



SMARTLINK HOLDINGS LIMITED
(Formerly known as Smartlink Network Systems Limited)

Group Vision

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

Group Mission

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



Contents

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

Chairman's Message



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

K. R. Naik
Executive Chairman

Dear Shareholders,

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Thanking you,

Yours sincerely,

K.R. Naik
Executive Chairman

Business Overview

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

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



DIGISOL SYSTEMS LTD.

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

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

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

The range of DIGISOL Active Networking Products include:

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

SMARTLINK GROUP OF COMPANIES:



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



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



Manufactures Structured Cabling products of Copper and Fiber at it's Goa Facility.

DIGISOL Structured Cabling Solutions

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

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

Structured Cabling Product Range

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

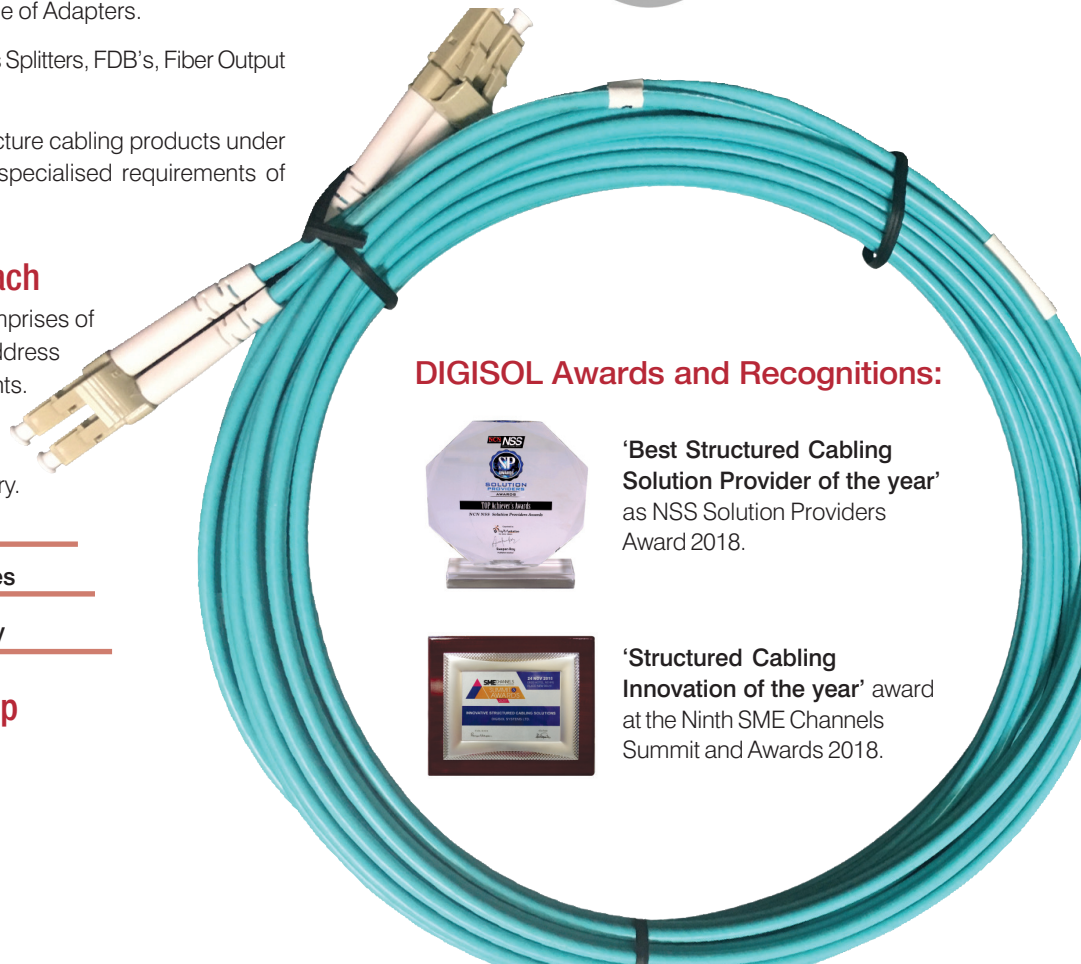
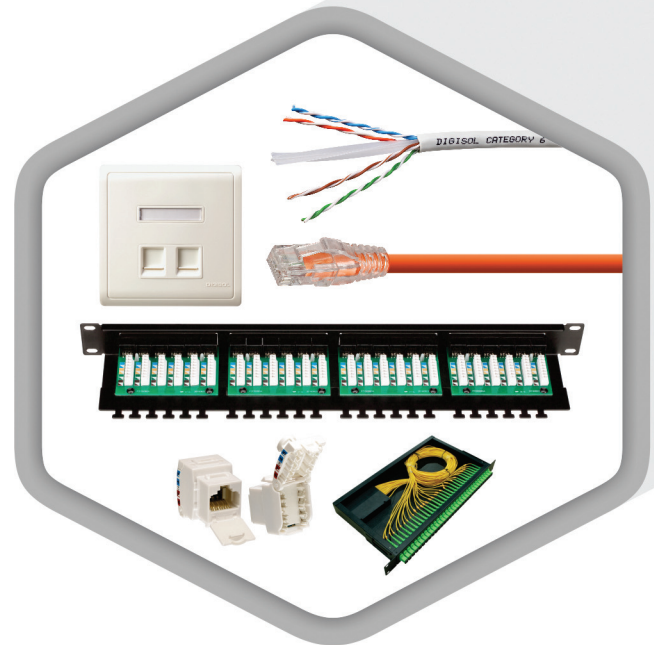
DIGISOL Nationwide Reach

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

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

Unique Distribution Setup

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



DIGISOL Awards and Recognitions:



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



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

SYNEGRA EMS LTD.

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

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

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



TELESMART SCS LTD.

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

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



Board of Directors



K. R. Naik, Executive Chairman

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

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



Arati Naik

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



K. M. Gaonkar

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



Pradeep Rane

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



Pankaj Baliga

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



Bhanubhai Patel

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



Pradeep Pande

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