback	(6,02,245)	(0.25)		
				05-09-2018	Market Purchase	17,501	0.10		
				29-08-2018	Market Purchase	8,414	0.05		
				31-08-2018	Market Purchase	13,773	0.08		
				30-08-2018	Market Purchase	2,563	0.02		
At the end of the year						16,95,006	10.00		
3	Mr. Krishnanand Gaonkar, Independent, Non-Executive Director	41,925	0.19					41,925	0.19
				03-07-2018	Tendering of Shares in Buyback	(18,606)	(0.05)		
				At the end of the year					
4	K.G. Prabhu, Chief Financial Officer	204	0.00					204	0.00
				29-06-2018	Market Purchase	5	0.00		
				03-07-2018	Tendering of Shares in Buyback	(204)	0.00		
				At the end of the year					

\* Ms. Arati Naik Appointed as Wholetime Director designated as Executive Director w.e.f.1<sup>st</sup> April, 2019

**V. INDEBTEDNESS**

As on 31<sup>st</sup> March, 2019, indebtedness of the Company including interest outstanding/accrued, but not due is nil.

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**i) Remuneration to Managing Director, Whole-time Directors and/or Manager** (₹ in lakhs)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total
		Mr. K. R. Naik, Executive Chairman (Wholetime Director)		
1.	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	Nil		Nil
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil		Nil
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	Nil		Nil
2.	Stock Option	Nil		Nil
3.	Sweat Equity	Nil		Nil
4.	Commission			
	- as % of profit	Nil		Nil
	- others, specify	Nil		Nil
5.	Others, please specify	Nil		Nil
	<b>Total (A)</b>	<b>Nil</b>		<b>Nil</b>
	Ceiling as per the Act			75.00

**ii. Remuneration to other directors** (₹ in lakhs)

Sr. No.	Particulars of Remuneration	Name of Directors					Total
<b>INDEPENDENT DIRECTORS</b>							
		Krishnanand Gaonkar	Pankaj Baliga	Bhanubhai Patel	Pradeep Pande	Pradeep Rane	
i	Fee for attending board/committee meetings	5.60	7.10	6.00	3.50	6.00	28.20
ii	Commission	-	-	-	-	-	-
iii	Others, please specify	-	-	-	-	-	-
	<b>Total (1)</b>	<b>5.60</b>	<b>7.10</b>	<b>6.00</b>	<b>3.50</b>	<b>6.00</b>	<b>28.20</b>
<b>OTHER NON-EXECUTIVE DIRECTORS</b>							
		Ms. Arati Naik	-	-	-	-	-
i	Fee for attending board/committee meetings	Nil	-	-	-	-	-
ii	- Commission	Nil	-	-	-	-	-
iii	- Others, please specify	Nil	-	-	-	-	-
	<b>Total (2)</b>	<b>Nil</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0</b>
		<b>Total (B) = (1 + 2)</b>					<b>28.20</b>
		<b>Total Managerial Remuneration</b>					<b>NIL</b>
		<b>Overall Ceiling as per the Act</b>					<b>N.A.</b>

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

(₹ in lakhs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		
		Chief Financial Officer Mr. K. G. Prabhu	Company Secretary Ms. Urjita Damle	Total
1.	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	31.83	12.47	44.15
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	1.29	0.42	1.71
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	- as % of profit	-	-	-
	- others, specify	-	-	-
5.	Others, please specify	-	-	-
	<b>Total</b>	<b>33.11</b>	<b>12.89</b>	<b>45.86</b>

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES**

During the year 2018-19, there were no penalties/punishment/compounding of offences under the Companies Act, 2013.

## Annexure - G

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

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

Sr. No.	Name of the Director/Key Managerial Personnel	Ratio of the remuneration to the median remuneration of the employees	Percentage increase in remuneration
1.	Mr. Kamalaksha Naik - Executive Chairman & Promoter	Nil	Nil
2.	Mr. Krishnanand Gaonkar - Independent Director	Nil	Nil
3.	Mr. Pradeep Rane - Independent Director	Nil	Nil
4.	Mr. Pankaj Baliga - Independent Director	Nil	Nil
5.	Ms. Arati Naik* - Non-Executive Director & Promoter	Nil	Nil
6.	Mr. Bhanubhai Patel - Independent Director	Nil	Nil
7.	Mr. Pradeep Pande - Independent Director	Nil	Nil
8.	Ms. Urjita Damle - Company Secretary	N.A.	4.53
9.	Mr. K. G. Prabhu - Chief Financial Officer	N.A.	5.50

\* Ms. Arati Naik appointed as Wholetime Director w.e.f. 1<sup>st</sup> April, 2019

Notes:

- Mr. Krishnanand Gaonkar, Mr. Pradeep Rane, Mr. Pankaj Baliga, Mr. Bhanubhai Patel and Mr. Pradeep Pande were paid sitting fees for attending the Meetings.
- There was no Remuneration paid to Mr. Kamalaksha Naik, Executive Chairman during the Financial year ended 31<sup>st</sup> March, 2019 as well as for the previous financial year.

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

14.22%

- IV. The number of permanent employees on the rolls of company; as on 31<sup>st</sup> March, 2019

27

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

Increase in Managerial remuneration is line with increase in the remuneration paid to the other employees of the Company.

Average percentile change in the salaries of employees other than Key Managerial Personnel is 12.44%.

- VI. Affirmation that the remuneration is as per the remuneration policy of the company.

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

**Annexure - H**

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

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

The CSR Committee has been constituted at the Meeting of the Board of Directors held on 12<sup>th</sup> November, 2014 in accordance with the provisions of Section 135 of the Companies Act, 2013. CSR policies are to actively contribute to the Social and economic development of the Country. In so doing and built a better, sustainable way of life, to contribute effectively towards inclusive growth and raise the country's human development index. Our project focus on - education, healthcare, relief to the families incase of natural calamities and Social reforms.

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

2. The Composition of the CSR Committee

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

3. Average net profit of the company for last three financial years: ₹9,59,50,492/-

4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above): ₹19,19,010/-

5. Details of CSR spent during the financial year (Amount in ₹)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sr. No.	CSR project or activities identified	Sector in which the Project is covered	Projects or programs 1) Local area or other 2) Specify the State and district where the projects or program was undertaken	Amount outlay (budget) project programs wise	Amount spent on the programs Sub-heads: 1) Direct Expenditure on projects or programs 2) Overheads	Cumulative expenditure Upto the reporting period	Amount Spent Direct or through implementing agency
1	Education	Education	Goa and near by areas	500,000	500,000	500,000	Through Implementing Agency - I Create Goa
2	Prime Minister National Relief Fund	Social and economic development of the Country	All over the Country	775,000	775,000	775,000	Contribution to Prime Minister National relief Fund
3	Education	Education	Goa	723,727	723,727	723,727	Towards distribution of various Networking products to Educational Institutions.

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

Not applicable

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

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

**Mr. K. R. Naik**  
Executive Chairman

**Mr. Bhanubhai Patel**  
Chairman of CSR Committee

Date : 15<sup>th</sup> May, 2019

Place : Mumbai

## Annexure-I

### FORM NO. AOC-1

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

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

#### Part "A": Subsidiaries

(Amount in ₹)

Sr. No.	Particulars	Details	Details	Details
1.	Name of the subsidiary	Digisol Systems Limited	Synegra EMS Limited	Telesmart SCS Limited
2.	The date since when subsidiary was acquired	17 <sup>th</sup> August, 2016	17 <sup>th</sup> August, 2016	17 <sup>th</sup> November, 2016
3.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	N.A.	N.A.	N.A.
4.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	N.A.	N.A.	N.A.
5.	Share capital	410,000,000*	45,000,000	36,000,000
6.	Reserves & surplus	(302,784,809)	(52,058,652)	(19,096,220)
7.	Total assets	407,819,014	83,682,907	46,243,648
8.	Total Liabilities	300,603,823	90,741,559	29,339,868
9.	Investments	-	-	-
10.	Turnover	880,616,757	219,128,470	67,069,490
11.	Loss before taxation	(79,163,512)	(21,539,930)	(8,442,316)
12.	Provision for taxation	-	3,670	-
13.	Loss after taxation	(79,163,512)	(21,543,600)	(8,442,316)
14.	Proposed Dividend	-	-	-
15.	Extent of shareholding (In percentage)	100	100	80

**Note:** 1. There are no other subsidiaries of the Company.

\* The Paid-up Equity Capital of Digisol Systems Limited (Digisol) as on 31<sup>st</sup> March, 2019 stood at ₹410,000,000/- consisting of 41,000,000 Equity Shares of ₹10/- each. During the financial year ended 31<sup>st</sup> March, 2019, the terms of 8% 2,500,000 Non-convertible Debentures of ₹100/- amounting to ₹250,000,000 were changed from Non-convertible Debentures to Compulsorily Convertible Debentures (CCD) vide approval given by shareholders at their meeting held on 2<sup>nd</sup> February, 2019. Further, based on the request letter received from the Debenture Holder, Smartlink Holdings Limited, the Company has exercised the option of converting CCDs into Equity shares with swap ratio as 10:1 (Ten equity shares of ₹10/- each for each CCD of ₹100/-). Further, Digisol has made an application before the National Company Law Tribunal (NCLT) on 8<sup>th</sup> March, 2019 to reduce the paid-up equity share capital from ₹410,000,000/- (41,000,000 equity shares of ₹10/- each, fully paid up) to ₹41,000,000/- (41,000,000 equity shares of ₹1/- each, fully paid up), thereby reducing the nominal value of equity shares from ₹10/- each to ₹1/- each by cancelling the equity share capital of ₹9/- per equity share.

#### Part "B": Associates and Joint Ventures

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

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

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

For and on behalf of the Board

Mumbai  
Dated: 15<sup>th</sup> May, 2019

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

**Annexure - J****FORM NO. AOC-2**

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

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

1. Details of contracts or arrangements or transactions not at arm's length basis: Smartlink Holdings Limited (formerly known as Smartlink Network Systems Limited) (the Company) has not entered into any contract/arrangement/transaction with its related parties which are not in ordinary course of business or at arm's length during FY 2018-19. The Company has laid down policies and processes/procedures so as to ensure compliance to the subject section in the Companies Act, 2013 (Act) and the corresponding Rules. In addition, the process goes through internal and external checking, followed by quarterly reporting to the Audit Committee.
  - a) Name(s) of the related party and nature of relationship: Not Applicable
  - b) Nature of contracts/arrangements/transactions: Not Applicable
  - c) Duration of the contracts/arrangements/transactions: Not Applicable
  - d) Salient terms of the contracts or arrangements or transactions including the value, if any: Not Applicable
  - e) Justification for entering into such contracts or arrangements or transactions: Not Applicable
  - f) Date(s) of approval by the Board: Not Applicable
  - g) Amount paid as advances, if any: Not Applicable
  - h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188: Not Applicable
2. Details of material contracts or arrangement or transactions at arm's length basis:
  - a) Name(s) of the related party and nature of relationship: Not Applicable
  - b) Nature of contracts/arrangements/transactions: Not Applicable
  - c) Duration of the contracts/arrangements/transactions: Not Applicable
  - d) Salient terms of the contracts or arrangements or transactions including the value, if any: Not Applicable
  - e) Date(s) of approval by the Board, if any: Not Applicable
  - f) Amount paid as advances, if any: None

For Smartlink Holdings Limited

Mumbai  
Dated: 15<sup>th</sup> May, 2019

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

## Independent Auditor's Report

TO THE MEMBERS OF SMARTLINK HOLDINGS LIMITED  
(formerly known as Smartlink Network Systems Limited)

### Report on the Standalone Financial Statements

#### Opinion

We have audited the accompanying standalone financial statements of Smartlink Holdings Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and notes to financial statements including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its loss (financial performance) and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI"), together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Below, we describe what we consider to be the key audit matters:

Sr. No.	Key Audit Matter	How the matters were addressed in our audit
1.	<p><b>Valuation of current and non-current Investments:</b></p> <p>Current investments are valued at lower of cost and market value. Non-current investments are stated at cost unless there is other than temporary diminution in their value.</p> <p>There is inherent risk of misstatement arising out of inaccurate valuation of current and non-current investments that are not quoted. Unquoted current investments comprise of investment in preference shares and unquoted non-current investments comprise of equity shares in subsidiaries companies.</p>	<ul style="list-style-type: none"> <li>• Our audit procedures to assess the valuation of unquoted investments included the following:                             <ul style="list-style-type: none"> <li>- Evaluating the design, implementation and operating effectiveness of any internal controls over the valuation of investments.</li> <li>- Considering the appropriateness of the Company's accounting policies and assessing compliance of the accounting policies in terms of the applicable accounting standards.</li> <li>- Verifying the adequacy of judgements of the Company on the valuation of unquoted current investments and non-current investments with information on income earned from current investments; information obtained on the investment entity; the financial statements of the subsidiaries, and also discussion with management of the subsidiaries on the continuation of the subsidiaries as going concern and future business prospects.</li> </ul> </li> </ul>
2.	<p><b>Contingent Liabilities</b></p> <p>The Company has disputed demands and penalty relating to excise duty in connection with valuation of products manufactured by the Company. These disputes are currently pending before the Customs, Excise and Service Tax Appellate Tribunal (CESTAT).</p> <p>Given the uncertainty involved in the appeals, the ultimate outcome of these matters cannot be predicted with virtual certainty. Further, whether the Company is successful or not in these matters, the ultimate decision of the courts will have a material effect on the financial position, results of operations and cash flows. Management have engaged independent legal counsel on these matters.</p> <p>The accounting for, and disclosure of, this contingent liability is complex and is a significant matter in our audit because of the judgements required to determine the level of certainty in the matter.</p>	<ul style="list-style-type: none"> <li>• Our audit procedures included holding discussions with the Company's personnel responsible for the Company's defence in these matters to understand their legal views on the matter.</li> <li>• We obtained written legal confirmation of the disputed demands from the Company's external legal counsel regarding their opinion of the Company's prospects in these cases and their interpretation of the impact.</li> <li>• We verified the documents related to the matters to understand the findings of the revenue authorities and to assess the representations of management and the Company's independent legal counsel.</li> <li>• We verified the disclosures of disputed demand in the financial statements.</li> </ul>

#### Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' Report including Annexures, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



## Independent Auditor's Report

### Responsibilities of Management and Those charged with Governance for Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

We give in "Annexure A" a detailed description of Auditor's responsibilities for Audit of the Standalone Financial Statements.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the 'Annexure B' a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, as amended.
  - (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure C'
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer Note 22 to the standalone financial statements.
    - ii. The Company did not have any on long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
3. In our opinion, according to information and explanations given to us, the Company has not paid / provided for managerial remuneration to its directors for the year ended March 31, 2019 and therefore the reporting requirement regarding payment of remuneration to directors within the limits prescribed under section 197 of the Act and rules thereunder are not applicable.

**For MSKA & Associates**  
Chartered Accountants  
ICAI Firm Registration No. 105047W

**Vinayak M Padwal**  
Partner  
Membership No.049639

Place : Mumbai  
Date : May 15, 2019

## **Annexure A to the Independent Auditor's Report**

### **OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF SMARTLINK HOLDINGS LIMITED**

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**For MSKA & Associates**  
Chartered Accountants  
ICAI Firm Registration No. 105047W

Place : Mumbai  
Date : May 15, 2019

**Vinayak M Padwal**  
Partner  
Membership No.049639

## Annexure B to the Independent Auditor's Report

### OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF SMARTLINK HOLDINGS LIMITED FOR THE YEAR ENDED MARCH 2019

#### [Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report]

- i. (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets (Property, Plant and Equipment).
  - (b) As explained to us, fixed assets have been physically verified by the management in accordance with a phased programme of verification, which in our opinion is reasonable, considering the size of the Company and nature of its assets. The frequency of physical verification is reasonable and no material discrepancies were noticed on such verification.
  - (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds comprising of immovable properties of land and building which are freehold are held in the name of the Company as on the Balance sheet date. In respect of immovable properties of land and building that have been taken on lease and disclosed as fixed assets in the standalone financial statements, the lease agreements are in the name of the Company.
- ii. The Company is an investment company, and consequently, does not hold any inventory. Accordingly, the provisions stated in paragraph 3(ii) of the Order are not applicable to the Company.
- iii. The Company has not granted any loans, secured or unsecured to Companies, Firms, Limited Liability Partnerships (LLP) or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Accordingly, the provisions stated in paragraph 3 (iii) (a) to (c) of the Order are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, in respect of loans, investments, guarantees and security made.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under.
- vi. According to the information and explanations given to us, the Company is not required to maintain the books of accounts pursuant to the rules prescribed by the Central Government for the maintenance of cost records under Section 148(1) of the Act.
- vii. (a) According to the information and explanations given to us and records examined by us, the Company has been generally regular in depositing undisputed statutory dues relating to investor education and protection fund, income tax, goods and service tax, custom duty, professional tax, provident fund, employees state insurance, and other statutory dues, as applicable, with the appropriate authorities. According to the information and explanations given to us, there are no arrears of outstanding statutory dues as at the last day of the financial year for a period of more than six months from the date they became payable.
  - (b) According to the information and explanation given to us and examination of records of the Company, the outstanding dues of income-tax, sales tax, goods and service tax, value added tax, provident fund, employees state insurance, customs duty, cess, duties of excise and any other statutory dues on account of any dispute, are as follows:

Name of the statute	Nature of dues	Disputed Amount (₹ in lakhs)*	Period to which the amount relates	Forum where dispute is pending	Remarks, if any
The Central Excise Act, 1944	Central excise demand	240.90	2001-05	Central Excise and Service Tax Appellate Tribunal (CESTAT)	
	Penalty on Central excise demand	340.90	2001-05	Central Excise and Service Tax Appellate Tribunal (CESTAT)	
	Central excise demand	32.26	2004-05	Central Excise and Service Tax Appellate Tribunal (CESTAT)	
	Penalty on Central excise demand	46.26	2004-05	Central Excise and Service Tax Appellate Tribunal (CESTAT)	
	Penalty on Central excise demand	3.62	2007-08	Central Excise and Service Tax Appellate Tribunal (CESTAT)	
Maharashtra Value Added Tax Act, 2002	Demand of central sales tax and interest thereon	2.66	2013-14	Deputy Commissioner of Sales Tax, Appeals	
<b>Total</b>		<b>666.60</b>			

\*Net of deposits.

- viii. The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, the provision stated in paragraph 3(viii) of the Order is not applicable to the Company.
- ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, the provisions stated in paragraph 3 (ix) of the Order are not applicable to the Company.
- x. During the course of our audit, examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees.
- xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not paid/ provided for managerial remuneration during the year. Accordingly, paragraph 3 (xi) of the Order is not applicable to the Company.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, the provisions stated in paragraph 3(xii) of the Order are not applicable to the Company.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provisions stated in paragraph 3 (xiv) of the Order are not applicable to the Company.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, provisions stated in paragraph 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is required to, and has been registered under Section 45-IA of the Reserve Bank of India Act, 1934. The Company has obtained certificate of registration as non-banking financial institution without accepting deposits under Section 45-IA of the Reserve Bank of India Act, 1934 vide certificate dated May 02, 2018.

**For MSKA & Associates**  
 Chartered Accountants  
 ICAI Firm Registration No. 105047W  
**Vinayak M Padwal**  
 Partner  
 Membership No.049639

Place : Mumbai  
Date : May 15, 2019

## **Annexure C to the Independent Auditor's Report**

### **OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF SMARTLINK HOLDINGS LIMITED**

[Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the Members of Smartlink Holdings Limited on the Financial Statements for the year ended March 31, 2019]

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

We have audited the internal financial controls with reference to financial statements of Smartlink Holdings Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI) (the "Guidance Note"). These responsibilities include the design, implementation and maintenance of internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

#### **Meaning of Internal Financial Controls With reference to Financial Statements**

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

#### **Inherent Limitations of Internal Financial Controls With reference to financial statements**

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

#### **Opinion**

In our opinion, the Company has, in all material respects, an internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2019, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

**For MSKA & Associates**  
Chartered Accountants  
ICAI Firm Registration No. 105047W

Place : Mumbai  
Date : May 15, 2019

**Vinayak M Padwal**  
Partner  
Membership No.049639

# Balance Sheet as at 31<sup>st</sup> March, 2019

Particulars	Note No.	As at 31 <sup>st</sup> March, 2019 ₹	As at 31 <sup>st</sup> March, 2018 ₹
<b>I EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' funds</b>			
(a) Share capital	3	33,900,000	45,100,000
(b) Reserves and surplus	4	2,468,537,550	3,406,548,173
		<u>2,502,437,550</u>	<u>3,451,648,173</u>
<b>(2) Non-current liabilities</b>			
(a) Deferred tax liabilities (Net)	29	13,397,943	11,611,505
(b) Long-term provisions	5	756,052	606,020
		<u>14,153,995</u>	<u>12,217,525</u>
<b>(3) Current liabilities</b>			
(a) Trade payables	6		
- Total outstanding dues of micro enterprises and small enterprises		-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises		6,165,649	9,534,068
(b) Other current liabilities	7	3,116,871	4,083,026
(c) Short-term provisions	8	5,090,383	4,269,264
		<u>14,372,903</u>	<u>17,886,358</u>
<b>Total</b>		<b><u>2,530,964,448</u></b>	<b><u>3,481,752,056</u></b>
<b>II ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Property, plant and equipment			
(i) Tangible assets	9 a	179,952,861	185,910,620
(ii) Intangible assets	9 b	2,836,737	5,150,640
		<u>182,789,598</u>	<u>191,061,260</u>
(b) Non-current investments	10	136,015,191	483,800,000
(c) Long-term loans and advances	11	15,342,874	11,223,148
(d) Other non-current assets	12	5,164,855	5,164,855
		<u>339,312,518</u>	<u>691,249,263</u>
<b>(2) Current assets</b>			
(a) Current investments	13	2,094,882,062	2,723,895,107
(b) Cash and bank balance	14	43,429,892	24,300,447
(c) Short-term loans and advances	15	7,949,389	4,849,031
(d) Other current assets	16	45,390,587	37,458,208
		<u>2,191,651,930</u>	<u>2,790,502,793</u>
<b>Total</b>		<b><u>2,530,964,448</u></b>	<b><u>3,481,752,056</u></b>
<b>See accompanying notes forming part of the Financial Statements</b>	1-32		

In terms of our report attached

**For MSKA & Associates**

Chartered Accountants

Firm Registration No.: 105047W

**Vinayak M. Padwal**

Partner

Membership No. 049639

 Mumbai, dated: 15<sup>th</sup> May, 2019

**For and on behalf of the Board of Directors of  
Smartlink Holdings Limited**

CIN: L67100GA1993PLC001341

**K. R. Naik**

Executive Chairman

DIN: 00002013

**Urjita Damle**

Company Secretary

 Mumbai, dated: 15<sup>th</sup> May, 2019

**K. M. Gaonkar**

Director

DIN: 00002425

**K. G. Prabhu**

Chief Financial Officer

## Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2019

Particulars	Note No.	For the year ended 31 <sup>st</sup> March, 2019 ₹	For the year ended 31 <sup>st</sup> March, 2018 ₹
I Revenue from operations	17	185,268,366	180,564,521
II Other income	18	17,532,243	29,101,630
<b>III Total Revenue (I + II)</b>		<b>202,800,609</b>	<b>209,666,151</b>
<b>IV Expenses</b>			
Employee benefits expense	19	20,547,730	16,315,089
Finance costs	20	497,182	653,562
Depreciation and amortisation expense	9	10,171,090	12,786,031
Other expenses	21	414,614,273	35,531,791
<b>Total Expenses</b>		<b>445,830,275</b>	<b>65,286,473</b>
<b>V (Loss) / Profit before tax (III-IV)</b>		<b>(243,029,666)</b>	<b>144,379,678</b>
<b>VI Tax Expenses</b>			
- Current tax		32,110,000	48,310,000
- MAT credit entitlement		-	(11,887,188)
- Deferred tax	29	1,786,438	(2,062,769)
- Adjustment of Income Tax of earlier year		284,519	-
		<b>34,180,957</b>	<b>34,360,043</b>
<b>VII (Loss) / Profit for the year (V - VI)</b>		<b>(277,210,623)</b>	<b>110,019,635</b>
<b>VIII Earnings per equity share (Face value of ₹2/- per share)</b>			
Basic and Diluted	28	<b>(15.03)</b>	<b>4.88</b>
<b>See accompanying notes forming part of the Financial Statements</b>	1-32		

In terms of our report attached

**For MSKA & Associates**  
Chartered Accountants  
Firm Registration No.: 105047W

**Vinayak M. Padwal**  
Partner  
Membership No. 049639

Mumbai, dated: 15<sup>th</sup> May, 2019

**For and on behalf of the Board of Directors of  
Smartlink Holdings Limited**  
CIN: L67100GA1993PLC001341

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

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

**Urjita Damle**  
Company Secretary

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

Mumbai, dated: 15<sup>th</sup> May, 2019

# Cash Flow Statement for the year ended 31<sup>st</sup> March, 2019

Particulars	For the year ended 31 <sup>st</sup> March, 2019 ₹	For the year ended 31 <sup>st</sup> March, 2018 ₹
<b>A. Cash flows from operating activities</b>		
(Loss) / Profit before tax	(243,029,666)	144,379,678
Adjustments for:		
Depreciation and amortisation expense	10,171,090	12,786,031
(Profit) on sale of fixed assets (net)	(318,576)	(190,943)
Gain on sale of current investment (non-trade) (net)	(114,798,235)	(88,282,629)
Provision for diminution in value of non-current investments	347,784,809	-
Excess of cost over fair value of current investments (non-trade) (net)	9,117,191	839,726
Provision for doubtful debts and advances (net)	-	(751,093)
Sundry balances written off	76,635	551,093
Unrealised exchange differences	(9,547)	(11,944)
Sundry balances written back	(49,091)	(990)
Finance costs	497,182	653,562
Interest income	(68,114,201)	(88,686,067)
Dividend income	(2,381,868)	(5,057,639)
<b>Operating (loss) before working capital changes</b>	<b>(61,054,277)</b>	<b>(23,771,215)</b>
(Increase) / Decrease in loans and advances	(3,121,856)	835,337
(Decrease) in trade and other payables	(3,208,136)	(7,595,746)
<b>Cash (used in) operations</b>	<b>(67,384,269)</b>	<b>(30,531,624)</b>
Direct taxes (paid) (net)	(31,238,253)	(38,152,004)
<b>Net cash (used in) operating activities</b>	<b>(98,622,522)</b>	<b>(68,683,628)</b>
<b>B. Cash flows from investing activities</b>		
Purchase of fixed assets (Refer footnote 2)	(6,368,537)	(2,376,532)
Sale of fixed assets	328,304	207,649
Investment in subsidiaries	-	(23,800,000)
Proceeds from redemption of Debentures	-	50,000,000
Purchase of current investments	(2,530,576,577)	(4,470,855,264)
Sale of current investments	3,265,270,665	4,375,094,566
Bank balances not considered as Cash and bank balance		
Placed	(243,276,766)	(59,353,577)
Matured	205,977,944	179,316,813
Dividend received	2,381,868	5,057,639
Interest received	60,181,822	90,026,853
<b>Net cash from investing activities</b>	<b>753,918,723</b>	<b>143,318,147</b>
<b>C. Cash flows from financing activities</b>		
Buyback of Company's equity shares	(672,000,000)	-
Dividend paid	(977,944)	(54,178,799)
Interest paid	(497,182)	(664,916)
<b>Net cash (used in) financing activities</b>	<b>(673,475,126)</b>	<b>(54,843,715)</b>
<b>Net (Decrease) / Increase in cash and bank balance</b>	<b>(18,178,925)</b>	<b>19,790,804</b>
Cash and bank balance at the beginning of the year	22,226,899	2,424,151
Effect of exchange differences on restatement of foreign currency Cash and bank balance.	9,547	11,944
Cash and bank balance at the end of the year ( Refer footnote 3)	<b>4,057,521</b>	<b>22,226,899</b>
<b>Footnotes:</b>		
1. Cash flows are reported using the indirect method.		
2. Purchase of fixed assets are stated inclusive of movements of capital work in progress and capital creditors/advances between the commencement and end of the year and are considered as part of investing activity.		
3. Reconciliation of Cash and bank balance:		
Cash and bank balance (Refer Note 14)	43,429,892	24,300,447
Less: Bank balances not considered as Cash and bank balance as defined in Accounting Standard (AS) 3 on 'Cash Flow Statements'		
In earmarked accounts:		
Unpaid dividend accounts	1,095,604	2,073,548
Deposits held as margin money	38,276,767	-
Net Cash and bank balance as defined in AS3 on 'Cash Flow Statements'	4,057,521	22,226,899

In terms of our report attached

**For MSKA & Associates**

 Chartered Accountants  
 Firm Registration No.: 105047W

**Vinayak M. Padwal**

 Partner  
 Membership No. 049639

 Mumbai, dated: 15<sup>th</sup> May, 2019

**For and on behalf of the Board of Directors of  
Smartlink Holdings Limited**

CIN: L67100GA1993PLC001341

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

**Urjita Damle**  
 Company Secretary

 Mumbai, dated: 15<sup>th</sup> May, 2019

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

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

## Notes forming part of the financial statements

### NOTE 1: BACKGROUND OF THE COMPANY

Smartlink Holdings Limited (formerly known as Smartlink Network Systems Limited) ("Company") was incorporated on 31<sup>st</sup> March, 1993. The change in name of the company is effective from 18<sup>th</sup> April, 2018

The Company has received the Certificate of Registration as Non-Banking Financial Institution (NBFI) (non-deposit taking) from the Reserve Bank of India ("RBI") dated 2<sup>nd</sup> May, 2018.

### NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

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

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013 ("the Act"), and the relevant provisions of the Act. The financial statements have been prepared on accrual basis under the historical cost convention except for building acquired through amalgamation, that is carried at revalued amounts.

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

#### (b) Use of estimates

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

#### (c) Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits with banks, other short term highly liquid investments with original maturities of three months or less.

#### (d) Depreciation and Amortisation

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

Depreciation on property, plant and equipment has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.:

Motor Vehicle	- 5 years
Plant and equipment	- 8 years
Furniture and Fixture	- 8 years

Leasehold Land is amortised over the duration of the lease.

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

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

#### (e) Revenue recognition

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

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

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

Revenue (income) is recognised when no significant uncertainty as to determination/realisation exists.

#### (f) Property, plant and equipment

##### i) Tangible assets

Property, plant and equipment are carried at cost of acquisition or construction less accumulated depreciation and impairment loss, if any.

##### ii) Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment losses, if any.

#### (g) Foreign currency transactions

Transactions in foreign currencies are recorded at the original rates of exchange in force at the time the transactions are effected. At the year-end, monetary items denominated in foreign currency and the relevant foreign exchange contracts are reported using the closing rate of exchange.



## Notes forming part of the financial statements

### (h) Government grants

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

### (i) Investments

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

### (j) Employee Benefits

Compensation to employees for service rendered is accounted for in accordance with AS-15 on "Employee Benefits".

Employee Benefits such as salaries, allowances, non-monetary benefits and employee benefits under defined contribution plans such as provident and other funds, which fall due for payment within a period of 12 months after rendering services, are charged as expense to the Statement of profit and loss in the period in which the service is rendered.

Employee Benefits such as defined benefit plan and other long term employee benefits, such as gratuity and compensated absences which fall due for payment after a period of 12 months from rendering services and after completion of employment are measured by the Project Unit Credit Method, on the basis of actuarial valuations carried out by third party actuaries at each balance sheet date. The company's obligation recognised in the balance sheet represents the present value of obligations as reduced by the fair value of plan assets, where applicable.

Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss.

### (k) Borrowing costs

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

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

Assets taken on finance lease (including on hire purchase) on or after 1<sup>st</sup> April 2001 are accounted for as in fixed assets accordance with Accounting Standard 19 on "Leases", (AS 19). Accordingly, the assets have been accounted at fair value.

Lease payments are apportioned between finance charge and reduction of outstanding liability.

### (m) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

The weighted average numbers of equity shares are adjusted for events such as bonus issue, bonus element in the rights issue, share split and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

### (n) Taxes on income

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

Deferred income-tax reflect the current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years/period. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future income will be available except that deferred tax assets in case there are unabsorbed depreciation and losses are recognised if there is virtual certainty that supported by convincing evidence sufficient future taxable income will be available to realise the same (Refer note 29).

### (o) 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.

### (p) Provisions and contingencies

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

## Notes forming part of the financial statements

₹	As at 31 <sup>st</sup> March, 2019 ₹	As at 31 <sup>st</sup> March, 2018 ₹
<b>NOTE 3: SHARE CAPITAL</b>		
<b>Authorised</b>		
35,000,000 Equity Shares of ₹2/- each	70,000,000	70,000,000
<b>Issued, subscribed and paid-up</b>		
22,550,000 Equity Shares of ₹2/- each, fully paid-up	45,100,000	45,100,000
Less: 5,600,000 Equity Shares (Previous year NIL) purchased under buyback scheme	11,200,000	-
<b>Total</b>	<b>33,900,000</b>	<b>45,100,000</b>

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

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

**b) Reconciliation of the number of shares outstanding**

	No. of Shares	No. of Shares
Shares outstanding at the beginning of the year	22,550,000	22,550,000
Less: Shares bought-back during the year (refer footnote below)	5,600,000	-
Shares outstanding at the end of the year	16,950,000	22,550,000

**Footnote:**

The Board of Directors of the Company at its meeting held on 7<sup>th</sup> April, 2018 and the Shareholders of the Company at the Extraordinary General Meeting held on 4<sup>th</sup> May, 2018 had approved the proposal of the Company to buy-back up to 5,600,000 fully paid-up equity shares of ₹2/- each at a price of ₹120/- per share (aggregating up to 24.83% of the fully paid-up equity share capital and free reserves of the Company), payable in cash for an aggregate amount of up to ₹ 672,000,000/- from the existing shareholders of the Company under Tender Offer mechanism. The offer was kept open from 13<sup>th</sup> June, 2018 to 26<sup>th</sup> June, 2018. The Company has bought back 5,600,000 equity shares, representing 100.00% of issue size and the shares were extinguished on 10<sup>th</sup> July, 2018.

**c) Details of shareholders holding more than 5% shares in the Company**

	As at 31 <sup>st</sup> March, 2019		As at 31 <sup>st</sup> March, 2018	
	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	8,495,878	50.12%	11,488,272	50.95%
Ms. Arati K. Naik	1,695,006	10.00%	2,255,000	10.00%
Mrs. Lakshana A. Sharma	1,300,874	7.67%	1,664,486	7.38%
Mrs. Sudha K. Naik	847,540	5.00%	1,127,500	5.00%

**d) Aggregate number of shares bought back during the period of five years immediately preceding the reporting date**

	As at 31 <sup>st</sup> March, 2019 No. of Shares	As at 31 <sup>st</sup> March, 2018 No. of Shares
Equity Shares bought back by the company	13,054,850	7,454,850

## Notes forming part of the financial statements

	As at 31 <sup>st</sup> March, 2019 ₹	As at 31 <sup>st</sup> March, 2018 ₹
<b>NOTE 4: RESERVES AND SURPLUS</b>		
<b>Capital Reserve</b>		
State Government subsidy As per last Balance sheet	2,500,000	2,500,000
<b>Reserve Fund</b>		
As per Section 45-IC of the Reserve Bank of India Act, 1934 As per last Balance sheet	22,003,927	-
Add: Transfer from Surplus in Statement of Profit and Loss	-	22,003,927
	<u>22,003,927</u>	<u>22,003,927</u>
<b>Securities Premium Account</b>		
As per last Balance sheet	278,614,693	278,614,693
Less : Amount paid to Shareholders for purchase of shares under buyback scheme	278,614,693	-
	<u>-</u>	<u>278,614,693</u>
<b>Revaluation Reserve</b>		
As per last Balance sheet	37,183,524	37,183,524
<b>General Reserve</b>		
As per last Balance sheet	556,720,271	556,720,271
<b>Capital Redemption Reserve</b>		
As per last Balance sheet	14,909,700	14,909,700
Add : 5,600,000 Equity Shares of ₹2/- each purchased under buyback scheme	11,200,000	-
	<u>26,109,700</u>	<u>14,909,700</u>
<b>Surplus in Statement of Profit and Loss</b>		
As per last Balance sheet	2,494,616,058	2,460,881,649
Add : (Loss) / Profit for the year	(277,210,623)	110,019,635
Less : Amount paid to Shareholders for purchase of shares under buyback scheme	393,385,307	-
Less : Appropriations		
Dividend	-	45,100,000
Dividend distribution tax	-	9,181,299
Transferred to Reserve fund	-	22,003,927
	<u>1,824,020,128</u>	<u>2,494,616,058</u>
Closing balance	1,824,020,128	2,494,616,058
<b>Total</b>	<b><u>2,468,537,550</u></b>	<b><u>3,406,548,173</u></b>
<b>NOTE 5: LONG-TERM PROVISIONS</b>		
Provision for employee benefits		
For Gratuity (Refer note 25)	394,212	292,161
For Leave encashment	361,840	313,859
	<u>756,052</u>	<u>606,020</u>
<b>Total</b>	<b><u>756,052</u></b>	<b><u>606,020</u></b>

## Notes forming part of the financial statements

	As at 31 <sup>st</sup> March, 2019 ₹	As at 31 <sup>st</sup> March, 2018 ₹
<b>NOTE 6: TRADE PAYABLES</b>		
Total outstanding dues of micro enterprises and small enterprises (Refer footnote below)	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	6,165,649	9,534,068
<b>Total</b>	<b>6,165,649</b>	<b>9,534,068</b>
<b>Footnote:</b>		
The disclosures under the Micro, Small and Medium Enterprises Development Act, 2006 have been made in respect of such vendors to the extent they could be identified as micro and small enterprises on the basis of information available with the Company.		
<b>Particulars</b>		
Outstanding principal amount and interest as on 31 <sup>st</sup> March		
- Principal Amount	-	-
- Interest due thereon	-	-
Amount of interest paid along with the amounts of payment made beyond the appointed day	-	-
Amount of interest due and payable (where the principal has already been paid but interest has not been paid)	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
The amount of further interest remaining due and payable even in succeeding until such date when the interest dues as above are actually paid for the purpose of disallowance as a deductible expenditure under section 23 of the said Act	-	-
<b>NOTE 7: OTHER CURRENT LIABILITIES</b>		
Unpaid dividends	1,095,604	2,073,548
Other payables:		
Provision for Gratuity (Refer note 25)	13,577	14,365
Statutory dues	447,690	339,925
Security deposits	1,560,000	1,655,188
<b>Total</b>	<b>3,116,871</b>	<b>4,083,026</b>
<b>NOTE 8: SHORT-TERM PROVISIONS</b>		
Provision for employee benefits		
For Leave encashment	70,068	120,697
Others		
For Income-tax (net of advance tax ₹152,139,685/-, (Previous year ₹120,901,433/-))	5,020,315	4,148,567
<b>Total</b>	<b>5,090,383</b>	<b>4,269,264</b>

## Notes forming part of the financial statements

### NOTE 9: PROPERTY, PLANT AND EQUIPMENT

(₹)

Nature of assets	Gross block			Depreciation / Amortisation			Net block As at 31 <sup>st</sup> March, 2019
	As at 1 <sup>st</sup> April, 2018	Additions	Deductions	As at 31 <sup>st</sup> March, 2019	Upto 1 <sup>st</sup> April, 2018	For the year	
<b>a. Tangible assets:</b>							
Land							
Freehold	8,791,000 (8,791,000)	-	-	8,791,000 (8,791,000)	8,791,000 (8,791,000)	-	-
Leasehold	9,278,538 (9,278,538)	-	-	9,278,538 (9,278,538)	1,776,675 (1,681,785)	94,890 (94,890)	7,406,973 (7,501,863)
Buildings							
Own use	225,771,053 (225,771,053)	-	-	225,771,053 (225,771,053)	71,301,383 (66,552,485)	4,748,898 (4,748,898)	149,720,772 (154,469,670)
Given under operating lease	46,657,672 (46,657,672)	-	-	46,657,672 (46,657,672)	27,686,203 (26,251,730)	1,434,473 (1,434,473)	17,536,996 (18,971,469)
Furniture and fixture	20,449,861 (20,449,861)	-	-	20,449,861 (20,449,861)	20,109,009 (19,932,190)	158,085 (176,819)	182,767 (340,852)
Vehicles	2,821,762 (2,993,663)	1,875,236	1,304,358 (1,71,901)	3,392,640 (2,821,762)	2,293,397 (2,193,587)	325,695 (271,711)	2,077,906 (528,365)
Office equipment	11,826,726 (11,848,225)	33,920	10,191 (21,499)	11,850,455 (11,826,726)	11,670,732 (11,515,620)	75,037 (159,904)	105,149 (155,994)
Others							
Electrical installations	39,240,380 (39,218,380)	(22,000)	-	39,240,380 (39,240,380)	38,636,971 (36,765,846)	350,165 (1,871,125)	253,244 (603,409)
Air conditioners	34,870,774 (34,516,242)	-	-	34,870,774 (34,870,774)	31,548,004 (30,259,383)	653,716 (1,288,621)	2,669,054 (3,322,770)
Computers	15,907,251 (16,706,539)	-	-	15,907,251 (15,907,251)	15,891,023 (16,491,220)	16,228 (199,092)	- (16,228)
<b>Tangible assets totals</b>	<b>415,615,017</b> (416,231,173)	<b>1,909,156</b> (376,532)	<b>1,314,549</b> (992,688)	<b>416,209,624</b> (415,615,017)	<b>229,704,397</b> (220,434,846)	<b>7,857,187</b> (10,245,533)	<b>179,952,861</b> (185,910,620)
<b>b. Intangible assets:</b>							
Computer software - acquired	36,961,411 (34,961,411)	- (2,000,000)	- -	36,961,411 (36,961,411)	31,810,771 (29,270,273)	2,313,903 (2,540,498)	2,836,737 (5,150,640)
<b>Intangible assets totals</b>	<b>36,961,411</b> (34,961,411)	<b>-</b> (2,000,000)	<b>-</b> -	<b>36,961,411</b> (36,961,411)	<b>31,810,771</b> (29,270,273)	<b>2,313,903</b> (2,540,498)	<b>2,836,737</b> (5,150,640)
<b>Total</b>	<b>452,576,428</b>	<b>1,909,156</b>	<b>1,314,549</b>	<b>453,171,035</b>	<b>261,515,168</b>	<b>10,171,090</b>	<b>182,789,598</b>
<b>Previous year</b>	<b>(451,192,584)</b>	<b>(2,376,532)</b>	<b>(992,688)</b>	<b>(452,576,428)</b>	<b>(249,705,119)</b>	<b>(12,786,031)</b>	<b>(191,061,260)</b>

**Footnotes**

- Leasehold land/ premises include:
  - Plots of land of the aggregate gross value of ₹7,592,538/- (previous year ₹7,592,538/-), taken on lease from the Goa Industrial Development Corporation (GIDC) for an initial period of thirty years. The same has been extended to ninety-five years.
  - Land and premises of the aggregate gross value of ₹1,686,000/- (previous year ₹1,686,000/-), taken on lease from Maharashtra Industrial Development Corporation (MIDC) for an initial period of ten years. The same has been extended to ninety-five years.
- Title deeds in respect of the above are in the names of GIDC and MIDC respectively.
- Part of the building given on Operating Lease cannot be segregated from Building classified as for own use.
- Figures in brackets are those of the previous year.

## Notes forming part of the financial statements

	As at 31 <sup>st</sup> March, 2019 ₹	As at 31 <sup>st</sup> March, 2018 ₹
<b>NOTE 10: NON-CURRENT INVESTMENTS</b>		
<b>Investment in Equity Instruments (at cost) (unquoted) (Trade)</b>		
<b>In Subsidiary Companies</b>		
16,000,000 Equity Shares of ₹10/- each fully paid-up in Digisol Systems Limited	160,000,000	160,000,000
Add: 25,000,000 Equity Shares issued pursuant to conversion of Compulsorily Convertible Debentures (Refer footnote 1)	250,000,000	-
41,000,000 (Previous year, 16,000,000) Equity Shares of ₹10/- each fully paid-up	410,000,000	160,000,000
Less: Provision for diminution in the value (Refer footnote 2)	302,784,809	-
	107,215,191	160,000,000
4,500,000 (Previous year, 4,500,000) Equity Shares of ₹10/- each fully paid-up in Synegra EMS Limited	45,000,000	45,000,000
Less: Provision for diminution in the value	45,000,000	-
	-	45,000,000
2,880,000 (Previous year, 2,880,000) Equity Shares of ₹10/- each fully paid-up in Telesmart SCS Limited	28,800,000	28,800,000
	136,015,191	233,800,000
<b>Investments in Debentures (Unquoted)</b>		
<b>In Subsidiary Company</b>		
NIL (Previous year, 2,500,000 8% Unsecured Non-convertible Debentures of ₹100/- each in Digisol Systems Limited) (Refer footnote 1)	-	250,000,000
<b>Total</b>	<b>136,015,191</b>	<b>483,800,000</b>
<b>Footnote:</b>		
1) The terms of the Non-Convertible Debentures inter-alia were changed to Compulsorily Convertible Debentures on 2 <sup>nd</sup> February, 2019 and 2,500,000 Compulsorily Convertible Debentures of ₹100 each were converted to 25,000,000 Equity Shares of ₹10 each on 14 <sup>th</sup> February, 2019.		
2) Digisol Systems Limited has made an application before the National Company Law Tribunal (NCLT) on 08 <sup>th</sup> March, 2019 to reduce the paid-up equity share capital from ₹410,000,000/- (41,000,000 equity shares of ₹10/- each, fully paid up) to ₹41,000,000/- (41,000,000 equity shares of ₹1/- each, fully paid up), thereby reducing the nominal value of equity shares from ₹10/- each to ₹1/- each by cancelling the equity share capital of ₹9/- per equity share w.e.f. 1 <sup>st</sup> March 2019. Hence, the company has made a provision for diminution in value of Investment in Equity Shares of Digisol Systems Limited.		
<b>NOTE 11: LONG-TERM LOANS AND ADVANCES</b>		
<b>Unsecured, considered good (unless stated otherwise):</b>		
Capital Advances	4,459,381	-
Security deposits	2,420,224	2,420,224
Prepaid expenses	126,924	198,061
Others:		
Pre-deposit with Government authorities in connection with appeals filed (Refer Note 22)	16,000	-
Advance payment of taxes (net of provision ₹58,230,287/-, (previous year ₹79,730,287/-))	8,320,345	8,604,863
	15,342,874	11,223,148
<b>Unsecured, considered doubtful:</b>		
Security deposits	798,635	798,635
Less: Provision for doubtful deposits	798,635	798,635
	-	-
<b>Total</b>	<b>15,342,874</b>	<b>11,223,148</b>

## Notes forming part of the financial statements

	As at 31 <sup>st</sup> March, 2019 ₹	As at 31 <sup>st</sup> March, 2018 ₹
<b>NOTE 12: OTHER NON-CURRENT ASSETS</b>		
Bank deposits	2,664,855	2,664,855
Bank deposits held as margin money	2,500,000	2,500,000
<b>Total</b>	<b>5,164,855</b>	<b>5,164,855</b>
<b>NOTE 13: CURRENT INVESTMENTS</b>		
<b>Investments in Mutual Funds (unquoted)</b>		
<b>(At lower of cost and fair value)</b>		
1,087,164.7020 (Previous year, 1,087,164.7020) units in ICICI Prudential Mutual Fund Credit Risk Fund - Growth (formerly known as ICICI Prudential Mutual Fund Regular Savings Fund - Regular Plan-Growth)	17,936,805	17,936,805
NIL (Previous year, 15,630.8900) units in ICICI Prudential Mutual Fund Liquid Plan - Growth	-	4,000,000
2,378,364.8600 (Previous year, 2,106,654.9200) units in ICICI Prudential Mutual Fund Balanced Advantage Fund-Growth	75,370,534	66,272,528
2,059,707.9400 (Previous year, 1,034,040.6200) units in ICICI Prudential Mutual Fund Credit Risk Fund-Direct Plan- Growth (formerly known as ICICI Prudential Mutual Fund Regular Saving Fund-Direct Plan- Growth)	40,000,000	20,000,000
63,632.6600 (Previous year, NIL) units in ICICI Prudential Mutual Fund Floating Interest Fund - Direct Plan - Growth	17,500,000	-
286,376.1700 (Previous year, NIL) units in ICICI Prudential Mutual Fund Floating Interest Fund - Growth	79,500,000	-
NIL (Previous year, 2,672,722.2000) Units in Birla Sun Life Mutual Fund Dynamic Bond Fund Retail -Growth-Regular Plan	-	80,922,256
NIL (Previous year, 1,199,036.1800) Units in Birla Sun Life Mutual Fund Short Term Opportunities Fund Growth - Regular Plan	-	29,615,594
NIL (Previous year, 8,321,461.2400) Units in Birla Sun Life Mutual Fund Medium Term Growth - Regular Plan	-	181,936,268
NIL (Previous year, 8,002,321.1440) Units in Birla Sun Life Mutual Fund credit risk fund - Growth - Regular (formerly known as Birla Sun Life Mutual Fund Corporate Bond Fund - Growth Regular)	-	90,574,272
NIL (Previous year, 392,058.4600) Units in Birla Sun Life Mutual Fund Banking & PSU Debit Fund Growth- Direct Plan	-	20,000,000
NIL (Previous year, 18,500.4600) Units in Birla Sun Life Mutual Fund Liquid Fund - Growth - Direct Plan (formerly known as Birla Sun Life Mutual Fund Cash Plus - Growth - Direct Plan)	-	5,024,339
805,828.7400 (Previous year, NIL) Units in Birla Sun Life Mutual Fund Floating Rate Fund - Growth - Regular Plan	184,649,774	-
495,091.5080 (Previous year, 495,091.5080) Units in Kotak Mutual Fund Credit Risk Fund - Direct Plan -Growth (formerly known as Kotak Mutual Fund Income Opportunity Fund - Direct Plan -Growth)	9,123,348	9,123,348
NIL (Previous year, 340,357.3500) Units in Reliance Mutual Fund Dynamic Bond Fund - Growth	-	7,331,195
NIL (Previous year, 4,090,502.4860) Units in Reliance Mutual Fund Short Term Fund -Direct Growth Plan-Growth option	-	123,772,469
18,854.70 (Previous year, 4,470.4200) Units in Reliance Mutual Fund Liquid Fund - Direct - Growth Option (formerly known as Reliance Mutual Fund Liquid Fund - Treasury Plan - Direct - Growth option)	84,540,614	18,442,968

## Notes forming part of the financial statements

	As at 31 <sup>st</sup> March, 2019 ₹	As at 31 <sup>st</sup> March, 2018 ₹
NIL (Previous year, 4,973,980.2200) Units in Reliance Mutual Fund Prime Debt Fund - Growth Plan- Growth Option (formerly known as Reliance Mutual Fund Medium Term Fund - Growth Plan - Growth Option)	-	180,615,170
NIL (Previous year, 2,596,025.9290) Units in Reliance Mutual Fund Strategic Debt Fund Direct Growth (formerly known as Reliance Mutual Fund Corporate Bond fund - Direct Growth Plan)	-	33,086,350
3,232,715.8700 (Previous year, 3,232,715.8700) Units in Reliance Mutual Fund Credit Risk Fund - Direct Plan - Growth Plan (formerly known as Reliance Mutual Fund Regular Savings Fund- Debt Plan - Direct Growth Plan)	80,921,064	80,921,064
NIL (Previous year, 1,804.2800) Units in Reliance Mutual Fund Liquid Fund - Treasury Plan - Growth	-	7,505,243
4,548.4800 (Previous year, NIL) Units in Reliance Mutual Fund Low Duration Fund - Direct Growth Plan	11,981,670	-
10,022.3350 (Previous year, 10,022.3350) Units in Invesco Mutual Fund Ultra Short Term Fund - Growth (formerly known as Invesco Mutual Fund Medium Term Bond Fund - Growth)	15,846,534	15,846,534
NIL (Previous year, 35,303.3300) Units in Invesco Mutual Fund Ultra Short Term Fund - Direct - Growth (formerly known as Invesco Mutual Fund Medium Term Bond Fund - Direct - Growth)	-	62,981,289
812.1300 (Previous year, NIL) Units in Invesco Mutual Fund Short Term Fund - Direct Plan Growth	2,000,000	-
4,280,678.9700 (Previous year, 4,280,669.7000) Units in Franklin Templeton Mutual Fund Income Opportunities Fund - Growth	95,221,563	88,040,962
5,912,490.9490 (Previous year, 5,912,490.9490 ) Units in Franklin Templeton Mutual Fund Credit Risk Fund - Growth (formerly known as Franklin Templeton Mutual Fund Corporate Bond Opportunities Fund - Growth)	93,239,391	93,239,391
21,776.1500 (Previous year, 21,766.1500) Units in Franklin Templeton Mutual Fund India Short Term Income Plan - Retail Plan	79,614,810	79,614,810
18,692.0100 (Previous year, 18,692.0100) Units in Franklin Templeton Mutual Fund India Short Term Income Plan -Direct -Retail Plan	70,000,000	70,000,000
4,698,933.3900 (Previous year, NIL) Units in Franklin Templeton Mutual Fund Franklin India Low Duration Fund - Growth	101,979,542	-
NIL (Previous year, 3,595,258.0300) Units in HDFC Mutual Fund Regular Saving Fund Regular - Growth	-	121,854,800
NIL (Previous year, 2,011,527.2600) Units in HDFC Mutual Fund Short Term Debt Fund - Growth Option (formerly known as HDFC Mutual Fund Short Term Opportunities Fund - Growth)	-	34,528,469
NIL (Previous year, 663,301.0500) Units in HDFC Mutual Fund Regular Saving Fund-Direct Plan-Growth Option	-	20,675,558
NIL (Previous year, 2,602,051.8600) Units in HDFC Mutual Fund Banking & PSU Debt Fund - Direct Growth	-	35,813,706
10,410,688.3100 (Previous year, 7,424,994.3900) Units in HDFC Mutual Fund Credit Risk Debt Fund - Growth (formerly known as HDFC Mutual Fund Corporate Debt Opportunities Fund - Regular Plan - Growth)	145,642,182	100,610,902
NIL (Previous year, 77,690.3580) Units in HDFC Mutual Fund Prudence Fund-Regular Plan-Growth	-	38,038,597
230,913.6400 (Previous year, NIL) Units in HDFC Mutual Fund Advantage Fund -Regular Plan- Growth	42,209,408	-
8,809.8300 (Previous year, NIL) Units in HDFC Mutual Fund Liquid Fund-Direct Plan-Growth Option	32,007,385	-



## Notes forming part of the financial statements

	As at 31 <sup>st</sup> March, 2019 ₹	As at 31 <sup>st</sup> March, 2018 ₹
NIL (Previous year, 2,407,321.9700) Units in SBI Mutual Fund Short Term Debt Fund-Regular Plan-Growth	-	42,470,456
12,340.9600 (Previous year, NIL) Units in SBI Mutual Fund Ultra Short Duration Fund Regular Growth	48,903,301	-
NIL (Previous year, 687,307.9890) Units in IDFC Mutual Fund Equity Savings Fund - Direct Plan - Monthly Dividend (formerly known as IDFC Mutual Fund Arbitrage Plus Fund - Direct Plan - Dividend Payout)	-	8,300,000
4,876,813.1160 (Previous year, 4,876,813.1160) Units in IDFC Mutual Fund Corporate Bond Fund Direct Plan-Growth	52,049,739	52,049,739
NIL (Previous year, 668,527.8200) Units in IDFC Mutual Fund Money Manager Fund - Investment Plan - Growth -Regular Plan	-	17,952,981
NIL (Previous year, 4,936,864.8010) Units in BNP Paribas Mutual Fund Medium Term Fund - Growth (formerly known as BNP Paribas Mutual Fund Medium Term Income Fund - Direct Plan-Growth)	-	63,205,692
NIL (Previous year, 1,531,473.6570) Units in BNP Paribas Mutual Fund Flexi Debt Fund - Growth	-	41,530,503
NIL (Previous year, 2,599,321.6350) Units in BNP Paribas Mutual Fund Medium Term Income Fund-Growth (formerly known as BNP Paribas Mutual Fund Medium Term Income Fund - Growth)	-	31,197,318
13,077.8000 (Previous year, NIL) Units in BNP Paribas Mutual Fund Liquid Fund Growth	35,961,355	-
2,086,696.3800 (Previous year, 2,884,119.4600) Units in L & T Mutual Fund Low Duration Fund-Direct Plan-Growth (formerly known as L & T Mutual Fund Short Term Income Fund - Direct Plan - Growth)	39,151,310	53,758,257
NIL (Previous year, 2,203,392.0000) Units in L & T Mutual Fund Money Market Fund -Direct Plan - Growth (formerly known as L&T Mutual Fund Floating Rate Fund Direct Plan - Growth)	-	37,100,000
211,941.6400 (Previous year, NIL) Units in L & T Mutual Fund Triple Ace Bond Fund Direct Plan-Growth	10,000,000	-
NIL (Previous year, 1,936,145.9080) Units in Edelweiss Mutual Fund Arbitrage Fund Dividend Option - Payout	-	20,000,000
NIL (Previous year, 491,197.5640) Units in Edelweiss Mutual Fund Equity Savings Advantage Fund - Regular Plan Dividend - Payout	-	4,999,900
NIL (Previous year, 1,418,003.2780) Units in Edelweiss Mutual Fund Equity Savings Advantage Fund - Direct Plan Dividend - Payout	-	14,800,000
2,898.2500 (Previous year, NIL) Units in Mahindra Mutual Fund Liquid Fund- Direct -Growth	3,500,000	-
3,866.9500 (Previous year, NIL) Units in Mirae Mutual Fund Cash Management Fund - Direct Plan Growth	7,500,000	-
	1,476,350,329	2,125,689,733
Less: Adjustment for excess of cost over fair value	-	1,139,786
	1,476,350,329	2,124,549,947
<b>Investments in Debentures or Bonds (Quoted)</b>		
Face value of below units, ₹1,000/- 20000 (Previous year, NIL) Units in Tata Capital Financial Services Ltd 8.70%	20,000,000	-
Face value of below units, ₹500,000/- 40 (Previous year, 40) Units in 12.90% Cholamandalam Perp NCD Series PDI 10	22,610,000	22,610,000
Face value of below units, ₹1,000,000/- 55 (Previous year, 55) Units in The Tata Power Company Limited 2072 - NCD 10.75%	56,555,000	56,555,000
30 (Previous year, 30) Units in Tata Steel Limited - NCD Perpetual 11.50%	31,662,000	31,662,000

## Notes forming part of the financial statements

	As at 31 <sup>st</sup> March, 2019 ₹	As at 31 <sup>st</sup> March, 2018 ₹
55 (Previous year, 55) Units in Tata Steel Limited - NCD Perpetual 11.80%	57,589,000	57,589,000
10 (Previous year, 10) Units in Canara Bank BD Perpetual - 9.55%	9,990,330	9,990,330
10 (Previous year, 10) Units in LIC Housing Finance Limited 2020 - NCD 8.95%	10,168,000	10,168,000
50 (Previous year, 50) Units in Fullerton India Credit Company Limited 2019 - NCD 8.9%	-	50,000,000
50 (Previous year, 50) Units in LIC Housing Finance Limited 2019 - NCD 8.38 %	-	49,894,650
50 (Previous year, 50) Units in ICICI BANK AT1 - BD 9.2%	50,007,650	50,007,650
10 (Previous year, 10) Units in State bank of Mysore Perpetual - BD 9.10%	10,057,000	10,057,000
5 (Previous year, 5) Units in India Bulls Housing Finance Limited 2019 - NCD 9%	4,999,500	4,999,500
30 (Previous year, 30) Units in Cholamandalam Investment and Finance Company Limited - NCD 8.80%	30,000,000	30,000,000
30 (Previous year, 30) Units in Mahindra Rural housing Finance Ltd 2017 - NCD 8.50%	30,075,000	30,075,000
20 (Previous year, 20) Units in HDFC Bank Limited Perpetual - BD 8.85%	20,048,000	20,048,000
17 (Previous year, 17) Units in IDFC Bank Ltd 2020 - NCD 8.64%	16,824,900	16,824,900
5 (Previous year, 5) Units in IDFC Bank Ltd 2020 - NCD 8.63%	4,954,000	4,954,000
30 (Previous year, NIL) Units in TMFL Perpetual Series "A" FY 14-15 - NCD 11.10%	32,385,000	-
12 (Previous year, NIL) Units in CFHL (Series 8) - NCD 8.85%	11,965,200	-
14 (Previous year, NIL) Units in Can Fin Home Finance 2020 7.68%	13,655,600	-
Face value of below units, ₹10,000,000/-		
5 (Previous year, NIL) Units in HDFC Ltd 10.98% - NCD 10.98%	51,332,400	-
Face value of below units, ₹2,500,000/-		
20 (Previous year, 20) Units in L&T Housing and Finance Limited JULY 2019 - NCD 8.70%	50,020,000	50,020,000
Face value of below units, ₹100,000/-		
500 (Previous year, 500) Units in Edelweiss Asset Reconstruction Company 2019 - NCD 10.25%	50,024,450	50,024,450
	584,923,030	555,479,480
Less: Adjustment for excess of cost over fair value	6,424,790	1,272,400
	578,498,240	554,207,080
<b>Investments in Preference Shares (unquoted)</b>		
200,000 (Previous year, 200,000) Units in L & T Finance Holding Ltd. Preference Shares - 8.15%	20,033,493	20,033,493
340 (Previous year, 340) Units in Infrastructure Leasing and Financial Services Limited Preference Shares - 16.46%	5,104,587	5,104,587
Less: Adjustment for excess of cost over fair value	5,104,587	-
	-	5,104,587
	20,033,493	25,138,080
<b>Investments in Deposits (unquoted)</b>		
Fixed Deposit with PNB Housing Finance Limited (Refer footnote below)	20,000,000	20,000,000
	20,000,000	20,000,000
<b>Total</b>	<b>2,094,882,062</b>	<b>2,723,895,107</b>
<b>Aggregate value of investments (net of adjustment)</b>		
Unquoted - cost	1,516,383,822	2,169,688,027
Quoted - cost	578,498,240	554,207,080
- Market value	581,543,606	560,493,277

**Footnote:**

Investment in Deposits include deposits amounting to ₹ NIL (Previous year, ₹20,000,000/-) with residual maturity of more than 12 months

## Notes forming part of the financial statements

	As at 31 <sup>st</sup> March, 2019 ₹	As at 31 <sup>st</sup> March, 2018 ₹
<b>NOTE 14: CASH AND BANK BALANCE</b>		
<b>Cash and cash equivalents</b>		
Cash on hand	198,827	251,543
Balances with bank		
In Current accounts	3,858,694	21,975,356
	<u>4,057,521</u>	<u>22,226,899</u>
<b>Other bank balances</b>		
In earmarked accounts		
Unpaid dividend accounts	1,095,604	2,073,548
Deposits held as margin money	38,276,767	-
	<u>39,372,371</u>	<u>2,073,548</u>
<b>Total</b>	<b><u>43,429,892</u></b>	<b><u>24,300,447</u></b>
<b>NOTE 15: SHORT-TERM LOANS AND ADVANCES</b>		
<b>Unsecured, considered good (unless otherwise stated):</b>		
Other receivables (Refer footnote below)	3,458,842	1,443,078
Security deposits	1,105,000	1,000,000
Advances / Loans to employees	282,785	76,795
Prepaid expenses	1,211,283	940,925
Others:		
GST Credit Receivable	1,184,346	712,689
Advances to suppliers	707,133	675,544
	<u>7,949,389</u>	<u>4,849,031</u>
<b>Total</b>	<b><u>7,949,389</u></b>	<b><u>4,849,031</u></b>
<b>Footnote:</b>		
Receivable from related parties:		
Digisol Systems Limited	2,635,800	675,200
Synegra EMS Limited	501,786	501,786
Telesmart SCS Limited	230,693	230,693
Tanmatra Technologies Private Limited	29,500	-
<b>NOTE 16: OTHER CURRENT ASSETS</b>		
<b>Interest accrued on</b>		
Bank deposits	5,965,883	3,464,099
Security Deposit	23,344	-
Debentures held as non-current investments	-	4,438,356
Debentures and Bonds held as current investments	39,401,360	29,555,753
<b>Total</b>	<b><u>45,390,587</u></b>	<b><u>37,458,208</u></b>

## Notes forming part of the financial statements

	For the year ended 31 <sup>st</sup> March, 2019 ₹	For the year ended 31 <sup>st</sup> March, 2018 ₹
<b>NOTE: 17 REVENUE FROM OPERATIONS</b>		
<b>Interest income</b>		
- On fixed deposits with banks	3,068,224	4,282,789
- On fixed deposits with financial institutions	1,829,990	4,673,712
- On bonds and securities	58,203,748	56,010,217
- On Debentures	4,986,301	22,257,535
	68,088,263	87,224,253
<b>Other financial services</b>		
- Dividend income from current investments	2,381,868	5,057,639
- Gain on sale of current investments (net)	114,798,235	88,282,629
	117,180,103	93,340,268
<b>Total</b>	<b>185,268,366</b>	<b>180,564,521</b>
<b>NOTE 18: OTHER INCOME</b>		
Interest on income tax refund	-	109,291
Interest on security deposit	25,938	-
Provision for Interest on statutory payments written-back	-	1,352,523
Rent income from operating leases	17,154,414	23,685,904
Profit on sale of fixed assets (net)	318,576	190,943
Management support fees	-	2,850,000
Exchange Gain (net)	9,547	11,944
Provision for Gratuity written back	-	15,111
Provision for Leave Encashment written back	2,648	-
Provision for doubtful trade receivable and advances written back	-	751,093
Sundry balances written back	-	990
Scrap income	21,120	133,831
<b>Total</b>	<b>17,532,243</b>	<b>29,101,630</b>
<b>NOTE 19: EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and wages	18,965,642	15,069,499
Contribution to provident and other funds	690,668	645,322
Staff welfare expenses	684,145	482,409
Gratuity	207,275	-
Leave encashment	-	117,859
<b>Total</b>	<b>20,547,730</b>	<b>16,315,089</b>
<b>NOTE 20: FINANCE COSTS</b>		
Interest Expenses on statutory payments etc.	497,182	653,562
<b>Total</b>	<b>497,182</b>	<b>653,562</b>

## Notes forming part of the financial statements

	For the year ended 31 <sup>st</sup> March, 2019 ₹	For the year ended 31 <sup>st</sup> March, 2018 ₹
<b>NOTE 21: OTHER EXPENSES</b>		
Power and fuel	2,368,876	724,532
Rent	2,439,781	486,510
Rates and taxes	1,976,741	1,748,597
Insurance	961,447	833,026
<u>Repairs and maintenance</u>		
Buildings	524,290	1,949,816
Others	3,707,204	1,640,163
	4,231,494	3,589,979
Travelling and conveyance expenses	4,322,373	4,199,945
Communication expenses	1,138,036	643,880
Legal and Professional fees	19,529,135	10,734,781
Filing Fees	3,420,154	65,673
Advertisement expenses	1,658,507	1,032,947
Excess of cost over fair value of current investments (non-trade) (net), adjusted	9,117,191	839,726
Provision for diminution in Long term Investments	347,784,809	-
Sundry balances written off	27,544	551,093
Expenditure on Corporate Social Responsibility (Refer note 32(a))	1,998,727	1,873,837
Directors Sitting Fees	3,073,800	2,407,500
Annual maintenance expenses	1,440,780	876,332
Miscellaneous expenses	9,124,878	4,923,433
<b>Total</b>	<b>414,614,273</b>	<b>35,531,791</b>

	As at 31 <sup>st</sup> March, 2019 ₹	As at 31 <sup>st</sup> March, 2018 ₹
<b>NOTE 22: CONTINGENT LIABILITIES AND COMMITMENTS</b>		
<b>A. Contingent liabilities in respect of</b>		
1. Disputed demand of excise duty in connection with valuation of products manufactured by the Company pending before CESTAT	27,315,672	27,315,672
2. Disputed penalty demands of Excise Authorities with regard to (1) above, pending before the CESTAT. The Company is confident of successfully contesting the demands and does not expect any significant liability to crystallise.	39,078,633	39,078,633
3. Disputed demand of Value Added Tax at Dharamtala Circle, Kolkata. During the current year, ₹1,196,249/- amounting to 35% of the tax demand was paid as a settlement under West Bengal Sales Tax (Settlement of Dispute) Act, 1999	-	5,107,661
4. Disputed demand of Maharashtra Value Added Tax pending with Deputy Commissioner of Sales Tax, Mumbai	266,140	-
<b>B. Capital commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for as on 31 <sup>st</sup> March, 2019.	92,500,000	92,500,000

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

Sr. No.	Name of the entity	Guarantees given ₹	Bank to whom given	Purpose
1	Digisol Systems Limited	200,000,000	HDFC Bank Limited	Towards working capital limit.

## Notes forming part of the financial statements

	For the year ended 31 <sup>st</sup> March, 2019 ₹	For the year ended 31 <sup>st</sup> March, 2018 ₹
<b>NOTE 23: PAYMENT TO AUDITORS (NET OF GST)</b>		
As Auditors	900,000	800,000
For Expenses	8,230	13,741
<b>Total</b>	<b>908,230</b>	<b>813,741</b>
<b>NOTE 24: FOREIGN CURRENCY</b>		
a) Expenditure In Foreign Currency:		
Travelling expenses	556,004	60,722
b) Amount of Exchange differences included in Statement of Profit and Loss:		
Exchange Gain	19,337	18,259
Exchange Loss	9,791	6,315
<b>NOTE 25: EMPLOYEE BENEFITS</b>		
<b>A</b> The disclosure as required under AS-15 regarding the Company's defined benefit plans is as follows:		
	Gratuity (Funded)	Gratuity (Funded)
<b>I. Reconciliation of opening and closing balances of Defined Benefit obligation</b>		
Defined Benefit obligation at beginning of the year	1,683,120	1,604,638
Current Service Cost	194,005	189,681
Interest Cost	124,888	35,773
Actuarial (gain) / loss	(25,625)	1,992,869
Benefits paid	-	(2,139,841)
Defined Benefit obligation at year-end	1,976,388	1,683,120
<b>II. Reconciliation of opening and closing balances of fair value of plan assets</b>		
Fair value of plan assets at beginning of the year	1,376,594	922,842
Adjustment to opening balance	6,188	9,556
Expected return on plan assets	96,707	75,097
Actuarial gain/(loss)	(10,714)	8,791
Employer contribution	99,824	2,500,149
Benefits paid	-	(2,139,841)
Fair value of plan assets at year end	1,568,599	1,376,594
<b>III. Reconciliation of fair value of assets and obligations</b>		
Present value of obligation As at 31 <sup>st</sup> March	1,976,388	1,683,120
Fair value of plan assets As at 31 <sup>st</sup> March	1,568,599	1,376,594
Amount recognized in Balance Sheet	(407,789)	(306,526)
<b>IV. Expense recognised during the year Under the head "Employees benefits expense" - Refer to Note 19)</b>		
Current Service Cost	194,005	189,681
Interest Cost	124,888	35,773
Expected return on plan assets	(96,707)	(75,097)
Actuarial (gain) / loss	(14,911)	1,984,078
Net Cost	207,275	2,134,435
<b>V. Actuarial assumptions</b>		
Discount rate (per annum)	7.60%	7.42%
Expected rate of return on plan assets (per annum)	6.75%	6.75%
Rate of escalation in salary (per annum)	5.00%	5.00%

## Notes forming part of the financial statements

	For the year ended 31 <sup>st</sup> March, 2019 ₹	For the year ended 31 <sup>st</sup> March, 2018 ₹
Mortality Table used	Indian Assured Lives Mortality 2006-08 ultimate table	Indian Assured Lives Mortality 2006-08 ultimate table
Disclosed under Note 5 - Long-Term Provisions	394,212	292,161
Disclosed under Note 7 - Other current liabilities	13,577	14,365

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.

	31-Mar-19	31-Mar-18	31-Mar-17	31-Mar-16	31-Mar-15
<b>Experience Adjustment</b>					
On plan liabilities	(25,625)	1,992,869	(3,314,663)	600,910	1,219,715
On plan assets	(10,714)	8,791	(68,038)	(128,347)	(19,104)
Present value of benefit obligation	1,976,388	1,683,120	1,604,638	13,924,932	14,833,863
Fair value of plan assets	1,568,599	1,376,594	922,842	9,238,070	9,047,182
Excess of (obligation over plan assets) / plan assets over obligation	(407,789)	(306,526)	(681,796)	(4,686,862)	(5,786,681)

VIII. The contribution expected to be made by the Company during the financial year 2019-20 is ₹500,000/-.

IX. The plan assets are managed by the Gratuity trust formed by the Company. The management of funds is entrusted with Life Insurance Corporation of India. The details of investments made by them are not available.

B The disclosure as required under AS-15 regarding the Company's defined contribution plans is as follows:

- Contribution to provident fund ₹380,980/- (previous year ₹361,006/-).
- Contribution to National Pension Scheme ₹171,900/- (previous year ₹144,600/-).
- Contribution to Employee State Insurance scheme ₹137,788/- (previous year ₹139,716/-)
- Contribution to Labour Welfare Fund ₹5,000/- (previous year ₹10,094/-)

### NOTE 26: SEGMENT INFORMATION

Segment information for primary reporting (by business segment)

The Company operates in a single business segment namely "Investment".

### NOTE 27: OPERATING LEASE RENTALS

Lease rental charged to the statement of Profit and Loss in respect of premises taken on cancellable operating lease are ₹2,439,781/- (Previous year: ₹486,510/-). The tenure of the leases are between 11 months to 60 months.

### NOTE 28: EARNINGS PER SHARE

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

	For the year ended 31 <sup>st</sup> March, 2019	For the year ended 31 <sup>st</sup> March, 2018
Net (Loss) / Profit for the year attributable to Equity Shareholders (₹)	(277,210,623)	110,019,635
Weighted average number of equity shares	18,449,589	22,550,000
Par value per share (₹)	2.00	2.00
Basic and Diluted earnings per share including exceptional item net of tax (₹)	(15.03)	4.88

## Notes forming part of the financial statements

	For the year ended 31 <sup>st</sup> March, 2019 ₹	For the year ended 31 <sup>st</sup> March, 2018 ₹
<b>NOTE 29: DEFERRED TAX (NET)</b>		
The tax effect of significant timing differences that has resulted in deferred tax assets and liabilities are given below:		
<b>a. Deferred Tax Liability</b>		
Fiscal allowances of fixed assets	(14,890,470)	(14,243,639)
<b>Total</b>	<b>(14,890,470)</b>	<b>(14,243,639)</b>
<b>b. Deferred Tax Asset</b>		
Provision for doubtful debts and advances	232,563	232,563
Others	1,259,964	2,399,571
<b>Total</b>	<b>1,492,527</b>	<b>2,632,134</b>
Deferred Tax (Liability) (net)	<b>(13,397,943)</b>	<b>(11,611,505)</b>

### NOTE 30: RELATED PARTY DISCLOSURES

Disclosure as required under AS 18 and under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 Regulation 34(3)

a) *Name of related parties where control exists*

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

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

Name of the related parties	Nature of relationship
Digisol Systems Limited	Subsidiary
Synegra EMS Limited	Subsidiary
Telesmart SCS Limited	Subsidiary
Mr. Kamalaksha R. Naik	Key management person
Ms. Arati K. Naik	Relative of key management person
Mr. Kamalaksha R. Naik (HUF)	Enterprise over which key management person is able to exercise significant influence.
Tanmatra Technologies Private Limited	Enterprise over which key management person is able to exercise significant influence.
Mrs. Sudha K. Naik	Relative of key management person
Mrs. Lakshana A. Sharma	Relative of key management person



## Notes forming part of the financial statements

c) Details of related party transactions during the year

Amount in ₹

Nature of transactions	Subsidiary	Key Management Person	Enterprise over which key management person is able to exercise significant influence	Relative of key management person	Total
Interest Income on Debentures Digisol Systems Limited	4,986,301 (22,257,535)	- -	- -	- -	4,986,301 (22,257,535)
Rent Income Digisol Systems Limited *	5,280,000 (13,065,000)	- -	- -	- -	5,280,000 (13,065,000)
Synegra EMS Limited *	5,575,414 (5,880,198)	- -	- -	- -	5,575,414 (5,880,198)
Telesmart SCS Limited *	2,563,250 (2,740,705)	- -	- -	- -	2,563,250 (2,740,705)
Tanmatra Technologies Private Limited	- -	- -	300,000 -	- -	300,000 -
Charge received for consumption of Electricity Digisol Systems Limited	2,400,000 (600,000)	- -	- -	- -	2,400,000 (600,000)
Management Support Fees Income Digisol Systems Limited *	- (1,350,000)	- -	- -	- -	- (1,350,000)
Synegra EMS Limited *	- (900,000)	- -	- -	- -	- (900,000)
Telesmart SCS Limited *	- (600,000)	- -	- -	- -	- (600,000)
Office Expenses Digisol Systems Limited *	1,262 (21,377)	- -	- -	- -	1,262 (21,377)
Purchase of Networking Products for incurring Corporate Social Responsibility Expenses & Donation Digisol Systems Limited *	159,896 (1,328,837)	- -	- -	- -	159,896 (1,328,837)
Dividend paid Mr. Kamalaksha R. Naik	- -	- (22,976,544)	- -	- -	- (22,976,544)
Ms. Arati K. Naik	- -	- -	- -	(4,420,640) -	(4,420,640) -
Mr. Kamalaksha R. Naik (HUF)	- -	- -	(503,114) -	- -	(503,114) -
Mrs. Sudha K. Naik	- -	- -	- -	(2,200,754) -	(2,200,754) -
Mrs. Lakshana A. Sharma	- -	- -	- -	(2,879,736) -	(2,879,736) -
Consideration paid for Buyback of Shares Mr. Kamalaksha R. Naik	- -	368,182,200 -	- -	- -	368,182,200 -
Ms. Arati K. Naik	- -	- -	- -	72,269,400 -	72,269,400 -

## Notes forming part of the financial statements

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

Amount in ₹

Nature of transactions	Subsidiary	Key Management Person	Enterprise over which key management person is able to exercise significant influence	Relative of key management person	Total
Mr. Kamalaksha R. Naik (HUF)	-	-	8,061,960	-	8,061,960
Mrs. Sudha K. Naik	-	-	-	36,134,760	36,134,760
Mrs. Lakshana A. Sharma	-	-	-	53,344,320	53,344,320
	-	-	-	-	-
Investment in Subsidiary Companies during the year					
Telesmart SCS Limited - Equity Shares	(23,800,000)	-	-	-	(23,800,000)
Digisol Systems Limited - Redemption of Debentures	(50,000,000)	-	-	-	(50,000,000)
Digisol Systems Limited - conversion of Debentures into Equity Shares	250,000,000	-	-	-	250,000,000
	-	-	-	-	-
Bank Guarantee given during the year on behalf of Digisol Systems Limited	160,000,000	-	-	-	160,000,000
	-	-	-	-	-
Bank Guarantee revoked during the year which was behalf of Digisol Systems Limited	50,000,000	-	-	-	50,000,000
	-	-	-	-	-
<u>As at the year-end</u>					
Amount due from Digisol Systems Limited	2,635,800	-	-	-	2,635,800
	(675,200)	-	-	-	(675,200)
Digisol Systems Limited - Debentures	(250,000,000)	-	-	-	(250,000,000)
Digisol Systems Limited - Debentures Interest accrued	(4,438,356)	-	-	-	(4,438,356)
Synegra EMS Limited	501,786	-	-	-	501,786
	(501,786)	-	-	-	(501,786)
Telesmart SCS Limited	230,693	-	-	-	230,693
	(230,693)	-	-	-	(230,693)
Tanmatra Technologies Private Limited	-	-	29,500	-	29,500
	-	-	-	-	-
Amount due to Digisol Systems Limited	45,637	-	-	-	45,637
	-	-	-	-	-

\* The amounts are exclusive of GST and Service Tax.

**Note:**

Figures in brackets are those of the previous year.

## Notes forming part of the financial statements

### NOTE 31: DISCLOSURE REQUIRED UNDER SECTION 186(4) OF THE COMPANIES ACT, 2013

a) Particulars of Guarantees given

(Amount in ₹)

Sr. No.	Name of the entity	Opening Balance	Guarantees given	Guarantees Discharged	Outstanding balance	Purpose
1	Digisol Systems Limited	40,000,000	160,000,000	-	200,000,000	To HDFC Bank, for the working capital limit availed
2	Digisol Systems Limited	50,000,000	-	50,000,000	-	To Kotak Mahindra Bank, for working capital limit availed

b) Particulars of Investments made during the year

Sr. No.	Name of the Investee	Investment made (₹)	Purpose
1	Digisol Systems Limited	250,000,000	2,50,00,000 Compulsorily Convertible Debentures of ₹100 each were converted to 25,00,00,000 Equity Shares and the same is held In Equity Shares as Strategic Investment.

### NOTE 32: OTHER DISCLOSURE

a. In light of section 135 of the Companies Act 2013, the company has incurred expenses on Corporate Social Responsibility (CSR) aggregating to ₹1,998,727/- (Previous year ₹18,73,837/-) for CSR activities carried out during the current year.

Particulars	For the year ended	For the year ended
	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2018
	₹	₹
a) Gross amount required to be spent by the company during the year	1,919,010	1,864,672
b) Amount spent during the year on the following		
1. Construction / acquisition of any asset	-	-
2. On purpose other than (1) above		
- Installation of Networking products in various schools	223,727	1,328,837
- Prime Minister's National Relief Fund	775,000	345,000
- Aspiring Entrepreneurs Workshop/ mentoring sessions for educational institutions	500,000	200,000
- Education purpose	500,000	-
	<u>1,998,727</u>	<u>1,873,837</u>

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

Signature to notes 1 to 32

**For and on behalf of the Board of Directors of  
Smartlink Holdings Limited**

CIN: L67100GA1993PLC001341

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

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

**Urjita Damle**  
Company Secretary

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

 Mumbai, dated: 15<sup>th</sup> May, 2019

# Consolidated Financial Information



## Independent Auditor's Report

TO THE MEMBERS OF SMARTLINK HOLDINGS LIMITED  
(formerly known as Smartlink Network Systems Limited)

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the accompanying consolidated financial statements of Smartlink Holdings Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated Balance Sheet as at March 31, 2019, the consolidated Statement of Profit and Loss and the consolidated Cash Flow statement for the year then ended, and notes to the consolidated financial statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at March 31, 2019, and its loss, its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by Institute of Chartered Accountant of India ("ICAI"), and the relevant provisions of the Act and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	How the matters were addressed in our audit
1.	<p><b>Valuation of current Investments:</b></p> <p>Current investments are valued at lower of cost and market value. There is inherent risk of misstatement arising out of inaccurate valuation of current investments that are not quoted. Unquoted current investments comprise of investment in preference shares.</p>	<ul style="list-style-type: none"> <li>Our audit procedures to assess the valuation of unquoted investments included the following:                             <ul style="list-style-type: none"> <li>Evaluating the design, implementation and operating effectiveness of any internal controls over the valuation of investments.</li> <li>Considering the appropriateness of the Company's accounting policies and assessing compliance of the accounting policies in terms of the applicable accounting standards.</li> <li>Verifying the adequacy of judgements of the Company on the valuation of unquoted current investments with information on income earned from these current investments and information obtained on the investment entity.</li> </ul> </li> </ul>
2.	<p><b>Contingent Liabilities</b></p> <p>The Company has disputed demands and penalty relating to excise duty in connection with valuation of products manufactured by the Company. These disputes are currently pending before the Customs, Excise and Service Tax Appellate Tribunal (CESTAT). Given the uncertainty involved in the appeals, the ultimate outcome of these matters cannot be predicted with virtual certainty. Further, whether the Company is successful or not in these matters, the ultimate decision of the courts will have a material effect on the financial position, results of operations and cash flows. Management have engaged independent legal counsel on these matters. The accounting for, and disclosure of, this contingent liability is complex and is a significant matter in our audit because of the judgements required to determine the level of certainty in the matter.</p>	<ul style="list-style-type: none"> <li>Our audit procedures included holding discussions with the Company's personnel responsible for the Company's defence in these matters to understand their legal views on the matter.</li> <li>We obtained written legal confirmation of the disputed demands from the Company's external legal counsel regarding their opinion of the Company's prospects in these cases and their interpretation of the impact.</li> <li>We verified the documents related to the matters to understand the findings of the revenue authorities and to assess the representations of management and the Company's independent legal counsel.</li> <li>We verified the disclosures of disputed demand in the financial statements.</li> </ul>

#### Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Holding Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Directors' Report including Annexures, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Independent Auditor's Report (Contd.)

### Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so. The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

We give in "Annexure A" a detailed description of Auditor's responsibilities for Audit of the Consolidated Financial Statements.

### Other Matters

- (a) We did not audit the financial statements of one subsidiary, whose financial statements reflect total assets of ₹462.44 lakhs as at March 31, 2019, total revenues of ₹671.85 lakhs and net cash flows amounting to ₹0.12 lakhs 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 on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary is based solely on the report of the other auditor.

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

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the report of the other auditor.
  - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.
  - (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2019 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditor's of its subsidiary companies incorporated in India, none of the directors of the Group companies, incorporated in India is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure B.
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, Refer Note 28 to the consolidated financial statements.
    - ii. The Group did not have any long-term contracts including derivative contracts for which there were any foreseeable losses and
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India.
2. As required by The Companies (Amendment) Act, 2017, in our opinion, according to information, explanations given to us, the remuneration paid by the Group to its directors is within the limits prescribed under Section 197 of the Act and the rules thereunder.

**For MSKA & Associates**  
Chartered Accountants  
ICAI Firm Registration No. 105047W

Place: Mumbai  
Date : May 15, 2019

**Vinayak M Padwal**  
Partner  
Membership No.049639

## **Annexure A to the Independent Auditor's Report**

### **OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF SMARTLINK HOLDINGS LIMITED**

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**For MSKA & Associates**  
Chartered Accountants  
ICAI Firm Registration No. 105047W

**Vinayak M Padwal**  
Partner  
Membership No.049639

Place: Mumbai  
Date : May 15, 2019

## **Annexure B to the Independent Auditor's Report**

### **OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF SMARTLINK HOLDINGS LIMITED**

[Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the Members of Smartlink Holdings Limited on the consolidated Financial Statements for the year ended March 31, 2019.

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2019, we have audited the internal financial controls with reference to consolidated financial statements of Smartlink Holdings Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies, which are companies incorporated in India, as of that date.

#### **Management's Responsibility for Internal Financial Controls**

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

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements of the Holding company and its subsidiary companies, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to consolidated financial statements of the Holding company and its subsidiary companies, which are companies incorporated in India.

#### **Meaning of Internal Financial Controls With Reference to Consolidated Financial Statements**

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

#### **Inherent Limitations of Internal Financial Controls With Reference to Consolidated Financial Statements**

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

#### **Opinion**

In our opinion, and to the best of our information and according to the explanations given to us, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2019, based on the internal control with reference to consolidated financial statements criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

#### **Other Matters**

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

**For MSKA & Associates**  
Chartered Accountants  
ICAI Firm Registration No. 105047W

**Vinayak M Padwal**  
Partner  
Membership No.049639

Place: Mumbai  
Date : May 15, 2019



# Consolidated Balance Sheet

**as at 31<sup>st</sup> March, 2019**

Particulars	Note No.	As at 31 <sup>st</sup> March, 2019 ₹	As at 31 <sup>st</sup> March, 2018 ₹
<b>I EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' funds</b>			
(a) Share capital	3	33,900,000	45,100,000
(b) Reserves and surplus	4	2,431,489,653	3,115,450,181
		2,465,389,653	3,160,550,181
<b>(2) Minority Interest</b>		4,655,166	6,343,629
<b>(3) Non-current liabilities</b>			
(a) Deferred tax liabilities (Net)	39	13,397,943	11,611,505
(b) Other long term liabilities	5	5,712	112,342
(c) Long-term provisions	6	4,066,566	3,329,442
		17,470,221	15,053,289
<b>(4) Current liabilities</b>			
(a) Short-term borrowing	7	197,502,757	39,643,959
(b) Trade payables	8		
Total outstanding dues of micro enterprises and small enterprises		359,705	843,404
Total outstanding dues of creditors other than micro enterprises and small enterprises		137,794,100	150,015,445
(c) Other current liabilities	9	23,944,165	34,062,332
(d) Short-term provisions	10	6,025,449	5,169,548
		365,626,176	229,734,688
<b>Total</b>		<b>2,853,141,216</b>	<b>3,411,681,787</b>
<b>II ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Property, plant and equipment			
(i) Tangible assets	11 a	197,478,138	202,726,448
(ii) Intangible assets	11 b	6,513,112	9,933,674
		203,991,250	212,660,122
(b) Long-term loans and advances	12	33,075,687	29,954,904
(c) Other non-current assets	13	5,164,855	5,164,855
		242,231,792	247,779,881
<b>(2) Current assets</b>			
(a) Current investments	14	2,094,882,063	2,732,533,435
(b) Inventories	15	169,007,133	152,237,229
(c) Trade receivables	16	148,543,951	134,690,564
(d) Cash and bank balance	17	98,641,934	55,973,057
(e) Short-term loans and advances	18	53,012,275	55,000,684
(f) Other current assets	19	46,822,068	33,466,937
		2,610,909,424	3,163,901,906
<b>Total</b>		<b>2,853,141,216</b>	<b>3,411,681,787</b>

**See accompanying notes forming part of the Consolidated Financial Statements**

1-42

In terms of our report attached

**For MSKA & Associates**

Chartered Accountants

Firm Registration No.: 105047W

**Vinayak M. Padwal**

Partner

Membership No. 049639

 Mumbai, dated: 15<sup>th</sup> May, 2019

**For and on behalf of the Board of Directors of Smartlink Holdings Limited**

CIN: L67100GA1993PLC001341

**K. R. Naik**

Executive Chairman

DIN: 00002013

**Urjita Damle**

Company Secretary

 Mumbai, dated: 15<sup>th</sup> May, 2019

**K. M. Gaonkar**

Director

DIN: 00002425

**K. G. Prabhu**

Chief Financial Officer

## Consolidated Statement of Profit and Loss

### for the year ended 31<sup>st</sup> March, 2019

Particulars	Note No.	For the year ended 31 <sup>st</sup> March, 2019 ₹	For the year ended 31 <sup>st</sup> March, 2018 ₹
I Revenue from operations (gross)	20	1,076,813,790	981,280,451
Less: Excise duty		-	6,712,678
Revenue from operations (net)		1,076,813,790	974,567,773
II Other income	21	11,375,640	9,922,325
<b>III Total Revenue (I + II)</b>		<b>1,088,189,430</b>	<b>984,490,098</b>
<b>IV Expenses:</b>			
Cost of raw materials consumed	22	248,260,791	111,208,964
Purchases of traded goods	23	484,998,966	374,356,879
(Increase)/Decrease in inventories of finished goods, work-in-progress and traded goods	24	(37,271,324)	149,170,423
Employee benefits expense	25	163,323,650	170,987,482
Finance costs	26	8,695,341	1,901,548
Depreciation and amortisation expense	11	16,413,057	18,488,030
Other expenses	27	194,433,313	155,743,000
<b>Total Expenses</b>		<b>1,078,853,794</b>	<b>981,856,326</b>
<b>V Profit before tax (III - IV)</b>		<b>9,335,636</b>	<b>2,633,772</b>
<b>VI Tax Expenses</b>			
- Current tax		32,110,000	48,310,000
- MAT credit entitlement		-	(11,887,188)
- Deferred tax	39	1,786,438	(2,062,769)
- Adjustment of Income Tax of earlier year		288,189	1,356,547
		34,184,627	35,716,590
<b>VII (Loss) for the year (V-VI) before Minority Interest</b>		<b>(24,848,991)</b>	<b>(33,082,818)</b>
VIII Share in Loss attributable to Minority Interest		1,688,463	856,371
<b>IX (Loss) for the year (VII-VIII)</b>		<b>(23,160,528)</b>	<b>(32,226,447)</b>
<b>X Earnings per equity share (Face value of ₹2/- per share)</b>			
Basic and Diluted	38	(1.26)	(1.43)

See accompanying notes forming part of the Consolidate Financial Statements

1-42

In terms of our report attached

**For MSKA & Associates**

Chartered Accountants  
Firm Registration No.: 105047W

**Vinayak M. Padwal**

Partner  
Membership No. 049639

Mumbai, dated: 15<sup>th</sup> May, 2019

**For and on behalf of the Board of Directors of Smartlink Holdings Limited**

CIN: L67100GA1993PLC001341

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

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

**Urjita Damle**  
Company Secretary

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

Mumbai, dated: 15<sup>th</sup> May, 2019

# Consolidated Cash Flow Statement for the year ended 31<sup>st</sup> March, 2019

	For the year ended 31 <sup>st</sup> March, 2019 ₹	For the year ended 31 <sup>st</sup> March, 2018 ₹
<b>A. Cash flows from operating activities</b>		
Profit before tax	9,335,636	2,633,772
Adjustments for:		
Depreciation and amortisation expense	16,413,057	18,488,030
(Profit) on sale of fixed assets (net)	(1,645,333)	(226,094)
Gain on sale of current investments (net)	(115,755,515)	(92,410,783)
Adjustment for Excess of cost over fair value of current investments (net)	9,117,191	839,726
Provision for doubtful debts and advances (net)	(10,627,669)	(1,184,739)
Bad debts written off	8,331,020	464
Sundry balances written off	-	570,233
Unrealised exchange differences	(424,893)	45,943
Sundry balances written back	(426,716)	-
Finance costs	8,695,341	1,901,548
Interest income	(65,492,393)	(66,925,293)
Dividend income	(2,381,868)	(5,057,639)
<b>Operating (loss) before working capital changes</b>	<b>(144,862,142)</b>	<b>(141,324,832)</b>
(Increase) / Decrease in trade receivables	(11,560,672)	12,482,289
(Increase) / Decrease in inventories	(16,769,904)	135,264,427
Decrease / (Increase) in loans and advances	1,875,363	(56,270,378)
(Decrease) in trade and other payables	(20,664,526)	(1,322,179)
<b>Cash (used in) operations</b>	<b>(191,981,881)</b>	<b>(51,170,673)</b>
Direct taxes (paid) (net)	(31,366,347)	(39,128,805)
<b>Net cash (used in) operating activities</b>	<b>(223,348,228)</b>	<b>(90,299,478)</b>
<b>B. Cash flows from investing activities</b>		
Purchase of fixed assets (Refer note 2)	(11,106,341)	(4,190,404)
Sale of fixed assets	1,662,149	729,731
Purchase of current investments	(2,610,876,577)	(5,042,988,972)
Sale of current investments	3,355,166,273	4,989,540,352
Bank balances not considered as Cash and bank balance		
Placed	(303,661,832)	(59,353,577)
Matured	235,236,906	179,316,813
Dividend received	2,381,868	5,057,639
Interest received	52,137,262	66,931,323
<b>Net cash from investing activities</b>	<b>720,939,708</b>	<b>135,042,905</b>
<b>C. Cash flows from financing activities</b>		
Buyback of Parent Company's equity shares	(672,000,000)	-
Proceeds received from issue of Equity shares in subsidiary	-	3,600,000
Proceeds received on account of short term borrowings	157,858,798	32,818,484
Dividend paid	(977,944)	(54,178,799)
Interest paid	(8,272,627)	(1,895,946)
<b>Net cash (used in) financing activities</b>	<b>(523,391,773)</b>	<b>(19,656,261)</b>
<b>Net (Decrease) / Increase in cash and bank balance</b>	<b>(25,800,293)</b>	<b>25,087,166</b>
Cash and bank balance at the beginning of the year	34,399,509	9,271,486
Effect of exchange differences on restatement of foreign currency Cash and bank balance	44,243	40,857
Cash and bank balance at the end of the year (Refer note 3)	8,643,459	34,399,509
<b>Notes:</b>		
1. Cash flows are reported using the indirect method.		
2. Purchase of fixed assets are stated inclusive of movements of capital work-in-progress and capital creditors between the commencement and end of the year and are considered as part of investing activity.		
3. Reconciliation of Cash and bank balance:		
Cash and bank balance (Refer note 17)	98,641,934	55,973,057
Less: Bank balances not considered as Cash and bank balance as defined in Accounting Standard (AS) 3 on 'Cash Flow Statements'		
In earmarked accounts:		
Unpaid dividend accounts	1,095,604	2,073,548
Deposits held as margin money	88,902,871	19,500,000
Net Cash and bank balance as defined in AS3 on 'Cash Flow Statements'	8,643,459	34,399,509

In terms of our report attached

**For MSKA & Associates**

Chartered Accountants

Firm Registration No.: 105047W

**Vinayak M. Padwal**

Partner

Membership No. 049639

 Mumbai, dated: 15<sup>th</sup> May, 2019

**For and on behalf of the Board of Directors of**
**Smartlink Holdings Limited**

CIN: L67100GA1993PLC001341

**K. R. Naik**

Executive Chairman

DIN: 00002013

**Urjita Damle**

Company Secretary

 Mumbai, dated: 15<sup>th</sup> May, 2019

**K. M. Gaonkar**

Director

DIN: 00002425

**K. G. Prabhu**

Chief Financial Officer

## Notes forming part of the consolidated financial statements

### NOTE 1: BACKGROUND

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

The change in name of the parent company is effective from 18<sup>th</sup> April, 2018.

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

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

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

### NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

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

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

#### (b) Principles of Consolidation:

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

- (i) The Financial Statements of the Subsidiary Companies used in consolidation is drawn upto the same reporting date as that of the Parent Company i.e. year ended 31<sup>st</sup> March, 2019 and are audited.
- (ii) The Financial Statements of the Parent Company and its Subsidiary Companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, incomes and expenses, after eliminating intra-group balances, intra-group transactions and resulting unrealised profit or losses, unless cost cannot be recovered.
- (iii) Minorities Interest in net profit or loss of consolidated subsidiary consists of the amount of equity attributable to the minority shareholders at the date on which investments in the subsidiary company was made and further movements in their share in the equity, subsequent to the date of Investment. Net loss for the year of the subsidiary attributable to minority interest is identified and adjusted against the profit after tax of the group in order to arrive at the income attributable to shareholders of the company.
- (iv) The following Subsidiary Companies (incorporated in India) have been considered in the preparation of Consolidated Financial Statements:

Name	% holding as at 31 <sup>st</sup> March, 2019	% holding as at 31 <sup>st</sup> March, 2018
Digisol Systems Limited	100%	100%
Synegra EMS Limited	100%	100%
Telesmart SCS Limited	80%	80%

#### (c) Use of estimates

The preparation of consolidated financial statements, in conformity with the generally accepted accounting principles, requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of consolidated financial statements and the reported amounts of revenues and expenses during the reported year.

Differences between the actual results and estimates are recognised in the year in which the results are known / materialised.

#### (d) Inventories

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

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

#### (e) Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits with banks, other short term highly liquid investments with original maturities of three months or less.

## Notes forming part of the consolidated financial statements

### (f) Depreciation and amortisation

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

Depreciation on property, plant and equipment has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.:

Motor Vehicle	- 5 years
Plant and Equipment	- 8 years
Furniture and Fixture	- 8 years

Leasehold Land is amortised over the duration of the lease.

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

Computer Software (ERP)	- 3 years
Computer Software (Other Softwares)	- 4 years
Technical know-how	- 5 years

### (g) Revenue recognition

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

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

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

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

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

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

### (h) Property, plant and equipment

#### (i) Tangible assets

Property, plant and equipment 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.

### (i) 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.

### (j) Government grants

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

### (k) 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

### (l) Employee Benefits

Compensation to employees for service rendered is accounted for in accordance with AS-15 on "Employee Benefits".

Employee Benefits such as salaries, allowances, non-monetary benefits and employee benefits under defined contribution plans such as provident and other funds, which fall due for payment within a period of 12 months after rendering services, are charged as expense to the Statement of profit and loss in the period in which the service is rendered.

Employee Benefits such as defined benefit plan and other long term employee benefits, such as gratuity and compensated absences which fall due for payment after a period of 12 months from rendering services and after completion of employment are measured by the Project Unit Credit Method, on the basis of actuarial valuations carried out by third party actuaries at each balance sheet date. The company's obligation recognised in the balance sheet represents the present value of obligations as reduced by the fair value of plan assets, where applicable.

Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss.

### (m) 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.

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

Assets taken on finance lease (including on hire purchase) on or after 1<sup>st</sup> April 2001 are accounted for as fixed assets in accordance with Accounting Standard 19 on "Leases", (AS 19). Accordingly, the assets have been accounted at fair value.

Lease payments are apportioned between finance charge and reduction of outstanding liability.

### (o) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

The weighted average numbers of equity shares are adjusted for events such as bonus issue, bonus element in the rights issue, share split and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

### (p) Taxes on income

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

Deferred income-tax reflect the current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years/period. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future income will be available except that deferred tax assets in case there are unabsorbed depreciation and losses are recognised if there is virtual certainty that supported by convincing evidence sufficient future taxable income will be available to realise the same (Refer note 39).

### (q) Impairment of assets

At the end of each accounting period, the Group determines whether a provision should be made for impairment loss on fixed assets by considering the indications that an impairment loss may have occurred in accordance with Accounting Standard 28 on "Impairment of Assets". An impairment loss is charged to the Consolidated Statement of Profit and Loss in the period in which, an asset is identified as impaired, when the carrying value of the asset exceeds its recoverable value.

The impairment loss recognised in the prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

### (r) Provisions and contingencies

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

## Notes forming part of the consolidated financial statements

₹	As at 31 <sup>st</sup> March, 2019 ₹	As at 31 <sup>st</sup> March, 2018 ₹
<b>NOTE 3: SHARE CAPITAL</b>		
<b>Authorised</b>		
35,000,000 Equity Shares of ₹2/- each	70,000,000	70,000,000
<b>Issued, subscribed and paid-up</b>		
22,550,000 Equity Shares of ₹2/- each, fully paid-up	45,100,000	45,100,000
Less: 5,600,000 (Previous year NIL) Equity Shares purchased under buyback scheme	11,200,000	-
<b>Total</b>	<b>33,900,000</b>	<b>45,100,000</b>

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

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

**b) Reconciliation of the number of shares outstanding**

	No. of Shares	No. of Shares
Shares outstanding at the beginning of the year	22,550,000	22,550,000
Less: Shares bought-back during the year	5,600,000	-
Shares outstanding at the end of the year	16,950,000	22,550,000

**Footnote:**

The Board of Directors of the Parent Company at its meeting held on 7<sup>th</sup> April, 2018 and the Shareholders of the Company at the Extraordinary General Meeting held on 4<sup>th</sup> May, 2018 had approved the proposal of the Company to buy-back up to 5,600,000 fully paid-up equity shares of ₹2/- each at a price of ₹120/- per share (aggregating up to 24.83% of the fully paid-up equity share capital and free reserves of the Company), payable in cash for an aggregate amount of up to ₹672,000,000/- from the existing shareholders of the company under Tender offer mechanism. The offer was kept open from 13<sup>th</sup> June, 2018 to 26<sup>th</sup> June, 2018. The Company has bought back 5,600,000 equity shares, representing 100.00% of issue size and the shares were extinguished on 10<sup>th</sup> July, 2018.

**c) Details of shareholders holding more than 5% shares in the Parent Company**

	As at 31 <sup>st</sup> March, 2019		As at 31 <sup>st</sup> March, 2018	
	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	8,495,878	50.12%	11,488,272	50.95%
Ms. Arati K. Naik	1,695,006	10.00%	2,255,000	10.00%
Mrs. Lakshana A. Sharma	1,300,874	7.67%	1,664,486	7.38%
Mrs. Sudha K. Naik	847,540	5.00%	1,127,500	5.00%

## Notes forming part of the consolidated financial statements

	As at 31 <sup>st</sup> March, 2019 ₹	As at 31 <sup>st</sup> March, 2018 ₹
<b>NOTE 4: RESERVES AND SURPLUS</b>		
<b>Capital Reserve</b>		
State Government subsidy As per last Balance sheet	2,500,000	2,500,000
<b>Statutory Reserve</b>		
As per Section 45-IC of the Reserve Bank of India Act, 1934 As per last Balance sheet	22,003,927	-
Add: Transfer from Surplus in Statement of Profit and Loss	-	22,003,927
	22,003,927	22,003,927
<b>Securities Premium Account</b>		
As per last Balance sheet	278,614,693	278,614,693
Less: Amount paid to Shareholders for purchase of shares under buyback scheme	278,614,693	-
	-	278,614,693
<b>Revaluation Reserve</b>		
As per last Balance sheet	37,183,524	37,183,524
<b>General Reserve</b>		
As per last Balance sheet	556,720,271	556,720,271
<b>Capital Redemption Reserve</b>		
As per last Balance sheet	14,909,700	14,909,700
Add: 5,600,000 Equity Shares of ₹ 2/- each purchased under buyback scheme	11,200,000	-
	26,109,700	14,909,700
Surplus in Consolidated Statement of Profit and Loss As per last Balance sheet	2,203,518,066	2,312,029,739
Add : (Loss) for the year	(23,160,528)	(32,226,447)
Less : Amount paid to Shareholders for purchase of shares under buyback scheme	393,385,307	-
Less : Appropriations		
Dividend	-	45,100,000
Dividend distribution tax	-	9,181,299
Transferred to Statutory Reserve fund	-	22,003,927
Closing balance	1,786,972,231	2,203,518,066
<b>Total</b>	<b>2,431,489,653</b>	<b>3,115,450,181</b>
<b>NOTE 5: OTHER LONG-TERM LIABILITIES</b>		
Other payables		
Security deposits	-	95,206
Unearned revenue	5,712	17,136
<b>Total</b>	<b>5,712</b>	<b>112,342</b>
<b>NOTE 6: LONG-TERM PROVISIONS</b>		
Provision for employee benefits		
For Gratuity (Refer note 35)	1,779,323	1,122,142
For Leave encashment	2,287,243	2,207,300
<b>Total</b>	<b>4,066,566</b>	<b>3,329,442</b>
<b>NOTE 7: SHORT TERM BORROWING</b>		
Secured Loans		
Bank Overdraft (Refer footnote below)	77,502,757	9,643,959
Unsecured Loans		
Loan from Director (Refer footnote below)	120,000,000	30,000,000
<b>Total</b>	<b>197,502,757</b>	<b>39,643,959</b>



## Notes forming part of the consolidated financial statements

	As at 31 <sup>st</sup> March, 2019 ₹	As at 31 <sup>st</sup> March, 2018 ₹
<b>Footnote:</b>		
<b>Secured Loans</b>		
Bank Overdraft of Synegra EMS Limited is secured by charge on its Fixed Deposits and that of Digisol Systems Limited is secured by charge ranking pari passu, by way of hypothecation of all existing and future current assets, Bank Guarantee from Smartlink Holdings Limited (Holding Company) and charge on Fixed Deposit.		
<b>Unsecured Loans</b>		
Loan from Director taken for a tenure of 90 days with an option to roll over for further 4 terms of 90 days each.		
<b>NOTE 8: TRADE PAYABLES</b>		
Total outstanding dues of micro enterprises and small enterprises (Refer footnote below)	359,705	843,404
Total outstanding dues of creditors other than micro enterprises and small enterprises	137,794,100	150,015,445
<b>Total</b>	<b>138,153,805</b>	<b>150,858,849</b>
<b>Footnote:</b>		
The disclosures under the Micro, Small and Medium Enterprises Development Act, 2006 have been made in respect of such vendors to the extent they could be identified as micro and small enterprises on the basis of information available with the Company.		
<b>Particulars</b>		
Outstanding principal amount and interest as on 31 <sup>st</sup> March		
- Principal Amount	359,705	843,404
- Interest due thereon	1,226	1,360
Amount of interest paid along with the amounts of payment made beyond the appointed day	18,833	-
Amount of interest due and payable (where the principal has already been paid but interest has not been paid)	16,657	17,739
The amount of interest accrued and remaining unpaid at the end of each accounting year	17,883	19,099
The amount of further interest remaining due and payable even in succeeding years, until such date when the interest dues as above are actually paid for the purpose of disallowance as a deductible expenditure under section 23 of the said Act	-	-
<b>NOTE 9: OTHER CURRENT LIABILITIES</b>		
Interest accrued on Unsecured Loan from Director	1,090,354	660,822
Capital creditors	-	177,509
Unearned revenue	11,424	11,424
Unpaid dividends	1,095,604	2,073,548
Other payables:		
Provision for Gratuity (Refer note 35)	91,734	102,034
Statutory dues	1,557,706	3,945,409
Security deposits	4,530,860	3,632,398
Interest accrued on delayed payment to MSME vendors (Refer Note 8)	17,883	24,701
Provision of GST for Inventory held in trust	15,186,178	22,845,435
Advance from customers	362,422	589,052
<b>Total</b>	<b>23,944,165</b>	<b>34,062,332</b>
<b>NOTE 10: SHORT-TERM PROVISIONS</b>		
Provision for employee benefits		
For Leave encashment	1,005,134	1,020,981
Others		
For Income-tax (net of advance tax ₹152,139,685/-, (Previous year, ₹121,025,140/-))	5,020,315	4,148,567
<b>Total</b>	<b>6,025,449</b>	<b>5,169,548</b>

**Notes forming part of the consolidated financial statements**

**NOTE 11: PROPERTY, PLANT AND EQUIPMENT**

Nature of assets	Gross block			Depreciation/Amortisation			Net block As at 31 <sup>st</sup> March, 2019
	As at 1 <sup>st</sup> April, 2018	Additions	Deductions	As at 31 <sup>st</sup> March, 2019	For the year	Deductions	
<b>a. Tangible assets:</b>							
Land							
Freehold	8,791,000 (8,791,000)	-	-	8,791,000 (8,791,000)	-	-	8,791,000 (8,791,000)
Leasehold	9,278,538 (9,278,538)	-	-	1,776,675 (1,681,785)	94,889 (94,889)	-	1,871,564 (1,776,674)
Buildings							
Own use	225,771,053 (225,771,053)	-	-	225,771,053 (225,771,053)	4,748,898 (4,748,898)	-	76,050,280 (71,301,383)
Given under operating lease	46,657,672 (46,657,672)	-	-	46,657,672 (26,251,730)	1,434,473 (1,434,473)	-	29,120,676 (27,686,203)
Plant and Equipment	159,621,922 (158,851,349)	4,076,448 (1,123,423)	27,787,430	135,910,940 (159,621,922)	2,820,099 (2,706,620)	27,787,430	121,029,957 (145,997,289)
Furniture and Fixture	30,330,726 (30,330,726)	11,380	-	30,342,106 (30,330,726)	468,826 (545,821)	-	29,679,372 (29,210,546)
Vehicles	4,658,638 (6,280,851)	1,875,236	1,913,442 (1,622,213)	4,620,432 (4,658,638)	574,297 (730,107)	1,913,442 (1,164,337)	2,542,526 (3,881,671)
Office equipment	14,030,824 (13,933,000)	60,107 (119,323)	10,191 (21,499)	14,080,740 (14,030,824)	150,089 (245,988)	463 (4,792)	13,790,125 (13,640,499)
Others							
Electrical installations	40,785,581 (40,763,581)	-	-	40,785,581 (40,785,581)	441,020 (1,974,961)	-	40,467,775 (40,026,756)
Air conditioners	35,668,264 (35,313,732)	(22,000)	-	35,668,264 (30,758,054)	702,306 (1,340,121)	-	32,800,480 (32,098,175)
Computers	36,208,473 (36,959,289)	1,489,580 (212,478)	40,956 (963,294)	37,657,097 (36,208,473)	1,309,347 (1,224,389)	33,868 (934,241)	35,941,528 (34,666,047)
<b>Tangible assets total</b>	<b>611,802,691</b> <b>(612,930,791)</b>	<b>7,512,751</b> <b>(1,831,756)</b>	<b>29,752,019</b> <b>(2,607,006)</b>	<b>589,563,423</b> <b>(611,802,691)</b>	<b>12,744,244</b> <b>(15,046,267)</b>	<b>29,735,203</b> <b>(2,103,370)</b>	<b>392,085,283</b> <b>(409,076,243)</b>
<b>b. Intangible assets:</b>							
Computer software - acquired	44,750,685 (42,508,685)	248,250 (2,242,000)	-	44,998,934 (44,750,685)	2,914,227 (3,042,762)	-	41,107,236 (38,193,010)
Technical Know-how	3,775,000 -	(3,775,000)	-	3,775,000 (3,775,000)	754,586 (399,001)	-	1,153,587 (3,375,999)
<b>Tangible assets total</b>	<b>48,525,685</b> <b>(42,508,685)</b>	<b>248,250</b> <b>(6,017,000)</b>	<b>-</b>	<b>48,773,934</b> <b>(48,525,685)</b>	<b>3,668,813</b> <b>(3,441,763)</b>	<b>-</b>	<b>42,260,823</b> <b>(38,592,011)</b>
<b>Total</b>	<b>660,328,376</b> <b>(655,439,476)</b>	<b>7,761,001</b> <b>(7,848,756)</b>	<b>29,752,019</b> <b>(2,607,006)</b>	<b>638,337,357</b> <b>(660,328,376)</b>	<b>16,413,057</b> <b>(18,488,030)</b>	<b>29,735,203</b> <b>(2,103,370)</b>	<b>434,346,106</b> <b>(447,668,254)</b>

**Footnotes:**

- Leasehold land/ premises include:
  - Plots of land of the aggregate gross value of ₹7,592,538/- (previous year ₹7,592,538/-), taken on lease from the Goa Industrial Development Corporation (GIDC) for an initial period of thirty years. The same has been extended to ninety-five years.
  - Land and premises of the aggregate gross value of ₹1,686,000/- (previous year ₹1,686,000/-), taken on lease from Maharashtra Industrial Development Corporation (MIDC) for an initial period of ten years. The same has been extended to ninety-five years.
- Title deeds in respect of the above are in the names of GIDC and MIDC respectively.
- Part of the building given on Operating Lease cannot be segregated from Building classified as for own use.
- Figures in brackets are those of the previous year.

## Notes forming part of the consolidated financial statements

	As at 31 <sup>st</sup> March, 2019 ₹	As at 31 <sup>st</sup> March, 2018 ₹
<b>NOTE 12: LONG-TERM LOANS AND ADVANCES</b>		
<b>Unsecured, considered good (unless stated otherwise):</b>		
Capital Advances	4,459,381	1,291,550
Security deposits	6,638,584	6,180,984
Prepaid expenses	126,924	198,061
Others:		
Advance payment of taxes (net of provision ₹58,230,287/-, (previous year ₹79,730,287/-))	8,568,476	8,728,570
Customs duty receivable	1,866,322	2,155,739
Pre-deposit with Government authorities in connection with appeals filed (Refer note 28 A)	11,416,000	11,400,000
	<u>33,075,687</u>	<u>29,954,904</u>
<b>Unsecured, considered doubtful:</b>		
Security deposits	798,635	798,635
Less: Provision for doubtful deposits	798,635	798,635
	<u>-</u>	<u>-</u>
<b>Total</b>	<b><u>33,075,687</u></b>	<b><u>29,954,904</u></b>
<b>NOTE 13: OTHER NON-CURRENT ASSETS</b>		
Bank deposits	2,664,855	2,664,855
Bank deposits held as margin money	2,500,000	2,500,000
<b>Total</b>	<b><u>5,164,855</u></b>	<b><u>5,164,855</u></b>
<b>NOTE 14: CURRENT INVESTMENTS</b>		
<b>Investments in Mutual Funds (unquoted) (At lower of cost and fair value)</b>		
In Mutual Funds (unquoted)	1,476,350,330	2,134,328,061
Less: Adjustment for excess of cost over fair value	-	1,139,786
	<u>1,476,350,330</u>	<u>2,133,188,275</u>
<b>Investments in Debentures or Bonds (quoted)</b>		
In Debentures (quoted)	584,923,030	555,479,480
Less: Adjustment for excess of cost over fair value	6,424,790	1,272,400
	<u>578,498,240</u>	<u>554,207,080</u>
<b>Investments in Preference Shares (unquoted)</b>		
In Preference Shares (unquoted)	25,138,080	25,138,080
Less: Adjustment for excess of cost over fair value	5,104,587	-
	<u>20,033,493</u>	<u>25,138,080</u>
<b>Investments in Deposits (unquoted)</b>		
In Fixed Deposits (unquoted) (Refer footnote below)	20,000,000	20,000,000
<b>Total</b>	<b><u>2,094,882,063</u></b>	<b><u>2,732,533,435</u></b>
<b>Aggregate value of investments (net of adjustment)</b>		
Unquoted - cost	1,516,383,823	2,178,326,355
Quoted - cost	578,498,240	554,207,080
- Market value	581,543,606	560,493,277

**Footnote:**

Investment in Deposits include deposits amounting to ₹ NIL  
(Previous year, ₹20,000,000/-) with residual maturity of more than 12 months

## Notes forming part of the consolidated financial statements

	As at 31 <sup>st</sup> March, 2019 ₹	As at 31 <sup>st</sup> March, 2018 ₹
<b>NOTE 15: INVENTORIES</b>		
(At lower of cost and net realisable value)		
Raw materials and components (Includes Goods-in-transit of ₹ NIL (Previous year, ₹2,781,260/-))	21,011,784	38,338,102
Work-in-progress	575,687	31,403
Finished goods	20,452	3,608,700
Traded goods (Includes Goods-in-transit of ₹2,049,301/- (Previous year, ₹7,138,187/-))	146,312,647	105,997,359
Stores, spares and packing materials (Includes Goods-in-transit of ₹ NIL (Previous year, 1,695,984/-))	1,086,563	4,261,665
<b>Total</b>	<b>169,007,133</b>	<b>152,237,229</b>
<b>NOTE 16: TRADE RECEIVABLES</b>		
Unsecured		
a) Outstanding for a period exceeding six month from the date they were due for payment		
Considered good	8,477,587	-
Considered doubtful	1,960,527	12,588,195
Less: Provision for doubtful receivables	1,960,527	12,588,195
	-	-
b) Others		
Considered good	140,066,364	134,690,564
<b>Total</b>	<b>148,543,951</b>	<b>134,690,564</b>
<b>NOTE 17: CASH AND BANK BALANCE</b>		
Cash and cash equivalents		
Cash on hand	333,093	294,146
Balances with bank		
In Current accounts	5,454,643	31,306,520
In Exchange Earners Foreign Currency (EEFC) account	2,855,723	2,798,843
	8,643,459	34,399,509
Other bank balances		
In earmarked accounts		
Unpaid dividend accounts	1,095,604	2,073,548
Deposits held as margin money (Refer footnote below)	88,902,871	19,500,000
	89,998,475	21,573,548
<b>Total</b>	<b>98,641,934</b>	<b>55,973,057</b>

**Footnote:**

Balances with bank include margin monies amounting to ₹ 40,599,656/-  
(Previous year, ₹ 19,500,000/-) which have an original maturity of more than 12 months.

## Notes forming part of the consolidated financial statements

	As at 31 <sup>st</sup> March, 2019 ₹	As at 31 <sup>st</sup> March, 2018 ₹
<b>NOTE 18: SHORT-TERM LOANS AND ADVANCES</b>		
<b>Unsecured, considered good (unless otherwise stated):</b>		
Other receivables	90,562	35,399
Security deposits	1,423,000	1,631,600
Advances / Loans to Employees	923,652	768,968
Prepaid expenses	3,852,521	2,770,090
Others:		
GST Credit receivable	37,286,904	40,483,572
Custom duty receivable	314,276	824,514
Advances to suppliers	9,121,360	8,486,541
<b>Total</b>	<b>53,012,275</b>	<b>55,000,684</b>
<b>NOTE 19: OTHER CURRENT ASSETS</b>		
Interest accrued on		
Bank deposits	7,397,364	3,911,184
Security Deposit	23,344	-
Debentures and Bonds held as current investments	39,401,360	29,555,753
<b>Total</b>	<b>46,822,068</b>	<b>33,466,937</b>
	For the year ended 31 <sup>st</sup> March, 2019 ₹	For the year ended 31 <sup>st</sup> March, 2018 ₹
<b>NOTE 20: REVENUE FROM OPERATIONS</b>		
Income from investments (Refer Footnote (i) below)	180,282,066	158,306,987
Sale of products (Refer Footnote (ii) below)	844,492,710	783,251,188
Sale of services (Refer Footnote (iii) below)	40,400,338	38,814,259
Other operating revenues (Refer Footnote (iv) below)	11,638,676	908,017
	<b>1,076,813,790</b>	<b>981,280,451</b>
<b>Footnotes:</b>		
<b>(i) Income from investments</b>		
Interest income		
- On fixed deposits with banks	4,898,214	8,956,501
- On bonds and securities	58,203,748	56,010,217
	63,101,962	64,966,718
Other financial income		
- Dividend income from current investments	2,381,868	5,057,639
- Gain on sale of current investments (net)	114,798,236	88,282,630
	117,180,104	93,340,269
<b>Total</b>	<b>180,282,066</b>	<b>158,306,987</b>

## Notes forming part of the consolidated financial statements

	For the year ended 31 <sup>st</sup> March, 2019 ₹	For the year ended 31 <sup>st</sup> March, 2018 ₹
<b>(ii) Sale of products comprises of</b>		
Finished goods	22,177,208	191,325,665
Networking products		
Traded Goods		
Networking products	822,315,502	591,925,523
<b>Total</b>	<b>844,492,710</b>	<b>783,251,188</b>
<b>(iii) Sale of Services comprises of</b>		
Repair services	39,720,501	38,174,367
AMC services	19,865	13,092
Jobwork Charges and Service Training	659,972	626,800
<b>Total</b>	<b>40,400,338</b>	<b>38,814,259</b>
<b>(iv) Other operating revenues</b>		
Provision for doubtful debts and advances written back	10,627,669	433,646
Sundry balances written back	426,716	-
Recovery of trade receivables earlier written off	210,280	139,606
Process Scrap income	374,011	334,765
<b>Total</b>	<b>11,638,676</b>	<b>908,017</b>
<b>NOTE 21: OTHER INCOME</b>		
Interest income		
- On overdue trade receivables	13,823	-
- On Fixed Deposits with banks	2,345,353	496,761
- Interest on income tax refund	5,317	109,291
- Other Interest	25,938	1,352,523
	2,390,431	1,958,575
Gain on sale of current investments (net) of subsidiaries	957,279	4,128,153
Rent income from operating leases	3,735,750	1,999,999
Profit on sale of fixed assets (net)	1,645,333	226,094
Exchange gain (net) ( Refer note 29 (b) )	2,625,727	724,580
Provision for doubtful debts and advances written back	-	751,093
Scrap income	21,120	133,831
<b>Total</b>	<b>11,375,640</b>	<b>9,922,325</b>
<b>NOTE 22: COST OF RAW MATERIALS CONSUMED</b>		
<b>Raw materials consumed comprises</b>		
Integrated circuits	61,001,172	29,999,405
Cords	11,080,020	10,961,320
Splice tray	491,353	10,535,074
Power supplies, batteries and accessories	32,138,472	10,460,318
Inductors, chip beads and transformers	17,628,974	6,158,537
PCBs	26,738,140	11,067,843
Others	99,182,660	32,026,467
<b>Total</b>	<b>248,260,791</b>	<b>111,208,964</b>

## Notes forming part of the consolidated financial statements

	For the year ended 31 <sup>st</sup> March, 2019 ₹	For the year ended 31 <sup>st</sup> March, 2018 ₹
<b>NOTE 23: PURCHASE OF TRADED GOODS</b>		
Networking products	484,998,966	374,356,879
<b>NOTE 24: (INCREASE) / DECREASE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND TRADED GOODS</b>		
<b>Stock as at 1<sup>st</sup> April, 2018</b>		
Finished goods		
- Manufactured	3,608,700	137,229,257
- Traded	105,997,359	118,971,359
Work-in-progress	31,403	2,607,269
	<u>109,637,462</u>	<u>258,807,885</u>
<b>Less: Stock as at 31st March, 2019</b>		
Finished goods		
- Manufactured	20,452	3,608,700
- Traded	146,312,647	105,997,359
Work-in-progress	575,687	31,403
	<u>146,908,786</u>	<u>109,637,462</u>
	<b>(37,271,324)</b>	<b>149,170,423</b>
<b>NOTE 25: EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and wages	148,937,667	157,208,624
Contribution to provident and other funds (Refer Note 35B)	5,027,777	4,981,875
Staff welfare expenses	7,349,186	6,123,812
Gratuity (Refer Note 35)	1,581,917	2,029,550
Leave encashment	427,103	643,621
<b>Total</b>	<b><u>163,323,650</u></b>	<b><u>170,987,482</u></b>
<b>NOTE 26: FINANCE COSTS</b>		
<b>Interest Expenses on:</b>		
Unsecured loan from Director	3,942,601	734,246
Delayed payments to MSME vendors (Refer Note 8)	16,657	26,549
Bank overdraft account	3,152,227	301,961
Others		
- Interest on delayed payment of income tax	1,168	101,432
- Interest on statutory payments etc.	1,582,688	737,360
<b>Total</b>	<b><u>8,695,341</u></b>	<b><u>1,901,548</u></b>
<b>NOTE 27: OTHER EXPENSES</b>		
Stores, spares and packing material consumed	2,250,692	4,891,366
Excise duty (Refer Note 42 (c))	-	(11,947,904)
Power and fuel	11,119,223	10,975,573
Rent	12,965,509	5,402,791
Rates and taxes	3,461,121	2,190,978
Insurance	5,326,674	5,692,879

## Notes forming part of the consolidated financial statements

	For the year ended 31 <sup>st</sup> March, 2019 ₹	For the year ended 31 <sup>st</sup> March, 2018 ₹
Repairs and maintenance		
Buildings	524,290	1,949,816
Machinery	671,429	140,997
Others	4,599,998	3,565,198
	5,795,717	5,656,011
Travelling and conveyance expenses	12,838,036	13,388,601
Communication expenses	4,070,671	5,080,306
Legal and Professional fees	38,347,591	31,143,237
Filing Fees	5,597,880	680,244
Advertisement and sales development expenses	21,367,096	32,993,030
Freight Outward	14,675,343	14,383,314
Servicing expenses	8,064,367	12,183,229
Loss on fixed assets sold / written off	-	-
Provision for doubtful debts and advances	-	-
Sundry balances written off	-	570,233
Bad debts written off	8,331,020	464
Expenditure on Corporate Social Responsibility (Refer note 42 (a) )	1,998,727	1,873,837
Directors Sitting Fees	5,136,933	4,007,053
Exchange loss (net)	-	-
Excess of cost over fair value of current investments (non-trade) (net), adjusted	9,117,191	839,726
Miscellaneous expenses	23,969,522	15,738,032
<b>Total</b>	<b>194,433,313</b>	<b>155,743,000</b>

	As at 31 <sup>st</sup> March, 2019 ₹	As at 31 <sup>st</sup> March, 2018 ₹
<b>NOTE 28: CONTINGENT LIABILITIES AND COMMITMENTS</b>		
<b>A. Contingent liabilities in respect of</b>		
a) Disputed demand of excise duty in connection with valuation of products manufactured by the Company pending before CESTAT	27,315,672	27,315,672
b) Disputed penalty demands of Excise Authorities with regard to (a) above, pending before the CESTAT	39,078,633	39,078,633
The Company is confident of successfully contesting the demands and does not expect any significant liability to crystallise		
c) Disputed demand of Value Added Tax at Dharamtala Circle, Kolkata. During the current year, ₹1,196,249/- amounting to 35% of the tax demand was paid as a settlement under West Bengal Sales Tax (Settlement of Dispute) Act, 1999	-	5,107,661
d) Disputed demand of Maharashtra Value Added Tax pending with Deputy Commissioner of Sales Tax, Mumbai	266,140	-
<b>B. Capital commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for as on 31 <sup>st</sup> March, 2019	139,601,292	92,500,000

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

Sr. No.	Name of the entity	Guarantees given (₹)	Bank to whom given	Purpose
1	Digisol Systems Limited	200,000,000	HDFC Bank Limited	Towards working capital limit



## Notes forming part of the consolidated financial statements

### NOTE 29: FOREIGN CURRENCY

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

Amount receivable in foreign currency on account of the following:

	As at 31 <sup>st</sup> March, 2019		As at 31 <sup>st</sup> March, 2018	
	In Foreign Currency	In ₹	In Foreign Currency	In ₹
Trade receivables	USD 66,503	4,598,023	USD 111,655	7,275,450
Loans and advances	USD 78,553	5,409,104	USD 59,180	3,822,537

Amount payable in foreign currency on account of the following:

	As at 31 <sup>st</sup> March, 2019		As at 31 <sup>st</sup> March, 2018	
	In Foreign Currency	In ₹	In Foreign Currency	In ₹
Trade payable	USD 332,178	22,973,406	USD 897,398	58,492,404

	For the year ended 31 <sup>st</sup> March, 2019 ₹	For the year ended 31 <sup>st</sup> March, 2018 ₹
b) Amount of exchange differences included in the Consolidated Statement of Profit and Loss		
Exchange gain	6,432,345	2,718,464
Exchange loss	3,806,618	1,993,883
a) As Auditors	1,600,000	1,475,000
b) For other services - Certifications	85,000	-
c) For Expenses	12,760	13,741
<b>Total</b>	<b>1,697,760</b>	<b>1,488,741</b>

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

	For the year ended 31 <sup>st</sup> March, 2019		For the year ended 31 <sup>st</sup> March, 2018	
	₹	% age to total consumption	₹	% age to total consumption
a) Raw materials consumed				
Imported	213,545,811	86.02	95,080,316	85.50
Indigenous	34,714,980	13.98	16,128,648	14.50
<b>Total</b>	<b>248,260,791</b>	<b>100.00</b>	<b>111,208,964</b>	<b>100.00</b>
b) Stores, spares and packing materials consumed				
Imported	1,167,797	51.89	1,426,726	29.17
Indigenous	1,082,895	48.11	3,464,640	70.83
<b>Total</b>	<b>2,250,692</b>	<b>100.00</b>	<b>4,891,366</b>	<b>100.00</b>

## Notes forming part of the consolidated financial statements

	For the year ended 31 <sup>st</sup> March, 2019 ₹	For the year ended 31 <sup>st</sup> March, 2018 ₹
<b>NOTE 32: VALUE OF IMPORTS ON CIF BASIS IN RESPECT OF:</b>		
Raw materials and components	197,652,921	110,285,811
Stores, spares and packing materials	1,718,738	1,196,831
Capital goods	2,544,593	864,774
Traded goods	179,856,289	202,451,769
<b>NOTE 33: EXPENDITURE IN FOREIGN CURRENCY:</b>		
Travelling expenses	707,931	156,215
Professional fees	599,457	-
Membership subscription	67,860	21,878
Director's Sitting Fees	50,000	100,000
<b>NOTE 34: EARNINGS IN FOREIGN EXCHANGE</b>		
Sale of services	39,351,289	37,812,277
Sale of Goods	1,450,424	-
<b>NOTE 35: EMPLOYEE BENEFITS</b>		
<b>A The disclosure as required under AS-15 regarding the Group's defined benefit plans is as follows:</b>		
	<b>Gratuity (Funded)</b>	<b>Gratuity (Funded)</b>
<b>I. Reconciliation of opening and closing balances of Defined Benefit obligation</b>		
Defined Benefit obligation at beginning of the year	12,408,481	11,133,962
Current Service Cost	1,322,514	1,471,808
Interest Cost	927,203	625,258
Past service cost - (vested benefit)	-	1,481,395
Actuarial (gain) / loss	24,185	1,271,665
Benefits paid	(448,264)	(3,575,607)
Defined Benefit obligation at year-end	14,234,119	12,408,481
<b>II. Reconciliation of opening and closing balances of fair value of plan assets</b>		
Fair value of plan assets at beginning of the year	11,381,355	11,090,441
Adjustment to opening balance	34,607	40,983
Expected return on plan assets	779,219	737,159
Actuarial gain/(loss)	(87,234)	(66,129)
Employer contribution	704,302	3,154,508
Benefits paid	(448,264)	(3,575,607)
Fair value of plan assets at year end	12,363,985	11,381,355
<b>III. Reconciliation of fair value of assets and obligations</b>		
Present value of obligation as at 31 <sup>st</sup> March	14,234,119	12,408,481
Fair value of plan assets as at 31 <sup>st</sup> March	12,363,985	11,381,355
Amount recognized in Balance Sheet	(1,870,134)	(1,421,226)
<b>IV. Expense recognized during the year (Under the head "Employees benefits expense" - Refer to note 25)</b>		
Current Service Cost	1,322,514	1,471,808
Interest Cost	927,203	625,258
Past service cost - (vested benefit)	-	1,481,395
Expected return on plan assets	(779,219)	(737,159)
Actuarial (gain) / loss	111,419	1,337,794
Net Cost	1,581,917	4,179,096

## Notes forming part of the consolidated financial statements

	For the year ended 31 <sup>st</sup> March, 2019 ₹	For the year ended 31 <sup>st</sup> March, 2018 ₹
<b>V. Actuarial assumptions</b>		
Discount rate (per annum)		
- Smartlink Holdings Limited	7.60%	7.42%
- Digisol Systems Limited	7.66%	7.64%
- Synegra EMS Limited	7.66%	7.64%
- Telesmart SCS Limited	7.66%	7.72%
Expected rate of return on plan assets (per annum)	6.75%	6.75%
Rate of escalation in salary (per annum)	5.00%	5.00%
Mortality Table used	Indian Assured Lives Mortality 2006-08 ultimate table	Indian Assured Lives Mortality 2006-08 ultimate table

**VI.** The assumptions of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment.

**VII.** The amounts of the present value of the obligation, fair value of the plan assets, surplus or deficit in the plan, experience adjustments arising on plan liabilities and plan assets are furnished below.

	31-Mar-19	31-Mar-18	31-Mar-17
<b>Experience Adjustment</b>			
On plan liabilities	24,185	1,271,665	(4,595,547)
On plan assets	(87,234)	(66,129)	(318,933)
Present value of benefit obligation	14,234,119	12,408,481	11,133,962
Fair value of plan assets	12,363,985	11,381,355	11,090,441
Excess of (obligation over plan assets) / plan assets over obligation	(1,870,134)	(1,027,126)	(43,521)

**VIII.** The contribution expected to be made by the Group during the financial year 2019-20 is ₹500,000/-.

**IX.** The plan assets are managed by the Gratuity trust formed by the respective Company. The management of funds is entrusted to Life Insurance Corporation of India. The details of investments made by them are not available.

**B** The disclosure as required under AS-15 regarding the Group's defined contribution plans is as follows:

- i) Contribution to provident fund ₹3,960,319/- (Previous year, ₹3,998,844/-).
- ii) Contribution to National Pension Scheme (NPS) ₹263,534/- (Previous year, ₹170,206/-).
- iii) Contribution to ESIC ₹803,924/- (Previous year, ₹838,431/-).
- iv) Contribution to Labour Welfare Fund ₹46,648/- (Previous year, ₹63,859/-).

### NOTE 36: SEGMENT INFORMATION

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

The group has three business segments

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

During the year, the EMS segment majorly comprised of manufacture and sale of networking products to Digisol Systems Limited (Networking Products Segment) and hence has been considered under the segment of Networking Products.

## Notes forming part of the consolidated financial statements

### A) SEGMENT REVENUE

Amount in ₹

Particulars	Year ended	Investment	Networking	EMS	Eliminations	Consolidated Total
External Sales	31.03.2019	185,268,366	896,718,482	-	-	1,081,986,848
	31.03.2018	158,306,986	796,782,014	19,144,006	-	974,233,006
Less: Inter-Segment Sales	31.03.2019	4,986,301	186,758	-	5,173,059	-
	31.03.2018	22,257,535	102,028,289	14,272,787	138,558,611	-
Total Revenue	31.03.2019	180,282,065	896,531,724	-	5,173,059	1,081,986,848
	31.03.2018	136,049,451	694,753,725	4,871,219	138,558,611	974,233,006

### B) SEGMENT RESULTS

Amount in ₹

Particulars	Year ended	Investment	Networking	EMS	Eliminations	Consolidated Total
Segment Result	31.03.2019	108,886,496	(75,534,700)	-	-	33,351,796
	31.03.2018	107,810,320	(70,450,027)	(30,022,022)	-	7,338,271
Unallocated Corporate Expenses	31.03.2019					15,320,819
	31.03.2018					2,802,950
Operating profit	31.03.2019					18,030,977
	31.03.2018					4,535,321
Less: Interest expense	31.03.2019					8,695,341
	31.03.2018					1,901,548
Interest income	31.03.2019					-
	31.03.2018					-
Less: Income taxes	31.03.2019					34,184,627
	31.03.2018					35,716,590
Share in Loss attributable to Minority Interest	31.03.2019					1,688,463
	31.03.2018					856,371
Profit from ordinary activities	31.03.2019					(23,160,528)
	31.03.2018					(32,226,446)

### C) OTHER INFORMATION

Amount in ₹

Particulars	Year ended	Investment	Networking	EMS	Eliminations	Consolidated Total
Segment Assets	31.03.2019	2,194,665,860	406,100,066	-	-	2,600,765,926
	31.03.2018	2,790,366,350	379,141,121	-	-	3,169,507,471
Unallocated Corporate Assets	31.03.2019					252,375,290
	31.03.2018					242,174,316
Total Assets	31.03.2019	<b>2,194,665,860</b>	<b>406,100,066</b>	-	-	<b>2,853,141,216</b>
	31.03.2018	2,790,366,350	379,141,121	-	-	<b>3,411,681,787</b>
Segment Liabilities	31.03.2019	1,287,387	354,615,136	-	-	355,902,523
	31.03.2018	1,081,007	214,684,093	-	-	215,765,100
Unallocated Corporate Liabilities	31.03.2019					27,193,874
	31.03.2018					29,022,876
Total Liabilities	31.03.2019	1,287,387	354,615,136	-	-	383,096,397
	31.03.2018	1,081,007	214,684,093	-	-	244,787,976

Capital Expenditure	Year ended	Investment	Networking	EMS	Eliminations	Consolidated Total
Depreciation & Amortisation	31.03.2019	10,171,090	28,319,561	-	(22,077,594)	16,413,057
	31.03.2018	12,786,032	9,671,535	2,286,927	(6,256,461)	18,488,033
Non-cash Expenditure other than Depreciation	31.03.2019	9,117,191	8,334,512	-	-	17,451,703
	31.03.2018	1,391,406	76,904	-	-	1,468,310

## Notes forming part of the consolidated financial statements

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

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

- i) Domestic
- ii) Export

Information about secondary segments

Amount in ₹

Particulars	Year ended	Domestic	Exports	Unallocated	Total
Revenues from external customers (net) (including sale of services)	31.03.2019	1,036,012,077	40,801,713	-	1,076,813,790
	31.03.2018	936,420,731	37,812,277	-	974,233,008
Segment assets	31.03.2019	2,596,167,903	4,598,023	252,375,290	2,853,141,216
	31.03.2018	3,162,232,021	7,275,450	242,174,316	3,411,681,787
Additions to fixed assets during the year	31.03.2019	7,761,001	-	-	7,761,001
	31.03.2018	7,848,756	-	-	7,848,756

### NOTE 37: OPERATING LEASE RENTALS

Lease rental charged to the Consolidated Statement of Profit and Loss in respect of premises taken on cancellable operating lease are ₹12,965,509/- (Previous year, ₹5,402,791/-). The tenure of these leases is 11 to 60 months.

### NOTE 38: EARNINGS PER SHARE

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

	For the year ended 31 <sup>st</sup> March, 2019	For the year ended 31 <sup>st</sup> March, 2018
Net (Loss) for the year attributable to Equity Shareholders (₹)	(23,160,528)	(32,226,447)
Weighted average number of equity shares	18,449,589	22,550,000
Par value per share (₹)	2.00	2.00
Basic and Diluted earnings per share net of tax (₹)	(1.26)	(1.43)

### NOTE 39: DEFERRED TAX (NET)

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

	For the year ended 31 <sup>st</sup> March, 2019 ₹	For the year ended 31 <sup>st</sup> March, 2018 ₹
a) Deferred Tax Liability		
Fiscal allowances of fixed assets	(14,890,470)	(14,243,639)
<b>Total</b>	<b>(14,890,470)</b>	<b>(14,243,639)</b>
b) Deferred Tax Asset		
Provision for doubtful debts and advances	232,563	232,563
Others	1,259,964	2,399,571
<b>Total</b>	<b>1,492,527</b>	<b>2,632,134</b>
Deferred Tax Asset (net)	<b>(13,397,943)</b>	<b>(11,611,505)</b>

#### Note:

- 1) The Deferred Tax Asset of ₹101,084,957/- (Previous year, ₹60,445,393/-) of the subsidiaries has not been recognized in the absence of virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realised.

## Notes forming part of the consolidated financial statements

### NOTE 40: RELATED PARTY DISCLOSURES

Disclosure as required under AS 18 and under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 Regulation 34(3)

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

Name of the related parties	Nature of relationship
Mr. Kamalaksha R. Naik	Key management person
Ms. Arati K. Naik	Relative of key management person
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
Tanmatra Technologies Private Limited	Enterprise over which key management person is able to exercise significant influence.

b) Details of related party transactions during the year

Amount in ₹

Nature of transactions	Key Management Person	Enterprise over which key management person is able to exercise significant influence	Relative of key management person	Total
<b>Salary</b>				
Ms. Arati K. Naik	248,200 (2,770,200)	- -	- -	248,200 (2,770,200)
<b>Rent Expense</b>				
Ms. Arati K. Naik	240,000 (320,000)	- -	- -	240,000 (320,000)
<b>Loan taken</b>				
Mr. Kamalaksha R. Naik	90,000,000 (30,000,000)	- -	- -	90,000,000 (30,000,000)
<b>Interest on Loan</b>				
Mr. Kamalaksha R. Naik	3,942,601 (734,246)	- -	- -	3,942,601 (734,246)
<b>Rent Income</b>				
Tanmatra Technologies Private Limited	- -	300,000 -	- -	300,000 -
<b>Dividend paid</b>				
Mr. Kamalaksha R. Naik	- (22,976,544)	- -	- -	- (22,976,544)
Ms. Arati K. Naik	-	-	-	-
Mr. Kamalaksha R. Naik (HUF)	-	-	(4,420,640)	(4,420,640)
Mrs. Sudha K. Naik	-	(503,114)	-	(503,114)
Mrs. Lakshana A. Sharma	-	-	(2,200,754)	(2,200,754)
	-	-	(2,879,736)	(2,879,736)
<b>Consideration paid for Buyback of Shares</b>				
Mr. Kamalaksha R. Naik	368,182,200	-	-	368,182,200
Ms. Arati K. Naik	-	-	72,269,400	72,269,400
Mr. Kamalaksha R. Naik (HUF)	-	8,061,960	-	8,061,960
Mrs. Sudha K. Naik	-	-	36,134,760	36,134,760
Mrs. Lakshana A. Sharma	-	-	53,344,320	53,344,320
	-	-	-	-
<b>As at the year-end</b>				
Amount due to				
Mr. Kamalaksha R. Naik	121,090,354 (30,660,822)	- -	- -	121,090,354 (30,660,822)
Tanmatra Technologies Private Limited	-	29,500	-	29,500
	-	-	-	-

#### Note

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

## Notes forming part of the consolidated financial statements

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

a) Particulars of Guarantees given by Parent Company

Amount in ₹

Sr. No.	Name of the entity	Opening Balance	Guarantees given	Guarantees Discharged	Outstanding balance	Purpose
1	Digisol Systems Limited	40,000,000	160,000,000	-	200,000,000	To HDFC Bank, for the working capital limit availed
2	Digisol Systems Limited	50,000,000	-	50,000,000	-	To Kotak Mahindra Bank, for working capital limit availed

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

Sr. No.	Name of the Investee	Investment made (₹)	Purpose
1	Digisol Systems Limited	250,000,000	2,500,000 Compulsorily Convertible Debentures of ₹100 each were converted to 25,000,000 Equity Shares and the same is held In Equity Shares as Strategic Investment.

### NOTE 42: OTHER DISCLOSURE

a. In light of section 135 of the Companies Act 2013, the Parent Company has incurred expenses on Corporate Social Responsibility (CSR) aggregating to ₹1,998,727/- (Previous year ₹1,873,837/-) for CSR activities carried out during the current year.

Particulars	For the year ended 31 <sup>st</sup> March, 2019 ₹	For the year ended 31 <sup>st</sup> March, 2018 ₹
a) Gross amount required to be spent by the company during the year	1,919,010	1,864,672
b) Amount spent during the year on the following		
1. Construction / acquisition of any asset	-	-
2. On purpose other than (1) above		
- Installation of Networking products in various schools	223,727	1,328,837
- Prime Minister's National Relief Fund	775,000	345,000
- Aspiring Entrepreneurs Workshop / mentoring sessions for educational institutions	500,000	200,000
- Education purpose	500,000	-
	<b>1,998,727</b>	<b>1,873,837</b>

## Notes forming part of the consolidated financial statements

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

Name of the Entity	Year Ended	Net Assets i.e. total assets minus total liabilities		Share in Profit or Loss	
		As % of consolidated net assets	Amount ₹	As % of consolidated profit or loss	Amount ₹
Smartlink Holdings Limited (Consolidated)	31.03.2019	100.00	2,465,389,653	100.00	(23,160,528)
	31.03.2018	100.00	3,160,550,181	100.00	(32,226,447)
<b>Parent</b>					
Smartlink Holdings Limited	31.03.2019	101.50	2,502,437,550	1,196.91	(277,210,623)
	31.03.2018	109.21	3,451,648,173	(341.39)	110,019,635
<b>Subsidiaries</b>					
Digisol Systems Limited	31.03.2019	4.35	107,215,191	341.80	(79,163,512)
	31.03.2018	(2.01)	(63,621,298)	362.92	(116,955,622)
Synegra EMS Limited	31.03.2019	(0.29)	(7,058,652)	93.02	(21,543,599)
	31.03.2018	0.46	14,484,948	98.12	(31,621,922)
Telesmart SCS Limited	31.03.2019	0.69	16,903,780	36.45	(8,442,316)
	31.03.2018	0.80	25,346,096	25.13	(8,097,810)
<b>Minority Interests in subsidiaries</b>					
Telesmart SCS Limited	31.03.2019	(0.19)	(4,655,166)	(7.29)	1,688,463
	31.03.2018	(0.20)	(6,343,629)	(2.66)	856,371
<b>Elimination and Adjustment due to Consolidation</b>					
	31.03.2019	(6.06)	(149,453,050)	(1,560.89)	361,511,059
	31.03.2018	(8.26)	(260,964,109)	(42.12)	13,572,901
<b>Total</b>					
	31.03.2019	100.00	2,465,389,653	100.00	(23,160,528)
	31.03.2018	100.00	3,160,550,181	100.00	(32,226,447)

c. Excise duty collected from customers against sales has been disclosed as a deduction from turnover. The excise duty related to the difference between the opening and closing stock of finished goods is disclosed separately in Note 27 in the statement of profit and loss as "Excise Duty".

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

Signature to notes 1 to 42

**For and on behalf of the Board of Directors of  
Smartlink Holdings Limited**  
CIN: L67100GA1993PLC001341

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

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

**Urjita Damle**  
Company Secretary

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

Mumbai, dated: 15<sup>th</sup> May, 2019









**Smartlink Holdings Ltd.**

Corporate Office:  
215 Atrium Building, Courtyard Marriott Compound,  
Andheri - Kurla Road, Andheri (East),  
Mumbai - 400093

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

# NOTICE

## SMARTLINK HOLDINGS LIMITED

(formerly known as Smartlink Network Systems Limited)

CIN: L67100GA1993PLC001341

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

Tel: 0832-2885400, Fax: 0832-2783395

Website: [www.smartlinkholdings.com](http://www.smartlinkholdings.com), E-mail id: [Company.Secretary@smartlinkholdings.com](mailto:Company.Secretary@smartlinkholdings.com)

Notice is hereby given that the Twenty Sixth Annual General Meeting of Smartlink Holdings Limited will be held on Saturday the 28<sup>th</sup> day of September, 2019 at 11:00 a.m. at the registered office of the Company at L-7, Verna Industrial Estate, Verna, Salcete, Goa, 403722 to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the Audited Standalone and consolidated Financial Statements of the Company for the year ended 31<sup>st</sup> March, 2019, together with the Report of the Board of Directors and Auditors thereon;
2. To re-appoint Mr. K. R. Naik (holding DIN 00002013), who retires by rotation and being eligible, offers himself for re-appointment.

### SPECIAL BUSINESS:

3. To consider and if thought fit, to pass, the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 196, 197 and any other applicable provisions of the Companies Act, 2013 and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule V to the Companies Act, 2013 and subject to the requisite approval of the Central Government, if any required, the consent of the members be and is hereby accorded for appointment of Ms. Arati Naik (holding DIN 06965985) as a Whole Time Director designated as Executive Director of the Company for a period of three years with effect from 1<sup>st</sup> April, 2019 on the terms and conditions including remuneration set out in the explanatory statement and statement of material facts annexed to the Notice convening this Meeting, with liberty and power to the Board of Directors (hereinafter referred to as 'the Board' which expression shall also include the Nomination and Remuneration Committee of the Board) in the exercise of its discretion, to grant increments and to alter and vary from time to time the terms and conditions of the said appointment, subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof.

**RESOLVED FURTHER THAT**, the consent of the Company be and is hereby accorded to approve/ratify the remuneration paid / payable to Ms. Arati Naik as a Wholetime Director designated as Executive Director of the Company for a period from 1<sup>st</sup> April, 2019 upto 31<sup>st</sup> March, 2022 as set out in the explanatory statement and statement of material facts annexed to the Notice convening this Meeting.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary, proper, expedient or desirable to give effect to this Resolution and/or to make modification as may be deemed to be in the best interest of the Company."

4. To consider and if thought fit, to pass, the following resolution as a Special Resolution:

**"RESOLVED THAT**, in accordance with the provisions of section 197, 198 and all other applicable provisions, if any, read with Schedule V of the Companies Act, 2013, including any statutory modification(s) or re-enactment thereof, for the time being in force, approval of the members be and is hereby accorded for re-appointment of Mr. K. R. Naik (holding DIN 00002013) as an Executive Chairman (Wholetime Director) of the Company for a further period of five years with effect from 26<sup>th</sup> December, 2019 on terms and conditions including remuneration set out in the explanatory statement and statement of material facts annexed to the Notice convening this Meeting, with liberty and power to the Board of Directors (hereinafter referred to as 'the Board' which expression shall also include the Nomination and Remuneration Committee of the Board) in the exercise of its discretion, to grant increments and to alter and vary from time to time the terms and conditions of the said appointment, subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof.

**RESOLVED FURTHER THAT** pursuant to section 196(3)(a) of the Companies Act, 2013, the consent of members of the Company be and is hereby accorded for re-appointing Mr. K. R. Naik (DIN 00002013) as an Executive Chairman of the Company who has crossed 70 years of age.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary, proper, expedient or desirable to give effect to this resolution and/or to make modification as may be deemed to be in the best interest of the Company."

5. To consider, and if thought fit, to pass, the following Resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013

("Act") and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 Mr. Pankaj Baliga (holding DIN 00002864) be and is hereby re-appointed as an Independent Director of the Company to hold office for second term of five consecutive years with effect from 1<sup>st</sup> April, 2019 to 31<sup>st</sup> March, 2024.

**RESOLVED FURTHER THAT** pursuant to provisions of regulation 17 (1A) of the SEBI (Listing Obligations and Disclosure Requirements) 2018, consent of members of the Company be and is hereby accorded for re-appointing Mr. Pankaj Baliga as Independent Director the Company as he will be attaining 75 years of age during the term of his appointment.

**RESOLVED FURTHER THAT** any Director and/or the Company Secretary of the Company be and is hereby authorized to do all acts, deeds and things including filings and take steps as may be deemed necessary, proper or expedient to give effect to this Resolution and matters incidental thereto."

6. To consider, and if thought fit, to pass, the following Resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 ("Act") and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. K. M. Gaonkar (holding DIN 00002425) as an Independent Director of the Company to hold office for second term of five consecutive years with effect from 1<sup>st</sup> April, 2019 to 31<sup>st</sup> March, 2024.

**RESOLVED FURTHER THAT** any Director and/or the Company Secretary of the Company be and is hereby authorized to do all acts, deeds and things including filings and take steps as maybe deemed necessary, proper or expedient to give effect to this Resolution and matters incidental thereto."

7. To consider, and if thought fit, to pass, the following Resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 ("Act") and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Bhanubhai Patel (holding DIN 00223115) as an Independent Director of the Company to hold office for second term of five consecutive years with effect from 09<sup>th</sup> September, 2019 upto 08<sup>th</sup> September, 2024.

**RESOLVED FURTHER THAT** any Director and/or the Company Secretary of the Company be and is hereby authorized to do all acts, deeds and things including filings and take steps as may be deemed necessary, proper or expedient to give effect to this Resolution and matters incidental thereto."

### NOTES:

1. The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("Act") setting out material facts concerning the business under Item Nos.3 to 7 of the Notice, is annexed hereto.

The relevant details, pursuant to Regulations 26(4) and 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, in respect of Directors seeking appointment/re-appointment at this Annual General Meeting ("AGM") are also mentioned.

2. 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 an aggregate not more than 10% of the total share capital 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.

THE INSTRUMENT APPOINTING THE 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. Proxies submitted on behalf of the Companies, societies, etc. must be supported by an appropriate resolution/authority, as applicable.

3. 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.

4. The Company's Registrar & Share Transfer Agents (RTA) are:  
 Karvy Fintech Private Limited  
 Karvy Selenium Tower B, Plot No 31 & 32, Gachibowli,  
 Financial District, Nanakramguda, Serilingampally,  
 Hyderabad - 500 032  
 Email: [einward.ris@karvyfintech.com](mailto:einward.ris@karvyfintech.com)
5. Shareholders are requested to notify any change of address:
- to their Depository Participants (DPs) in respect of the shares held in Demat form, and
  - to the Company to its Legal Department at the Registered Office at Verna, Goa in respect of the shares held in physical form.
  - In case the mailing address mentioned on this Annual Report is without the PINCODE, inform your DP or the Company, as mentioned above.
6. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Company's Registrars and Transfer Agents, Karvy for assistance in this regard.
7. The Register of members and share Transfer Books of the Company shall remain closed from Tuesday, 17<sup>th</sup> September, 2019 to Tuesday, 24<sup>th</sup> September, 2019 (both days inclusive).
8. Members are requested to note that, dividends if not encashed for a consecutive period of 7 years from the date of transfer to Unpaid Dividend Account of the Company, are liable to be transferred to the Investor Education and Protection Fund (IEPF). The shares in respect of such unclaimed dividends are also liable to be transferred to the demat account of the IEPF Authority. Once the amount and shares are transferred by the Company to IEPF, no claim thereof shall lie against the Company. In view of this, Members are requested to claim their dividends from the Company, within the stipulated timeline. The Members, whose unclaimed dividends/shares have been transferred to IEPF, may claim the same by making an application to the IEPF Authority in Form No. IEPF-5 available on [www.iepf.gov.in](http://www.iepf.gov.in). For details, please refer to corporate governance report which is a part of Annual Report.
- The Company has uploaded the information in respect of the unclaimed amounts lying with the Company as on the date of 25<sup>th</sup> Annual General Meeting of the Company held on 7<sup>th</sup> August, 2018 on the website of IEPF viz. ([www.iepf.gov.in](http://www.iepf.gov.in)) and under "Investor Relations" on the website of the Company viz. [www.smartlinkholdings.com](http://www.smartlinkholdings.com).
9. Shareholders are advised to avail of the facility for receipt of future dividends (if any) through National Electronic Clearing Service (NECS). The NECS facility is available at the specified locations. Shareholders holding shares in electronic form are requested to contact their respective Depository Participant for availing NECS facility. The Company or its Registrar and Transfer Agent, Karvy Fintech 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 photo copy of your cheque leaf (to capture correct bank account no, IFSC Code and 9 digit MICR Code).
10. Members can avail 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 into M/s Karvy (RTA) at the above mentioned address.
11. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form to eliminate all risks associated with physical shares and for ease of portfolio management. Members can contact the Company or RTA for assistance in this regard.
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. Electronic copy of the Annual Report for 2018-19, the Notice of the 26<sup>th</sup> Annual General Meeting of the Company, instructions for e-voting, Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/ Depository Participants(s) for communication purposes unless any member has requested for a hardcopy of the same. For members who have not registered their mail address, physical copy of the Annual Report for 2018-19 is being sent in the permitted mode.
15. Members may also note that the Notice of the 26<sup>th</sup> Annual General Meeting and the Annual Report for 2018-19 are also available on the Company's website [www.smartlinkholdings.com](http://www.smartlinkholdings.com) for 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.
16. Registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, free of cost.
17. In Compliance with the provisions of Section 108 of the Act and Rule 20 of the Companies (Management and Administration) Amendment Rules, 2015 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, Company is pleased to provide its Members, the facility to exercise their right to vote at the AGM by electronic means and the business may be transacted through e-voting platform provided by Karvy on all resolutions set-forth in this Notice.
18. The Company has designated [Company.Secretary@smartlinkholdings.com](mailto:Company.Secretary@smartlinkholdings.com) e-mail id for quick Redressal of shareholders/investors grievances. Also if any shareholder requires a hard copy of the Report he can write to the Company at the above mentioned email address.
19. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act and the Register of Contracts or Arrangements in which the Directors are interested, maintained under Section 189 of the Act will be available for inspection by the members at the AGM.
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 RTA, if shares are held in physical mode or with the Depository Participant if the shares are held in electronic mode.
21. All the Members wishing to ask questions during the 26<sup>th</sup> Annual General Meeting should forward them to the registered office, 7 days before the date of Annual General Meeting.
22. General instructions/information for Members for voting on resolutions:
- A member can opt for only one mode of voting, i.e. either by e-voting or through poll at the AGM. In case of Member(s) who cast their votes by both modes, then voting done through e-voting shall prevail and the Ballot form of that member shall be treated as invalid.
  - Facility of voting through Poll paper shall also be made available at the Meeting. Members attending the Meeting, who have not already cast their vote by remote e-voting shall be able to exercise their right at the Meeting.
  - Member who have cast their vote by remote e-voting prior to the Meeting, may also attend the Meeting, but shall not be entitled to cast their vote again.
  - The voting rights of the Members shall be in proportion to their shareholding in paid up equity share capital of the Company, subject to the provision of section 108 of Companies Act, 2013 and rules made thereunder, as amended as on the cut-off date being 23<sup>rd</sup> August, 2019.
  - Any person who acquires shares of the company and becomes member of the company after dispatch of the notice and holding shares as of cut-off date i.e. 23<sup>rd</sup> August, 2019, may obtain the user ID and password for voting by sending request to [evoting@karvy.com](mailto:evoting@karvy.com).

## Statement pursuant to Section 102 of the Companies Act, 2013

### Item No. 3

The Board of Directors at their Meeting held on 1<sup>st</sup> February, 2019 had appointed Ms. Arati Naik as a Whole Time Director of the Company designated as Executive Director for a period of Three years w.e.f. 1<sup>st</sup> April, 2019; subject to approval of the Members of the Company in Annual General Meeting based on the recommendations of the Nomination and Remuneration Committee.

Ms. Arati Naik is a BE (Honours) in Computing Technology and MSc (Honours) in Business Information Systems from University of Bolton, United Kingdom.

Ms. Arati Naik had joined the Company in the year 2008. She was promoted as Chief Operating Officer of the Company in 2014. Consequent to the restructuring done in 2016, she resigned as COO from Smartlink on 26<sup>th</sup> October, 2016 and continued as Non-Executive Director of the Company. She was appointed as Wholetime Director designated as Chief Operating Officer of the Wholly owned Subsidiary namely Digisol Systems Limited w.e.f 10<sup>th</sup> October, 2016 which position she held till 31<sup>st</sup> March, 2019.

A summary of the material terms and conditions relating to appointment of Ms. Arati Naik as Whole Time Director are as follows:

Terms and conditions as approved by the Board of Directors for the period from 1<sup>st</sup> April, 2019 to 31<sup>st</sup> March, 2022 is as given below to be ratified by the members under Item No. 3

- a. Basic Salary of ₹ 1,25,000/- per month.
- b. HRA shall be ₹ 62,500/- per month.
- c. Other allowances per month shall not exceed ₹60,700/- per month.
- d. Medical Reimbursement, Conveyance Allowance, Provident Fund and such other additional perquisites which are applicable to senior executives of the Company.
- e. Either party may terminate this appointment by giving 2 months notice in writing

She is daughter of Mr. K. R. Naik, Promoter and Executive Chairman of the Company and holds 1,695,006 shares in the Company. Ms. Arati Naik, the appointee and Mr. K. R. Naik, relative to the appointee shall be deemed to be concerned and interested in the resolution. None of the other Directors or Key Managerial Personnel (KMP) or their relatives are concerned or interested in the resolution set out at Item No. 3.

The Board recommends the resolution set forth in Item no. 3 for the approval of the members.

#### Item No. 4

Mr. K. R. Naik was re-appointed as Executive Chairman of the Company w.e.f. 26<sup>th</sup> December, 2016 for a period of 3 years & is due for retirement on 25<sup>th</sup> December, 2019. It is now proposed to re-appoint Mr. K. R. Naik as an Executive Chairman (Wholetime Director) of the Company for a further period of 5 years upto 25<sup>th</sup> December, 2024. The Resolution and other terms and conditions of appointment require approval of the Company in General Meeting pursuant to provisions of section 197, 198 and all other applicable provisions, if any, read with Schedule V of the Companies Act, 2013, including any statutory modification(s) or re-enactment thereof, for the time being in force and the resolution set out in Item no.4 is intended for that purpose.

A summary of the material terms and conditions relating to appointment of Mr. K. R. Naik as Executive Chairman as approved by the Board of Directors for the period from 26<sup>th</sup> December, 2019 to 25<sup>th</sup> December, 2024 is as given below:

- a. Consolidated Remuneration: ₹ 6,25,000/- per month of which 50% will be fixed pay. Variable Pay/Performance Bonus shall be 50% of the consolidated remuneration and shall be decided by the Board/Nomination and Remuneration Committee.
- b. Other benefits: as applicable to Senior Executives of the Company.
- c. Termination: By giving the other party, two months notice.
- d. He shall be liable to retire by rotation.
- e. Total remuneration as above shall be subject to Schedule V of the Act.
- f. In case of no profits or inadequacy of profits in any financial year, the Company may pay remuneration to the Executive Chairman by way of Salary, perquisites and any other allowances as set out hereinabove subject to obtaining necessary approvals from Central Government.
- g. The terms and conditions of appointment and remuneration given herein may be altered and varied from time to time by the Board of Directors of the Company as it may in its discretion deem fit, so as not to exceed the limits specified in Schedule V to the Act (including and statutory modification or re-enactment thereof for the time being in force) or any amendments made thereto from time to time. Provided that the remuneration payable by way of consolidated salary and other benefits does not exceed the limits laid down in Section 197 and Schedule V of the Act, including any statutory modifications or re-enactments thereof.

#### Item No. 5

Mr. Pankaj Baliga was appointed as an Independent Director of the Company for a term of 5 (five) consecutive years up to 31<sup>st</sup> March 2019. Since Mr. Pankaj Baliga has completed his initial term as an Independent Director of the Company on 31<sup>st</sup> March 2019, he is eligible for re-appointment for one more term, on passing of a special resolution by the company. The Board of Directors, re-appointed him as an independent Director of the Company for a second term of 5 consecutive years w.e.f. 1<sup>st</sup> April 2019 up to 31<sup>st</sup> March 2024 and he shall not be liable to retire by rotation. The performance evaluation of the Independent Directors was conducted by the entire Board of Directors based on a structured questionnaire. The nomination and remuneration committee reviewed the terms of re-appointment and recommended to the Board of Directors for their consideration. His appointment was subject to the approval of members. Mr. Baliga has consented for re-appointment and confirmed that he does not suffer from any disqualifications which stand in the way of reappointment as an Independent Director.

He does not hold any shares in the Company. He holds Directorship in Digisol Systems Limited.

Presently Mr. Baliga is the 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.

Pursuant to provisions of regulation 17 (1A) of SEBI (Listing Obligations

and Disclosure Requirements) 2018, consent of members of the Company is hereby accorded for re-appointing Mr. Pankaj Baliga as Independent Director the Company as he will be attaining 75 years of age during the term of his appointment.

The Board of Directors of your Company recommend passing of the resolution in relation for re-appointment of Mr. Baliga, none of the other Directors and Key Managerial Personnel of the Company and their relatives are in any way concerned or interested, whether financial or otherwise, in the resolution set out at Item No. 5 of the accompanying Notice for approval of the members

#### Item No. 6

Mr. K. M. Gaonkar had joined the Board of Directors of the Company in May, 2000. He was appointed as an Independent Director of the Company for a term of 5 (five) consecutive years up to 31<sup>st</sup> March 2019. Since Mr. Gaonkar has completed his initial term as an Independent Director of the Company, he is eligible for re-appointment for one more term, on passing of a special resolution by the company. The Board of Directors, re-appointed him as an independent Director of the Company for a second term of 5 consecutive years w.e.f. 1<sup>st</sup> April 2019 up to 31<sup>st</sup> March 2024 and he shall not be liable to retire by rotation. The performance evaluation of the Independent Directors was conducted by the entire Board of Directors based on a structured questionnaire. The nomination and remuneration committee reviewed the terms of re-appointment and recommended to the Board of Directors for their consideration. His appointment was subject to the approval of members. Mr. Gaonkar has consented for re-appointment and confirmed that he does not suffer from any disqualifications which stand in the way of reappointment as an Independent Director.

He holds 23,319 shares in the Company. He holds Directorship in Synegra EMS Limited and Telesmart SCS Limited.

Presently Mr. Gaonkar 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.

The Board of Directors of your Company recommend passing of the resolution in relation for re-appointment of Mr. K. M. Gaonkar. None of the other Directors and Key Managerial Personnel and their relatives are in any way concerned or interested, whether pecuniary or otherwise, in the resolution set out at Item No. 6 of the accompanying Notice for approval of the members.

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

#### Item No: 7

Mr. Bhanubhai Patel had joined the Board of Directors of the Company in 2014. He was appointed as an Independent Director of the Company for a term of 5 (five) consecutive years up to 08<sup>th</sup> September, 2019. Since Mr. Patel has completed his initial term as an Independent Director of the Company, he is eligible for re-appointment for one more term, on passing of a special resolution by the company. The Board of Directors, re-appointed him as an independent Director of the Company for a second term of 5 consecutive years w.e.f. 09<sup>th</sup> September, 2019 up to 08<sup>th</sup> September, 2024 and he shall not be liable to retire by rotation. The performance evaluation of the Independent Directors was conducted by the entire Board of Directors based on a structured questionnaire. The nomination and remuneration committee reviewed the terms of re-appointment and recommended to the Board of Directors for their consideration. His appointment was subject to the approval of members. Mr. Patel has consented for re-appointment and confirmed that he does not suffer from any disqualifications which stand in the way of reappointment as an Independent Director.

He does not hold any shares in the Company.

Presently Mr. Patel is the Member of the Audit Committee and the Chairman of Corporate Social Responsibility Committee of the Board of Directors of the Company.

The Board of Directors of your Company recommend passing of the resolution in relation for re-appointment of Mr. Baliga, none of the other Directors and Key Managerial Personnel of the Company and their relatives are in any way concerned or interested, whether financial or otherwise, in the resolution set out at Item No. 7 of the accompanying Notice for approval of the members

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

By order of the Board

Place : Mumbai  
Dated : 28<sup>th</sup> August, 2019  
Regd. Add: L-7, Verna Industrial Estate, Verna,  
Salcete, Goa - 403722

Urjita Damle  
Company Secretary

**Details of Directors seeking appointment/reappointment at the 26<sup>th</sup> Annual General Meeting  
(Pursuant to Regulation 36(3) of SEBI Listing Regulations 2015)**

Name of Directors	Arati Naik	Kamalaksha Naik	Krishnanand Maruti Gaonkar	Pankaj Baliga	Bhanubhai Patel
Date of Birth	14/08/1984	19/11/1947	10/09/1952	18/10/1946	14/09/1957
Date of Appointment	09/09/2014	31/03/1993	24/05/2000	22/12/2005	09/09/2014
Brief Resume	Ms. Arati Naik had joined the Company in the year 2008. Subsequently she was promoted as Business Development Manager, Global markets until 2013. Consequent to the resignation of Mr. Bimalraj Haridas, in June, 2014 she was promoted as Chief Operating Officer of the Company. She resigned as COO from Smartlink on 26 <sup>th</sup> October, 2016 and continued as Non-Executive Director of the Company. She was appointed as Wholetime Director designated as Chief Operating Officer of the Wholly owned Subsidiary namely Digisol Systems Limited w.e.f 10 <sup>th</sup> October, 2016 upto 31 <sup>st</sup> March, 2019.	Mr. K. R. Naik is the founder of Smartlink Holdings Limited. He joined the Company as the Director on 31 <sup>st</sup> March 1993. His vision to be a leading player in the Digitally connected world, by offering a complete value proposition from product design to customer delight. He has over four decades of experience in the networking industry. He holds a Post Graduate Degree in Industrial Engg. from Jhunjunwala College, Mumbai and a Diploma in Business Management from Jamnalal Bajaj Institute of Management, Mumbai. He started his career with IBM India and worked in the design and development of parts and products in IBM.	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. 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.	Mr. Bhanubhai Patel holds a Bachelors Degree in Commerce and General Law and is a Member of the Institute of Chartered Accountants of India. He has more than 30 years of experience in the field of Finance and General Management. He has worked with Indian Xerographic Systems Ltd. (a Modi-Xerox Joint Venture) for 10 years and for last 21 years with Oerlikon Textile India Pvt. Ltd. (part of a Swiss based Oerlikon Group) in various capacities where presently he is holding the position of Joint Managing Director.
Disclosure of relationship between Director inter-se	Daughter of Mr. K. R. Naik, Executive Chairman of the Company	Related to Ms. Arati Naik, Executive Director of the Company	None	None	None
Names of the listed entities in which she/he holds directorships.	None	None	None	None	None
Chairman/Member of the Committee(s) of Board of Directors of other listed Entities.	None	None	None	None	None
Shareholding in the Company	16,95,006	84,95,878	Nil	Nil	Nil
No of meetings attended	5	6	5	6	6

By order of the Board

Place : Mumbai  
Dated : 28<sup>th</sup> August, 2019  
Regd Add: L-7, Verna Industrial Estate, Verna,  
Salcete, Goa - 403722

Urjita Damle  
Company Secretary

# ATTENDANCE SLIP

## SMARTLINK HOLDINGS LIMITED

(Formerly known as Smartlink Network Systems Limited)  
**Registered Office:** L-7, Verna Industrial Estate, Verna, Salcete, Goa - 403722 • **CIN:** L67100GA1993PLC001341  
**Tel:** 0832-2885400, **Fax:** 0832-2783395 • **Website:** www.smartlinkholdings.com • **Email id:** Company.Secretary@smartlinkholdings.com

**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.

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

Name and Address of the Shareholder: \_\_\_\_\_

I/We hereby record my / our presence at the 26th Annual General Meeting of the Company on Saturday, 28<sup>th</sup> day of September, 2019 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

.....cut here.....

## PROXY FORM

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

### SMARTLINK HOLDINGS LIMITED

(Formerly known as Smartlink Network Systems Limited)  
**Registered Office:** L-7, Verna Industrial Estate, Verna, Salcete, Goa - 403722 • **CIN:** L67100GA1993PLC001341  
**Tel:** 0832-2885400, **Fax:** 0832-2783395 • **Website:** www.smartlinkholdings.com • **Email id:** Company.Secretary@smartlinkholdings.com

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 Holdings 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 26th Annual General Meeting of the Company, to be held on Saturday, 28th day of September, 2019 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	Abstain
<b>ORDINARY BUSINESS</b>				
1.	To receive, consider, approve and adopt the Audited Standalone and consolidated Financial Statements of the Company for the year ended 31 <sup>st</sup> March, 2019, together with the Report of the Board of Directors and Auditors thereon			
2.	To re-appoint Mr. K. R. Naik (holding DIN 00002013), who retires by rotation and being eligible, offers himself for re-appointment			
<b>SPECIAL BUSINESS</b>				
3	To consider and if thought fit, to pass Ordinary Resolution for appointment of Ms. Arati Naik as Wholetime Director of the Company.			
4	To consider and if thought fit, to pass Special Resolution for re-appointment of Mr. K. R. Naik as an Executive Chairman of the Company for a further period of Five years.			
5	To consider and if thought fit, to pass Special Resolution for re-appointment of Mr. Pankaj Baliga as an Independent Director of the Company to hold office for second term of five consecutive years			
6	To consider and if thought fit, to pass Special Resolution for re-appointment of Mr. K. M. Gaonkar as an Independent Director of the Company to hold office for second term of five consecutive years			
7	To consider and if thought fit, to pass Special Resolution for re-appointment of Mr. Bhanubhai Patel as an Independent Director of the Company to hold office for second term of five consecutive years			

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2019 Signature of shareholder \_\_\_\_\_

\_\_\_\_\_  
Signature of First Proxy holder

\_\_\_\_\_  
Signature of Second Proxy holder

\_\_\_\_\_  
Signature of Third Proxy holder

Affix  
Revenue  
Stamp of  
not less  
than ₹ 1/-





.....cut here.....

**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 26<sup>th</sup> 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' 'Against' or 'Abstain' 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.

# SMARTLINK HOLDINGS LIMITED

(Formerly known as Smartlink Network Systems Limited)

CIN: L67100GA1993PLC001341

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

Tel: 0832-2885400, Fax: 0832-2783395

Website: [www.smartlinkholdings.com](http://www.smartlinkholdings.com) Email Id: [Company.Secretary@smartlinkholdings.com](mailto:Company.Secretary@smartlinkholdings.com)

Serial No.:

1. Folio Number / DP ID No. and Client ID No. :
2. Name :
3. Registered Address of the Sole/first named Member :
4. Name(s) of the Joint Holder(s), if any :

## Dear Shareholder(s)

Please find enclosed the Notice convening the 26th Annual General Meeting (**AGM**) of Smartlink Holdings Limited ('the Company') to be held on **Saturday, 28<sup>th</sup> September, 2019 at 11.00 A.M.** and the Annual Report for the Financial Year 2018-19.

The Company is offering remote e-voting facility to its Members enabling them to cast their votes electronically. The Company has appointed Karvy Fintech Private Limited ('**KCPL**', '**Karvy**' or '**Service Provider**') for facilitating remote e-voting to enable the Members to cast their votes electronically pursuant to section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended.

**In this regard, please find below USER ID and Password for remote e-voting:-**

EVEN (E-Voting Event Number)	USER ID	PASSWORD

**Note: Please turn over for detailed process and manner for e-voting.**

## The instructions and other information relating to remote e-voting are as under:

The instructions and other information relating to remote e-voting are as under:

- 1.A. In case a Member receiving an email from Karvy [for Members whose email IDs are registered with the Company / Depository Participant(s)]:
  - i) Launch internet browser by typing the URL: <https://evoting.karvy.com>
  - ii) **Enter the login credentials** (i.e., User ID and password mentioned above). Event No. followed by Folio No./ DP ID-Client ID will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.
  - iii) After entering these details appropriately, **Click on "LOGIN"**.
  - iv) You will now reach password change Menu wherein you are required to mandatorily **change your password**. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,\$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
  - v) You need to **login again** with the new credentials.
  - vi) On successful login, the system will prompt you to select the **"EVENT"** i.e. SMARTLINK HOLDINGS LIMITED.
  - vii) On the voting page, enter the number of shares (which represents the number of votes) as on the Cut Off Date under "FOR/ AGAINST" or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/ AGAINST" taken together should not exceed your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the shareholder does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
  - viii) Shareholders holding multiple folios / Demat accounts shall choose the voting process separately for each folios / Demat accounts.
  - ix) Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.
  - x) You may then cast your vote by selecting an appropriate option and **click on "Submit"**.
  - xi) A confirmation box will be displayed. **Click "OK" to confirm** else **"CANCEL" to modify**. Once you confirm, you will not be allowed to modify your vote. During the voting period, Members can login any numbers of times till they have voted on the Resolution(s).
  - xii) Corporate / Institutional Members (i.e. other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution / Authority Letter, etc. together with attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer at **e-mail ID: cs.sbhat@gmail.com** with a copy marked to **evoting@karvy.com**. The scanned image of the above mentioned documents should be in the naming format "Corporate Name\_ EVENT NO." The document should reach the Scrutinizer and such other person on or before Monday,
- B. In case of Members receiving physical copy of the AGM Notice by Post [for Members whose email IDs are not registered with the Company/ Depository Participant(s)]:
  - (i) User ID and initial password as provided above.
  - (ii) Please follow all steps from Sr. No. (i) to (xii) as mentioned in (A) above, to cast your vote.
2. In case a person has become the Member of the Company after the dispatch of AGM Notice but on or before the cut-off date i.e., 21<sup>st</sup> September, 2019 may write to the Karvy on the email Id [evoting@karvy.com](mailto:evoting@karvy.com) or to Mrs. C Shobha Anand, Contact No. 040-67162222, at [Unit: Smartlink Holdings Limited] Karvy Fintech Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032, requesting for the User ID and Password. After receipt of the above credentials, please follow all the steps from Sr. No. (i) to (xii) as mentioned in (A) above, to cast the vote.
3. The voting rights of the Members shall be in proportion to their shares of the paid up equity share capital of the Company, subject to the provisions of the section 108 of the Companies Act, 2013 and Rules made thereunder, as amended, as on the cut-off date, being 21<sup>st</sup> September, 2019.
4. The remote e-voting period commences on Wednesday, 25<sup>th</sup> September, 2019 at 10:00 a.m. and ends on Friday, 27<sup>th</sup> September, 2019, at 5:00 p.m. During this period, the Members of the Company holding shares in physical form or in dematerialized form, as on the cut-off date, being, 21<sup>st</sup> September, 2019 may cast their vote by electronic means in the manner and process set out hereinabove. The e-voting module shall be disabled for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently. Further, the Members who have cast their vote electronically shall not vote by way of poll at AGM.
5. In case of any query pertaining to e-voting, please visit Help & FAQ's section of <https://evoting.karvy.com> (Karvy's website) or contact Mrs. C Shobha Anand, Contact No. 040-67162222 at [Unit: Smartlink Holdings Limited] Karvy Fintech Private Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032.
6. The Board of Directors has appointed CS Shivaram Bhat, Practicing Company Secretary, as a Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
7. The Members who are entitled to vote but have not exercised their right to vote through remote e-voting or ballot may vote at the AGM through poll paper for all businesses specified in the accompanying Notice.
8. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, will first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and will make, not later than 48 hours from the conclusion of the AGM, a consolidated scrutiniser's report of the total votes cast in favour or against, if any, to the Chairperson or a person authorised by him in writing who shall countersign the same. The Chairperson or a person authorized by him in writing will declare the result of voting forthwith.
9. The Results shall be declared not later than 48 hours from the conclusion of the AGM of the Company and the resolution will be deemed to be passed on the AGM date subject to receipt of the requisite number of votes in favour of the Resolution(s).
10. The Results declared along with the Scrutinizer's Report(s) will be available on the website of the Company ([www.smartlinkholdings.com](http://www.smartlinkholdings.com)) and on the Service Provider's website (<https://evoting.karvy.com>) and will communicated to the BSE Limited and the National Stock Exchange of India Limited within 48 hours from the conclusion of the AGM.