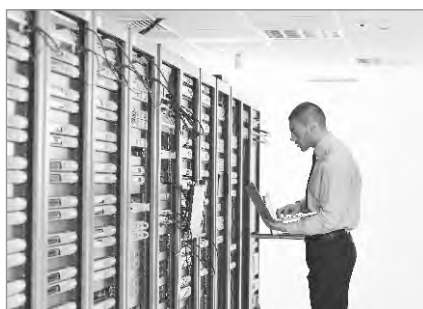


Smartlink Network Systems Limited
Annual Report 2014-15



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Vision



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

Mission



- To facilitate our customers growth in their business through our best in class product & service offerings.
- To encompass technological foresight with focused leadership.
- To create a trustworthy environment by keeping transparency with internal and external stakeholders.

Chairman's Message



“We have earned the confidence of a growing customer base, through our ability to innovatively tailor our offerings to their unique needs.”

K. R. Naik
Executive Chairman

Dear Shareholders,

It has been a year of challenging decisions at Smartlink Network Systems Limited.

Today, our brands are well established in the highly competitive and volatile networking market, populated by MNCs, Chinese brands, local and unorganized players and even an unorganized market. Our brands have built their reputation for being appropriate solutions of reliable quality at competitive prices.

We have earned the confidence of a growing customer base through our ability to innovatively tailor our offerings to their unique needs. We have very good standing with a number of verticals, ranging from SME/SMB and SOHO, all the way to the most critical industry and service sectors, and Government.

2014 was a good year for the networking infrastructure market with certain categories like Ethernet Switches showing exceptional high growth. This has been the result of hefty recent investments in networking/telecom infrastructure for 3G with its 4G LTE upgrade path. That's the way of the future, and it has yielded a good harvest indeed for the networking industry. In the quarters ahead, we can expect to see a rich mix of investments by various verticals, including Telecom, Government, BFSI, Education, Hospitality, Healthcare, Manufacturing, Retail, Professional Services and so on. There will be investment in various futuristic and visionary projects like Digital India and Smart Cities. There will be an eager anticipation of positive and supporting government policies and decisions. A large stratum of customers will be seeking to take

advantage of the ongoing convergence of technologies, applications, pre- and post-sales service and security, being offered as integrated solutions.

We're well placed to offer integrated solutions with a strong end-to-end infrastructure from manufacturing to customer service. Our manufacturing capabilities stem from our state-of-the-art Goa plant, where we see the PM's 'Make in India' commitment in action in anticipation of concrete steps by Government of India to support IT manufacturing in the country.

While the 'Make in India' proposition does not offer any duty advantage to locally manufactured networking products as yet, we have taken up the manufacturing of large volume products like wireless and ADSL routers in the 300Mbps space, which have been very well accepted in the market. Tailored and designed for Indian operating conditions, even their packaging reflects India make.

For us, the 'Make in India' proposition shortens the lead time to delivery, allowing us to be more responsive and flexible. Also, servicing is greatly facilitated, since no one knows the product as well as the people who made it in the first place.

I must also dwell a little on the restructuring of the product mix of our overall business. During the year, we decided to discontinue the sales of motherboards under DIGILITE brand for various reasons even though that business contributed very substantially to our overall turnover. There has been steady decline in the global as well as Indian motherboards market on account of a combination of factors like: narrowing price gaps between desktops and laptops, shutting down of desktop manufacturing by several leading manufacturers as more and more consumers opt for tablets and notebook PCs.

Traditionally too, motherboard business has always been a commodity business with dwindling margins. With declining demand, the bottom line contribution from this business was negative. We therefore, decided to exit the motherboard business and focus our energies and resources on future growth areas.

Our channel business has not grown largely on account of the proliferation of low cost Chinese brands and non-branded products.

With the growing market in wireless application areas and high bandwidth requirements, I feel we can do better in coming years by concentrating on our core businesses, pursuing a national market through our Pan-India office presence.

We have taken a special interest in large-premises system integration, and when we won substantial orders, we decided to concentrate even more on that segment. At the end of the last financial year we introduced our high end CCTV Surveillance products, which were well accepted in the market; so we decided to concentrate on Surveillance as another of our key businesses.

In conclusion, let me gratefully acknowledge all the generous support so freely given by my Colleagues on the Board, our Employees, our Stakeholders, Associates, Customers and Friends. I must also sincerely thank our Shareholders who have steadfastly held on to their faith in the Company. There may well be exciting times ahead, and I could wish for no better companions on that journey.

Thank you.

Sincerely,

K. R. Naik
Executive Chairman
DIN: 00002013

Business Overview

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

The company offers a comprehensive range of products for various communication needs including Switching, Broadband Routing, Wireless LAN and Surveillance. All Smartlink products are backed by high quality after sales and service support.

The Company has the following brands:

DIGISOL - For its range of Active Networking, Communication Products and Surveillance products

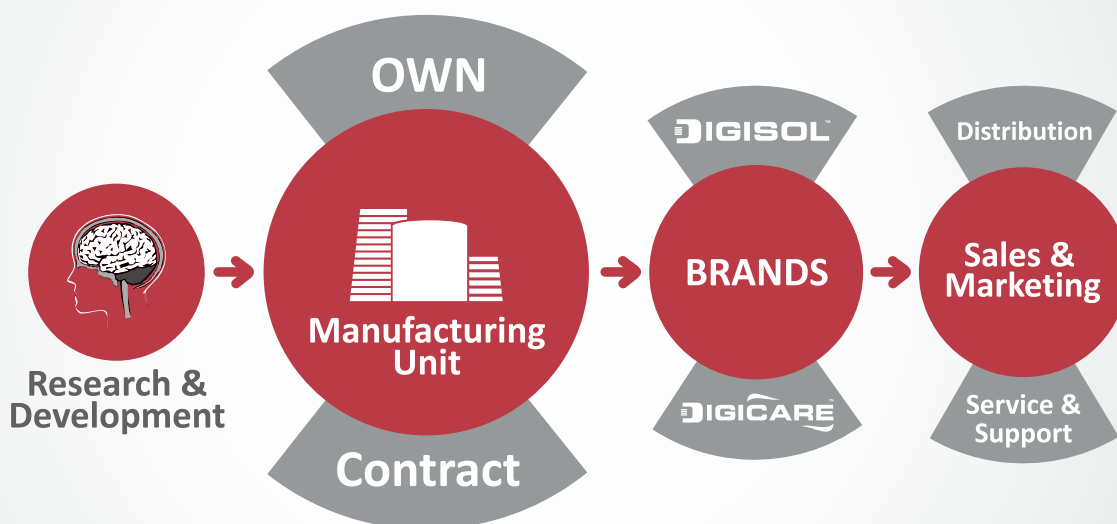
DIGICARE - For its service and support division

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
- 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

A wide range of DIGISOL products for all your networking and security needs.

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's best in class quality products are manufactured at its own manufacturing facility in Goa. Its R&D, a Pan-India distribution and call based technical support backed by a strong in-house service team.

DIGISOL offers products in the following areas:

- Switching
- Broadband Routing
- Wireless LAN
- Enterprise Wireless
- IP Surveillance
- CCTV Surveillance

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 network.

Home Segment

DIGISOL maximizes your internet experience anywhere in and around your house by expanding your network in two ways: wired and wireless.

DIGISOL wireless products enable you to connect devices such as smart TVs, desktop computers and gaming systems to the internet for maximum speed. You can get connected to the internet via wireless, and stay connected no matter where you move within the house. It's Internet that keeps up with you. You can download music, videos, photos and gaming with High speed Internet on multiple devices.

DIGISOL offers a wide range of wireless products for the home segment, such as ADSL and broadband routers, wireless 3G and 4G compatible routers, 3G adaptors and wireless range boosters.

SOHO

DIGISOL offers a range of products for the small office and home office segment, such as wireless routers, wireless access points, switches, print servers, media converters and more.



SME Segment

DIGISOL is emerging as a strong player in the SME market, which will continue to be our focus area. We offer a good range of SME products, and constantly enhance and strengthen our range of solutions, based on a close understanding of the evolving needs of this segment. DIGISOL SME products have the key attributes of performance, scalability, reliability and eco-friendliness. Our offerings include the entire gamut of end-to-end networking solutions, including unmanaged, web-managed and managed switches, enterprise outdoor and managed wireless, broadband routing, converged communication, print servers, media converters and surveillance products.

PoE Solutions

In today's connected world, the IP connects all devices, whether wired or wireless. Wireless connectivity infrastructure is just as important as wired connectivity, since it provides mobility and more flexibility in deployment.

For most office networks, the infrastructure is usually structured as wireless for LAN and wired for HPC data centers. Wireless access points are an integral part of any office LAN or hotel infrastructure today, with aesthetic designs which can adapt to interiors. The only challenge is providing power sockets at each of the several installation points.

There is a similar challenge faced by IP surveillance solutions, with IP cameras being mounted in key areas and requiring power connections.

Power over Ethernet - or simply PoE - is technology which helps to overcome these challenges. It combines electrical power and ethernet signals on Cat 5E/Cat6 cables, and plugs into PoE-enabled APs/cameras to supply power to ON and feed signal. This provides more unified solutions that do away with plunging adapters and multiple wires.

DIGISOL provides cutting edge PoE solutions for serving different PoE needs today in terms of power, distance and I/Os.

For end-to-end unified experience, DIGISOL has PoE solutions which are not only PoE switches but also IP cameras and wireless access points which are 100% PoE standard compliant.

Security and Surveillance Products

Keeping in mind the growing need for better quality security and surveillance products in the country, DIGISOL has introduced a new range of CCTV and IP surveillance products. The CCTV range of products include a series of analog dome cameras, analog bullet cameras, analog DVRs, AHD dome cameras, AHD bullet cameras and AHD analog DVRs. The IP surveillance products include fixed cameras, dome cameras, pan tilt cameras, pan tilt zoom cameras, bullet cameras and network video recorders (NVR).

DIGISOL is targeting segments such as homes, residential complexes, retail outlets and hospitality, and our product range is ideally suited for catering to all next-generation surveillance needs coming up in the country.



DIGICARE

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

DIGICARE's RMA has an all India network of 62 service and support centres and has a Technical Call centre as well, called STAC (Smartlink Technical Assistance centre).

DIGICARE supports all India customers on voice, email and chat.

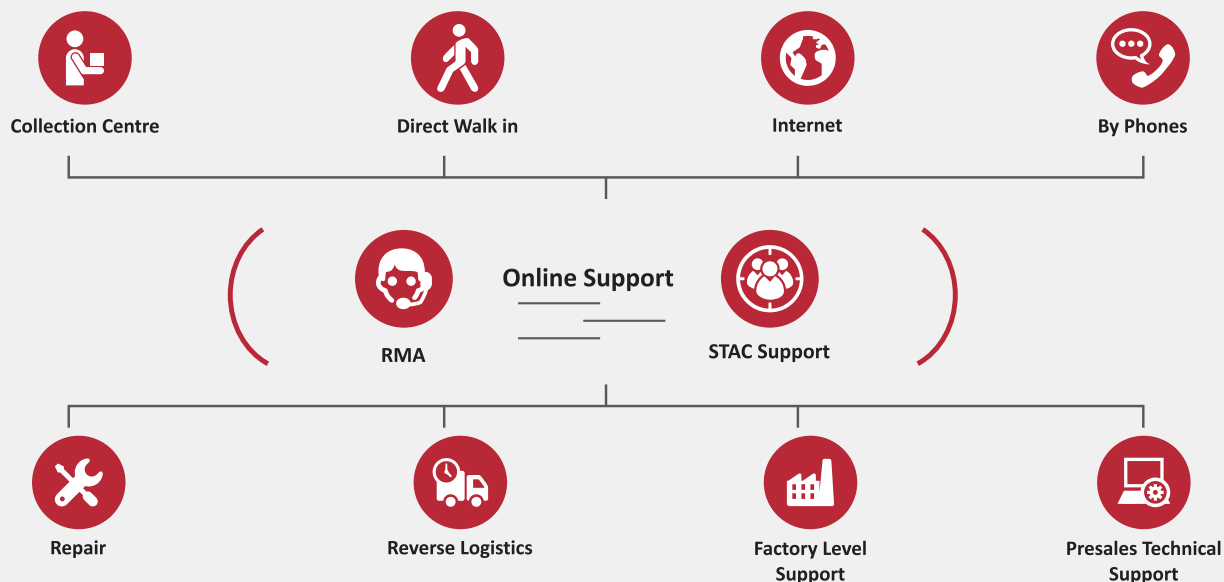
DIGICARE offers significant advantages:

- 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 CRM system with web access to the Customers to monitor service activity

DIGICARE provides effective support and after sales services to wide product portfolio of Smartlink.



DIGICARE Service Cycle



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, Wi-Fi Tester
- Process capability of manufacturing RoHS certified Products
- BAR code shop floor control system for flawless process engineering
- Highly skilled and well trained personnel to 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

