

NOTICE

Notice is hereby given that the Twentieth Annual General Meeting of the Members of the Company will be held on Saturday, the 27th day of July, 2013, at the Registered Office of the Company at L-7, Verna Industrial Estate, Verna, Salcete, Goa, 403722 at 11:00 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the Audited Balance Sheet of the Company as at 31st March, 2013, and the Statement of Profit and Loss for the financial year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To declare Dividend for the year ended 31st March, 2013.
3. To appoint a director in place of Mr. K. M. Gaonkar who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a director in place of Mr. Pradeep Rane who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint M/s Deloitte Haskins & Sells, Chartered Accountants registration no. 117366W the retiring Auditors of the Company as Auditors, who shall hold office from the conclusion of this Annual General Meeting, until the conclusion of the next Annual General Meeting on such remuneration as shall be fixed by the Board of Directors.

SPECIAL BUSINESS:

6. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:
"RESOLVED THAT pursuant to Section 314(1) (b) of the Companies Act, 1956 as amended till date, consent of the shareholders be and is hereby accorded to holding and continuing to hold an office or place of profit to Ms. Arati K. Naik, relative of Mr. Kamalaksha R. Naik – Executive Chairman of the Company and to increase limits in monthly remuneration payable to her upto Rs.2,50,000/- (Rupees Two Lakh Fifty Thousand only) from existing Rs. 50,000/- (Rupees Fifty Thousand Only), with effect from 01st April, 2013 provided that the Board may from time to time determine the remuneration payable to Ms. Arati K. Naik subject to the limit of Rs.2,50,000/- per month and also be authorised to change the designation/ role which may be assigned to Ms. Arati K. Naik."

By order of the Board

Place: Mumbai
Dated: 30th April, 2013

K. G. Prabhu
Company Secretary

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. The Company's Registrar & Share Transfer Agents are:
M/s Karvy Computershare Private Limited
Plot No.17 to 24, Vittalrao Nagar,
Madhapur, Hyderabad - 500 081
Phone No. 040-44655000
Fax No. 040-23420814
Email: einward.ris@karvy.com
4. The Register of Members and the Share Transfer Books of the Company shall remain closed from 03rd July, 2013 to 10th July, 2013 (both days inclusive).
5. The dividend recommended by the Board, if approved by the shareholders at the Annual General Meeting, will be paid on or after 29th July, 2013 to those persons
 - (a) whose names appear as Beneficial Owners as at the end of the business hours on 02nd July, 2013 as per the list of beneficial owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of shares held in electronic form.
 - (b) whose names appear as Members in the Register of Members of the company after giving effect to valid share transfers, if any, in physical form lodged with the company / Registrar and Share Transfer Agents on or before 03rd July, 2013.

Smartlink Network Systems Ltd.

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

6. Pursuant to the provisions of section 205A (5) of the Companies Act, 1956, dividend declared for the financial year ended 31st March, 1996 and thereafter which remains unclaimed for a period of 7 years will be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to section 205C of the Companies Act, 1956. An amount of Rs. 3,71,775/- being unclaimed dividend for the financial year ended 31st March, 2005 was transferred on 21st August, 2012 and no claim lies against the Company in respect thereof.
7. Information in respect of such unclaimed dividend when due for transfer to the said Fund is given below:

Financial year ended	Date of declaration of dividend	Last date for claiming unpaid dividend	Due date for transfer to IEPF
31.03.2006	01.09.2006	31.08.2013	30.09.2013
31.03.2007	20.08.2007	19.08.2014	18.09.2014
31.03.2008	29.08.2008	28.08.2015	27.09.2015
31.03.2009	23.09.2009	22.09.2016	21.10.2016
31.03.2010	24.07.2010	23.07.2017	22.08.2017
31.03.2011	30.07.2011	29.07.2018	28.08.2018
31.03.2012 (Special Interim Dividend)	23.05.2011	22.05.2018	21.06.2018
31.03.2012	28.07.2012	27.07.2019	26.08.2019

Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on July 28, 2012 (date of last Annual General Meeting) on the website of the Company (www.smartlink.co.in), as also on the Ministry of Corporate Affairs website.

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

8. Securities and Exchange Board of India (SEBI) vide Circular Number CIR/MRD/DP/10/2013 dated 21st March 2013 issued to all Companies whose securities are listed on Stock Exchanges, has specified that for making cash payments to the investors, shall use approved electronic mode of payment viz., ECS, NEFT etc..
Shareholders are advised to avail of the facility for receipt of future dividends through Electronic Clearing Service (ECS). The ECS facility is available at the specified locations. Shareholders holding shares in dematerialized mode are requested to contact their respective DPs for availing ECS facility. Shareholders holding shares in physical form are requested to send a request letter for updating Bank Account No. with 9 digit MICR No. to our Registrar and Share Transfer Agent with Attested copy of your PAN Card and a Photocopy of your cheque leaf (to capture correct bank account no., IFSC Code and 9 digit MICR Code).
9. Members can avail of the nomination facility in respect of shares held by them pursuant to the provisions of Section 109A of the Companies Act, 1956. Members holding shares in physical form may send their nomination in the prescribed form No. 2B duly filled in to M/s Karvy Computershare Private Limited at the above mentioned address. Members holding shares in electronic form may contact their respective Depository Participant for availing this facility.

13. As required by Clause 49 of the listing agreement with the Stock Exchanges, the information relating to the Directors seeking Appointment/ Re-appointment at the Annual General Meeting is given below:

1.	Name of Directors	Mr. Krishnanand M. Gaonkar	Mr. Pradeep Rane
2.	Date of Birth	September 10, 1952	January 7, 1953
3.	Date of Appointment	May 24, 2000	December 26, 2006
4.	Brief profile	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. He was lastly reappointed at the AGM held on 24th July, 2010. He is member of Audit, Remuneration, Investors Grievances & Banking committee of the company.	Pradeep Rane is a retired Professional with over 32 years of Pharma - experience in Sales / Marketing, Strategic Business Planning & overall Business Management. He was lastly reappointed at the AGM held on 24th July, 2010. He is member of Audit & Remuneration committee of the company.
5.	Directorships held in other Public companies (excluding foreign companies and section 25 companies)	None	None
6.	Memberships/ Chairmanships of committees of other Public companies (includes only Audit Committee and Shareholders/ Investors Grievance Committee)	Nil	Nil
7.	Number of shares held in the Company	68,962 Equity Shares	Nil

11. 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 Share 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
12. To support the 'Green Initiative' in the Corporate Governance taken by the Ministry of Corporate Affairs, to contribute towards the Greener Environment and to receive all documents, Notices, including Annual Reports and other communications of the Company, investors should register their e-mail addresses with Karvy Computer Share Private Limited, if shares are held in physical mode or with the Depository Participant if the shares are held in electronic mode.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM No. 6:

The Shareholders by way of passing special resolution at their meeting held on 23rd September, 2009 had approved appointment of Ms. Arati K. Naik, daughter of Mr. K. R. Naik – Executive Chairman of the Company as Business Development Manager – Global Markets w.e.f 01st October, 2009 at a remuneration of Rs. 25,000/- per month and increase in her salary from time to time subject to a maximum Gross monthly salary not exceeding Rs. 50,000/-.

The Board at its meeting held on April 30, 2013 approved the limits of maximum remuneration payable to Arati Naik upto a sum not exceeding Rs.2,50,000/- per month. The said increase in the remuneration will be effective from 1st April, 2013. The proposal is in accordance with the provisions contained under Section 314(1) (b) of the Companies Act, 1956. The resolution authorizes the Board of directors to determine the quantum of remuneration payable to Ms. Arati K. Naik within the limit of Rs. 2,50,000/- per month.

Ms. Arati K. Naik is BE (Honours) in Computing Technology and MSc (Honours) in Business Information Systems from University of Bolton, United Kingdom.

Your Directors therefore recommend the passing of resolution at item No. 6 as a Special Resolution.

Mr. K. R. Naik, Executive Chairman of the Company is interested in the resolution mentioned under item no.6 as Ms. Arati Naik is his relative. None of the other Directors are in any way concerned or interested in the above resolution.



What's Next?

Smartlink Network Systems Ltd.
Annual Report **2012-13**

WHAT'S NEXT?

As economies become increasingly interconnected and interdependent, the world's historic and geographical divisions are becoming increasingly irrelevant. The world has gone from being connected to hyper-connected in the space of a decade. So what has caused the boundaries between people, economies and most importantly countries across the world to fade into oblivion? The key answer is technology. And within this, the power of internet has had a major influence on the world at large. The Internet has benefited many individuals, businesses, and countries by improving education through the democratization of information, allowing for economic growth through electronic commerce, and accelerating business innovation by enabling greater collaboration.

Smartlink has been at the forefront of this trend in the technology revolution since the last two decades. Over the years, our innovative products and solutions found ways to relay signals faster, farther, and cheaper, enabling thousands of entities to do business in areas where cables and wires cannot reach.

Our products bridge the digital divide by fundamentally changing the economics of deploying high performance networking products in under-served and under-penetrated wireless broadband access markets.

During these two decades, the sphere of influence of the "Smartlink community" has expanded across homes, retail sector, small businesses and mini industries.

We nurtured the concept of "connect and/to prosper" through the introduction of generic and tailor-made devices that facilitated reliable internet coverage as well as solutions that extended the network to fix

areas where there was a blind spot or limited access.

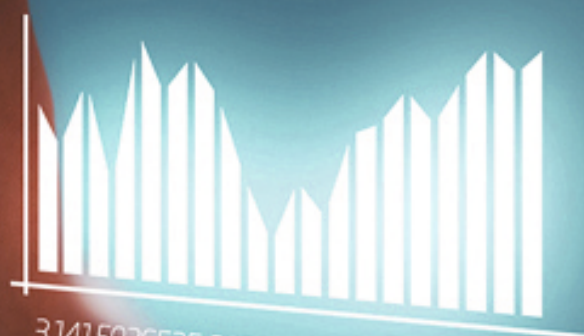
Our philosophy of "How can we help build relationships" has helped people to connect with others in a way that's easy, reliable, and fast, whether they live in the same house, across the country or even around the world from one another. At the time same, these devices have enabled people connect with the information, entertainment and communities most important to them.

The proliferation of connected devices, networks and other context-aware "things" results in an explosion of data. And IT departments will need to contend with people-to-people connections, people-to-machine, and machine-to-machine connections, resulting in a data differential. Only those organizations that adapt their business processes in order to analyze all that data and transform it into actionable information will reap the rewards.

Smartlink is happy to be a small catalyst in this interconnected world by providing technology, products and services that will change the face of the world in the future.




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The background of the page features a photograph of a modern building. The building has a light-colored, grid-like facade on the left and a curved glass facade on the right. The "smartlink" logo is visible on the left side of the building, with the word in black and a red graphic element to its right.

smartlink 



Vision

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

Mission

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

To encompass technological foresight with focused leadership.

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

Chairman's Message



Last year was a year of consolidation. We built a new team and sourced hundreds of products in the Active Networking area and various types of Motherboards and PC Peripherals which are now the main areas of our product line.

We have completed more than 20 years of operation in Goa. We started as "Smartlink Network Pvt. Ltd" leaving Mumbai operation of manufacturing Mother - boards, Add-on-Cards and Personal Computers in 1993, with an intention of growing in the IT networking area of business which had a strong growth potential in India and Worldwide.

After starting our new manufacturing facility with SMT Lines in Goa, we had several ventures by associating with companies from U.K., Taiwan & USA. We also took a strategic decision to change our company's name to aggressively promote a Taiwan brand, in low & mid-end of Active Networking products line. At the same time we also introduced many of our own developed products. We got listed and built relationship with shareholders, employees, customers and partners, with trust and mutual respect with honesty, ethics, & integrity. After the long journey, we demerged by giving away foreign brand, to have independent identity by renaming the company back to "Smartlink Network Systems Ltd". to promote our own Indian brands, DIGISOL & DIGILINK in Active & Passive range of Networking products. As mentioned in my last year's address, we transferred our home grown DIGILINK brand of Passive Networking product business to Schneider Electric, a French company.

Last year was a year of consolidation. We built a new team and sourced hundreds of products in the Active Networking area and various types of Motherboards and PC Peripherals which are now the main areas of our product line. While it was a tough year overall, I am glad that we consolidated and started regaining confidence of our people and customers on our new brands all over India.

Our performance in our first year of operation in the various brands was satisfactory taking into consideration the rebuilding efforts on people, partners and markets and creating acceptance of the brand with quality, service and price etc.

DIGISOL emerged as a strong player in the broadband, switching, and wireless networking area due to its end-to-end solution offering in the SOHO & HOME segment. We also introduced cloud based switching infrastructure management solutions for SME and SMB customers. We have introduced Layer 3 switches and Chassis switches to cater to mid and enterprise segment and are making an effort to deliver quality equipment's for the telecom sector in future.

As far as DIGILITE is concerned, we are one of the few companies manufacturing Motherboards locally in India. We have achieved a milestone of shipping 350,000+ motherboards in a short period of about 18 months since the launch of DIGILITE brand. Our three decades of experience in manufacturing motherboards, started with Intel 8086 chip set, this helped us to offer products of good quality and our DIGICARE service and support complimented it further. We are thankful to all our channel partners, OEM & Brand manufactures in showing confidence in our new brand DIGILITE.

Apart from DIGISOL & DIGILITE, our two product brands, we have put in lot of efforts in building our service brand "DIGICARE", an exclusive business unit with multi location presence all over India, not only to service our own products but also many well-known multinational brands.

DIGICARE is an excellent service Brand in the IT

industry. The main purpose of starting this brand was to service our own brands up to chip level and further to give us an edge over our competitors in the service aspect. We have been providing service to many well known International brand products and are TAPA certified in our country.

The last one year of operation has seen us rebuild our confidence in launching all three brands in India and the same has been appreciated by the IT Industry with many awards and recognitions coming our way. Having tested our performance by entering the market with new brands and utilizing our infrastructure right across India, we are trying to innovate and keep working on the latest technology while building products to increase our business growth, not only in today's business line but also for future products as we move forward. To this effect, we would be investing in new resources as well as upgrading our capabilities to suit the newer technology and trends.

Lastly I would like to take this opportunity to express my gratitude to all board members for their continued support & guidance. My thanks goes to everyone in my team for their commitment and dedication which enabled us to grow. A special thanks to our customers and shareholders for trusting & believing in our vision on growth.

Yours Sincerely

K R Naik
Executive Chairman
Smartlink Network Systems Ltd.

Business Overview

Smartlink Network Systems Ltd is a pioneer in the field for IT Networking Products and Technology and is one of the few companies to have a manufacturing facility for networking products in India. Smartlink's products straddle different areas of the communication spectrum including switching, Broadband routing, Wireless LAN & IP Surveillance. The other line of products include - Motherboards and PC peripherals. These Products are backed by a state of the art service division that offers after-sales service.

DIGISOL, DIGILITE and DIGICARE are Smartlink's brands that cater to the Networking, Motherboards and the Service and support market respectively. With a network of over 17 branch offices, 25 regional distributors, 180 Stockist partners, 222 System integrators and more than 5000 resellers across India, Smartlink delights the customers across the value chain starting from Small and Medium business segments to the Large scale and Enterprise market. Visit www.smartlink.co.in

DIGISOL

We are present in the Converged Communications Solutions offering products in the following areas:

- Switching
- Broadband Routing
- Wireless LAN
- Converged Communication
- IP Surveillance

Why DIGISOL?

- Over 150+ products across the IT Networking spectrum
- Over 2 decades of experience in the networking industry
- Own local manufacturing facility
- Research & Development division
- Pan India Distribution Channel
- Tech call support backed by inhouse service team

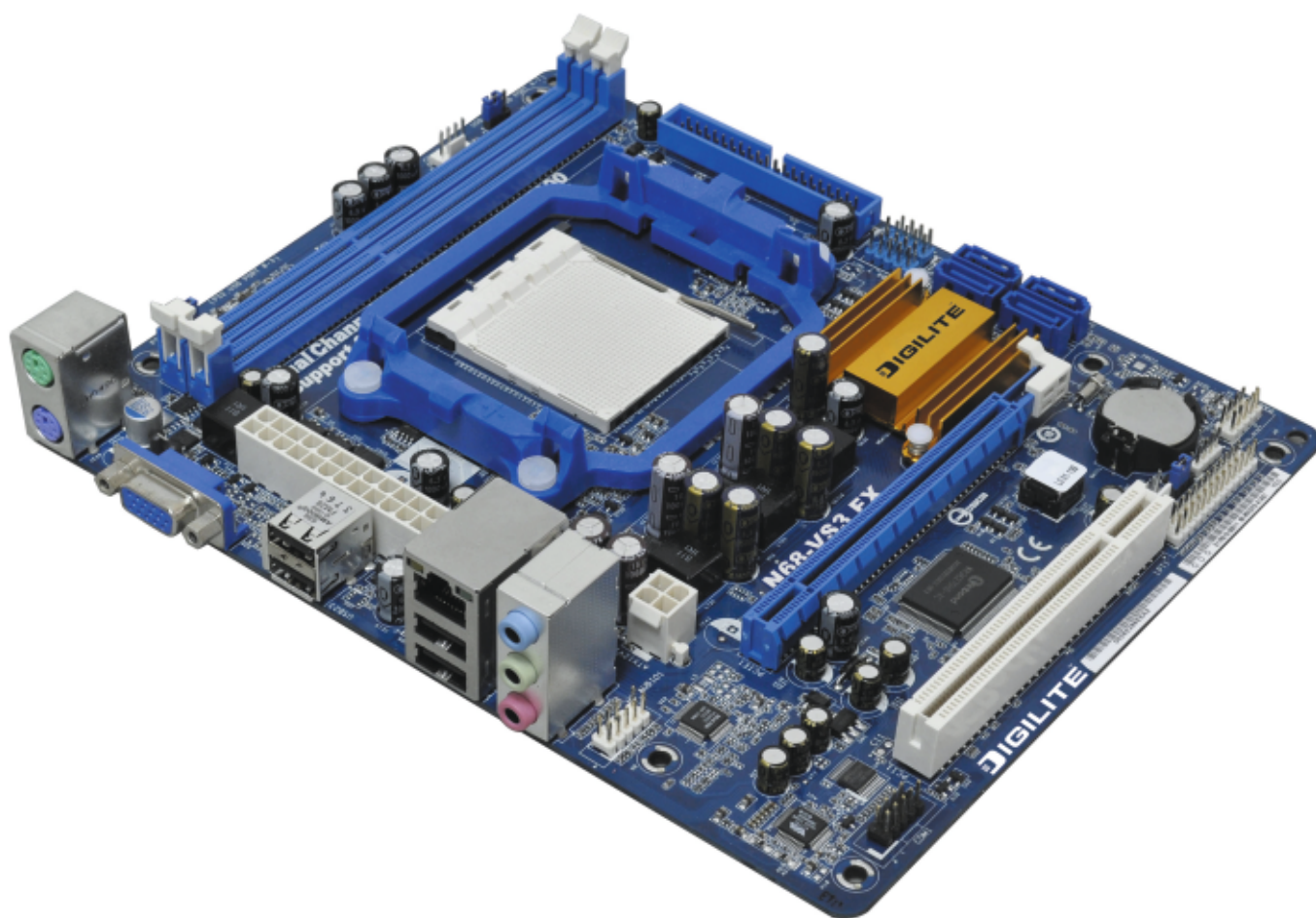


DIGILITE

- One of the fastest selling motherboard brands in India*
- Supported by dedicated tech team at BIOS and Chip level
- DIGILITE follows a robust INTEL & AMD roadmap on its latest products

Why DIGILITE?

- Complete range of motherboards with over 20+ models
- More than three decades of experience in manufacturing Motherboards
- Over 350,000+ Motherboards sold since inception
- Pan India distribution set up with loyal national & regional distributors
- Excellent Service & support provided by DIGICARE



DIGICARE

- DIGICARE is the service division of Smartlink and offers after-sales service.
- DIGICARE consists of:
 - RMA Service and Support Centre spread across 64 locations Pan-India
 - DTAC Technical Call Centre
- Supports international and domestic customers on voice, email and chat
- Supports Level 1, 2 and 3 troubleshooting in PC Motherboards, LAN adapters, Switches, Routers, Broadband, VoIP etc.

Why DIGICARE?

- High skill set for repair of networking products, motherboard, notebooks and LCD monitors
- State-of-the-art infrastructure and Skilled human resources
- Covers entire nation with 22 Direct RMA Centers and 42 service partners
- Unique Web based RMA online system 'iSMART' to monitor service activity
- Supports many other MNC brands



Electronic Manufacturing Services

Smartlink, has over 3 decades of experience in manufacturing of electronic products for IT, Networking and Telecom Industry. The existing manufacturing facility is located at Goa. It's strengths include:

- ISO9001 : 2008 and ISO 14001:2004 certified plants with highly versatile SMT lines.
- 1,20,000 Sq.ft Production Shop Floor area
- World Class Manufacturing Setup with Dust proof & Humidity controlled environment.
- SMT setup with unique integration backed up by highly skilled Personnel
- Availability of Latest technology Equipments like-ICT, BGA Rework machines, X-ray machine,
- Process Capability of Manufacturing of RoHS Products.
- BAR Code Shop Floor Control system for flawless process engineering.
- Committed to delivering quality with speed.

Benefits of Local Manufacturing

- Preferential treatment in Govt, PSU purchases
- Shorter lead times
- Component level service support
- Local product warranty
- Higher Value addition
- Cost benefits for planned purchases



Board of Directors



**K. R. Naik –
Executive Chairman**

Mr. K. R. Naik is the founder of Smartlink Network Systems Ltd. He joined the Company as the Director on 31st March, 1993. Mr. Naik has nearly 4 decades of experience in the networking industry. He holds a Post Graduate Degree in Industrial Engineering from Jhunjunwala college, Mumbai and a Diploma in Business Management from Jamnalal Bajaj Institute of Management, Mumbai. He started his career with IBM India and was part of the design and development of parts and products team. He is also a former President of MAIT.



Jangoo Dalal

Mr. Jangoo Dalal is an industry veteran and brings with him 25 years of industry experience from organizations like Wipro Infotech, Wipro British Telecom, Cisco Systems, erstwhile D-Link (India) Ltd. and Avaya India Pvt. Ltd. He holds a Bachelors Degree in Science and Master of Management Studies (MBA) with specialization in Marketing from Mumbai University.



Pradeep Rane

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



Pankaj Baliga

Mr. Pankaj Baliga has a Bachelors Degree in Engineering, NIT, Durgapur; Masters Degree in Business Administration, IIM, Ahmedabad and is a SPURS Fellow, Massachusetts Institute of Technology, U.S.A. He has more than 36 years of experience in Management of which for over 30 years with the Tata Group and the last 9 years at Tata Consultancy Services Ltd. (TCS), where he is presently a Consulting Advisor.



K. M. Gaonkar

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



Dattaraj Salgaocar

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

Awards & Recognitions



VAR INDIA SPECIAL AWARDS - 2012

Mr. K. R. Naik
Evangelist of the Year



CRN CHANNEL CHAMPION AWARDS - 2012

DIGISOL
No.1 in Home Networking



11TH STAR NITE AWARDS - 2012

Smartlink
Fastest growing Indian IT Company
DIGICARE
Best post sales care services



Infofriend AWARDS - 2012

DIGISOL
Fastest Growing Networking Brand



Infofriend AWARDS - 2012

DIGISOL
Best Green Adaptation of the Year



Infofriend AWARDS - 2012

DIGILITE
Best Upcoming Brand in Motherboard



NCN AWARDS - 2012

DIGISOL -
Most Channel Friendly
Networking Brand
DIGILITE-
Rising star in motherboards
DIGICARE-
Most Trustable service provider



VAR India WIITF AWARDS - 2012

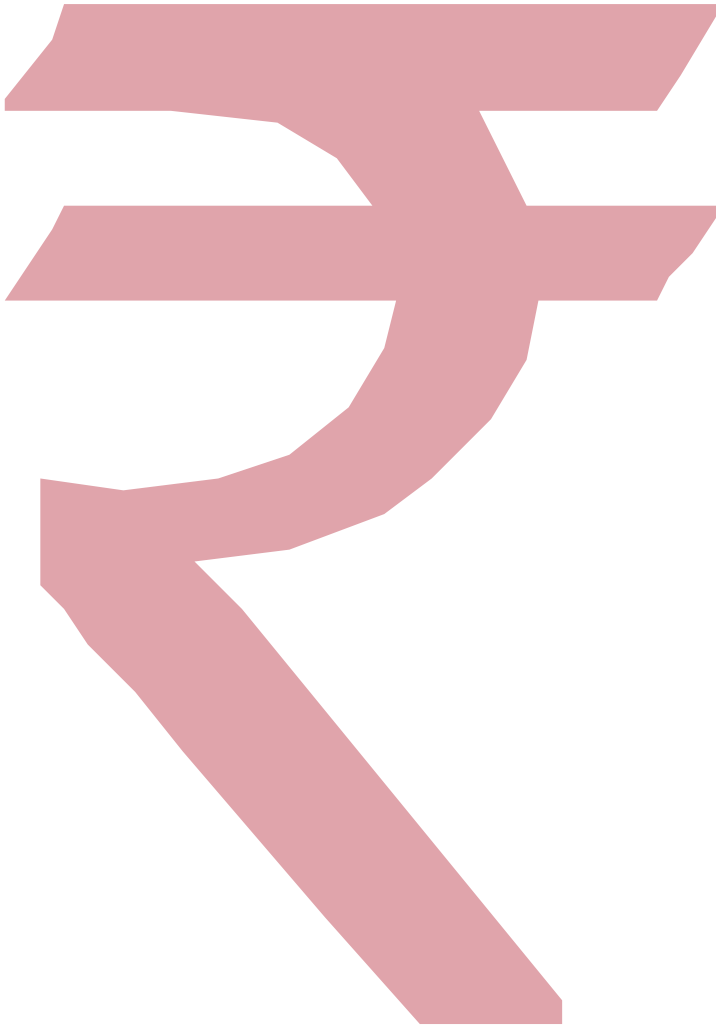
DIGICARE
Best Service Support
Western India



SME Channel Achievers Award - 2012

Smartlink
Top 10 SME Solution Vendor

FINANCIAL INFORMATION



Director's Report

TO THE MEMBERS,

The Board of Directors of your Company take pleasure in presenting their 20th Annual Report together with Audited Balance Sheet and Statement of Profit & Loss for the financial year ended 31st March, 2013. The summarised financials are as under:

1. FINANCIAL RESULTS AND APPROPRIATIONS

(₹ in Million)

	2012-13	2011-12
A. Continuing Operations		
Income from operations (Gross)	1214.48	727.81
Other Income	362.49	309.80
Profit / (Loss) Before Exceptional item, Depreciation and Tax	18.39	1.62
Add: Exceptional Item	-	4709.51
Profit / (Loss) Before Depreciation and Tax	18.39	4711.13
Less: Depreciation for the year	38.86	42.98
(Loss) / Profit Before Tax	(20.47)	4668.15
Less: Provision for Tax		
a) Current Tax	-	1017.50
b) Deferred Tax	-	(8.75)
c) Tax adjustment of Previous Year	(0.29)	1.35
(Loss) / Profit After Tax	(20.18)	3658.04
B. Discontinuing Operations		
Profit Before Tax from Discontinuing operations	-	7.73
Provision for Tax		
a) Current Tax	-	2.50
b) Deferred Tax	-	(1.21)
Profit after Tax from Discontinuing Operations	-	6.43
Net (Loss) / Profit for the Year	(20.18)	3664.48
Balance of profit brought forward	3294.69	1112.57
Amount available for Appropriations	3274.50	4777.05
Appropriations :		
- Transfer to General Reserve	-	366.45
- Special Interim Dividend	-	900.14
- Final Dividend	60.01	60.01
- Corporate Dividend Tax	10.20	155.76
Balance carried forward to Balance Sheet	3204.29	3294.69
Earnings per Share (₹)	(0.67)	122.13

2. SIGNIFICANT DEVELOPMENTS

In the financial year 2012-13, the company achieved an Income from operations of ₹ 1214.48 million representing a growth of 66.9% as compared to ₹ 727.81 million in the previous year.

Loss before Exceptional items and tax came down to ₹ 20.47 million for the year ending 31st March, 2013 as compared to ₹ 41.36 million in the previous year.

Loss after tax was ₹ 20.18 million for the year ended 31st March, 2013 as compared to Profit of ₹ 3664.48 million in the previous year (including Exceptional Item)

3. DIVIDEND

Your Directors have recommended for your consideration a dividend of ₹ 2/- per share (100%) for the year 2012-13.

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

4. MANAGEMENT DISCUSSION & ANALYSIS REPORT

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

5. CORPORATE GOVERNANCE

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

Disclosure on Voluntary Corporate Governance Guidelines

The Ministry of Corporate Affairs has issued a set of Voluntary guidelines called "Corporate Governance - Voluntary Guidelines 2009" in December, 2009. The Company is substantially complying with the recommendations on Audit committee and Whistle Blower policy as contained in the Voluntary Guidelines and is taking steps towards implementation of other guidelines.

6. AWARDS & RECOGNITION

The Company's products sold under the various brands have been acknowledged through numerous awards and prestigious accolades in 2012-13 and have been mentioned in the Management Discussion and Analysis Report.

7. DIRECTORS

Mr. K. M. Gaonkar and Mr. Pradeep Rane, Directors of the Company who retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

8. FIXED DEPOSITS

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

9. AUDITORS

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

10. COST AUDITOR

The Company has appointed Mr. D. H. Zaveri, Cost Accountant, as Cost Auditor for conducting the cost audit for the financial year ending March 31, 2013. Mr. D.H. Zaveri is also reappointed as Cost Auditor for the year ending March 31, 2014.

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

A. Conservation of Energy

Your Company's manufacturing facilities are certified with the ISO 14001 for Environmental Management System since 2001 and ISO 9001 for the Quality Management System since 1998 from UL DQS Inc. a leading international certification company.

The company continued with its effort in energy conservation during the year.

B. Research & Development & Technology Absorption

The Company has set high vision towards upgradation and absorption of new and the latest technologies in its wide Product Range.

Similarly your company is planning to upgrade the Test and Measurement facilities at the factory with some high end performance measuring equipments in various areas of wireless products.

C. Foreign Exchange Earnings and Outgo

Total foreign exchange earnings and outgo is stated in Note 38(e) forming part of the Accounts.

12. PARTICULARS OF EMPLOYEES

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

13. CONSOLIDATED FINANCIAL STATEMENTS

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

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

The information relating to the subsidiary company as required under the aforesaid circular is being provided by way of a separate note no. 34 in the consolidated financial statements. The Company will make available the Annual Accounts of the subsidiary company, M/s Smartlink Middle East FZE to any member/ investor of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary company are also available for inspection at the Registered Office of the Company.

14. DIRECTOR'S RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies (Amendment) Act, 2000, your Directors hereby state and confirm that:

- a. in the preparation of annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same.
- b. appropriate accounting policies have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2013 and the loss of the Company for the financial year ending on 31st March, 2013.
- c. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d. the annual accounts have been prepared on a 'going concern' basis.

15. ACKNOWLEDGEMENTS

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

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

For and on behalf of the Board

Place: Mumbai

Dated: 30th April, 2013

K. R. Naik

Executive Chairman

Management Discussion & Analysis

ECONOMIC OVERVIEW

In its most recent report, the IMF cut its 2013 forecast for global growth to 3.3% from its earlier projection of 3.5%. It also trimmed its 2014 forecast to 4% from 4.1%. The IMF also lowered its projection for economic growth in emerging economies to 5.3% in 2013 but painted a mixed picture for Asia's top economies.

Following the slowdown induced by the global financial crisis in 2008-09, the Indian economy had responded strongly to fiscal and monetary stimulus and achieved a growth rate of 8.6% and 9.3% respectively in 2009-10 and 2010-11. However, the higher inflation and the tight monetary policy coupled with global slowdown the growth rate has reduced significantly to 6.2 % in 2011-12 and to 5% in 2012-13.

Various measures have been announced in recent months aimed at reviving the Indian economy and to facilitate increase in corporate and infrastructure spending. With the global economy also likely to recover somewhat in 2013, the Indian economy's outlook for 2013-14 looks better than in the previous year. (*Source: Economic Survey 2012-13*)

IT SPEND – GLOBAL AND LOCAL

Worldwide IT spending is projected to total \$3.8 trillion in 2013, a 4.1% increase from 2012 spending of \$3.6 trillion, according to the latest forecast by Gartner, Inc.

Worldwide devices spending (which includes PCs, tablets, mobile phones and printers) is forecast to reach \$718 billion in 2013, up 7.9% from 2012 (see Table 1). Despite flat spending on PCs and a modest decline in spending on printers, a short-term boost to spending on premium mobile phones has driven an upward revision in the devices sector growth for 2013 from Gartner's previous forecast of 6.3 percent.

Table 1. Worldwide IT Spending Forecast
(Billions of U.S. Dollars)

	2012 Spending	2012 Growth (%)	2013 Spending	2013 Growth (%)	2014 Spending	2014 Growth (%)
Devices	665	9.0	718	7.9	758	5.7
Data Center Systems	141	1.9	146	3.7	152	4.0
Enterprise Software	279	3.5	297	6.4	316	6.7
IT Services	878	1.5	918	4.5	963	4.9
Telecom Services	1,655	-0.4	1,688	2.0	1,728	2.4
Overall IT	3,618	2.1	3,766	4.1	3,917	4.0

Source: Gartner (March 2013)

In Gartner's words, "The Nexus of Forces — social, mobile, cloud and information — are reshaping spending patterns across all the IT sectors. Consumers and enterprises will continue to purchase a mix of IT products and services; nothing is going away completely. There is a transition from PCs to Tablets and mobile phones, from servers to storage, from licensed software to cloud, and the shift in voice and data connections from fixed to mobile."

STATE OF THE HARDWARE MARKET

India is one of the fastest growing IT markets in the world and also the fastest growing PC market in the Asia-Pacific region.

The IT hardware requirement is huge due to many key drivers for growth. Indian Govt. is promoting local manufacturing by policy initiatives towards Preferential Market Access in various IT Hardware/Telecom Equipments for Domestically manufactured products.

The key drivers of the Indian IT hardware ecosystem are:

- Growth in per capita income and corporate spend on hardware
- Government focus on digital education.
- Increasing spending from IT services industry: IT and ITES industries continue to drive the demand for the IT equipment. With Indian firms adopting automation, the demand for IT equipment is increasing
- Need for innovative products at low cost

Let us focus on some key areas of the market which are of significance to our Company; the networking market and the motherboard market.

NETWORKING

India's market for networking hardware continues to grow, driven by factors such as higher PC penetration and adoption of IT by the Indian Government. India is the fastest-growing IT networking products market in the Asia-Pacific region. Wired connectivity is decreasing with high speed wireless connections are cropping up every day.

Mobility & Flexibility along with Speed has become a mantra for consumers, as they are constantly looking for products that offer them entire features.

Management Discussion & Analysis

This is one of the reasons why Wi-Fi computing and 3G products are gaining more and more popularity these days. In fact, they have almost become buzzwords amongst consumers and this phenomenon holds true in both consumer as well as enterprise space. Wireless connectivity is fast becoming a necessity and an integral part of every network. So be it campuses or businesses, wireless networks are now the most preferred choice for people to stay connected as it provides ease-of-use, mobility and flexibility. Wireless connectivity is rapidly becoming a utility.

The Banking, Financial Services and Insurance (BFSI) industry, together with the public sector, are the main drivers for enterprise networking expenditure. Some of the largest spenders in this market will continue to be the telecom and Government sectors. Banking is another vertical which will look at regular expansions for offering better access to their customers and employees. The ITeS vertical will also be a key buyer of networking equipment.

SWITCHES

The data switching market is the most matured amongst all of the IT infrastructure market in enterprise, SME & SOHO segments and is one of the long lasting data networks revenue stream.

The Indian switch market has transformed significantly with a wide adoption of world class IT networks across all verticals.

Large enterprises and service providers increased the demand for managed gigabit switches. Bandwidth intensive applications such as VoIP, video, etc. have resulted in demand for gigabit and Ethernet switches in low volumes but high value. The real push in terms of volumes will come with greater roll out of metro Ethernet networks.

MOTHERBOARD

The motherboard market worldwide is decreasing with more and more users switching to Note Book & Tablets as they are easy to use and operate. The size of the Indian motherboard market is estimated to be around 3.2 – 3.5 million units for the white-box PC market for 2013.

While the growth rate in the desktop market is not expected to be on par with that of mobile computers, innovations by motherboard makers is the primary reason for the sustenance of market.

While in class-A cities customers increasingly prefer laptops over desktops, white-box PCs are still preferred in smaller cities, towns and government projects. Vendors are trying to differentiate and gain share through aggressive bundling of processors and motherboards, Service and support is becoming a key to gain mindshare from channel partners.

There is a need to continuously introduce new products as even the most popular product is bound to experience obsolescence due to technological advancements and changing / increasing user requirements. For instance, most motherboard vendors are phasing out models with the older SATA 3 Gbits connectors, and replacing them with the new SATA 3.0 standard connectors that support 6 Gbits speed.

The Indian game user market is finally opening up. Almost all vendors are increasingly seeing the market for gaming PCs becoming a reality; from less than a couple of thousand units a month, the market size is estimated to have tripled.

There is an increasingly demand for motherboards which are energy-efficient as customers and partners are showing awareness for such products in line with the motto of 'Green is in'.

Business Overview

DIGISOL

The DIGISOL range of active networking products consolidated its position as an end to end solutions player offering a comprehensive product portfolio spanning ethernet switches, wireless and broadband networking and IP surveillance, etc. The company launched a number of products under the brand DIGISOL during FY 2013 keeping in view the ubiquitous requirements of devices being multi-functional, compact and easy to install while ensuring robust wireless security. The increasing use of mobile internet devices has necessitated networking products to provide wireless connectivity, enhance weak signals as well as enrich multimedia streaming user experience.

Amongst the products launched were a multi-function wireless broadband all-in-one Router which offers uninterrupted wireless coverage for home and office networking.

Another product for the same segment included a wireless Green 3G Broadband Router that enables communication between wireless and wired notebooks/desktop computers in a network and offers Internet connectivity to all the LAN users.

An important launch was an affordable cloud based Network Management/Monitoring of switches specially designed for SME and SMB customers. This was the first time that a company had introduced cloud based switching infrastructure management solutions for this market segment in India.

Given the current trend of people increasingly requiring uninterrupted wireless on the move, DIGISOL launched India's fastest wireless range booster for this segment. This unique device offers 3-in-1 functionality of Access point, Wireless Repeater and Wireless client.

DIGILITE

FY 2013 witnessed the completion of the first year of Smartlink's motherboard brand DIGILITE's presence in the Indian Market which extended to a shipment of 3,50,000 motherboards. On one hand, this achievement is a reflection of the confidence shown in the brand by channel partners and OEM customers; while on the other hand, it is an outcome of working closely with partners and customers.

In FY 2013, DIGILITE launched motherboards for various segments from the affordable home computing market to the more demanding and technologically-advanced world leaders in chips. For instance, the company designed a product with integrated AMD chip to provide 3D gaming experience.

Another product launched was with Intel for supporting 3rd and 2nd Generation Intel® Core™ i7 / i5 / i3 processors.

For the home computer market, DIGILITE introduced motherboards with inbuilt 1.8GHz Dual core Processor to provide a compelling yet energy-efficient computing experience to power the next generation of optimized desktop PCs.

Another value-added winning proposition from DIGILITE has been the extension of burnt warranty on new models of Motherboards. The company had announced the unique 'burnt warranty' on their models during launch in July 2011 wherein the company repairs/replace the motherboard that's burnt due to power fluctuation. This is both a reflection of the confidence that the company has in its product quality level as well as alleviating customer concern regarding the problem of voltage fluctuation in India.

DIGICARE

DIGICARE is a leading brand in providing high level repair / RMA services and Contact Center solutions to various OEMs. Through it's brand neutral service policies and strict adherence to Customer SLAs

DIGICARE has emerged as a preferred vendor to most of the OEMs. DIGICARE has evolved efficient, skilled and professional service infrastructure to cater to the latest technologies and increasing needs of Customers. It has 22 direct service centers and 42 Partner managed service centers across the country. All DIGICARE Centers are located in the main IT market of the town. DIGICARE Technical Assistance Center (DTAC) supports international and domestic customer support on voice, email and chat with a wide range of technologies and products. DTAC handles customer support, technical support, pre-sales and various other service requirements of its Customers and offers them the best Customer Experience.

DIGICARE has consistently been recognized for its quality work which is evident from the various awards being bestowed on it. In the last year, DIGICARE was awarded as the Best Service Provider in India by Cell IT, NCN and VAR India.

DIGICARE added ASUS to its customer list and has successfully rolled out repair services for ASUS in a short span of time. In addition to this, with the accomplishment of TAPA certification, only the fourth in the Country to be certified, DIGICARE added few more services in the basket of service being offered to INTEL. At present, DIGICARE is providing service support to Intel, Asus, MSI, Zotac, Asrock and Jetway.

With the exponential growth in the Telecom industry and the convergence of Mobility and IT products, DIGICARE is expanding its capability to support Notebooks, Tablets and Smartphones. In addition to this, DIGICARE is also expanding the DTAC operations to cater to the increasing needs of its Customers.

RISK FACTORS

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

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

The likelihood of Indian telecom operators investing a significantly lower proportion of their revenues over the next two years than their Chinese, Indonesian and Philippine counterparts even though the Indian,

Chinese, Philippines and Indonesian telecom markets are at approximately the same stage of data penetration.

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

In today's constantly changing markets, companies may opt to maintain and grow sales by selling at competitive prices. Products have become commoditized over time as alternative products become available or the number of suppliers offering the same product increases. This may require the vendors to sell software-based product offerings and value-added services in addition to network equipment as a way to drive margin expansion.

AWARDS AND RECOGNITIONS

Your organization has won numerous awards and accolades during the last year which is a testimony to the technical competency as well as the recognition of our brands in the industry. To mention a few:

- Digisol was awarded the fastest growing brand as well as the best green adaptation of the year 2012 by Infofriend.
- DIGILITE was honored with the best upcoming brand in the Motherboard segment for the year 2012 by Infofriend.
- National Computer New (NCN) bestowed awards on all our three brands DIGISOL, DIGILITE and DIGICARE for the most channel friendly networking brand, rising star in motherboards and most trustable service providers respectively for the year 2012.
- IT news magazine VAR India awarded Smartlink as the fastest growing IT company of the year as well as honouring DIGICARE as the best post sales service in 2012.
- Our Chairman Mr. K. R. Naik was also recognized as the evangelist of the year 2012 by VAR India. SME Channel conferred the title of Top 10 SME Solution vendor on Smartlink for the year 2012.
- In CRN Channel Champion Survey DIGISOL emerged as No. 1 Home Networking brand for the year 2012.
- DIGICARE got best service support award at VAR India WITTF awards 2012.

HUMAN RESOURCES

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

Smartlink Values at work:

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

Smartlink has always focused on developing the employee and enhancing their capabilities. The key element of Smartlink Human Resource strategy is to provide a working environment that encourages innovation, enhances work satisfaction and builds a merit-driven organization. The Company's human resource vision is to create a committed workforce through people-enabling processes and knowledge-sharing practices based upon its value system. As on March 31, 2013, the Company had 451 full time employees. Smartlink's future success will depend, in part, on its ability to continue to attract, retain and motivate highly qualified technical and management personnel, for whom competition is intense.

FINANCIAL PERFORMANCE

- **Revenue from Operations :** The Company's Revenue from Operations (Gross) was ₹ 1214.48 million for the current year as compared to ₹ 727.81 million for the previous year registering a growth of 66.9%.
- **Loss Before Tax and Exceptional Item :** Loss before tax and Exceptional item came down significantly to ₹ 20.47 million for the current year as compared to ₹ 41.36 million in the previous year.
- **Loss After Tax:** Loss after Tax of the Company was ₹ 20.18 million during the current year as compared to profit of ₹ 3664.48 million (including exceptional item) in the previous year.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACIES

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

Report on Corporate Governance

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

1. STATEMENT ON COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

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

2. BOARD OF DIRECTORS

A. Composition and Category of Directors

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

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

* Ceased as Director w.e.f. 28th July, 2012

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

Name of the Director	No. of Board Meetings Held	No. of Board Meetings attended	Attendance At last AGM
Mr. K. R. Naik	4	4	Present
Mr. Jangoo Dalal	4	4	Present
Mr. K.M. Gaonkar	4	4	Present
Mr. Pankaj Baliga	4	4	Present
Prof. R. T. Krishnan*	2	2	Present
Mr. Pradeep Rane	4	4	Present
Mr. Dattaraj Salgaocar	4	0	Absent

* Ceased as Director w.e.f. 28th July, 2012

Report on Corporate Governance

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

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

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

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

The gap between two Board Meetings did not exceed four months. Four Board Meetings were held during the Financial Year 2012-13 on the following dates:

May 8, 2012	October 25, 2012
July 27, 2012	January 30, 2013

3. AUDIT COMMITTEE

A. Terms of Reference

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

a) Powers of Audit Committee

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

b) Role of Audit Committee

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

6. Reviewing, with the Management, performance of the Statutory and Internal Auditors, and the adequacy of internal control systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure and frequency of the internal audit.
8. Discussion with Internal Auditors about any significant findings and follow up thereon.
9. Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
10. Discussion with Statutory Auditors before the audit commences, on the nature and scope of audit as well as, have post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
12. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

B. Composition

The composition of the Audit Committee is as under:

1. Mr. Pankaj Baliga- Chairman
2. Prof. R. T. Krishnan*
3. Mr. K. M. Gaonkar
4. Mr. Pradeep Rane

* upto the date of cessation i.e. 28th July, 2012

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

C. Meetings and Attendance during the year

Members	Meetings held	Meetings attended
Mr. Pankaj Baliga	4	4
Prof. R. T. Krishnan*	2	2
Mr. K. M. Gaonkar	4	4
Mr. Pradeep Rane	4	4

* Ceased as Director w.e.f. 28th July, 2012

4. REMUNERATION COMMITTEE

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

A. Terms of Reference

The Remuneration Committee has been constituted for determining the remuneration for all Executive Directors including the Executive Chairman and any compensation payments, such as retirement benefits or stock options and also to determine principles, criteria and the basis of remuneration policy of the company and shall also recommend and monitor the level and structure of pay for senior management, i.e. one level below the Board.

B. Composition

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

The Remuneration Committee meeting was held on July 28, 2012 during the year.

C. The remuneration paid to the Directors for the year ended 31st March 2013 is given below:

a. Executive Director

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

Salient features of terms of appointment;

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

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

In accordance with the resolution passed at the Annual General Meeting held on July 30, 2011 the shareholders approved the payment of commission not exceeding 1% of the net profits of the Company to Non-Executive Directors. For the financial year 2012-13 the Board has decided not to pay any commission to the Non-Executive Directors due to operating losses for the year.

In terms of Section 309(1) of the Companies Act, 1956, Mr. Jangoo Dalal, a Non-Executive Director, was appointed as a Product and Service Business Consultant w.e.f. April 1, 2012 for the period of 3 years. The same was approved by the shareholders at their meeting held on 22nd October, 2012.

Mr. Jangoo Dalal has been paid ₹ 51,49,085/- as professional fees during the period from April 1, 2012 to March 31, 2013.

c. Details of sitting fees paid to the Non Executive Directors for the period under review are as under

Non-Executive Directors	Sitting Fees
Mr. K. M. Gaonkar	₹ 1,90,000/-
Mr. Pankaj Baliga	₹ 1,90,000/-
Prof. R. T. Krishnan	₹ 80,000/-
Mr. Pradeep Rane	₹ 1,75,000/-
Mr. Jangoo Dalal	₹ 80,000/-
Mr. Dattaraj Salgaocar	Nil

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

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

Name of the Non-Executive Director	Number of Shares held	Amount of Dividend Paid towards Final Dividend 2011-12 (₹)
Mr. K. M. Gaonkar	78,962	1,57,924
Mr. Dattaraj Salgaocar	30,000	60,000
Mr. Pankaj Baliga	Nil	Nil
Prof. R. T. Krishnan	Nil	Nil
Mr. Pradeep Rane	Nil	Nil
Mr. Jangoo Dalal	60,000	1,20,000

5. SHAREHOLDER'S /INVESTORS GRIEVANCE COMMITTEE

A. Terms of Reference

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

B. Composition

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

C. Meetings and Attendance during the year

Members	Meetings held	Meetings attended
Mr. Pankaj Baliga	3	3
Mr. K. M. Gaonkar	3	3
Mr. K. R. Naik	3	0

The Investors Grievance Committee meetings were held on 05th October, 2012, 07th December, 2012 and 28th December, 2012 during the year.

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

During the year, the Company had received 106 complaints from the shareholders and the same were attended and resolved to the satisfaction of the shareholders.

6. GENERAL BODY MEETINGS

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

Location	Date	Time
L-7, Verna Industrial Estate, Verna, Salcete, Goa - 403722	July 28, 2012	11.00 a.m.
L-7, Verna Industrial Estate, Verna, Salcete, Goa - 403722	July 30, 2011	11.00 a.m.
L-7, Verna Electronic City, Verna Plateau, Verna, Goa - 403722	July 24, 2010	11.00 a.m.

B. Special Resolutions Passed

Extraordinary General Meeting: An Extraordinary General Meeting of the Shareholders of the Company was convened on 22nd October, 2012 and a Special Resolution was passed to approve the appointment of Mr. Jangoo Dalal, Non-Executive Director of the Company as Product and Service Business Consultant w.e.f. 01st April, 2012 for a period of 3 years with a remuneration of ₹ 50,00,000/- per annum plus applicable taxes.	
Whether Special Resolutions passed at the Last Annual General Meeting held on 28th July 2012	No
Whether Special Resolutions passed at the Annual General Meeting held on 30th July 2011 Special Resolutions passed by the company at the Annual General Meeting is as under: a) Payment of remuneration to the Non-Executive Directors of the company by way of commission in accordance with the provisions of section 198, 309 and all other applicable provisions of the Companies Act, 1956, a sum not exceeding 1% of the net profit as computed under the provisions of section 349 of the Companies Act, 1956 for a further period of 5 years commencing from the Financial Year beginning 01st April, 2011.	Yes

Whether Special Resolutions passed at the AGM held on July 24, 2010 Special Resolutions passed by the company at the Annual General Meeting are as under; a. Increase in payment of remuneration to the Non-Executive Directors of the company by way of commission in accordance with the provisions of section 198, 309 and all other applicable provisions of the Companies Act, 1956, a sum not exceeding 1% of the net profit as computed under the provisions of section 349 of the Companies Act, 1956.	Yes
C. Details of Ordinary Resolutions passed through Postal Ballot during the year	Nil
D. Are proposed to be conducted through postal ballot	No
Brief Procedure for Postal Ballot:	N.A

7. DISCLOSURES

- A.** Disclosure on materially significant related party transactions, i.e., transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company at large.
- Details of the transactions entered into with related parties have been disclosed in the financial statements. None of these have had any potential conflict with the interest of the Company.
- B.** Details of non-compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets during the last three years.
- None
- C.** The Company has complied with all mandatory requirements as stated in Clause 49 of the Listing Agreement.

8. MEANS OF COMMUNICATION

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

9. GENERAL SHAREHOLDER INFORMATION

1. Annual General Meeting

Date: 27th July, 2013

Time: 11:00 a.m.

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

2. Financial Year

Particulars	Date
First Quarter Results	On or before August 14, 2013
Second Quarter Results	On or before November 14, 2013
Third Quarter Results	On or before February 14, 2014
Fourth Quarter Results	On or before May 30, 2014

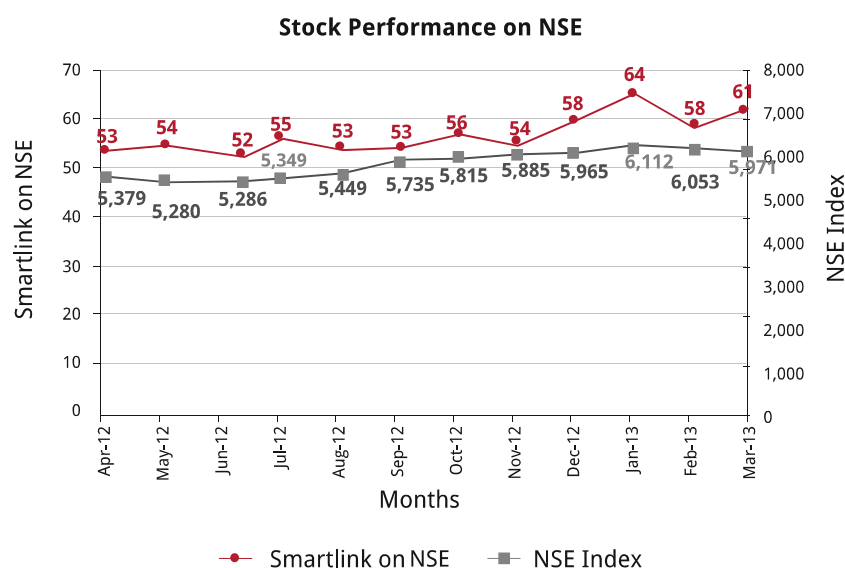
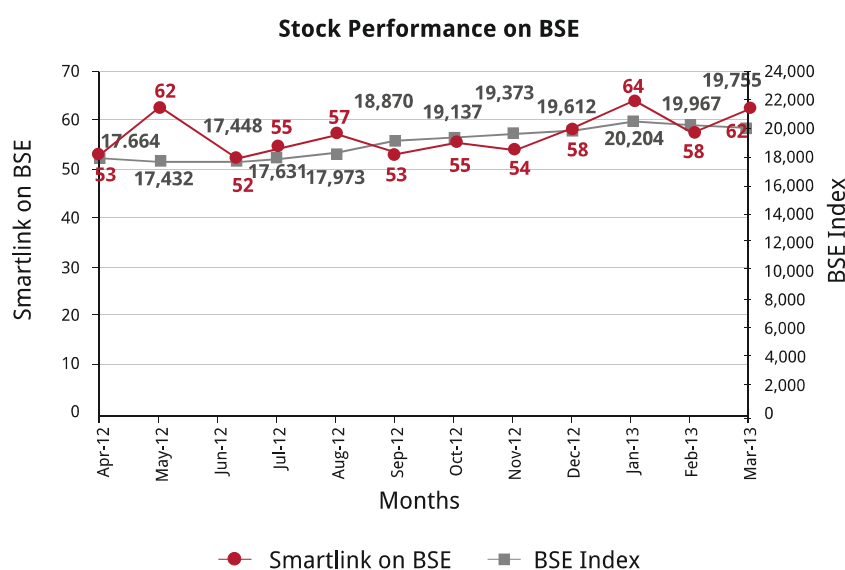
3. Dates of Book Closure

03rd July, 2013 to 10th July, 2013 (both days inclusive)

4. Market Price Data:

Stock High/Low price during each month in the last financial year 2012-2013 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-12	52.90	45.60	17,664.10	17,010.16	52.70	46.00	5378.75	5154.30
May-12	62.40	42.90	17,432.33	15,809.71	53.70	42.50	5279.60	4788.95
Jun-12	51.95	42.00	17,448.48	15,748.98	51.60	41.00	5286.25	4770.35
Jul-12	54.50	45.10	17,631.19	16,598.48	54.65	38.10	5348.55	5032.40
Aug-12	57.00	45.30	17,972.54	17,026.97	52.70	42.00	5448.60	5164.65
Sep-12	53.00	48.00	18,869.94	17,250.80	52.80	47.60	5735.15	5215.70
Oct-12	55.35	48.55	19,137.29	18,393.42	55.75	50.00	5815.35	4888.20
Nov-12	54.00	48.50	19,372.70	18,255.69	53.75	49.00	5885.25	5548.35
Dec-12	58.10	50.00	19,612.18	19,149.03	58.30	48.05	5965.15	5823.15
Jan-13	63.80	53.05	20,203.66	19,508.93	63.75	51.50	6111.80	5935.20
Feb-13	57.70	54.15	19,966.69	18,793.97	57.50	53.35	6052.95	5671.90
Mar-13	62.00	52.50	19,754.66	18,568.43	61.05	53.15	5971.20	5604.85



5. Dividend Payment Date

The Dividend payment will be made to all eligible shareholders on or after 29th July, 2013.

6. Listing on Stock Exchanges

The shares of the Company are listed on the Bombay Stock Exchange Ltd. and the National Stock Exchange of India Limited from April 11, 2001. The listing fees for the financial year 2013-14 to both these Stock Exchanges have been paid.

7. Stock Code

The Stock Exchange	Stock Code
Bombay Stock Exchange Limited	532419
National Stock Exchange of India Limited	SMARTLINK
ISIN Number for NSDL/CDSL	INE 178C01020

8. Registrar and Share Transfer Agents

Karvy Computershare Private Limited

Unit: Smartlink Network Systems Ltd.

Plot No.17 to 24, Vittalrao Nagar,

Madhapur, Hyderabad - 500 081

Phone No. 040-44655000

Fax No: 040-23420814

Email: einward.ris@karvy.com

9. Share Transfer System

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

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

10. Distribution of Shareholding

Distribution of Shareholding as on 31st March, 2013

Sr. No.	Category (Shares) From - To	Number of Shareholders	No. of Shares	% To Equity Capital
1	1 - 500	13,185	16,81,624	5.60
2	501 - 1000	788	6,58,737	2.20
3	1001 - 2000	328	5,15,256	1.71
4	2001 - 3000	107	2,72,301	0.91
5	3001 - 4000	41	1,48,807	0.50
6	4001 - 5000	51	2,42,852	0.81
7	5001 -10000	67	5,06,478	1.69
8	10001 and above	89	2,59,78,805	86.58
	TOTAL:	14,656	3,00,04,850	100.00

11. Shareholding Pattern as on March 31, 2013

Sr. No.	Category Of Shareholders	Total Holdings	Holdings in %
1	Shareholding of Promoter and Promoter Group	2,23,50,576	74.49
2	Financial Institutions / Banks	30	0.00
3	Bodies Corporate	9,80,936	3.27
4	Individuals	61,26,923	20.42
5	Clearing Members	6,258	0.02
6	Trusts	3,41,375	1.14
7	NRI's	1,98,752	0.66
	Total	30,004,850	100.00

12. Dematerialization of Shares and Liquidity

The total number of shares in dematerialized form as on 31st March, 2013 is 2,99,80,634 representing 99.92% of the total number of shares of the Company.

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

13. Plant Location

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

14. Address for Correspondence

Shareholders Correspondence should be addressed to:

The Company Secretary, Smartlink Network Systems Limited L-7, Verna Industrial Estate, Verna, Salcete, Goa - 403722 Phone Nos: 0832-2885450/451 Fax No : 0832-2783395 Email: Company.Secretary@smartlink.co.in	Karvy Computershare Private Limited Unit: Smartlink Network Systems Limited Registrars & Share Transfer Agents, Plot No.17 to 24, Vittalrao Nagar Madhapur, Hyderabad - 500 081 Phone No. 040-44655000 Fax No. 040-23420814 Email: einward.ris@karvy.com
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15. Whistle Blower Policy

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

16. Disclosure of General Information on Company's Website

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

17. Compliance with Mandatory & Non Mandatory requirements

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

For and on behalf of the Board

Mumbai
Dated: 30th April, 2013

K. R. Naik
Executive Chairman

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

To the members of **Smartlink Network Systems Limited**:

I have examined the compliance by SMARTLINK NETWORK SYSTEMS LIMITED (‘the Company’) of the requirements under Clause 49 of the Listing Agreement, entered into by the Company with the Stock Exchanges, for the year ended 31st March 2013.

In my opinion and to the best of my information and according to the explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of Listing Agreement.

The compliance of conditions of Corporate Governance is the responsibility of the management of the Company. My examination was limited to procedures adopted and implementation thereof, by the Company for ensuring compliance with the condition of Corporate Governance under Clause 49. The examination is neither an audit nor an expression of opinion on the financial statements of the Company.

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

Dr. K. R. Chandratre

Practising Company Secretary

FCS No. 1370 | Certificate of Practice No. 5144

30th April, 2013

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

I confirm that the Company has in respect of the financial year ended 31st March, 2013, received from all the members of the Senior Management of the Company and of the Board, a declaration of compliance with the code of conduct as provided under clause 49 of the listing agreement.

For Smartlink Network Systems Limited

K. R. Naik

Executive Chairman

Mumbai, Dated: 30th April 2013

Independent Auditors' Report on Standalone Financial Statements

To the Members of Smartlink Network Systems Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Smartlink Network Systems Limited (the Company), which comprise the Balance Sheet as at 31st March, 2013, the Statement of Profit and Loss and the Cash-Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 (the Act) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;
- b. in the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date and
- c. in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003, (the order) issued by the Central Government in terms of section 227 (4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as 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 Balance sheet, the Statement of Profit and Loss and the Cash-Flow statement comply with the Accounting Standards referred to in section 211(3C) of the Act.
 - e. On the basis of written representations received from the Directors as on 31st March, 2013 and taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For Deloitte Haskins & Sells
Chartered Accountants
(Registration no. 117366W)

A. B. Jani
Partner

Membership no. 46488

Mumbai
Dated : 30th April, 2013

Annexure to the Independent Auditors' Report

Re: Smartlink Network Systems Limited

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

- i. Having regard to the nature of the Company's business/activities, clauses (xiii) and (xiv) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable.
- ii. In respect of its fixed assets:
 - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
 - b. All the fixed assets have not been physically verified by the Management during the year but there is a regular programme of verification which, in our opinion is reasonable having regard to the size of the company and the nature of its assets. According to the information and explanation given to us, no material discrepancies were noticed on such verification;
 - c. The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- iii. In respect of its inventory:
 - a. The inventories have been physically verified during the year by the Management. In our opinion the frequency of verification is reasonable,
 - b. The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c. The Company is maintaining proper records of inventories and no material discrepancies were noticed on physical verification.
- iv. The Company has not granted or taken any loans, to/from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. Consequently, the requirements of clauses (iii) (a) to (iii) (g) of paragraph 4 of the Order are not applicable to the Company.
- v. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and the sale of goods/services. During the course of our audit, we have not observed any major weakness in such internal control system.
- vi. In our opinion and according to the information and explanation given to us, in respect of contracts or arrangements entered in the Register maintained in pursuance of section 301 of the Companies Act, 1956:
 - a. The particulars of contracts or arrangements referred to in Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
 - b. Where each of such transaction is in excess of ₹ 5 lakhs in respect of any party, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time.
- vii. The Company has not accepted deposits from the public.
- viii. In our opinion, the internal audit function carried out during the year, by a firm of Chartered Accountants appointed by the management have been commensurate with the size of the Company and the nature of its business.
- ix. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- x. According to the information and explanations given to us in respect of statutory dues:
 - a. The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues where applicable with the appropriate authorities.
 - b. There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2013 for a period of more than six months from the date they became payable.

- c. Details of dues of Custom Duty, Excise Duty and Cess which have not been deposited as on 31st March, 2013 on account of disputes are given below:

Name of the Statute	Nature of dues	Forum where dispute is pending	Financial Year to which amount relates	Amount (₹)
Customs Act, 1962	Customs Duty	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)	2004-2005	1,514,221/- (Net of ₹ 900,000/- of pre-deposit)
Customs Act, 1962	Penalty (Customs Duty)	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)	2004-2005	2,414,221/-
Customs Act, 1962	Customs Duty	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)	2000-2001 2001-2002 2002-2003 2003-2004 2004-2005 2005-2006	242,023,983/-
Central Excise Act, 1944	Excise Duty	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)	2004-2005	3,226,176/- (Net of ₹ 1,400,000/- of pre-deposit)
Central Excise Act, 1944	Penalty (Excise Duty)	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)	2004-2005	4,626,176/-
Central Excise Act, 1944	Excise Duty	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)	2001-2002 2002-2003 2003-2004 2004-2005	24,089,496/- (Net of ₹ 10,000,000/- of pre-deposit)
Central Excise Act, 1944	Penalty (Excise Duty)	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)	2001-2002 2002-2003 2003-2004 2004-2005	34,089,496/-
Central Excise Act, 1944	Penalty (Excise Duty)	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)	2004-2005	100,000/-
Central Excise Act, 1944	Penalty (Excise Duty)	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)	2004-2005	702,041/-

- xi. The Company does not have accumulated losses at the end of the financial year and has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- xii. According to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks.
- xiii. In our opinion and according to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiv. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xv. In our opinion and according to the information and explanations given to us, the Company has not obtained any term loan during the year and hence the question of commenting on application thereof does not arise.
- xvi. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, funds raised on short term basis have, prima facie, not been used during the year for long term investment.
- xvii. According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
- xviii. The Company has not issued debentures; hence the question of creating security or charge in respect thereof does not arise.
- xix. During the year, the Company has not raised money by public issue.
- xx. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company, was noticed or reported during the year.

For Deloitte Haskins & Sells
Chartered Accountants
(Registration no. 117366W)

A. B. Jani
Partner

Membership no. 46488

Mumbai
Dated : 30th April, 2013

Balance sheet as at 31st March, 2013

Particulars	Note No.	As at 31st March, 2013 (₹)	As at 31st March, 2012 (₹)
I EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) Share capital	3	60,009,700	60,009,700
(b) Employee stock options outstanding	38 (g)	13,715,716	13,715,716
(c) Reserves and surplus	4	4,080,075,814	4,171,234,039
		4,153,801,230	4,244,959,455
2. Non-current liabilities			
(a) Deferred tax liabilities (Net)	32	-	-
(b) Other long term liabilities	5	2,707,671	2,835,604
(c) Long-term provisions	6	6,954,098	7,811,213
		9,661,769	10,646,817
3. Current liabilities			
(a) Trade payables	7	203,823,869	120,959,455
(b) Other current liabilities	8	26,643,977	39,647,396
(c) Short-term provisions	9	73,345,697	74,167,340
		303,813,543	234,774,191
Total		4,467,276,542	4,490,380,463
II ASSETS			
1. Non-current assets			
(a) Fixed assets			
i. Tangible assets	10 a	286,886,706	295,952,231
ii. Intangible assets	10 b	7,489,192	10,807,917
iii. Capital work-in-progress	10 c	-	4,934,498
		294,375,898	311,694,646
(b) Non-current investments	11	22,791,754	18,208,800
(c) Long-term loans and advances	12	75,627,273	50,548,003
		392,794,925	380,451,449
2. Current assets			
(a) Current investments	13	2,684,707,165	1,586,210,626
(b) Inventories	14	159,503,000	329,591,169
(c) Trade receivables	15	250,709,651	156,473,127
(d) Cash and cash equivalents	16	861,498,511	1,901,721,487
(e) Short-term loans and advances	17	41,871,335	60,078,540
(f) Other current assets	18	76,191,955	75,854,065
		4,074,481,617	4,109,929,014
Total		4,467,276,542	4,490,380,463
See accompanying notes forming part of the Financial Statements			

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

A. B. Jani
Partner
Mumbai, dated : 30th April, 2013

For and on behalf of the Board

K. R. Naik
Executive Chairman

K. G. Prabhu
Company Secretary
Mumbai, dated : 30th April, 2013

K. M. Gaonkar
Director

Bhushan Prabhu
Chief Financial Officer

Statement of Profit and Loss for the year ended 31st March, 2013

Particulars	Note No.	For the year ended 31st March, 2013 (₹)	For the year ended 31st March, 2012 (₹)
A CONTINUING OPERATION			
I Revenue from operations (gross)	19	1,214,476,470	727,809,215
Less : Excise duty		39,419,061	33,894,600
Revenue from operations (net)		1,175,057,409	693,914,615
II Other income	20	362,490,329	309,799,136
III Total Revenue (I + II)		1,537,547,738	1,003,713,751
IV Expenses :			
Cost of raw materials consumed	36	273,200,261	291,772,691
Purchases of traded goods	37	620,309,016	339,167,466
Decrease / (Increase) in inventories of finished goods, work-in-progress and traded goods	21	70,966,826	(174,631,517)
Employee benefits expense	22	261,761,001	258,858,179
Finance costs	23	680,883	526,450
Depreciation and amortisation expenses	10 d	38,860,545	42,980,171
Other expenses	24	292,240,691	286,400,779
Total Expenses		1,558,019,223	1,045,074,219
V (Loss) before exceptional items and tax (III - IV)		(20,471,485)	(41,360,468)
VI Exceptional items	34	-	4,709,508,545
VII (Loss) / Profit before tax (V + VI)		(20,471,485)	4,668,148,077
VIII Tax Expenses			
- Current tax		-	1,017,500,000
- (Excess) / Short provision for taxes in respect of earlier years		(290,837)	1,354,741
- Net current tax expense		(290,837)	1,018,854,741
- Deferred tax		-	(8,747,173)
		(290,837)	1,010,107,568
IX (Loss) / Profit from continuing operations (after tax) (VII - VIII)		(20,180,648)	3,658,040,509
B DISCONTINUING OPERATIONS			
X Profit from discontinuing operations (before tax)	34	-	7,726,294
XI Tax expense of discontinuing operations			
- Current tax		-	2,500,000
- Deferred tax		-	(1,208,633)
		-	1,291,367
XII Profit from discontinuing operations (after tax) (X - XI)		-	6,434,927
XIII (Loss) / Profit for the year (IX + XII)		(20,180,648)	3,664,475,436
XIV Earnings per equity share (Face value of ₹ 2/- per share)			
Basic and Diluted	31	(0.67)	122.13
See accompanying notes forming part of the Financial Statements			

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

A. B. Jani
Partner
Mumbai, dated : 30th April, 2013

For and on behalf of the Board

K. R. Naik
Executive Chairman

K. G. Prabhu
Company Secretary
Mumbai, dated : 30th April, 2013

K. M. Gaonkar
Director

Bhushan Prabhu
Chief Financial Officer

Cash flow statement for the year ended 31st March, 2013

	For the year ended 31st March, 2013 (₹)	For the year ended 31st March, 2012 (₹)
A. Cash flows from operating activities		
(Loss) / Profit before tax	(20,471,485)	4,675,874,371
Adjustments for:		
Depreciation	38,860,545	44,953,064
(Profit) / Loss on sale of fixed assets (net)	(5,076,311)	2,104,375
(Profit) on sale of current investment (net)	(102,073,037)	(17,835,079)
Provision for diminution in value of current investments (net)	-	3,157,363
Provision for Gratuity written back	(1,734,681)	(2,625,809)
Provision for doubtful debts and advances	-	36,735
Bad debts written off	1,177,589	975,661
Sundry balances written off	720,995	2,366,240
Unrealised exchange differences	(2,820,533)	(2,060,230)
Provision for doubtful debts and advances written back	(1,551,292)	-
Provision for Leave encashment written back	(73,815)	(146,737)
Provision for diminution in value of current investments (net) written back	(3,264,493)	-
Provision for wealth tax	138,838	161,658
Profit on Sale of discontinued business (net)	-	(4,709,508,545)
Sundry balances written back	(320,636)	(991,075)
Interest and finance charges	680,883	526,450
Interest income	(161,138,150)	(110,466,187)
Dividend income	(59,627,625)	(171,657,011)
Operating (loss) before working capital changes	(316,573,208)	(285,134,756)
(Increase) / Decrease in trade receivables	(94,292,353)	19,720,965
Decrease / (Increase) in inventories	170,088,169	(359,519,644)
Decrease / (Increase) in loans and advances	12,973,498	(38,786,516)
Increase in trade and other payables	72,101,612	60,575,383
Cash (used in) / from operations	(155,702,282)	(603,144,568)
Direct taxes paid	(19,577,848)	(1,027,647,161)
Net cash (used in) operating activities	(175,280,130)	(1,630,791,729)
B. Cash flows from investing activities		
Purchase of fixed assets	(22,383,225)	(34,193,039)
Sale of fixed assets	5,148,511	446,911
Investment in subsidiary	(4,582,954)	-
Purchase of investments	(12,925,532,979)	(8,576,852,444)
Sale of investments	11,932,373,970	7,886,855,427
Bank balances not considered as Cash and cash equivalents		
Placed	(475,476,673)	(5,476,945,063)
Matured	1,472,010,361	3,701,018,000
Proceeds from sale of discontinued business	-	5,034,674,117
Dividend received	59,627,625	171,657,011
Interest received	160,800,260	35,504,168
Net cash (used in) / from investing activities	201,984,896	2,742,165,088
C. Cash flows from financing activities		
Dividend paid	(69,744,774)	(1,115,916,378)
Interest paid	(680,883)	(526,450)
Net cash (used in) financing activities	(70,425,657)	(1,116,442,828)
Net (Decrease) / Increase in cash and cash equivalents	(43,720,891)	(5,069,469)
Cash and cash equivalents at the beginning of the year	71,346,861	75,082,689
Effect of exchange differences on restatement of foreign currency Cash and cash equivalents.	31,603	1,333,641
Cash and cash equivalents at the end of the year	27,657,573	71,346,861

Notes:

- The Cash Flow Statement reflects the combined cash flows pertaining to continuing and discontinuing operations for the previous year (Refer note 34)
- Purchase of fixed assets are stated inclusive of movements of capital work in progress between the commencement and end of the year and are considered as part of investing activity.
- Reconciliation of Cash and cash equivalents :

Cash and cash equivalents (Refer note 16)	861,498,511	1,901,721,487
Less : Bank balances not considered as Cash and cash equivalents as defined in Accounting Standard (AS) 3 on 'Cash Flow Statements'		
In deposits accounts		
Original maturity more than 3 months	715,000,000	1,770,000,000
In earmarked accounts :		
Unpaid dividend accounts	1,902,692	2,700,196
Deposits held as security against letters of credit	114,646,673	54,620,857
Deposits held as margin money	2,291,573	3,053,573
Net Cash and cash equivalents as defined in AS-3 on 'Cash Flow Statements'	27,657,573	71,346,861

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

A. B. Jani
Partner
Mumbai, dated : 30th April, 2013

For and on behalf of the Board

K. R. Naik
Executive Chairman

K. G. Prabhu
Company Secretary
Mumbai, dated : 30th April, 2013

K. M. Gaonkar
Director

Bhushan Prabhu
Chief Financial Officer

Notes forming part of the financial statements

NOTE 1 : BACKGROUND OF THE COMPANY

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

NOTE 2 : SIGNIFICANT ACCOUNTING POLICIES

a. Basis of accounting and preparation of financial statements

The financial statements have been prepared to comply with generally accepted accounting principles in India, the Accounting Standards notified in the Companies (Accounting Standards) Rules 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared in the format prescribed by the Revised Schedule VI to the Companies Act, 1956.

b. Use of estimates

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

c. Fixed assets

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

d. Assets taken on Lease (Hire Purchase)

Assets taken on finance lease (including on hire purchase) on or after 1st April 2001 are accounted for as fixed assets in accordance with Accounting Standard 19 on "Leases", (AS 19). Accordingly, the assets have been accounted at fair value. Lease payments are apportioned between finance charge and reduction of outstanding liability.

e. Depreciation

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

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

f. Impairment of assets

At the end of each accounting period, the Company determines whether a provision should be made for impairment loss on fixed assets by considering the indications that an impairment loss may have occurred in accordance with Accounting Standard 28 on "Impairment of Assets". An impairment loss is charged to the Statement of Profit and Loss in the period in which, an asset is identified as impaired, when the carrying value of the asset exceeds its recoverable value. The impairment loss recognised in the prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

g. Investments

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

h. Inventories

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

- i. Raw materials, components, stores and spares - on weighted average basis.

Notes forming part of the financial statements

- ii. Work-in-progress and finished goods - on the basis of absorption costing comprising of direct costs and overheads other than financial charges.

i. Revenue recognition

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

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

Revenue from services is recognized when the services are rendered.

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive the same is established.

j. Employee Benefits

- i. Provident fund liability is determined on the basis of contribution as required under the statute / rules.

- ii. Contribution to gratuity fund payable to the Trust formed for this purpose is charged to revenue in accordance with the scheme framed by the Life Insurance Corporation of India. Provision is made for the difference between the liability as per the actuarial valuation obtained at the end of the year and the fund balance with the Life Insurance Corporation of India.

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

k. Foreign currency transactions

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

In case of forward exchange contracts or other financial instruments that is in substance a forward exchange contract, other than for trading or speculation purposes, the premium or discount arising at the inception of the contract is amortised as expense or income over the life of contract. Gains / losses on settlement of transactions arising on cancellation / renewal of forward exchange contracts are recognised as income or expense. At the year-end, monetary items denominated in foreign currency and the relevant foreign exchange contracts are reported using the closing rate of exchange.

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

l. Borrowing costs

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

m. Government grants

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

n. Taxes on income

Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred income-tax reflect the current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years/period. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future income will be available except that deferred tax assets in case there are unabsorbed depreciation and losses are recognised if there is virtual certainty that sufficient future taxable income will be available to realise the same (Refer note 32 below).

o. Provisions and contingencies

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

Notes forming part of the financial statements

	As at 31st March, 2013 (₹)	As at 31st March, 2012 (₹)
NOTE 3 : SHARE CAPITAL		
Authorised 35,000,000 Equity Shares of ₹ 2/- each	70,000,000	70,000,000
Issued, subscribed and paid-up 30,004,850 Equity Shares of ₹ 2/- each, fully paid-up	60,009,700	60,009,700
Total	60,009,700	60,009,700

a. Terms / rights attached to equity shares

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

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

	As at 31st March, 2013		As at 31st March, 2012	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
Equity shares of ₹ 2/- each fully paid-up.				
Mr. Kamalaksha R. Naik	15,662,993	52.20	15,645,873	52.14
Ms. Arati K. Naik	3,013,528	10.05	2,402,622	8.01
Mrs. Lakshana A. Sharma	1,830,841	6.10	1,800,291	6.00
Mrs. Sudha K. Naik	1,500,243	5.00	1,500,243	5.00

	As at 31st March, 2013 (₹)	As at 31st March, 2012 (₹)
NOTE 4 : RESERVES AND SURPLUS		
Capital Reserve		
State Government subsidy		
As per last Balance sheet	2,500,000	2,500,000
Securities Premium Account		
As per last Balance sheet	278,614,693	278,614,693
Revaluation Reserve		
As per last Balance sheet	38,721,980	39,491,208
Less: Utilised for set off against depreciation (Refer Note 10 d).	769,228	769,228
	37,952,752	38,721,980
General Reserve		
As per last Balance sheet	556,720,271	190,272,727
Add: Transferred from Surplus in Statement of Profit and Loss	-	366,447,544
Closing balance	556,720,271	556,720,271
Surplus in Statement of Profit and Loss		
As per last Balance sheet	3,294,677,095	1,112,565,581
Add : (Loss) / Profit for the year	(20,180,648)	3,664,475,436
Less : Appropriations		
Interim dividend	-	900,145,500
Proposed dividend (Amount per Equity share ₹ 2/- (Previous year ₹ 2/-))	60,009,700	60,009,700
Corporate dividend tax	10,198,649	155,761,178
Transferred to General reserve	-	366,447,544
Closing balance	3,204,288,098	3,294,677,095
Total	4,080,075,814	4,171,234,039

Notes forming part of the financial statements

	As at 31st March, 2013 (₹)	As at 31st March, 2012 (₹)
NOTE 5 : OTHER LONG-TERM LIABILITIES		
Other payables :		
Security deposits	2,295,878	2,120,878
Unearned revenue	411,793	714,726
Total	2,707,671	2,835,604
NOTE 6 : LONG-TERM PROVISIONS		
Provision for employee benefits		
For Gratuity	4,533,373	4,768,054
For Leave encashment	2,420,725	3,043,159
Total	6,954,098	7,811,213
NOTE 7 : TRADE PAYABLES		
Outstanding dues of micro enterprises and small enterprises (Refer note no. 35)	243,353	29,712
Other trade payables	203,580,516	120,929,743
Total	203,823,869	120,959,455
NOTE 8 : OTHER CURRENT LIABILITIES		
Unearned revenue	972,033	4,457,264
Unpaid dividends	1,902,692	2,700,196
Temporary overdrawn bank balance as per books	4,110,387	2,941,245
Advance received against insurance claim	-	5,000,000
Other payables :		
Statutory dues	16,909,475	17,111,264
Security deposits	772,766	772,766
Interest accrued on trade payables (Refer Note 35)	27,535	77,392
Advance from customers	1,949,089	6,587,269
Total	26,643,977	39,647,396
NOTE 9 : SHORT-TERM PROVISIONS		
Provision for employee benefits		
For Gratuity	-	1,500,000
For Leave encashment	1,632,238	1,083,619
Others		
For Income-tax (net of advance tax ₹ 105,349,738/-, (Previous year ₹ 189,304,434 /-))	1,505,110	1,838,947
Proposed dividend	60,009,700	60,009,700
Corporate dividend tax on proposed dividend	10,198,649	9,735,074
Total	73,345,697	74,167,340

[illegible]

1. Leasehold land/ premises include:

1. Leasehold land/ premises include:

i. Plots of land of the aggregate gross value of ₹14,036,538/- (previous year ₹14,036,538/-), taken on lease from the Goa Industrial Development Corporation (GIDC) for an initial period of thirty years with an option to extend the lease to ninety/ninety-five years.

ii. Land and premises of the aggregate gross value of ₹ 1,686,000/- (previous year ₹ 1,686,000/-), taken on lease from Maharashtra Industrial Development Corporation (MIDCO) for an initial period of ten years with an option to extend the lease to ninety-five years.

Title deeds in respect of the above are in the names of GIDC and MIDC respectively.

2. Goodwill represents the difference between the net assets of erstwhile Virtual Computers Private Limited taken over pursuant to scheme of amalgamation and the cost of shares held by the Company in the erstwhile Virtual Computers Private Limited.

3. Buildings comprises of a building given on operating lease for a period of 12 months. Figures in brackets are those of the previous year.

d	Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
	Depreciation and amortisation for the year on tangible assets as per Note 10 a	36,311,048	44,980,396
	Depreciation and amortisation for the year on intangible assets as per Note 10 b	3,318,725	741,896
	Less : Utilised from revaluation reserve	769,228	769,228
	Depreciation and amortisation relating to discontinuing operation (Refer Note 34)	-	1,972,893
		769,228	2,742,121
	Depreciation and amortisation relating to continuing operation	38,860,545	42,980,171

Notes forming part of the financial statements

	As at 31st March, 2013 (₹)	As at 31st March, 2012 (₹)
NOTE 11 : NON-CURRENT INVESTMENTS		
Investment in Equity Instruments (at cost) (Unquoted) (Trade)		
In Subsidiary Company		
12 Equity shares of AED 150,000 (Previous year 1 Equity Share of AED 1,500,000) each fully paid-up in Smartlink Middle East FZE	22,791,754	18,208,800
Total	22,791,754	18,208,800
Aggregate value of investments		
Quoted - cost	-	-
Unquoted - cost	22,791,754	18,208,800
Market value	-	-
NOTE 12 : LONG-TERM LOANS AND ADVANCES		
Unsecured, considered good :		
Capital advances	-	1,406,179
Security deposits	5,819,286	4,849,242
Prepaid expenses	479,359	145,312
Others :		
VAT / Service tax receivable	256,300	457,258
Advance payment of taxes (net of provisions ₹ 1,075,000,000/-, (Previous year ₹ 1,075,000,000/-))	27,740,349	8,344,339
Custom duty receivable	12,941,309	13,045,673
Pre-deposit with Government authorities in connection with appeals filed (Refer note 25)	28,390,670	22,300,000
	75,627,273	50,548,003
Unsecured, considered doubtful :		
Security deposits	964,544	964,544
Less : Provision	964,544	964,544
	-	-
Total	75,627,273	50,548,003
NOTE 13 : CURRENT INVESTMENTS		
Investments in Mutual Funds (unquoted)		
(At lower of cost and fair value)		
Face value of all units, ₹ 10/-		
NIL (Previous year, 8,692,085.7900) units in ICICI Prudential Mutual Fund Institutional Short Term Plan - Monthly Dividend	-	106,364,895
3,061,823.8810 (Previous year, NIL) units in ICICI Prudential Mutual Fund Income - Regular Plan - Growth	113,328,512	-
4,630,064.3740 (Previous year, NIL) units in ICICI Prudential Mutual Fund Institutional Short Term - Regular Plan - Growth	110,617,331	-
NIL (Previous year, 14,887,039.8020) units in Birla Sun Life Mutual Fund Dynamic Bond Fund Retail Plan Monthly Dividend - Reinvestment	-	156,862,265
NIL (Previous year, 19,501,384.2638) Units in Birla Sun Life Mutual Fund Dynamic Bond Fund Retail Plan - Dividend - Monthly	-	206,304,698
16,118,788.8720 (Previous year, NIL) Units in Birla Sun Life Mutual Fund Dynamic Bond Fund Retail - Growth - Regular Plan	319,257,903	-
2,537,773.6200 (Previous year, NIL) Units in Birla Sun Life Mutual Fund Growth - Regular Plan	134,703,653	-
NIL (Previous year, 4,469,336.4690) Units in Kotak Mutual Fund Short Term Monthly Dividend - Reinvestment	-	45,336,716
1405,995.1630 (Previous year, NIL) Units in Kotak Mutual Fund Short Equity Arbitrage Fund - Dividend	15,000,000	-
5,449,584.9890 (Previous year, NIL) Units in Kotak Mutual Fund Short Kotak Bond Scheme Plan A - Growth	184,403,057	-

Notes forming part of the financial statements

	As at 31st March, 2013 (₹)	As at 31st March, 2012 (₹)
756,136.5940 (Previous year, NIL) Units in Kotak Mutual Fund Short Gilt - (Investment Regular) - Growth	30,613,400	-
NIL (Previous year, 2,585,321.1206) Units in JM Financial Floater Short Term Plan - Daily Dividend	-	26,081,495
10,227,513.1290 (Previous year, NIL) Units in Reliance Mutual Fund Dynamic Bond Fund - Growth	160,307,063	-
2,693,279.8170 (Previous year, NIL) Units in Reliance Mutual Fund Income Fund - Retail - Growth Plan - Growth	103,838,057	-
976,615.5480 (Previous year, NIL) Units in Reliance Mutual Fund Medium Term Fund - Direct Plan Growth Plan - Growth	23,765,158	-
NIL (Previous year, 15,957,751.8040) Units in Religare Mutual Fund Short Term Plan A Weekly dividend Reinvestment	-	162,502,561
NIL (Previous year, 4,704,157.1450) Units in Religare Mutual Fund Short Term Plan B Monthly Dividend	-	50,417,145
NIL (Previous year, 3,000,000.0000) Units in Religare Mutual Fund FMP Series VII Plan C (369 days) - Dividend	-	30,000,000
2,726,137.9910 (Previous year, NIL) Units in Religare Mutual Fund Short Term Fund - Growth	43,306,610	-
3,786,250.9720 (Previous year, NIL) Units in Religare Mutual Fund Active Income Fund - Growth	52,927,624	-
4,053,025.6420 (Previous year, NIL) Units in Religare Mutual Fund Gilt Fund - Long Duration Plan - Growth	51,216,464	-
20,000.0000 (Previous year, NIL) Units in Religare Mutual Fund Bank Debt Fund - Growth	20,365,340	-
39,167,676.5050 (Previous year, NIL) Units in Religare Mutual Fund Gilt Fund - Long Duration Plan - Growth	49,720,799	-
NIL (Previous year, 5,959,328.2160) Units in Templeton India Mutual Fund Low Duration Fund Monthly Dividend Reinvestment	-	62,095,604
7,730,622.5180 (Previous year, NIL) Units in Templeton India Mutual Fund Low Duration Fund - Growth	98,100,054	-
46,510.3740 (Previous year, NIL) Units in Templeton India Mutual Fund Short Term Income - Retail Plan - Growth	109,248,789	-
NIL (Previous year, 6,343,353.5960) Units in DWS Mutual Fund Short Maturity Fund Institutional Monthly Dividend Plan - Reinvestment	-	63,451,811
NIL (Previous year, 13,551,364.8320) Units in DWS Mutual Fund Short Maturity Fund Premium Plus - Weekly Dividend Reinvestment	-	140,636,308
11,896,166.8200 (Previous year, NIL) Units in DWS Mutual Fund Gilt Fund - Regular - Growth	154,508,604	-
8,181,981.9820 (Previous year, NIL) Units in DWS Mutual Fund Short Maturity Fund - Direct Plan - Growth.	172,001,625	-
1,000,000.0000 (Previous year, NIL) Units in DWS Mutual Fund DWS Banking and PSU Debt Fund - Direct Plan - Growth	10,056,800	-
NIL (Previous year, 20,037.1940) Units in Baroda Pioneer Mutual Fund Treasury Advantage Fund Regular - Weekly dividend	-	20,055,425
4,687,261.7840 (Previous year, NIL) Units in Baroda Pioneer Mutual Fund Dynamic Bond Fund Plan B - Growth	50,385,252	-
NIL (Previous year, 7,978,635.4636) Units in JPMorgan India Treasury Fund Super Inst. Daily Dividend Plan - Reinvestment	-	80,374,966
NIL (Previous year, 5,380,777.1078) Units in SBI Dynamic Bond Fund Dividend Reinvestment	-	60,851,055
4,528,612.7589 (Previous year, NIL) Units in SBI Mutual Fund Dynamic Bond Fund - Regular Plan - Growth	66,555,210	-

Notes forming part of the financial statements

	As at 31st March, 2013 (₹)	As at 31st March, 2012 (₹)
4,589,716.6100 (Previous year, NIL) Units in SBI Mutual Fund Magnum Income Fund - Regular Plan - Growth	133,270,683	-
NIL (Previous year, 25,887,923.4540) Units in HDFC Short Term Plan Dividend Reinvestment	-	268,119,261
4,283,108.9460 (Previous year, NIL) Units in HDFC Mutual Fund Short Term Plan - Growth	96,642,785	-
NIL (Previous year, 10,337,392.2730) Units in IDFC SSIF - ST - Plan C Monthly Dividend - Reinvestment	-	110,302,914
15,155,805.6330 (Previous year, NIL) Units in IDFC Mutual Fund Dynamic Bond Fund - Growth - Direct Plan	213,613,502	-
1,967,101.1260 (Previous year, NIL) Units in BNP Paribas Mutual Fund Short Term Income Fund - Growth	26,323,157	-
1,531,479.5620 (Previous year, NIL) Units in BNP Paribas Mutual Fund Flexi Debt Fund - Growth	30,000,000	-
	2,574,077,432	1,589,757,119
Investments in Bonds (quoted)		
Face value of all units, ₹ 1,000,000/-		
5 (Previous year, NIL) units in The Tata Power Company Limited RR NCD Perpetual - 11.40%	5,374,302	-
50 (Previous year, NIL) Units in Hindalco Industries Limited SR II - 9.55% NCD	53,763,595	-
50 (Previous year, NIL) Units in Tata Power Company Limited RR NCD - 10.75%	51,773,836	-
	110,911,733	-
	2,684,989,165	1,589,757,119
Less: Provision	282,000	3,546,493
Total	2,684,707,165	1,586,210,626
Aggregate value of investments (net of provision)		
Unquoted - cost	2,574,077,432	1,586,210,626
Quoted - cost	110,911,733	-
- Market value	110,687,782	-
NOTE 14 : INVENTORIES		
(At lower of cost and net realisable value)		
Raw materials and components (Includes Goods-in-transit of ₹ 76,006/- (Previous year ₹ 30,022/-))	18,208,840	113,261,123
Work-in-progress	3,654,214	7,368,580
Finished goods	53,212,109	81,232,524
Traded goods (Includes Goods-in-transit of ₹ 29,634,177/- (Previous year ₹ 31,372,663/-))	82,422,529	121,654,574
Stores, spares and packing materials	2,005,308	6,074,368
Total	159,503,000	329,591,169
NOTE 15 : TRADE RECEIVABLE		
Unsecured		
a) Outstanding for a period exceeding six month from the date they were due for payment		
Considered doubtful	1,459,217	1,839,961
Less: Provision	1,459,217	1,839,961
	-	-
b) Others		
Considered good	250,709,651	156,473,127
Total	250,709,651	156,473,127

Notes forming part of the financial statements

	As at 31st March, 2013 (₹)	As at 31st March, 2012 (₹)
NOTE 16 : CASH AND CASH EQUIVALENTS		
a) Cash on hand	329,623	389,759
b) Balances with bank		
In Current accounts	26,116,516	13,605,516
In Exchange Earners Foreign Currency (EEFC) account	1,211,434	57,351,586
In deposits accounts (Refer note below)	715,000,000	1,770,000,000
In earmarked accounts		
Unpaid dividend accounts	1,902,692	2,700,196
Deposits held as security against letters of credit (Refer note below)	114,646,673	54,620,857
Deposits held as margin money (Refer note below)	2,291,573	3,053,573
Total	861,498,511	1,901,721,487
Note : Balances with bank include deposits amounting to ₹ 829,646,673/- (previous year ₹ 1,824,620,857/-) and margin monies amounting to ₹ 2,291,573/- (previous year ₹ 3,053,573/-) which have an original maturity of more than 12 months.		
NOTE 17 : SHORT-TERM LOANS AND ADVANCES		
Unsecured, considered good :		
Security deposits	2,063,188	3,209,720
Advances / Loans to Employees (Refer note (b) below)	1,122,825	4,916,414
Prepaid expenses	5,218,578	5,020,893
Others :		
VAT credit receivable	595,134	552,532
CENVAT / Service tax credit receivable	19,410,855	26,281,286
Custom duty receivable	9,135,720	4,659,435
Balance in DEPB licenses	901,150	6,189,390
Advances to suppliers	3,423,885	9,248,870
	41,871,335	60,078,540
Unsecured, considered doubtful :		
Advances to suppliers	206,455	1,377,003
Less : Provision	206,455	1,377,003
	-	-
Total	41,871,335	60,078,540
Notes :		
a) Loans and advances in the nature of loans due from: (in accordance with clause 32 of Listing Agreement) Others (interest-free loans with no repayment schedules)		
Employees	176,051	555,904
Maximum balance outstanding at any time during the year	301,300	678,778
b) Advance to related party		
Key Management person	-	3,761,250
NOTE 18 : OTHER CURRENT ASSETS		
Accruals		
Interest accrued on deposit	73,730,531	75,854,065
Interest accrued on investments	2,461,424	-
Total	76,191,955	75,854,065

Notes forming part of the financial statements

	For the year ended 31st March, 2013 (₹)	For the year ended 31st March, 2012 (₹)
NOTE : 19 REVENUE FROM OPERATIONS		
Sale of products (Refer Note (i) below)	1,037,503,276	575,606,517
Sale of services (Refer Note (ii) below)	175,101,266	150,154,165
Other operating revenues (Refer Note (iii) below)	1,871,928	2,048,533
	1,214,476,470	727,809,215
Notes :		
(i) Sale of products comprises of		
Finished goods		
Networking products	319,071,426	303,503,514
Traded goods		
Networking products	718,431,850	272,103,003
Total	1,037,503,276	575,606,517
(ii) Sale of Services comprises of		
Repair services	131,753,862	107,045,624
AMC services	13,239,711	16,626,389
Technical support services	24,160,432	24,971,747
Job work charges	5,947,261	1,510,405
Total	175,101,266	150,154,165
(iii) Other operating revenues		
Duty Drawback	-	158,235
Logistic support services and management fees	-	600,000
Provision for doubtful trade receivables and advances written back	1,551,292	-
Sundry balances written back	320,636	991,075
Recovery of trade receivables earlier written off	-	299,223
Total	1,871,928	2,048,533
NOTE 20 : OTHER INCOME		
Interest income		
On fixed deposits with banks	157,045,601	108,451,343
On bonds and securities	3,660,943	-
On overdue trade receivables	430,175	243,340
Interest on income tax refund	-	1,622,856
Other Interest	1,431	-
	161,138,150	110,317,539
Dividend income from current investments	59,627,625	171,657,011
Provision for diminution in value of current investments (net) written back	3,264,493	-
Net gain on sale of current investment	102,073,037	17,835,079
Rent income from operating leases	5,455,501	6,197,610
Profit on fixed assets sold / written off (net)	5,076,311	-
Exchange gain (net)	16,352,309	2,873,302
Provision for Gratuity written back	380,604	-
Insurance and other claims	8,319,500	907,424
Scrap income	802,799	-
Service charges from customers	-	11,171
Total	362,490,329	309,799,136

Notes forming part of the financial statements

	For the year ended 31st March, 2013 (₹)	For the year ended 31st March, 2012 (₹)
NOTE 21 : (DECREASE) / INCREASE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND TRADED GOODS		
Stock as at 31st March, 2013		
Finished goods		
- Manufactured	53,212,109	81,232,524
- Traded	82,422,529	121,654,574
Work-in-progress	3,654,214	7,368,580
	139,288,852	210,255,678
Less: Stock as at 1st April, 2012		
Finished goods		
- Manufactured	81,232,524	23,531,111
- Traded	121,654,574	11,168,969
Work-in-progress	7,368,580	924,081
	210,255,678	35,624,161
(Decrease) / Increase	(70,966,826)	174,631,517
NOTE 22 : EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	236,206,884	234,293,292
Contribution to provident and other funds	7,400,897	4,066,961
Staff welfare expenses	17,429,595	17,160,189
Gratuity	-	2,236,343
Leave encashment	723,625	1,101,394
Total	261,761,001	258,858,179
NOTE 23 : FINANCE COST		
Interest Expenses on :		
Trade payables (Refer Note 35)	6,021	5,814
Others		
Interest on delayed payment of income tax	50,710	142,693
Interest on statutory payments etc.	624,152	377,943
Total	680,883	526,450
NOTE 24 : OTHER EXPENSES		
Stores, spares and packing material consumed	13,589,591	12,556,002
Power and fuel	13,952,769	12,679,310
Rent	18,551,892	19,034,110
Operating lease rentals	18,160	645,740
Rates and taxes	1,740,599	1,227,062
Insurance	4,855,383	6,013,555
Repairs and maintenance		
Buildings	4,007,263	3,105,337
Machinery	2,412,643	3,258,147
Others	9,786,799	10,316,928
	16,206,705	16,680,412
Travelling and conveyance expenses	17,215,432	16,498,608
Communication expenses	7,816,832	8,174,478
Legal and Professional fees	33,651,908	25,619,734
Advertisement and sales development expenses	99,486,539	70,455,262
Freight Outward	25,764,681	34,561,039
Printing and stationery expenses	5,124,781	11,328,694
Servicing expenses	14,880,275	8,821,295
Loss on fixed assets sold / scrapped / written off	-	2,104,375
Provision for diminution in value of current investments (non-trade) (net)	-	3,157,363
Provision for doubtful debts and advances	-	36,735
Sundry balances written off	720,995	2,366,240
Bad debts written off	1,177,589	975,661
Excise duty (Refer Note No. 38 (h))	110,255	8,682,832
Miscellaneous expenses	17,376,305	24,782,272
Total	292,240,691	286,400,779

Notes forming part of the financial statements

	As at 31st March, 2013 (₹)	As at 31st March, 2012 (₹)
NOTE 25 : CONTINGENT LIABILITIES AND COMMITMENTS		
Contingent liabilities in respect of		
a. Show cause notices received from customs authorities relating to imports made in earlier years.	709,043	709,043
b. Disputed demands of custom duty pending before the Customs, Excise and Service Tax Appellate Tribunal (CESTAT).	242,023,983	-
c. Disputed demands of custom duty pending before the Customs, Excise and Service Tax Appellate Tribunal (CESTAT) (Amount deposited as pre-deposit ₹ 900,000/-)	2,414,221	2,414,221
d. Disputed penalty demands of Custom Authorities with respect to (c) above, pending before the Customs, Excise and Service Tax Appellate Tribunal (CESTAT)	2,412,221	2,412,221
e. Disputed demand of excise duty in connection with valuation of products manufactured by the Company pending before CESTAT (Amount deposited as pre-deposit ₹ 11,400,000/-)	38,715,672	38,715,672
f. Disputed penalty demands of Excise Authorities with regard to (e) above, pending before the CESTAT	39,517,713	39,517,713
g. Custom duty paid under protest The raw material/trading material/software imported by the Company are subjected to different rates of customs duty based on classification under respective Tariff Head. The Customs department has objected to the classifications adopted by the Company for certain items and has demanded additional duty for the same. The Company has paid such differential duty under protest, which is included under Long term loans and advances in Note 12, pending resolution of the dispute.	4,487,728	4,487,728
h. Disputed demand of Income-tax for Assessment Year 2008-09 pending before Commissioner of Income-tax (Appeals), Panaji. (Amount deposited as pre-deposit ₹ 16,090,670/-)	-	40,297,980
i. SEBI had filed a criminal case, in the Metropolitan Magistrate court, in June, 2006 under Section 77A(4) r/w Section 621 for alleged contravention of provisions of the Companies Act, 1956 for failing to complete the process of buy back of shares as provided under the said section. The Company had filed an application in the Hon'ble High Court of Bombay and the Hon'ble High Court has passed Orders staying the proceedings in the Metropolitan Magistrate court. The stay is continuing. The Company does not expect any liability on this account at this stage.		
Capital commitments Estimated amount of contracts remaining to be executed on capital account and not provided for	-	14,246,950

NOTE 26 : FOREIGN CURRENCY

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

	As at 31st March, 2013		As at 31st March, 2012	
	In foreign Currency	In (₹)	In foreign Currency	In (₹)
Amount receivable in foreign currency on account of the following:				
Trade receivables	USD 779,635	42,318,579	USD 431,129	21,933,673
Loans and advances	USD 5,642	242,758	USD 8,490	369,080
Amount payable in foreign currency on account of the following:				
Trade payable	USD 2,559,033	138,929,895	USD 1,213,924	61,770,498
Other payables	-	-	USD 4,923	219,184

Notes forming part of the financial statements

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

	For the year ended 31st March, 2013 (₹)	For the year ended 31st March, 2012 (₹)
Exchange gain	23,708,420	25,912,079
Exchange loss	7,356,111	23,038,777
NOTE 27 : PAYMENT TO AUDITORS (NET OF SERVICE TAX)		
a. As Auditors	1,170,000	1,170,000
b. For taxation matters	-	100,000
c. For other services - certification	380,000	320,000
d. For Expenses	38,404	15,432
Total	1,588,404	1,605,432

	Current Year (₹)	Previous year (₹)
NOTE 28 :		
A. The disclosure as required under AS-15 regarding the Company's defined benefit plans is as follows:	Gratuity (Funded)	Gratuity (Funded)
I Reconciliation of opening and closing balances of Defined Benefit obligation		
Defined Benefit obligation at beginning of the year	13,444,956	13,663,386
Less : Transfer pursuant to sale of discontinued business	-	2,471,862
	13,444,956	11,191,524
Current Service Cost	2,165,746	2,153,585
Interest Cost	1,047,369	872,493
Actuarial (gain) / loss	(2,862,272)	(201,931)
Benefits paid	(705,676)	(570,715)
Defined Benefit obligation at year-end	13,090,123	13,444,956
II Reconciliation of opening and closing balances of fair value of plan assets		
Fair value of plan assets at beginning of the year	7,176,902	4,769,523
Expected return on plan assets	600,897	454,345
Actuarial gain/(loss)	130,550	133,459
Employer contribution	1,354,077	2,390,290
Benefits paid	(705,676)	(570,715)
Fair value of plan assets at year end	8,556,750	7,176,902
III Reconciliation of fair value of assets and obligations		
Present value of obligation as at 31st March, 2013	13,090,123	13,444,956
Fair value of plan assets as at 31st March, 2013	8,556,750	7,176,902
Amount recognized in Balance Sheet	(4,533,373)	(6,268,054)
IV Expense recognized during the year (Under the head "Other income" - Refer to note 20)		
Current Service Cost	2,165,746	2,153,585
Interest Cost	1,047,369	872,493
Expected return on plan assets	(600,897)	(454,345)
Actuarial (gain) / loss	(2,992,822)	(335,390)
Net Cost	(380,604)	2,236,343

Notes forming part of the financial statements

	Current Year	Previous year
V Actuarial assumptions		
Discount rate (per annum)	8.00%	8.00%
Expected rate of return on plan assets (per annum)	8.00%	8.00%
Rate of escalation in salary (per annum)	5.00%	6.00%

- VI** The assumptions of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment.
- VII** The amounts of the present value of the obligation, fair value of the plan assets, surplus or deficit in the plan, experience adjustments arising on plan liabilities and plan assets are furnished below.

Amount in ₹

Experience Adjustment	31-Mar-13	31-Mar-12	31-Mar-11	31-Mar-10	31-Mar-09
On plan liabilities	(2,862,272)	(201,931)	(862,308)	(1,479,004)	(265,576)
On plan assets	130,550	133,459	103,636	(2,609)	32,041
Present value of benefit obligation	13,090,123	13,444,956	13,663,386	10,646,662	9,767,582
Fair value of plan assets	8,556,750	7,176,902	4,769,523	4,191,613	4,316,397
Excess of (obligation over plan assets) / plan assets over obligation	(4,533,373)	(6,268,054)	(8,893,863)	(6,455,049)	(5,451,185)

- VIII** The contribution expected to be made by the Company during the financial year 2013-14 have not been ascertained.
- IX** The plan assets are managed by the Gratuity trust formed by the Company. The management of funds is entrusted with Life Insurance Corporation of India. The details of investments made by them are not available.
- B.** The disclosure as required under AS-15 regarding the Company's defined contribution plans is as follows :
- i) Contribution to provident fund ₹ 7,389,162/- (previous year ₹ 4,062,473/-).

NOTE 29 : SEGMENT INFORMATION

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

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

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

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

- Domestic
- Export

Information about secondary segments

Amount in ₹

Particulars	Domestic	Exports	Unallocated	Total
Revenues from external customers (net) (including sale of services)	1,043,453,867	131,603,542	-	1,175,057,409
	(579,941,521)	(113,973,094)	-	(693,914,615)
Segment assets	752,028,229	42,318,579	3,672,929,734	4,467,276,542
	(878,107,473)	(21,933,673)	(3,590,339,317)	(4,490,380,463)
Additions to fixed assets during the year	22,383,225	-	-	22,383,225
	(34,193,039)	-	-	(34,193,039)

Figures in brackets are for the previous year

NOTE 30 : LEASE TRANSACTION**Operating leases**

The Company has taken premises / vehicles on cancellable operating lease basis. The tenure of the agreement ranges from 33/60 months.

There are no renewal or purchase options and escalation clauses in these agreements.

The lease rentals for the year charged to revenue are ₹ 18,160/- (previous year ₹ 645,740/-)

NOTE 31 : EARNINGS PER SHARE

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

	For the year ended 31st March, 2013 (₹)	For the year ended 31st March, 2012 (₹)
Net (Loss) / profit for the year attributable to Equity Shareholders	(20,180,648)	3,664,475,436
Weighted average number of equity shares	30,004,850	30,004,850
Par value per share	2.00	2.00
Basic and Diluted earnings per share (Previous year including exceptional item ₹ 4,709,508,545/-) net of tax	(0.67)	122.13

NOTE 32 : DEFERRED TAX (NET)

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

	As At 31st March, 2013 (₹)	As At 31st March, 2012 (₹)
a. Deferred Tax Liability		
Depreciation	(13,205,643)	(10,588,796)
Total	(13,205,643)	(10,588,796)
b. Deferred Tax Asset		
Provision for doubtful debts and advances	894,011	1,356,690
Provision for slow moving stock	23,709,765	-
Others	2,466,038	3,372,603
Unabsorbed depreciation	11,129,856	12,992,441
Unabsorbed business loss	-	47,693,349
Total	38,199,670	65,415,083
Deferred Tax Liability (net)	NIL *	NIL *

Note : *During the current year other items have given rise to a net deferred tax asset of ₹ 25,221,503/-. However, in view of the loss incurred the Company as a matter of prudence has not recognised deferred tax asset arising out of the same. (Previous year the unabsorbed business loss, depreciation and other items had given rise to net deferred tax asset amounting to ₹ 54,826,287/-. However, 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 realized, the Company had not accounted for the same.)

NOTE 33 : RELATED PARTY DISCLOSURES**Names of related parties where control exists**

Smartlink Middle East FZE

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

Name of the related parties	Nature of relationship
Mr. Kamalaksha R. Naik	Key management person
Mr. Kamalaksha R. Naik (HUF)	Enterprise over which key management person is able to exercise significant influence.
Mrs. Sudha K. Naik	Relative of key management person
Mrs. Lakshana A. Sharma	Relative of key management person
Ms. Arati K. Naik	Relative of key management person

Notes forming part of the financial statements

Details of related party transactions during the year

Amount in ₹

Nature of transactions	Key Management Person	Enterprise over which key management person is able to exercise significant influence	Relative of key management person	Total
Managerial remuneration				
Mr. Kamalaksha R. Naik	-	-	-	-
	(2,100,000)	-	-	(2,100,000)
Salary				
Ms. Arati K. Naik	-	-	456,106	456,106
	-	-	(425,375)	(425,375)
Dividend paid				
Mr. Kamalaksha R. Naik	31,291,746	-	-	31,291,746
	(462,661,600)	-	-	(462,661,600)
Mr. Kamalaksha R. Naik (HUF)	-	685,942	-	685,942
	-	(10,975,072)	-	(10,975,072)
Mrs. Sudha K. Naik	-	-	3,000,486	3,000,486
	-	-	(48,007,776)	(48,007,776)
Mrs. Lakshana A. Sharma	-	-	3,600,582	3,600,582
	-	-	(57,609,312)	(57,609,312)
Ms. Arati K. Naik	-	-	4,860,398	4,860,398
	-	-	(67,210,880)	(67,210,880)
Rent Expense				
Ms. Arati K. Naik	-	-	720,000	720,000
	-	-	(480,000)	(480,000)
As at the year-end Amount due from				
Mr. Kamalaksha R. Naik	-	-	-	-
	(3,761,250)	-	-	(3,761,250)

Note

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

NOTE 34 : DISCONTINUING OPERATIONS

The Board of Directors of the Company at its meeting held on 31st March, 2011 approved the sale of the Structured cabling business comprising of manufacture, sale and marketing of structured cabling products carried under the brand name "DIGILINK", hereinafter referred to as ("Digilink Business"), to Schneider Electric India Private Limited ("Schneider"). The Digilink Business together with its respective assets and liabilities, was transferred to Schneider on a 'slump sale' basis as a going concern, for a cash consideration of ₹ 5,030,000,000/- to be adjusted for any net working capital changes as on the closing date.

In this connection, the Company had signed the Business Transfer Agreement dated 31st March, 2011 and had obtained the shareholders approval through postal ballot on 11th May, 2011. The consideration was received on 13th May, 2011, the Closing date. The balance consideration on account of net working-capital adjustments was received during the quarter ending 30th September, 2011. The profit on account of the above transaction was disclosed as an exceptional item in the previous year.

Accordingly, the 'DIGILINK' business was considered as a 'discontinued operation' in terms of Accounting Standard 24 on 'Discontinued Operations' (AS 24).

Notes forming part of the financial statements

The disclosures required under AS 24 are as under :

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

Amount in ₹

Particulars	2012		
	Continuing Operation	Discontinuing Operation	Total
Revenue from operations (net)	693,914,615	114,804,785	808,719,400
Other Income	309,799,136	3,413,539	313,212,675
Increase/(Decrease) in stocks of finished goods, work-in-progress and traded goods	174,631,517	-	174,631,517
Total Income	1,178,345,268	118,218,324	1,296,563,592
Total Expenditure	1,219,705,736	110,492,030	1,330,197,766
Profit / (Loss) before tax and before exceptional items	(41,360,468)	7,726,294	(33,634,174)
Exceptional items	4,709,508,545	-	4,709,508,545
Profit / (Loss) before tax	4,668,148,077	7,726,294	4,675,874,371
Provision for taxation	1,010,107,568	1,291,367	1,011,398,935
Profit / (Loss) after tax	3,658,040,509	6,434,927	3,664,475,436
Assets	4,490,380,463	-	4,490,380,463
Liabilities	245,421,008	-	245,421,008

b. Cash flow from continuing and discontinuing operations :

Amount in ₹

Particulars	2012		
	Continuing Operation	Discontinuing Operation	Total
Net cash from operating activities	(1,646,619,715)	15,827,986	(1,630,791,729)
Net cash (used in) / from investing activities	4,517,943,503	148,648	4,518,092,151
Net cash (used in) financing activities	(1,116,442,828)	-	(1,116,442,828)

NOTE 35 : THE DISCLOSURES UNDER THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006

The disclosures under the Micro, Small and Medium Enterprises Development Act, 2006 have been made on the basis of confirmations received from suppliers regarding their status under the said Act;

Amount in ₹

Particulars	Current Year	Previous Year
Outstanding principal amount and interest as on 31st March 2013		
- Principal Amount	243,353	23,898
- Interest due thereon	-	-
Amount of interest paid along with the amounts of payment made beyond the appointed day	55,878	-
Amount of interest due and payable (where the principal has already been paid but interest has not been paid)	6,021	5,814
The amount of interest accrued and remaining unpaid at the end of each accounting year.	27,535	77,392
The amount of further interest remaining due and payable even in succeeding years, until such date when the interest dues as above are actually paid for the purpose of disallowance as a deductible expenditure under section 23 of the said Act	-	-

Notes forming part of the financial statements

	For the year ended 31st March, 2013 ₹	For the year ended 31st March, 2012 ₹
NOTE 36 : COST OF RAW MATERIALS CONSUMED		
Raw materials consumed comprises		
Integrated circuits	82,547,534	113,803,975
Connectors	21,998,795	22,981,997
PCBs	15,464,659	16,968,237
Capacitors	11,527,138	10,766,876
Transistors	7,037,484	6,660,240
Others	134,624,651	120,591,366
Total	273,200,261	291,772,691

	For the year ended 31st March, 2013 ₹	For the year ended 31st March, 2012 ₹
NOTE 37 : PURCHASE OF TRADED GOODS		
Networking products	620,309,016	339,167,466

	Current year		Previous year	
	₹	% age to total consumption	₹	% age to total consumption
NOTE 38 : OTHER DISCLOSURE				
a) Raw materials consumed				
imported	239,271,684	87.58	274,777,288	94.18
indigenous	33,928,577	12.42	16,995,403	5.82
Total	273,200,261	100.00	291,772,691	100.00
b) Stores, spares and packing materials consumed				
imported	12,711,188	93.54	11,361,700	90.49
indigenous	878,403	6.46	1,194,302	9.51
Total	13,589,591	100.00	12,556,002	100.00

	For the year ended 31st March, 2013 ₹	For the year ended 31st March, 2012 ₹
c) C.I.F. value of goods imported		
Raw materials and components	160,450,990	373,110,989
Stores, spares and packing materials	3,744,813	12,178,888
Traded goods	578,435,356	293,656,328
d) Expenditure in foreign currency		
Travelling expenses	2,519,661	3,460,168
Professional fees	2,097,427	4,266,364
Advertisement, Sales development, reimbursement of expenses, etc.	2,147,373	1,556,580
e) Earnings in foreign exchange		
F.O.B. value of goods exported	604,808	666,370
Income from services	130,998,734	113,306,724

Notes forming part of the financial statements

	For the year ended 31st March, 2013	For the year ended 31st March, 2012
NOTE 38 : OTHER DISCLOSURE - CONTINUED		
f) Amount remitted during the year in foreign currency on account of dividend		
Number of non-resident shareholders	1	1
Number of shares held by them on which dividend is due	50,000	50,000
Year to which dividend relates	2011-12	2010-11
Amount of dividend remitted (₹)	100,000	100,000
Year to which dividend relates	-	Interim 2011-12
Amount of dividend remitted (₹)	-	1,500,000

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

- g)** The Company had instituted "Employee Stock Option Plan" (ESOP) for its employees in the year 2000. To administer the ESOP the Company had created a Trust viz. D-Link (India) Limited ESOP Trust (the Trust) in September 2000. The said Trust was allotted 6,50,000 Equity Shares of ₹ 2/-each. In terms of the said ESOP, the Trust had granted options to the employees in the form of Equity Shares which vest at the rate of 25% on each successive anniversary of the grant date. The Trust had been renamed as Smartlink ESOP Trust. ESOP Compensation Committee had also re-priced the unexercised options granted to employees to compensate for reduction in the intrinsic value of the company pursuant to the Scheme of arrangement with D-link (India) Limited. The accounting of ESOP's granted by the Trust to the employees of the Company was done in accordance with The SEBI (ESOS and ESPS) Guidelines, 1999. These Guidelines were amended in July 2004 for all accounting periods commencing after 30th June 2003. The amendment required the Company to prepare its accounts as if the ESOS/ESPS scheme was administered by itself (rather than by the Trust). The Company had accordingly considered all the options granted by the Trust on or after 1st April 2004. The difference between the Market price of the share (intrinsic value) and the exercise price of the option, on the date of grant, had been amortised over the vesting period. The annual amortization was included under "Employee benefit expenses" and the cumulative charge disclosed in the Balance sheet under "Employee stock options outstanding". There are no further options outstanding to be granted.
- h)** Excise duty collected from customers against sales has been disclosed as a deduction from turnover. The excise duty related to the difference between the opening and closing stock of finished goods is disclosed separately in the statement of profit and loss account as "Excise Duty".
- i)** Previous year's figures have been regrouped, wherever necessary, to correspond with those of the current year.

Signatures to Notes 1 to 38

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

A. B. Jani
Partner
Mumbai, dated : 30th April, 2013

For and on behalf of the Board

K. R. Naik
Executive Chairman

K. G. Prabhu
Company Secretary
Mumbai, dated : 30th April, 2013

K. M. Gaonkar
Director

Bhushan Prabhu
Chief Financial Officer

Independent Auditors' Report on Consolidated Financial Statements To The Board Of Directors of Smartlink Network Systems Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of SMARTLINK NETWORK SYSTEMS LIMITED (the "Company") and its subsidiary (the Company and its subsidiary constitute "the Group"), which comprise the Consolidated Balance Sheet as at 31st March, 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the report of the other auditor on the financial statements of the subsidiary referred to below in the Other Matter paragraph, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2013;
- b) in the case of the Consolidated Statement of Profit and Loss, of the loss of the Group for the year ended on that date; and
- c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Other Matter

We did not audit the financial statements of a subsidiary – Smartlink Middle East FZE, whose financial statements reflect total assets (net) of ₹ 20,274,368/- as at 31st March, 2013, total revenues of ₹ 9,522,819 and net cash flows amounting to ₹ 4,740,929/- for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditor whose report has been furnished to us by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of the subsidiary, is based solely on the report of the other auditor. Our opinion is not qualified in respect of this matter.

For Deloitte Haskins & Sells
Chartered Accountants
(Registration no. 117366W)

A. B. Jani
Partner
Membership no. 46488

Mumbai
Dated : 30th April, 2013

Consolidated Balance sheet as at 31st March, 2013

Particulars	Note No.	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
I EQUITY AND LIABILITIES			
1. Shareholders' funds			
(a) Share capital	3	60,009,700	60,009,700
(b) Employee stock options outstanding	34 a	13,715,716	13,715,716
(c) Reserves and surplus	4	4,077,385,431	4,167,290,508
		4,151,110,847	4,241,015,924
2. Non-current liabilities			
(a) Deferred tax liabilities (Net)	31	-	-
(b) Other long term liabilities	5	2,707,671	2,835,604
(c) Long-term provisions	6	6,954,098	7,811,213
		9,661,769	10,646,817
3. Current liabilities			
(a) Trade payables	7	203,993,525	121,084,399
(b) Other current liabilities	8	26,643,977	39,647,396
(c) Short-term provisions	9	73,345,697	74,167,340
		303,983,199	234,899,135
Total		4,464,755,815	4,486,561,876
II ASSETS			
1. Non-current assets			
(a) Fixed assets			
i. Tangible assets	10 a	286,890,004	295,964,407
ii. Intangible assets	10 b	7,489,192	10,807,917
iii. Capital work-in-progress	10 c	-	4,934,498
		294,379,196	311,706,822
(b) Long-term loans and advances	11	75,627,273	50,596,390
		370,006,469	362,303,212
2. Current assets			
(a) Current investments	12	2,684,707,165	1,586,210,626
(b) Inventories	13	159,503,000	329,591,169
(c) Trade receivables	14	250,852,461	156,473,127
(d) Cash and cash equivalents	15	881,140,095	1,915,688,230
(e) Short-term loans and advances	16	42,354,670	60,441,447
(f) Other current assets	17	76,191,955	75,854,065
		4,094,749,346	4,124,258,664
Total		4,464,755,815	4,486,561,876
See accompanying notes forming part of the Financial Statements			

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

A. B. Jani
Partner
Mumbai, dated : 30th April, 2013

For and on behalf of the Board

K. R. Naik
Executive Chairman

K. G. Prabhu
Company Secretary
Mumbai, dated : 30th April, 2013

K. M. Gaonkar
Director

Bhushan Prabhu
Chief Financial Officer

Consolidated Statement of Profit and Loss for the year ended 31st March, 2013

Particulars	Note No.	For the year ended 31st March, 2013 (₹)	For the year ended 31st March, 2012 (₹)
A CONTINUING OPERATION			
I Revenue from operations (gross)	18	1,223,999,289	729,466,272
Less : Excise duty		39,419,061	33,894,600
Revenue from operations (net)		1,184,580,228	695,571,672
II Other income	19	362,296,117	309,892,717
III Total Revenue (I + II)		1,546,876,345	1,005,464,389
IV Expenses :			
Cost of raw materials consumed		273,200,261	291,772,691
Purchases of traded goods		628,068,669	340,541,138
Decrease / (Increase) in inventories of finished goods, work-in-progress and traded goods	20	70,966,826	(174,631,517)
Employee benefits expense	21	261,761,001	258,858,179
Finance costs	22	680,883	526,450
Depreciation and amortisation expenses	10 d	38,869,423	42,987,988
Other expenses	23	293,342,140	287,359,491
Total Expenses		1,566,889,203	1,047,414,420
V (Loss) before exceptional items and tax (III - IV)		(20,012,858)	(41,950,031)
VI Exceptional items	33	-	4,709,508,545
VII (Loss) / Profit before tax (V + VI)		(20,012,858)	4,667,558,514
VIII Tax Expenses			
Current tax		-	1,017,500,000
Short provision for taxes in respect of earlier years		(290,837)	1,354,741
Net current tax expense		(290,837)	1,018,854,741
Deferred tax		-	(8,747,173)
		(290,837)	1,010,107,568
IX (Loss) / Profit from continuing operations (after tax) (VII - VIII)		(19,722,021)	3,657,450,946
B DISCONTINUING OPERATIONS			
X Profit from discontinuing operations (before tax)	33	-	8,963,023
XI Tax expense of discontinuing operations			
Current tax		-	2,500,000
Deferred tax		-	(1,208,633)
		-	1,291,367
XII Profit from discontinuing operations (after tax) (X - XI)		-	7,671,656
XIII (Loss) / Profit for the year (IX + XII)		(19,722,021)	3,665,122,602
XIV Earnings per equity share (Face value of ₹ 2/- per share)			
Basic and Diluted	30	(0.66)	122.15
See accompanying notes forming part of the Financial Statements			

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

A. B. Jani
Partner
Mumbai, dated : 30th April, 2013

For and on behalf of the Board

K. R. Naik
Executive Chairman

K. G. Prabhu
Company Secretary
Mumbai, dated : 30th April, 2013

K. M. Gaonkar
Director

Bhushan Prabhu
Chief Financial Officer

Consolidated Cash flow statement for the year ended 31st March, 2013

	For the year ended 31st March, 2013 ₹	For the year ended 31st March, 2012 ₹
A. Cash flows from operating activities		
(Loss) / Profit before tax	(20,012,858)	4,676,521,537
Adjustments for:		
Depreciation	38,869,423	44,960,881
(Profit) / Loss on sale of fixed assets (net)	(5,076,311)	2,104,375
(Profit) on sale of current investment (net)	(102,073,037)	(17,835,079)
Provision for diminution in value of current investments (net)	-	3,157,363
Provision for Gratuity written back	(1,734,681)	(2,727,613)
Provision for doubtful debts and advances	-	36,735
Bad debts written off	1,177,589	975,661
Sundry balances written off	720,995	2,366,240
Unrealised exchange differences	(2,026,012)	(157,532)
Provision for doubtful debts and advances written back	(1,551,292)	-
Provision for Leave encashment written back	(73,815)	(146,737)
Provision for diminution in value of current investments (net) written back	(3,264,493)	-
Provision for wealth tax	138,838	161,658
Profit on Sale of discontinued business (net)	-	(4,709,508,545)
Sundry balances written back	(320,636)	(991,075)
Interest and finance charges	680,883	526,450
Interest income	(161,138,150)	(110,466,187)
Dividend income	(59,627,625)	(171,657,011)
Operating (loss) before working capital changes	(315,311,182)	(282,678,879)
(Increase) / Decrease in trade receivables	(94,435,163)	27,151,351
Decrease / (Increase) in inventories	170,088,169	(346,968,965)
Decrease / (Increase) in loans and advances	12,901,457	(38,837,352)
Increase in trade and other payables	72,146,324	49,261,054
Cash (used in) / from operations	(154,610,395)	(592,072,791)
Direct taxes paid	(19,577,848)	(1,027,647,161)
Net cash (used in) operating activities	(174,188,243)	(1,619,719,952)
B. Cash flows from investing activities		
Purchase of fixed assets	(22,383,225)	(34,193,039)
Sale of fixed assets	5,148,511	446,911
Purchase of investments	(12,925,532,979)	(8,576,852,444)
Sale of investments	11,932,373,970	7,886,855,427
Bank balances not considered as Cash and cash equivalents		
Placed	(475,476,673)	(5,476,945,063)
Matured	1,472,010,361	3,701,018,000
Proceeds from sale of discontinued business	-	5,034,674,117
Dividend received	59,627,625	171,657,011
Interest received	160,800,260	35,504,168
Net cash (used in) / from investing activities	206,567,850	2,742,165,088
C. Cash flows from financing activities		
Dividend paid	(69,744,774)	(1,115,916,378)
Interest paid	(680,883)	(526,450)
Net cash (used in) financing activities	(70,425,657)	(1,116,442,828)
Net (Decrease) / Increase in cash and cash equivalents	(38,046,050)	6,002,308
Cash and cash equivalents at the beginning of the year	85,313,604	77,977,655
Effect of exchange differences on restatement of foreign currency Cash and cash equivalents.	31,603	1,333,641
Cash and cash equivalents at the end of the year	47,299,157	85,313,604

Notes:

- The Cash Flow Statement reflects the combined cash flows pertaining to continuing and discontinuing operations for the previous year (Refer note 33)
- Purchase of fixed assets are stated inclusive of movements of capital work in progress between the commencement and end of the year and are considered as part of investing activity.
- Reconciliation of Cash and cash equivalents :
Cash and cash equivalents (Refer note 15)
Less : Bank balances not considered as Cash and cash equivalents as defined in Accounting Standard (AS) 3 on 'Cash Flow Statements'
In deposits accounts
Original maturity more than 3 months
In earmarked accounts :
Unpaid dividend accounts
Deposits held as security against letters of credit
Deposits held as margin money

881,140,095	1,915,688,230
715,000,000	1,770,000,000
1,902,692	2,700,196
114,646,673	54,620,857
2,291,573	3,053,573
47,299,157	85,313,604

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

A. B. Jani
Partner

Mumbai, dated : 30th April, 2013

For and on behalf of the Board

K. R. Naik
Executive Chairman

K. G. Prabhu
Company Secretary

Mumbai, dated : 30th April, 2013

K. M. Gaonkar
Director

Bhushan Prabhu
Chief Financial Officer

Notes forming part of the Consolidated financial statements

NOTE 1:

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

Background of the Subsidiary Company

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

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

a. Basis of accounting and preparation of financial statements

The financial statements have been prepared to comply with generally accepted accounting principles in India, the Accounting Standards notified in the Companies (Accounting Standards) Rules 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared in the format prescribed by the Revised Schedule VI to the Companies Act, 1956.

b. Use of estimates

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

c. Fixed assets

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

d. Assets taken on Lease (Hire Purchase)

Assets taken on finance lease (including on hire purchase) on or after 1st April, 2001 are accounted for as fixed assets in accordance with Accounting Standard 19 on "Leases", (AS 19). Accordingly, the assets have been accounted at fair value. Lease payments are apportioned between finance charge and reduction of outstanding liability.

e. Depreciation

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

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

f. Impairment of assets

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

g. Investments

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

Notes forming part of the Consolidated financial statements

h. Inventories

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

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

i. Revenue recognition

Revenue (income) is recognized when no significant uncertainty as to determination/ realization exists. Revenue from sale of products is recognised net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods. Sales include excise duty but exclude sales tax and value added tax.

Revenue from services is recognised when the services are rendered.

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive the same is established.

j. Employee Benefits

- i. Provident fund liability is determined on the basis of contribution as required under the statute / rules.
- ii. Contribution to gratuity fund payable to the Trust formed for this purpose is charged to revenue in accordance with the scheme framed by the Life Insurance Corporation of India. Provision is made for the difference between the liability as per the actuarial valuation obtained at the end of the year and the fund balance with the Life Insurance Corporation of India.
- iii. Provision for Leave encashment is made on actuarial valuation done as at the year-end.

k. Foreign currency transactions

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

In case of forward exchange contracts or other financial instruments that is in substance a forward exchange contract, other than for trading or speculation purposes, the premium or discount arising at the inception of the contract is amortised as expense or income over the life of contract. Gains / losses on settlement of transactions arising on cancellation / renewal of forward exchange contracts are recognised as income or expense. At the year-end, monetary items denominated in

foreign currency and the relevant foreign exchange contracts are reported using the closing rate of exchange. Exchange difference arising thereon and on realization / payments of foreign exchange are accounted as income or expenses in the relevant year.

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

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

l. Borrowing costs

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

m. Government grants

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

n. Taxes on income

Current Income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961. Deferred Income-tax reflect the current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years/period. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future income will be available except that deferred tax assets in case there are unabsorbed depreciation and losses are recognised if there is virtual certainty that sufficient future taxable income will be available to realise the same (Refer note 31 below)

o. Provisions and contingencies

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

Notes forming part of the Consolidated financial statements

	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
NOTE 3 : SHARE CAPITAL		
Authorised		
35,000,000 Equity Shares of ₹ 2/- each.	70,000,000	70,000,000
Issued, subscribed and paid-up		
30,004,850 Equity Shares of ₹ 2/- each, fully paid-up	60,009,700	60,009,700
Total	60,009,700	60,009,700
NOTE 4 : RESERVES AND SURPLUS		
Capital Reserve		
State Government subsidy As per last Balance sheet	2,500,000	2,500,000
Securities Premium Account		
As per last Balance sheet	278,614,693	278,614,693
Revaluation Reserve		
As per last Balance sheet	38,721,980	39,491,208
Less : Utilised for set off against depreciation. (Refer Note 10c)	769,228	769,228
	37,952,752	38,721,980
Foreign Currency Translation Reserve		
As per last Balance sheet	1,946,827	44,129
Add : Adjustment during the year	794,521	1,902,698
Closing balance	2,741,348	1,946,827
General Reserve		
As per last Balance sheet	556,720,271	190,272,727
Add: Transferred from Surplus in Statement of Profit and Loss	-	366,447,544
Closing balance	556,720,271	556,720,271
Surplus in Statement of Profit and Loss		
As per last Balance sheet	3,288,786,737	1,106,028,057
Add : (Loss) / Profit for the year	(19,722,021)	3,665,122,602
Less : Appropriations		
Interim dividend	-	900,145,500
Proposed dividend (Amount per Equity Share ₹ 2/- (Previous year ₹ 2/-))	60,009,700	60,009,700
Corporate dividend tax	10,198,649	155,761,178
Transferred to General reserve	-	366,447,544
Closing balance	3,198,856,367	3,288,786,737
Total	4,077,385,431	4,167,290,508

Notes forming part of the Consolidated financial statements

	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
NOTE 5 : OTHER LONG-TERM LIABILITIES		
Other payables :		
Security deposits	2,295,878	2,120,878
Unearned revenue	411,793	714,726
Total	2,707,671	2,835,604
NOTE 6 : LONG-TERM PROVISIONS		
Provision for employee benefits		
For Gratuity	4,533,373	4,768,054
For Leave encashment	2,420,725	3,043,159
Total	6,954,098	7,811,213
NOTE 7 : TRADE PAYABLES		
Outstanding dues of micro enterprises and small enterprises	243,353	29,712
Other trade payables	203,750,172	121,054,687
Total	203,993,525	121,084,399
NOTE 8 : OTHER CURRENT LIABILITIES		
Unearned revenue	972,033	4,457,264
Unpaid dividends	1,902,692	2,700,196
Temporary overdrawn bank balance as per books	4,110,387	2,941,245
Advance received against insurance claim	-	5,000,000
Other payables :		
Statutory dues	16,909,475	17,111,264
Security deposits	772,766	772,766
Interest accrued on trade payables	27,535	77,392
Advance from customers	1,949,089	6,587,269
Total	26,643,977	39,647,396
NOTE 9 : SHORT-TERM PROVISIONS		
Provision for employee benefits		
For Gratuity	-	1,500,000
For Leave encashment	1,632,238	1,083,619
Others		
For Income-tax (net of advance tax ₹ 105,349,738/-, (Previous year ₹ 189,304,434/-))	1,505,110	1,838,947
Proposed dividend	60,009,700	60,009,700
Corporate dividend tax on proposed dividend	10,198,649	9,735,074
Total	73,345,697	74,167,340

Notes forming part of the consolidated financial statements

NOTE 10: FIXED ASSETS

Nature of assets	As at 1st April, 2012	Gross block			Depreciation			Amount in ₹	
		Additions	Deductions	Adjustment on slump sale	As at 31st March, 2013	For the year	Deductions	Adjustment on slump sale	Net block As at 31st March, 2013
a Tangible assets :									
Land									
Freehold	8,791,000	-	-	-	8,791,000	-	-	-	-
Leasehold	(8,791,000)	-	-	-	(8,791,000)	-	-	-	-
	9,278,538	-	-	-	1,183,491	99,906	-	-	7,995,141
	(15,722,538)	-	-	(6,444,000)	(1,590,857)	(108,207)	-	(515,573)	(8,095,047)
Buildings									
Own use	251,452,964	17,223,561	-	-	268,676,525	6,006,064	-	-	202,950,579
	(276,651,270)	-	-	(25,198,306)	(59,283,598)	(5,988,800)	-	(5,552,516)	(191,733,082)
Given under operating lease	3,752,200	-	-	-	1,073,604	125,323	-	-	2,553,273
	(3,752,200)	-	-	-	(948,281)	(125,323)	-	-	(2,678,596)
Plant and machinery	183,832,757	264,358	30,782,688	-	151,648,017	12,048,538	30,782,688	-	20,400,560
	(245,749,062)	-	(1,672,263)	(60,244,042)	(170,774,606)	(20,372,823)	(1,552,524)	(37,946,888)	(32,184,740)
Furniture and fixture	29,635,972	557,530	-	-	30,193,502	2,091,604	-	-	6,473,178
	(39,486,442)	(2,142,082)	(10,595,071)	(1,397,481)	(29,635,972)	(3,079,656)	(9,813,113)	(1,093,824)	(8,007,252)
Vehicles	22,641,374	152,844	160,402	-	22,633,816	4,255,898	94,540	-	7,787,855
	(22,448,880)	(1,766,405)	(798,980)	(774,931)	(22,641,374)	(3,529,184)	(792,176)	(167,250)	(11,956,771)
Office equipment	15,051,697	518,550	10,599	-	15,559,648	1,126,428	4,261	-	3,632,916
	(18,795,632)	(1,012,062)	(3,913,995)	(842,002)	(15,051,697)	(1,670,735)	(3,279,277)	(593,920)	(4,247,132)
Others									
Electrical installations	40,363,582	399,999	-	-	40,763,581	2,600,710	-	-	12,203,250
	(44,271,522)	(108,985)	(1,881,216)	(2,135,709)	(40,363,582)	(2,990,606)	(1,392,927)	(1,712,766)	(14,403,961)
Air conditioners	33,569,130	346,300	-	-	33,915,430	1,993,404	-	-	8,114,421
	(36,145,903)	(2,629,325)	(5,011,604)	(194,494)	(33,569,130)	(2,394,190)	(4,594,802)	(49,252)	(9,761,525)
Computers	153,879,507	7,854,581	-	-	161,734,088	5,972,051	-	-	14,778,831
	(160,283,973)	(10,437,559)	(12,319,000)	(4,523,025)	(151,426,587)	(4,728,689)	(12,210,024)	(2,962,046)	(12,896,301)
Tangible assets totals	752,248,721	27,317,723	30,953,689	-	748,612,755	36,319,926	30,881,489	-	286,890,004
Previous year	(872,098,422)	(18,096,418)	(36,192,129)	(101,753,990)	(752,248,721)	(44,988,213)	(33,640,843)	(50,594,035)	(295,964,407)
b Intangible assets :									
Goodwill	27,898,105	-	-	-	27,898,105	-	-	-	-
	(27,898,105)	-	-	-	(27,898,105)	-	-	-	-
Computer software - acquired	46,568,154	-	-	-	46,568,154	3,318,725	-	-	7,489,192
	(38,819,996)	(11,162,123)	(2,831,565)	(582,400)	(46,568,154)	(741,896)	(2,831,565)	(370,902)	(10,807,917)
Intangible assets totals	74,466,259	-	-	-	74,466,259	3,318,725	-	-	7,489,192
Previous year	(66,718,101)	(11,162,123)	(2,831,565)	(582,400)	(74,466,259)	(741,896)	(2,831,565)	(370,902)	(10,807,917)
Total	826,714,980	27,317,723	30,953,689	-	823,079,014	39,638,651	30,881,489	-	294,379,196
Previous year	(938,816,523)	(29,258,541)	(39,023,694)	(102,336,390)	(826,714,980)	(45,730,109)	(36,472,408)	(50,964,937)	(306,772,324)
c Capital work-in-progress									
	-	-	-	-	-	-	-	-	-
	(4,934,498)	-	-	-	(4,934,498)	-	-	-	(4,934,498)
Total	294,379,196	(311,706,822)			294,379,196				(311,706,822)

Notes

- Leasehold land/ premises include:
 - Plots of land of the aggregate gross value of ₹14,036,538/- (previous year ₹ 14,036,538/-), taken on lease from the Goa Industrial Development Corporation (GIDC) for an initial period of thirty years with an option to extend the lease to ninety/ ninety-five years.
 - Land and premises of the aggregate gross value of ₹ 1,686,000/- (previous year ₹ 1,686,000/-), taken on lease from Maharashtra Industrial Development Corporation (MIDC) for a initial period of ten years with an option to extend the lease to ninety-five years.
- Title deeds in respect of the above are in the names of GIDC and MIDC respectively. Goodwill represents the difference between the net assets of erstwhile Virtual Computers Private Limited taken over pursuant to scheme of amalgamation and the cost of shares held by the Parent Company in the erstwhile Virtual Computers Private Limited.
- Buildings comprises of a building given on operating lease for a period of 12 months.
- Figures in brackets are those of the previous year.

Particulars	Amount in ₹		
	For the year ended 31st March, 2013	For the year ended 31st March, 2012	For the year ended 31st March, 2012
Depreciation and amortisation relating to continuing operation			
Depreciation and amortisation for the year on tangible assets as per Note 10 a	36,319,926	44,988,213	45,730,109
Depreciation and amortisation for the year on intangible assets as per Note 10 b	3,318,725	741,896	
Less : Utilised from revaluation reserve	769,228	769,228	
Depreciation and amortisation relating to discontinuing operation (Refer Note 33)	-	1,972,893	
Depreciation and amortisation relating to continuing operation	38,869,423	42,987,988	

Notes forming part of the Consolidated financial statements

	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
NOTE 11 : LONG TERM LOANS AND ADVANCES		
Unsecured, considered good :		
Capital advances	-	1,406,179
Security deposits	5,819,286	4,897,629
Prepaid expenses	479,359	145,312
Others :		
VAT / Service tax receivable	256,300	457,258
Advance payment of taxes (net of provisions ₹ 1,075,000,000/-, (previous year ₹ 1075,000,000/-))	27,740,349	8,344,339
Custom duty receivable	12,941,309	13,045,673
Pre-deposit with Government authorities in connection with appeal filed (Refer note 25)	28,390,670	22,300,000
	75,627,273	50,596,390
Unsecured, considered doubtful :		
Security deposits	964,544	964,544
Less : Provision	964,544	964,544
	-	-
Total	75,627,273	50,596,390
NOTE 12 : CURRENT INVESTMENTS		
Investments in Mutual Funds (unquoted) (At lower of cost and fair value) Face value of all units, ₹ 10/- In Mutual Funds (unquoted)	2,574,077,432	1,589,757,119
Investments in Bonds (quoted) Face value of all units, ₹ 1,000,000/- In Bonds (quoted)	110,911,733	-
	2,684,989,165	1,589,757,119
Less: Provision	282,000	3,546,493
Total	2,684,707,165	1,586,210,626
Aggregate value of investments (net of provision)		
Unquoted - cost	2,574,077,432	1,586,210,626
Quoted - cost	110,911,733	-
- Market value	110,687,782	-
NOTE 13 : INVENTORIES (At lower of cost and net realisable value)		
Raw materials and components (Includes Goods-in-transit of ₹ 76,006/- (previous year ₹ 30,022/-))	18,208,840	113,261,123
Work-in-progress	3,654,214	7,368,580
Finished goods	53,212,109	81,232,524
Traded goods (Includes Goods-in-transit of ₹ 29,634,197/- (previous year ₹ 31,372,663/-))	82,422,529	121,654,574
Stores, spares and packing materials	2,005,308	6,074,368
Total	159,503,000	329,591,169
NOTE 14: TRADE RECEIVABLE		
Unsecured		
a) Outstanding for a period exceeding six month from the date they were due for payment		
Considered doubtful	1,459,217	1,839,961
Less: Provision	1,459,217	1,839,961
	-	-
b) Others		
Considered good	250,852,461	156,473,127
Total	250,852,461	156,473,127

Notes forming part of the Consolidated financial statements

	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
NOTE 15 : CASH AND CASH EQUIVALENTS		
a) Cash on hand	329,632	389,759
b) Balances with bank		
In Current accounts	45,758,091	27,572,259
In Exchange Earners Foreign Currency (EEFC) account	1,211,434	57,351,586
In deposits accounts (Refer note below)	715,000,000	1,770,000,000
In earmarked accounts		
Unpaid dividend accounts	1,902,692	2,700,196
Deposits held as security against letters of credit (Refer note below)	114,646,673	54,620,857
Deposits held as margin money (Refer note below)	2,291,573	3,053,573
Total	881,140,095	1,915,688,230
Note : Balances with bank include deposits amounting to ₹ 829,646,673/- (previous year ₹ 1,824,620,857/-) and margin monies amounting to ₹ 2,291,573/- (previous year ₹ 3,053,573/-) which have an original maturity of more than 12 months.		
NOTE 16 : SHORT TERM LOANS AND ADVANCES		
Unsecured, considered good :		
Security deposits	2,114,813	3,209,720
Advance / Loans to Employees	1,122,825	4,916,414
Prepaid expenses	5,650,288	5,383,800
Others :		
VAT credit receivable	595,134	552,532
CENVAT / Service tax credit receivable	19,410,855	26,281,286
Custom duty receivable	9,135,720	4,659,435
Balance in DEPB licences	901,150	6,189,390
Advances to suppliers	3,423,885	9,248,870
	42,354,670	60,441,447
Unsecured, considered doubtful :		
Advances to suppliers	206,455	1,377,003
Less : Provision	206,455	1,377,003
	-	-
Total	42,354,670	60,441,447
NOTE 17 : OTHER CURRENT ASSETS		
Accruals		
Interest accrued on deposit	73,730,531	75,854,065
Interest accrued on investments	2,461,424	-
Total	76,191,955	75,854,065

Notes forming part of the Consolidated financial statements

	For the year ended 31st March, 2013 ₹	For the year ended 31st March, 2012 ₹
NOTE 18: REVENUE FROM OPERATIONS		
Sale of products	1,047,026,095	577,263,574
Sale of services	175,101,266	150,154,165
Other operating revenues (Refer Note below)	1,871,928	2,048,533
	1,223,999,289	729,466,272
Other operating revenues		
Duty Drawback	-	158,235
Logistic support services and management fees	-	600,000
Provision for doubtful trade receivables and advances written back	1,551,292	-
Sundry balances written back	320,636	991,075
Recovery of trade receivables earlier written off	-	299,223
Total	1,871,928	2,048,533
NOTE 19 : OTHER INCOME		
Interest income		
On fixed deposits with banks	157,045,601	108,451,343
On bonds and securities	3,660,943	-
On overdue trade receivables	430,175	243,340
Interest on income tax refund	-	1,622,856
On debentures	1,431	-
	161,138,150	110,317,539
Dividend income from current investments	59,627,625	171,657,011
Provision for diminution in value of current investments (net) written back	3,264,493	-
Net gain on sale of current investment	102,073,037	17,835,079
Rent income from operating leases	5,455,501	6,197,610
Profit on fixed assets sold / written off (net)	5,076,311	-
Exchange gain (net)	16,158,097	2,873,302
Provision for Gratuity written back	380,604	-
Insurance and other claims	8,319,500	907,424
Scrap income	802,799	-
Service charges from customers	-	104,752
Total	362,296,117	309,892,717
NOTE 20 : (DECREASE) / INCREASE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND TRADED GOODS		
Stock as at 31st March, 2013		
Finished goods		
- Manufactured	53,212,109	81,232,524
- Traded	82,422,529	121,654,574
Work-in-progress	3,654,214	7,368,580
	139,288,852	210,255,678
Less: Stock as at 1st April, 2012		
Finished goods		
- Manufactured	81,232,524	23,531,111
- Traded	121,654,574	11,168,969
Work-in-progress	7,368,580	924,081
	210,255,678	35,624,161
(Decrease) / Increase	(70,966,826)	174,631,517

Notes forming part of the Consolidated financial statements

	For the year ended 31st March, 2013 ₹	For the year ended 31st March, 2012 ₹
NOTE 21 : EMPLOYEE BENEFITS EXPENSE		
Salaries and wages	236,206,884	234,293,292
Contribution to provident and other funds	7,400,897	4,066,961
Staff welfare expenses	17,429,595	17,160,189
Gratuity	-	2,236,343
Leave encashment	723,625	1,101,394
Total	261,761,001	258,858,179
NOTE 22 : FINANCE COST		
Interest Expenses on :		
Trade payables	6,021	5,814
Others		
Interest on delayed payment of income tax	50,710	142,693
Interest on statutory payments etc.	624,152	377,943
Total	680,883	526,450
NOTE 23 : OTHER EXPENSES		
Stores, spares and packing material consumed	13,589,591	12,556,002
Power and fuel	13,952,769	12,679,310
Rent	19,249,629	19,579,432
Operating lease rentals	18,160	645,740
Rates and taxes	1,740,599	1,227,062
Insurance	4,855,383	6,013,795
Repairs and maintenance		
Buildings	4,007,263	3,105,337
Machinery	2,412,643	3,258,147
Others	9,786,799	10,316,928
	16,206,705	16,680,412
Travelling and conveyance expenses	17,215,432	16,498,608
Communication expenses	7,816,832	8,174,478
Legal and Professional fees	33,945,759	25,856,186
Advertisement and sales development expenses	99,486,539	70,455,262
Freight Outward	25,764,681	34,561,039
Printing and stationery expenses	5,124,781	11,328,694
Servicing expenses	14,880,275	8,821,295
Loss on fixed assets sold / scrapped / written off	-	2,104,375
Provision for diminution in value of current investments (net)	-	3,157,363
Provision for doubtful debts and advances	-	36,735
Sundry balances written off	720,995	2,366,240
Bad debts written off	1,177,589	975,661
Excise duty (Refer Note No. 34 (b))	110,255	8,682,832
Miscellaneous expenses	17,486,166	24,958,970
Total	293,342,140	287,359,491

Notes forming part of the Consolidated financial statements

NOTE 24 :

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

The details of the subsidiary is as under:

Subsidiary (incorporated in United Arab Emirates)	Percentage holding	Date of the financial statements
Smartlink Middle East FZE	100%	31st March, 2013

Note : The Parent Company has invested a sum of ₹ 4,582,954/- during the year towards infusion of capital of the subsidiary company. However, there is no change in the holding this year.

	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
NOTE 25 : CONTINGENT LIABILITIES AND COMMITMENTS		
Contingent liabilities in respect of		
a. Show cause notices received by the Parent Company from customs authorities relating to imports made in earlier years.	709,043	709,043
b. Disputed demands of custom duty against the Parent Company pending before the Customs, Excise and Service Tax Appellate Tribunal (CESTAT)	242,023,983	-
c. Disputed demands of custom duty against the Parent Company pending before the Customs, Excise and Service Tax Appellate Tribunal (CESTAT) (Amount deposited as pre-deposit ₹ 900,000/-)	2,414,221	2,414,221
d. Disputed penalty demands of Custom Authorities with respect to (c) above, against the Parent Company, pending before the Customs, Excise and Service Tax Appellate Tribunal (CESTAT)	2,412,221	2,412,221
e. Disputed demand of excise duty in connection with valuation of products manufactured by the Parent Company pending before CESTAT (Amount deposited as pre-deposit ₹ 11,400,000/-)	38,715,672	38,715,672
f. Disputed penalty demands of Excise Authorities with regard to (e) above, against the Parent Company, pending before the CESTAT	39,517,713	39,517,713
g. Custom duty paid under protest The raw material/trading material/software imported by the Parent Company are subjected to different rates of customs duty based on classification under respective Tariff Head. The Customs department has objected to the classifications adopted by the Parent Company for certain items and has demanded additional duty for the same. The Parent Company has paid such differential duty under protest, which is included under Long term loans and advances in Note 11, pending resolution of the dispute.	4,487,728	4,487,728
h. Disputed demand of Income-tax against the Parent Company for Assessment Year 2008-09 pending before Commissioner of Income-tax (Appeals), Panaji (Amount deposited as pre-deposit ₹ 16,090,670/-).	-	40,297,980
i. SEBI had filed a criminal case, in the Metropolitan Magistrate court, in June, 2006 under Section 77A(4) r/w Section 621 for alleged contravention of provisions of the Companies Act, 1956 for failing to complete the process of buy back of shares as provided under the said section. The Parent Company had filed an application in the Hon'ble High Court of Bombay and the Hon'ble High Court has passed Orders staying the proceedings in the Metropolitan Magistrate court. The stay is continuing. The Parent Company does not expect any liability on this account at this stage.		
Capital commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	-	14,246,950

Notes forming part of the Consolidated financial statements

NOTE 26 : FOREIGN CURRENCY

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

	As at 31st March, 2013		As at 31st March, 2012	
	In foreign Currency	In (₹)	In foreign Currency	In (₹)
Amount receivable in foreign currency on account of the following:				
Trade receivables	USD 782,266	42,461,390	USD 431,129	21,933,673
Loans and advances	USD 5,642	242,758	USD 8,490	369,080
Amount payable in foreign currency on account of the following:				
Trade payable	USD 2,559,033	138,929,895	USD 1,213,924	61,770,498
Other payables	-	-	USD 4,923	219,184

NOTE 27		Current Year ₹	Previous year ₹
A. The disclosure as required under AS-15 regarding the Group defined benefit plans is as follows:		Gratuity (Funded)	Gratuity (Funded)
I Reconciliation of opening and closing balances of Defined Benefit obligation			
Defined Benefit obligation at beginning of the year		13,444,956	13,765,190
Less : Transferred pursuant to sale of discontinued business		-	2,573,666
		13,444,956	11,191,524
Current Service Cost		2,165,746	2,153,585
Interest Cost		1,047,369	872,493
Actuarial (gain) / loss		(2,862,272)	(201,931)
Benefits paid		(705,676)	(570,715)
Defined Benefit obligation at year-end		13,090,123	13,444,956
II Reconciliation of opening and closing balances of fair value of plan assets			
Fair value of plan assets at beginning of the year		7,176,902	4,769,523
Expected return on plan assets		600,897	454,345
Actuarial gain/(loss)		130,550	133,459
Employer contribution		1,354,077	2,390,290
Benefits paid		(705,676)	(570,715)
Fair value of plan assets at year end		8,556,750	7,176,902
III Reconciliation of fair value of assets and obligations			
Present value of obligation as at 31st March, 2013		13,090,123	13,444,956
Fair value of plan assets as at 31st March, 2013		8,556,750	7,176,902
Amount recognized in Balance Sheet		(4,533,373)	(6,268,054)
IV Expense recognized during the year			
(Under the head "Other income" - Refer to note 19)			
Current Service Cost		2,165,746	2,153,585
Interest Cost		1,047,369	872,493
Expected return on plan assets		(600,897)	(454,345)
Actuarial (gain) / loss		(2,992,822)	(335,390)
Net Cost		(380,604)	2,236,343

Notes forming part of the Consolidated financial statements

	Current Year	Previous Year
V Actuarial assumptions		
Discount rate (per annum)	8.00%	8.00%
Expected rate of return on plan assets (per annum)	8.00%	8.00%
Rate of escalation in salary (per annum)	5.00%	6.00%

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

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

	Amount in ₹		
Experience Adjustment	31-Mar-13	31-Mar-12	31-Mar-11
On plan liabilities	(2,862,272)	(201,931)	(862,308)
On plan assets	130,550	133,459	103,636
Present value of benefit obligation	13,090,123	13,444,956	13,765,190
Fair value of plan assets	8,556,750	7,176,902	4,769,523
Excess of (obligation over plan assets) / plan assets over obligation	(4,533,373)	(6,268,054)	(8,995,667)

VIII The contribution expected to be made by the Parent Company during the financial year 2013-14 have not been ascertained.

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

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

i. Contribution to provident fund ₹ 7,389,162/- (previous year ₹ 4,062,473/-).

NOTE 28 : SEGMENT INFORMATION

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

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

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

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

- Domestic
- Export

Information about secondary segments

	Amount in ₹			
Particulars	Domestic	Exports	Unallocated	Total
Revenues from external customers (net) (including sale of services)	1,052,976,686	131,603,542	-	1,184,580,228
	(581,598,578)	(113,973,094)	-	(695,571,672)
Segment assets	752,657,672	42,318,579	3,669,779,564	4,464,755,815
	(878,530,943)	(21,933,673)	(3,586,097,260)	(4,486,561,876)
Additions to fixed assets during the year	22,383,225	-	-	22,383,225
	(34,193,039)	-	-	(34,193,039)

Figures in brackets are for the previous year

Notes forming part of the Consolidated financial statements

NOTE 29 : LEASE TRANSACTION

Operating leases

The Parent Company has taken premises / vehicles on cancellable operating lease basis. The tenure of the agreement ranges from 33/60 months.

There are no renewal or purchase options and escalation clauses in these agreements.

The lease rentals for the year charged to revenue are ₹ 18,160/- (previous year ₹ 645,740/-)

NOTE 30: EARNING PER SHARE

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

	For the year ended 31st March, 2013 ₹	For the year ended 31st March, 2012 ₹
Net (loss) / profit for the year attributable to Equity Shareholders	(19,722,021)	3,665,122,602
Weighted average number of equity shares	30,004,850	30,004,850
Par value per share	2.00	2.00
Basic and Diluted earnings per share (Previous year including exceptional item ₹ 4,709,508,545/-) net of tax	(0.66)	122.15

NOTE 31 : DEFERRED TAX (NET)

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

	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
a. Deferred Tax Liability		
Depreciation	(13,205,643)	(10,588,796)
Total	(13,205,643)	(10,588,796)
b. Deferred Tax Asset		
Provision for doubtful debts and advances	894,011	1,356,690
Provision for slow moving stock	23,709,765	-
Others	2,466,038	3,372,603
Unabsorbed depreciation	11,129,856	12,992,441
Unabsorbed business loss	-	47,693,349
Deferred Tax Liability (net)	NIL *	NIL *

Note : * During the current year other items have given rise to a net deferred tax asset of ₹25,221,503/-. However, in view of the loss incurred the Parent Company as a matter of prudence has not recognised deferred tax asset arising out of the same. (Previous year the unabsorbed business loss, depreciation and other items had given rise to net deferred tax asset amounting to ₹ 54,826,287/-. However, 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 realized, the Parent Company had not accounted for the same.)

NOTE 32 : RELATED PARTY DISCLOSURES

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

Name of the related parties	Nature of relationship
Mr. Kamalaksha R. Naik	Key management person
Mr. Kamalaksha R. Naik (HUF)	Enterprise over which key management person is able to exercise significant influence.
Mrs. Sudha K. Naik	Relative of key management person
Mrs. Lakshana A. Sharma	Relative of key management person
Ms. Arati K. Naik	Relative of key management person

Notes forming part of the Consolidated financial statements

Details of related party transactions during the year

Amount in ₹

Nature of transactions	Key Management Person	Enterprise over which key management person is able to exercise significant influence	Relative of key management person	Total ₹
Managerial remuneration				
Mr. Kamalaksha R. Naik	-	-	-	-
	(2,100,000)	-	-	(2,100,000)
Salary				
Ms. Arati K. Naik	-	-	456,106	456,106
	-	-	(425,375)	(425,375)
Dividend paid				
Mr. Kamalaksha R. Naik	31,291,746	-	-	31,291,746
	(462,661,600)	-	-	(462,661,600)
Mr. Kamalaksha R. Naik (HUF)	-	685,942	-	685,942
	-	(10,975,072)	-	(10,975,072)
Mrs. Sudha K. Naik	-	-	3,000,486	3,000,486
	-	-	(48,007,776)	(48,007,776)
Mrs. Lakshana A. Sharma	-	-	3,600,582	3,600,582
	-	-	(57,609,312)	(57,609,312)
Ms. Arati K. Naik	-	-	4,860,398	4,860,398
	-	-	(67,210,880)	(67,210,880)
Rent Expense				
Ms. Arati K. Naik	-	-	720,000	720,000
	-	-	(480,000)	(480,000)
As at the year-end Amount due from				
Mr. Kamalaksha R. Naik	-	-	-	-
	(3,761,250)	-	-	(3,761,250)

Notes

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

Notes forming part of the Consolidated financial statements

NOTE 33 : DISCONTINUING OPERATIONS

The Board of Directors of the Parent Company at its meeting held on 31st March, 2011 approved the sale of the Structured cabling business comprising of manufacture, sale and marketing of structured cabling products carried under the brand name "DIGILINK", hereinafter referred to as ("Digilink Business"), to Schneider Electric India Private Limited ("Schneider"). The Digilink Business together with its respective assets and liabilities, was transferred to Schneider on a 'slump sale' basis as a going concern, for a cash consideration of ₹ 5,030,000,000/- to be adjusted for any net working capital changes as on the closing date.

In this connection, the Parent Company had signed the Business Transfer Agreement dated 31st March, 2011 and had obtained the shareholders approval through postal ballot on 11th May, 2011. The consideration was received on 13th May, 2011, the Closing date. The balance consideration on account of net working capital adjustments was received during the quarter ending 30th September, 2011. The profit on account of the above transaction was disclosed as an exceptional item in the previous year.

Accordingly, the 'DIGILINK' business is considered as a 'discontinued operation' in terms of Accounting Standard 24 on 'Discontinued Operations' (AS 24).

The disclosures required under AS 24 are as under :

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

Amount in ₹

Particulars	2012		
	Continuing Operation	Discontinuing Operation	Total
Revenue from operations (net)	695,571,672	138,693,071	834,264,743
Other Income	309,892,717	3,165,911	313,058,628
Increase/(Decrease) in stocks of finished goods, work-in-progress and traded goods	174,631,517	-	174,631,517
Total Income	1,180,095,906	141,858,982	1,321,954,888
Total Expenditure	1,222,045,937	132,895,959	1,354,941,896
Profit / (Loss) before tax and before exceptional items	(41,950,031)	8,963,023	(32,987,008)
Exceptional items	4,709,508,545	-	4,709,508,545
Profit / (Loss) before tax	4,667,558,514	8,963,023	4,676,521,537
Provision for taxation	1,010,107,568	1,291,367	1,011,398,935
Profit / (Loss) after tax	3,657,450,946	7,671,656	3,665,122,602
Assets	4,486,561,876	-	4,486,561,876
Liabilities	245,545,952	-	245,545,952

- b. Cash flow from continuing and discontinuing operations :

Amount in ₹

Particulars	2012		
	Continuing Operation	Discontinuing Operation	Total
Net cash from operating activities	(1,635,547,938)	15,827,986	(1,619,719,952)
Net cash (used in) / from investing activities	2,742,016,440	148,648	2,742,165,088
Net cash (used in) financing activities	(1,116,442,828)	-	(1,116,442,828)

Notes forming part of the Consolidated financial statements

NOTE 34 : OTHER DISCLOSURE

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

	For the year ended 31st March, 2013 ₹	For the year ended 31st March, 2012 ₹
a) Capital	26,554,891	20,741,169
b) Reserves	(6,446,449)	(6,470,104)
c) Total assets	20,274,368	14,392,553
d) Total liabilities	169,656	124,944
e) Details of investment	NIL	NIL
f) Turnover	9,522,819	25,545,343
g) Profit / (Loss) before taxation	457,285	(2,071,884)
h) Provision for taxation	-	-
i) Profit / (Loss) after taxation	457,285	(6,350,350)
j) Proposed dividend	NIL	NIL

Exchange rate considered as on the closing date is ₹ 54.29 per USD (previous year ₹ 50.88 per USD)

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

Signature to notes 1 to 34

In terms of our report attached
For Deloitte Haskins & Sells
 Chartered Accountants

A. B. Jani
 Partner
 Mumbai, dated : 30th April, 2013

For and on behalf of the Board

K. R. Naik
 Executive Chairman

K. G. Prabhu
 Company Secretary

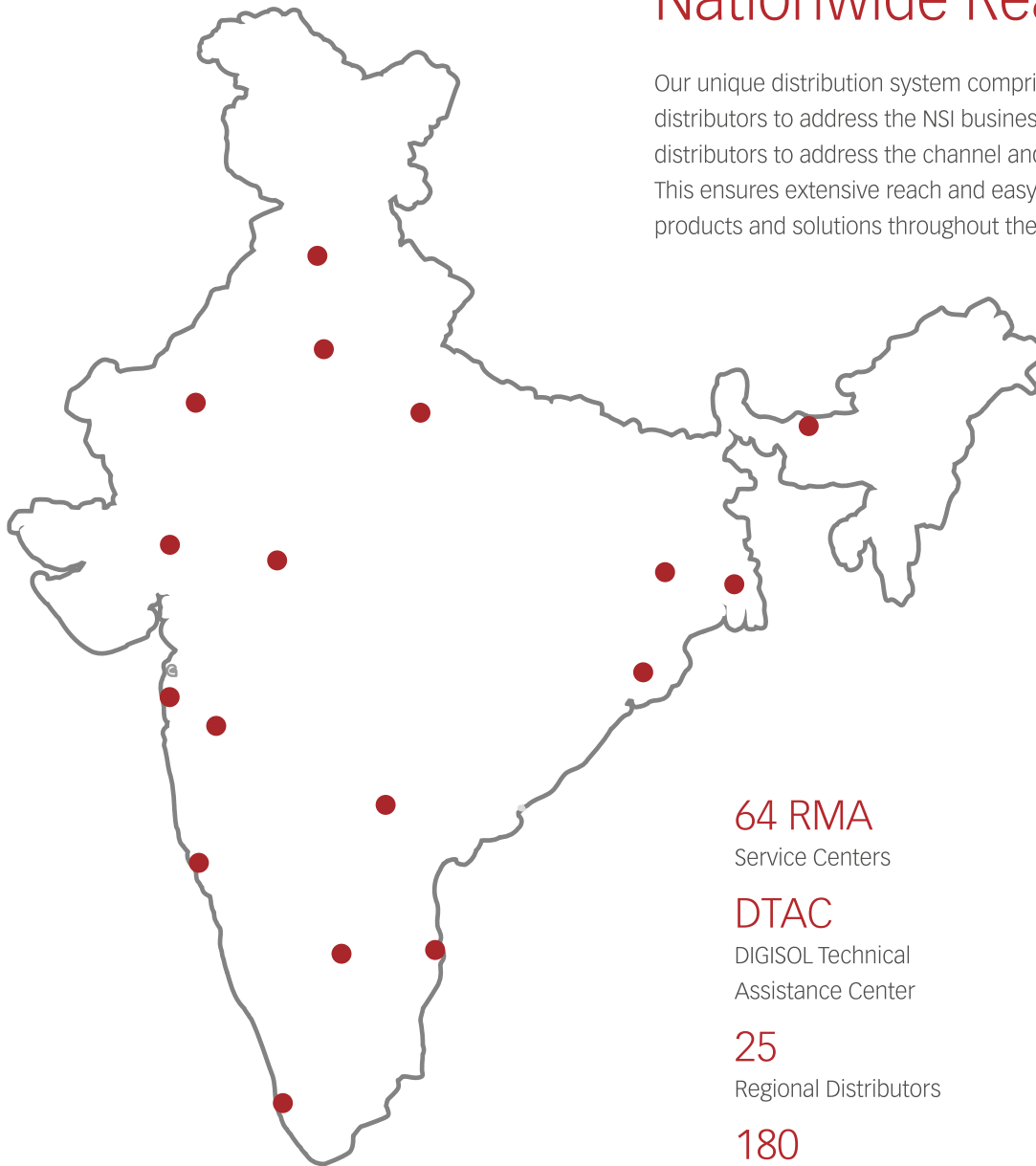
Mumbai, dated : 30th April, 2013

K. M. Gaonkar
 Director

Bhushan Prabhu
 Chief Financial Officer

Nationwide Reach

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



17 Branch Offices

Delhi
Chandigarh
Lucknow
Guwahati
Kolkata
Jamshedpur
Bhubneshwar
Indore
Ahmedabad
Mumbai
Pune
Secunderabad
Goa
Jaipur
Bangalore
Chennai
Cochin

64 RMA

Service Centers

DTAC

DIGISOL Technical
Assistance Center

25

Regional Distributors

180

Stockist Partners

222

System Integrators

5000 +

Resellers

Disclaimer/Forward Looking Statement

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

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

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

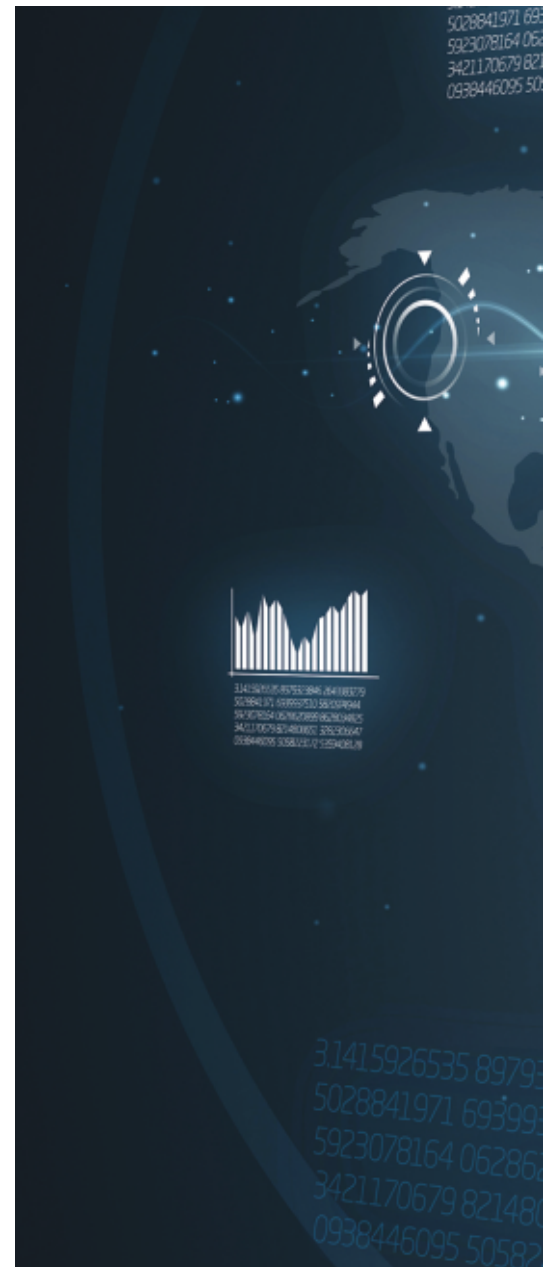
Corporate Office:


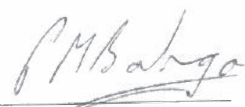

Smartlink House,
Plot No. 5, Kurla-Bandra
Complex Road, Off CST
Road, Santacruz (East),
Mumbai - 400 098 .

Registered Office:

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

www.smartlink.co.in



FORM A		
Format of covering letter of the annual audit report to be filed with the stock exchanges		
1.	Name of the Company:	Smartlink Network Systems Limited
2.	Annual standalone financial statements for the year ended	31st March, 2013.
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	Not Applicable
5.	To be signed by-	
	Mr. K. R. Naik – Executive Chairman	
	Mr. Pankaj Baliga - Audit Committee Chairman	
	Mr. Bhushan Prabhu - Chief Financial Officer	



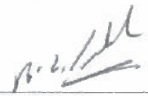
Auditor of the company

Refer our Audit Report dated 30th April, 2013 on the standalone financial statements of the Company.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm Registration No. 117366W)



Ashesh B. Jani
Partner
Membership No.: 46488
Mumbai, 30th April, 2013

FORM A		
Format of covering letter of the annual audit report to be filed with the stock exchanges		
1.	Name of the Company:	Smartlink Network Systems Limited
2.	Annual consolidated financial statements for the year ended	31st March, 2013.
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	Not Applicable
5.	To be signed by-	
	Mr. K. R. Naik – Executive Chairman	
	Mr. Pankaj Baliga - Audit Committee Chairman	
	Mr. Bhushan Prabhu - Chief Financial Officer	

Auditor of the company

Refer our Audit Report dated 30th April, 2013 on the consolidated financial statements of the Company.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm Registration No. 117366W)



Ashesh B. Jani
Partner
Membership No.: 46488
Mumbai, 30th April, 2013