

Smartlink Network Systems Limited

smartlink
Smart Solutions for a Smarter Planet

**PROUD TO
MAKE IN INDIA**



2015-16
Annual Report

DIGISOL
Networking Solutions

DIGICARE
Service with Delight

smartlink 
Smart Solutions for a Smarter Planet





Contents

Chairman's Message	02
Business Overview	04
Board of Directors	09
Directors' Report	12
Management Discussion and Analysis	16
Secretarial Audit Report	21
Report on Corporate Governance	22
Independent Auditors' Report	52
Balance Sheet	56
Statement of Profit & Loss	57
Cash Flow Statement	58
Notes Forming Part of the Financial Statements	59



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



K. R. Naik, Executive Chairman



Chairman's Message

Way back, we were among the very first to manufacture networking products in India. Long before the government's call to 'Make in India' we set up a world-class factory in Goa.

Dear Shareholders,

Once again, in the year just past, Smartlink has demonstrated its unique strength. What is that strength? It is our unique sensitivity to fast-changing trends and customer expectations. And our ability to offer solutions that answer those needs, while doing the nation proud.

Yes, it's also been a year for national pride. Way back, we were among the very first to manufacture in India long before the government's call to 'Make in India'. We knew it wasn't enough to score points in branding, marketing and distribution against MNC competition. As the 'home team' playing against the 'visitors', that is expected of us, that's taken for granted. So we were among the first companies to take up manufacturing of hardware, for which we set up a world-class factory in Goa. As you know, we took up the manufacturing of large volume products such as wireless and ADSL routers in the 300 Mbps bracket. They show how 'Make in India' can actually be a value proposition, because these are designed for Indian operating conditions, right down to the packaging. That's something no MNC can claim.

Unfortunately, though our heart is in the right place, and our intention is patriotic, the policy environment & component ecosystem did not work well for us. For a start, government policies have been fluctuating for the last three decades, and that uncertainty has put enormous pressure on us. Local manufacturers do not enjoy any significant duty benefit. How can they compete against China's high-volume production companies? We have to do a lot of importing with long lead times and non availability of electronic components in India makes it difficult for local manufacturing. While we do have a strong edge against local manufacturers and even the unorganized sector, we are severely handicapped against MNCs, especially the Chinese manufacturers on the playing field.

Nevertheless, we have much to be proud of. After all we do indeed 'Make in India'. We are in fact one of the very few brands in networking and communication of Indian origin. We offer the complete line-up of networking products under the 'DIGISOL' brand, covering switching, routing, wireless, IP surveillance and CCTV – more than 150 products.

That wide range of choices and options, and of course the quality and reliability, are why we are so well accepted in a number of verticals, from SME/SMB and SOHO, all the way to the most critical industry and service sectors, and the Government. To them we offer integrated solutions with a strong end-to-end infrastructure from manufacturing to customer service.

We continue to reap the bounty of recent substantial investments in the nation's networking and telecom infrastructure for 3G with a 4G upgrade path. These advances have opened up a wealth of future possibilities for all kinds of verticals, including telecom, BFSI, education, hospitality, healthcare, manufacturing, retail, professional services, and of course Government. We see our dream catching fire in far-seeing projects like Smart Cities and Digital India. Integrated solutions continue to gain ground, with the ongoing convergence of technologies, applications, service and security. And it's increasingly happening on a fluid and moving platform to be tapped by mobiles and tablets. At Smartlink, we are securely plugged into these developments, and into that market. The consequent decline of desktop computers has eroded the motherboard market, so as you are aware, we exited from motherboard business. We like to be in alignment with market reality.

That's why we continue our special focus on large-premises system integration, with wireless applications and high bandwidth requirements. In this segment, our high-end CCTV surveillance products have been especially well received, and that remains another very promising area for our efforts and energies.

In conclusion, my heartfelt thanks to my colleagues on the Board, our employees, stakeholders, associates, customers and friends. I have always counted on your support, and once again you have repaid my trust. In that category, I include our investors and shareholders, who have remained steadfast in their loyalty. I assure you, your faith in us will continue to be rewarded in the years ahead.

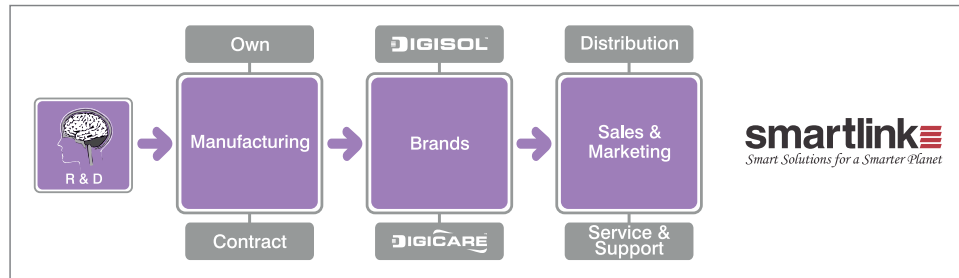
Thank you.
Sincerely,

K. R. Naik
Executive Chairman
DIN: 00002013

Business Overview

Smartlink Network Systems Ltd. is one of India's leading networking companies and aims to be a front-runner in the field of wireless, networking and surveillance products. We offer an integrated value proposition that includes design and development, manufacturing, sales and marketing, and service and support.

Integrated Business Model



Brands

The Company has the following brands:

DIGISOL : For its range of active networking, communication and surveillance products

DIGICARE : For its service and support offerings.

Product Range

Smartlink delivers powerful networking products within the domain of Converged Communications Solutions under the brand name DIGISOL.

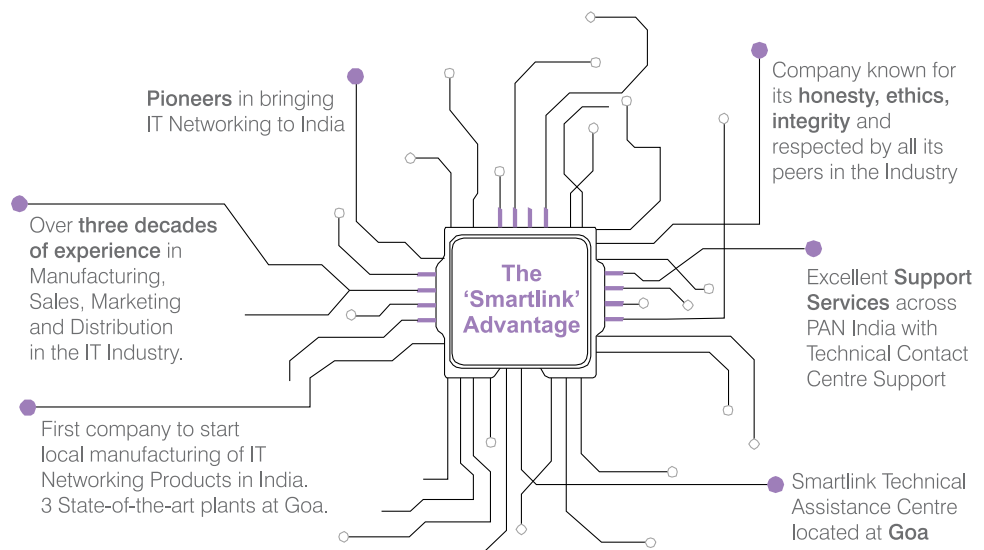
Manufacturing

Smartlink is one of the few networking companies in India with its own large scale state-of-the-art manufacturing facilities and is committed to implementing the new government's **Make in India** mandate.

Nationwide Network

Smartlink has a nationwide network of over 10 branch offices, 20+ regional distributors, 250+ stockist partners, 240+ system integrators and more than 5000+ resellers nationwide. It caters to customers across the value chain, from small and medium businesses to large enterprises, spanning a wide diversity of verticals.

The 'Smartlink' Advantage



The DIGISOL Product Portfolio

Cutting edge, future ready solutions for all your networking and security needs.

DIGISOL offers a wide range of over 150 networking products across the IT networking spectrum. A nationwide customer base is served by 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

DIGISOL has a strong team of certified engineers in place to provide customers with prompt technical support, pre-sales and post-sales. DIGISOL's 'future ready' products offer unmatched benefits such as lower network ownership costs, enhanced productivity, total reliability and easy scalability.

Home Segment

DIGISOL maximizes the customer's internet experience anywhere in and around his premises with its wired and wireless networking products.

DIGISOL wireless products make possible connectivity of smart TVs, desktop computers and gaming systems to the internet for optimum speed. A wireless internet connection sustains the link anywhere within the premises, allowing free movement. In other words, the Internet follows the user, and keeps up with him. Down loading of music, videos and photos as well as gaming are enabled 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, AC routers, wireless 3G and 4G compatible routers, wireless adapters and wireless range boosters.

SOHO Segment

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 well on its way to being a dominant player in the SME market, which remains our focus area. At DIGISOL, we offer a wide range of SME products, and constantly enhance and strengthen our spread of solutions, based on a close understanding of evolving needs within this segment.



DG-GS1008DG
Gigabit Ethernet
Unmanaged
Switch



DG-FS1008PH-A
8 Port Fast Ethernet
Unmanaged PoE Switch with
4 PoE Ports and External
Power Adapter

DIGISOL SME products have the key attributes of performance, scalability, reliability and eco-friendliness. Our offerings span 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.



DG-HR3400
300Mbps Wireless
Broadband Home
Router



DG-BG4300NU
300Mbps Wireless
ADSL 2/2+ Broadband
Router with USB Port



DG-WM2003SI
300Mbps Ceiling
Mount Wireless
Access Point



DG-HR1070MS
150Mbps Wireless
4G Mi-Fi Portable
Broadband Router



DG-WR3001N
300Mbps
Wireless
Repeater

The DIGISOL Product Portfolio

PoE Solutions

In today's connected world, IP connects all devices, whether wired or wireless. Wireless connectivity infrastructure is just as critical as wired connectivity, possibly more so in today's environment, 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 institutional infrastructure today, with aesthetic designs which can adapt to interiors. The only challenge lies in providing power sockets at each of the several installation points.

There is a similar challenge faced in the case of 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 signals. This provides more unified solutions not dependent on a confusing multitude of adapters and cables.

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

For an end-to-end integrated 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 higher standards of security and surveillance products in the country, DIGISOL offers a diversity of reliable and fail-safe CCTV and IP surveillance products. The CCTV category includes a line-up 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 the rapidly growing next-generation surveillance needs in India.



DG-CM5220P
1MP Plastic Dome
AHD Camera with
IR LED



DG-CM3230P
1MP CMOS IP65
Plastic Bullet AHD
Camera with IR LED



DG-SC5802
2MP Outdoor
Bullet IP Camera
with IR LED



DG-CM64985-18
2MP CMOS Outdoor
Speed Dome AHD
Camera with IR LED



DG-SC3800P
3MP IP Camera
with Audio

In FY 2015-16, we launched indigenously manufactured DIGISOL branded routers DG-HR3400-I and DG-BG4300NU-I, and networking switch DG-FS1008DG-I under the *Make in India* initiative, and received overwhelming market response.

Other new launches included:

- 16 Port Fast Ethernet Unmanaged Switch
- Lite Managed PoE+ Switch
- 24 Port Gigabit Ethernet Unmanaged Switch
- 300Mbps Wireless Broadband Home Router
- CMOS Outdoor Bullet AHD Alarm Camera
- Gigabit Managed Switch with 8 PoE Port
- In Wall Wireless Access Point
- 1.3 Mega Pixel CMOS Dome AHD Camera
- 300 Mbps Outdoor Wireless Access Point
- Mi-Fi Broadband Router with 4G support
- Dual Band AC Wireless USB Adapter
- Multi- Service Gateway with WLAN Controller
- 300Mbps Wireless VDSL2/ADSL2+ Broadband Router
- Energy Efficient Gigabit Ethernet Unmanaged Switch
- Ceiling Mount Dual Band Wireless Access Point
- ADSL Broadband Router