



**Smartlink Network Systems Limited**  
**Annual Report 2013-14**



## CONTENTS

02	Chairman's Message
04	Business Overview
08	Board of Directors
14	Directors' Report
17	Management Discussion and Analysis
21	Report on Corporate Governance
31	Auditor's Report
34	Balance Sheet
35	Statement of Profit & Loss
36	Cash Flow Statement
37	Notes Forming Part of the Financial Statements
58	Consolidated Auditor's Report
60	Consolidated Balance Sheet
61	Consolidated Statement of Profit and Loss
62	Consolidated Cash Flow Statement
63	Notes Forming Part of the Consolidated Financial Statements

## VISION

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

## MISSION

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

To encompass technological foresight with focused leadership.

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



## Chairman's Message



Dear Shareholders,

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

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

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



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

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

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

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

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

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

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

Sincerely,

**K. R. Naik**

Executive Chairman

## Business Overview

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

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

### The Company has four brands:

DIGISOL - for its range of active networking and communication products

DIGILITE - for its motherboards and peripherals

DIGITAB - for its tablets

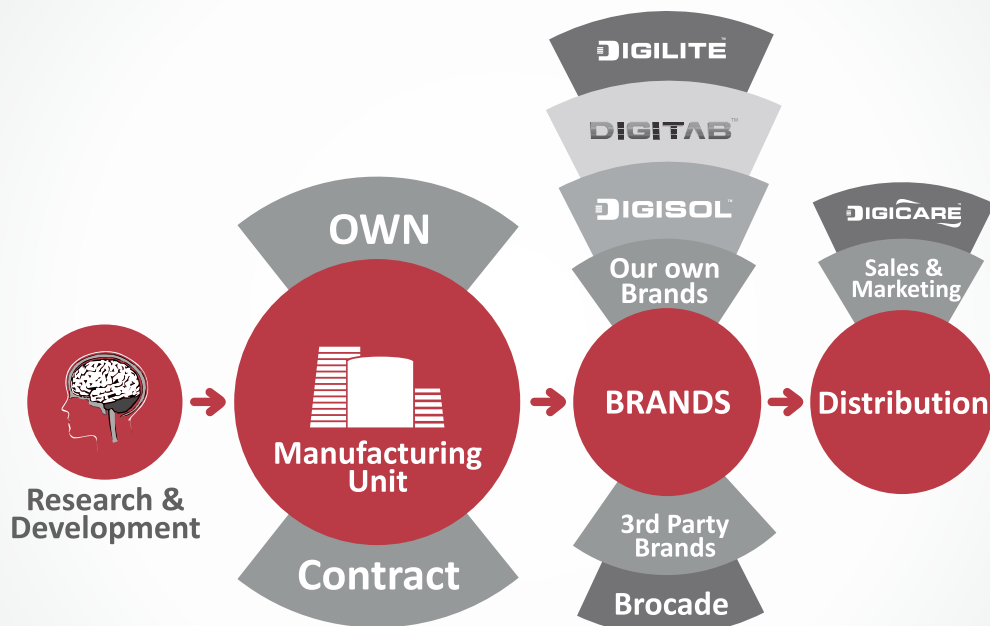
DIGICARE - for its service and support division

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

### The 'Smartlink' Advantage

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

## Business Model



**smartlink**  
Smart Solutions for a Smarter Planet

## DIGISOL

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



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

### DIGISOL offer products in the following areas:

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

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



## DIGILITE

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

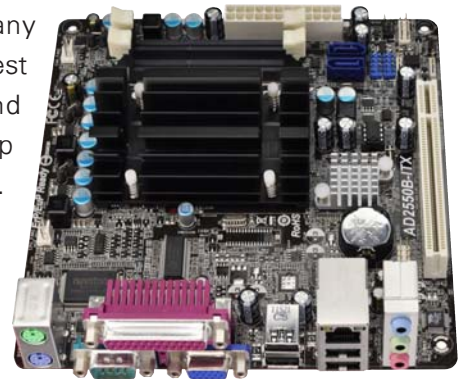


The motherboard market is huge and the company has sophisticated manufacturing capabilities and vast experience in the manufacture of

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

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

The nationwide distribution network with committed national and



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

## Power Banks

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



## DIGITAB

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

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

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

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



## DIGICARE

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

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



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

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

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



## Electronic Manufacturing Services

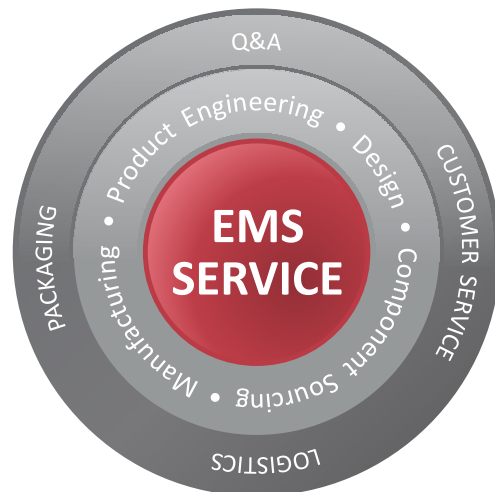
Smartlink has over two decades of experience in manufacturing electronic products for the IT, networking and the telecom industries. Its state-of-the-art manufacturing facility at Goa is highly versatile and is geared for delivering products of international quality and meeting tight delivery schedules.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

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

## Benefits of Local Manufacturing

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

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



## Board of Directors



**K. R. Naik**

Executive Chairman

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



**Jangoo Dalal**

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



**Pradeep Rane**

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