



20th



**Annual Report
2012 - 2013**

NETTLINX LIMITED

Your Power to Communicate

NETTLINX LIMITED



**20th
ANNUAL REPORT
2012-2013**



NETTLINX LIMITED

NETTLINX LIMITED

BOARD OF DIRECTORS

1. Dr. Manohar Loka Reddy - Chairman
2. Sri. K. Kameswara Rao - Director
3. Dr. Loka Narayan Reddy - Director
4. Sri. J.V. Hanumanth Rao - Director
5. Dr. M. Appa Rao - Director
6. Sri. M. Vijay Kumar - Director
7. Sri. Chandra Sekhar Pogula - Whole Time Director & COO

REGISTERED OFFICE:

5-9-22, 3rd Floor, My Home Sarovar Plaza, Secretariat Road,
Saifabad, Hyderabad – 500 063.

Ph: 91-040-23232200/23231621.

Fax: 23231610 E – Mail: secretarial@nettlinx.org

AUDITORS

M/s DEVA & CO

Chartered Accountants
Flat No.: 303, H.No.:5-9-42/2
Siddu Residency, Hill Fort,
Street No. 2, Basheerbagh
Hyderabad - 500 063.

REGISTRARS & SHARE TRANSFER AGENTS

Venture Capital and Corporate Investments Pvt. Ltd.,

Regd. Off.: 12-10-167, Bharat Nagar,
Hyderabad - 500 018.

Tel : 91-40-23818475/23818476/23868023,

Fax : 040-23868024

E-mail: info@vccilindia.com

BANKERS

- 1) **M/s ICICI Bank Limited**
Hyderabad Branch
H.No.6-2-1012, TGV Mansion,
Khairatabad, Hyderabad – 500 004.
- 2) **M/s HDFC Bank Limited**
Lakdikapul Branch, 6-173, Ground
and 3rd Floor Saeed Plaza,
Hyderabad – 500 004.
- 3) **M/s. Oriental Bank of Commerce,**
H.No. 6-3-865, My Home Jupally,
Greenlands, Ameerpet,
Hyderabad – 500 016
- 4) **M/s. Andhra Bank Limited**
Saifabad Branch,
5-9-22, Hotel Sarovara Complex,
Hyderabad – 500 063.
- 5) **M/s STATE BANK OF INDIA**
SME Branch, Saifabad, HACA Bhavan
Hyderabad-500004.

NOTICE

NOTICE is hereby given that the 20th Annual General Meeting of the Members of M/s. Nettlinx Limited will be held at ICWAI Bhavan, beside Dena Bank, Post Office Road, Sanath Nagar, Industrial Estate, Hyderabad – 500 018 on Monday, the 30th September, 2013 at 3.30 PM to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2013, the Profit and Loss Account for the Year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. J.V Hanumantha Rao who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Dr. Appa Rao Mukkamala who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration and for this to consider and if thought fit, to pass, with or without modification(s), the following resolution as an ordinary resolution:

“RESOLVED THAT pursuant to section 224 (1) and other applicable provisions of the Companies Act, 1956, M/s. Deva & Co., Chartered Accountants, be and are hereby re-appointed as Statutory Auditors of the Company to hold office till the conclusion of the ensuing Annual General Meeting, at such remuneration as may be determined by the Board of Directors of the Company”.

SPECIAL BUSINESS

5. To Consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 269 read with Schedule XIII of the

Companies Act, 1956 and the Articles of Association of the Company and pursuant to the approval of the remuneration committee, approval of members be and is hereby accorded for the re-appointment Mr. Chandra Sekhar Pogula, as Whole Time Director of the Company for a period of 3 years, w.e.f 24th October 2012.

RESOLVED FURTHER THAT pursuant to the provisions of Section 198, 309, 310 and 311 and other applicable provisions if any, of the Companies Act, 1956 (including any Statutory modifications or re-enactment thereof, for the time being in force) read with Schedule XIII to the Companies Act, 1956, and pursuant to approval of Remuneration Committee, the consent of the members be and is hereby accorded to the payment ₹1,25,000 per month as remuneration to Mr. Chandra Sekhar Pogula by way of Salary, Dearness Allowance, perquisites and other allowances

RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any year, Mr. Chandra Sekhar Pogula be paid a minimum remuneration as specified in Part II of Schedule XIII to the Companies Act, 1956 as in force in each financial year.

RESOLVED FURTHER THAT the terms and conditions may be altered from time to time by the Board as it may in its discretion deem fit within the maximum amount payable to the Whole Time Director in accordance with Schedule XIII to the Act including any amendments thereto.

RESOLVED FURTHER THAT THE Board be and is hereby authorized to do all acts, deeds and things as may be necessary, proper or expedient to give effect to this resolution”

By Order of the Board
for **Nettlinx Limited**

Sd/-
Dr. Manohar Loka Reddy
Chairman

Date : 31-07-2013
Place: Hyderabad

NOTES:

1. The relative Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 ("Act") in respect of the business under Item No. 5 above, is annexed hereto. The relevant details as required by Clause 49 of the Listing Agreements entered into with the Stock Exchanges, of persons seeking appointment/re-appointment as Directors under Item Nos. 2, 3 and 5 of the Notice, are also annexed.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** Proxies, in order to be effective, must be received at the Company's Registered Office not less than **FORTY-EIGHT HOURS** before the meeting. Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolutions/ authority, as applicable.
3. Members/proxies should bring duly filled Attendance Slip sent herewith, to attend the meeting.
4. The Register of Director's Shareholding, maintained under Section 307 of the Companies Act, 1956, will be available for inspection by the members at the AGM.
5. The Register of Members and Share Transfer Books of the Company will remain closed from 24th day of September 2013 to 30th day of September 2013 (both days inclusive).
6. Members holding shares in physical form are requested to intimate the change if any, in their registered address to the Company quoting their registered folio. If the shares are held on Demat form, intimation regarding the change of address if any, has to be informed to the concerned depository participant where the shareholder is maintaining demat account.
7. Consequent up on introduction of Section 109A of the Companies Act, 1956, Shareholders are entitled to make nomination in respect of shares held by them in physical form. Individual shareholder(s) can avail of the facility of nomination by sending their requests in Form 2B, which will be making available on request to the Registrar and Share Transfer Agent, M/s Venture Capital and Corporate Investments Pvt. Ltd..
8. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies of the Annual Report to the Meeting. The Company is concerned about the environment and utilizes natural recourses in a sustainable way. The Ministry of Corporate Affairs (MCA), Government of India, has by its circular nos. 17/2011 and 18/2011, dated April 21, 2011 and April 29, 2011 respectively, permitted companies to send official documents to shareholders electronically as part of its Green Initiatives in Corporate Governance. We request you to update your email address with the depository participant to ensure that the Annual Report and other documents reach you on your preferred email account..
9. Members are requested to note that the Company's Equity Shares are compulsorily traded in demat form for the investors, effective from 26th March 2001. Members are requested to open Depository Account in their names with a Depository participant to dematerialize their holdings. This would be necessary for facilitating the transfers of Company's Equity shares in all Stock Exchanges connected to the Depository System.
10. Members holding physical shares in identical order of names in more than one folio are requested to send to the Company,

the details of such folios together with the share certificates for consolidating their holding in one folio. A consolidated share certificate will be returned to such Members after making requisite changes thereon.

11. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
12. Members desiring any information as regards the Accounts are requested to write to the Company at an early date so as to enable the Management to keep the information ready at the Meeting.

ANNEXURE

Brief Profile of the Directors retiring at this AGM (as per clause 49 of the listing agreement)

Sri. J.V. Hanumantha Rao is a Post Graduate in Management from Shivaji University. He is a director in M/s.Aarti Industries Limited, Mumbai, and runs an Indenting agency in Hyderabad for Raw materials & API for Pharma Industry. He is also a director represents M/s Nandolia Organics Pvt Ltd and is in business past 20 years .

Dr. Appa Rao Mukkamala, M.D., age 63, is a board-certified radiologist and has been in private practice in Flint, Michigan for over 30 years. He was a member of the American Physicians Board of Directors from 1993 to 2002. Since July 2000, he has served as a director of the Company, and in May 2007 was appointed Chairman of the Company's Board. He is the immediate past president of the Michigan State Medical Society and has served on its Board of Directors since 1997. A Clinical Professor of Radiology at MSU Hurley Medical Center and Founder of AAPI, Flint, Michigan , USA. Founder and President of NRI Academy of Sciences (NRIAS), Chinakakani, Guntur Dist, Andhra Pradesh , India.

Mr. Chandra Sekhar Pogula earned a Bachelor's Degree in Biological Sciences from A.V College , Osmania University along with a Post Graduate Diploma in Sales & Marketing from Bharatiya Vidyabhavan and is aged about 49 years.

He has more than 28 years of experience out of which 14 years was his international exposure. He was a key member of the core team that led the growth of Super Max to be a worldwide market leader and help transform a typically wholesale driven product into recognized retail brand and in the process business visited to 47 countries spanning Middle East, Africa, North & South Americas & Caribbean islands. Before that he held a variety of sales and marketing positions with FMCG companies like Tiffany Foods (UAE), Bristol Myers Squibb(Oman), Nestle (India) & Glaxo India. Prior to joining Nettlinx, Sekhar had distinguished career at Super Max Corporation, world's No.2 disposable razor company, encompassing senior leadership roles in sales and marketing, administration & general operations and steering Super Max's voluminous business as General Manager – USA and Caribbean, Director – Sales & Marketing for Central & Latin America, Regional Manager for Middle East & Africa and Area Manager for Oman. He holds Directorship in Nettlinx Realty Pvt. Ltd., Nettlinx Channel Private Limited., and Multipoint Distributors Private Limited.

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

Item No.5

The Board of Directors of the Company at their meeting held on August 13th , 2012 and subject to the approval of the members has re-appointed Mr Chandra Sekhar Pogula as Whole Time Director for a further period of 3 Years from October 24, 2012 to October 23, 2015 on the same terms.

The remuneration Committee of the Board at its meeting held on August 13th , 2012 has reviewed and recommended an overall remuneration by way of Salary, Dearness Allowance, Perquisites, Commission and other allowances upto a maximum amount equivalent to ₹ 1, 25,000 per month.

It has also recommended that:

- i. subject to a limit of ₹ 1,25,000 per month towards Salary, Dearness Allowance, Perquisites, and other allowances , the terms and conditions may

NETTLINX LIMITED

be altered from time to time by the Board as it may in its discretion deem fit within the maximum amount payable to the Whole Time Director in accordance with Schedule XIII to the Act including any amendments thereto.;

ii. in the event of the absence or inadequacy of profits in any year, Mr Chandra Sekhar Pogula be paid a minimum remuneration as specified in Part II of Schedule XIII to the Companies Act, 1956 as in force in each financial year.

The Board has accepted the recommendations of the Remuneration committee and has approved the remuneration as mentioned above for the approval of the members in accordance with the

Provisions of Sections 198, 269, 309 & 310 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956.

The Board recommends the resolution set out in item no: 5 of the notice for approval of the members

By Order of the Board
for **NETTLINX LIMITED**

Sd/-

Dr. Manohar Loka Reddy
Chairman

Place : Hyderabad
Date : 31-07-2013

Important Communication to Members

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice / documents including Annual Report can be sent by e-mail to its members. To support this Green Initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register the same with the Physical and Demat Registrars M/s. Venture Capital and Corporate Investments Private Limited, Regd.off: 12-10-167, Bharat Nagar, Hyderabad – 500 018. Tel: 91- 040 – 23818475 / 23818476, Fax: 040 – 23868023, **E-mail id:** info@vccilindia.com.

NETTLINX LIMITED

DIRECTORS REPORT

To

The Members

M/s. Nettlinx Limited

Your Directors have pleasure in presenting their 20th Annual Report on the business and operations of the Company for the financial year ended March 31, 2013.

FINANCIAL RESULTS

The financial performance of the Company for the financial year ended March 31, 2013 is summarized below:

Particulars	₹ in lakhs	
	For the Year ended 31.03.2013	For the year ended 31.03.2012
Income from operations	553.24	503.13
And other income		
Total Expenditure	490.80	474.25
Interest	32.34	47.93
Depreciation	54.67	55.58
Profit / (Loss) Before Taxation	(24.57)	(74.64)
Current Tax	0.00	0.00
Deferred Tax Asset	4.84	4.32
Profit / (Loss) after Tax	(19.73)	(70.32)

REVIEW OF PERFORMANCE :

The Turnover of the Company for 2012-2013 for ₹ 466.14 Lakhs (operations), compared to ₹ 442.17 Lakhs (Operations) of the Previous Year. The Loss after Tax, for the year under review, decreased to ₹ 19.73 Lakhs as against ₹ 70.32 Lakhs of previous year.

Overall performance based on the consolidated Accounts, of your Company has registered a Net Profit of ₹ 58.33 Lakhs, as against of Net loss of ₹ 20.45 Lakhs in the previous year ending 31st March, 2012.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Sri. J.V.Hanumantha Rao and Dr. Appa Rao Mukkamala retire by rotation at this Annual General Meeting and being eligible offer themselves for reappointment.

During the year Mr Chandra Sekhar Pogula has been re-appointed as Whole Time Director of the Company for further period of 3 years. Board recommends their appointments and resolutions placed before you for approval.

DIRECTORS' RESPONSIBILITY STATEMENT

In compliance of section 217 (2AA), as incorporated by the Companies (Amendment) Act, 2000, in the Companies Act, 1956, your directors confirm: -

- That in the preparation of the accounts for the financial year ended 31st March, 2013 the applicable accounting standards have been followed along with proper explanation relating to material departures;
- That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the company for the year under review;
- That the Directors have taken proper and sufficient care 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 and
- That the Directors have prepared the accounts for the financial year ended 31st March 2013 on a going concern basis.

CORPORATE GOVERNANCE

Your Directors' affirm their commitment to the Corporate Governance Standards prescribed by The Securities and Exchange Board of India (SEBI). A report on Corporate Governance with Management Discussion and Analysis as required under Clause 49 of the Listing Agreement is Annexed to this report and marked as **Annexure-II**.

MANAGEMENT'S DISCUSSION AND ANALYSIS

As required by Clause 49 of the Listing Agreement with the Stock Exchanges, the Management's discussion and Analysis Report is enclosed as a part of this Report as **Annexure - I**

NETTLINX LIMITED

SUBSIDIARIES

The Company has four wholly owned subsidiaries namely Nettlinx Inc., Nettlinx Realty Pvt. Ltd., Nettlinx Channel Pvt. Ltd, and Host Department LLC.

Pursuant to the provision of Section 212(8) of the Act, the Ministry of Corporate Affairs vide its circular dated February 8, 2011 has granted general exemption from attaching the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies with the Annual Report of the parent Company. Accordingly the Company has availed the exemption from attaching the Balance Sheet, Profit and Loss Account and other documents of the subsidiary Companies.

A statement containing brief financial details of the subsidiaries for the financial year ended March 31, 2013 is annexed. The annual accounts of these subsidiaries and the related detailed information will be made available to any member of the Company/its subsidiaries seeking such information at any point of time and are also available for inspection by any member of the Company/its subsidiaries at the registered office of the Company. The annual accounts of the subsidiaries will also be available for inspection, as above, at registered office of the respective subsidiary companies.

AUDITORS

M/s. DEVA & CO Chartered Accountants, Statutory Auditors of the Company, hold office until the conclusion of the forthcoming Annual General Meeting and are eligible for reappointment. The Statutory Auditors have intimated to the Company that the appointment, if made, would be within the prescribed limits under section 224 (1-B) of the Companies Act, 1956 and that they are not otherwise disqualified within the meaning of subsection (3) of section 226 to the Companies Act, 1956, for such appointment.

Mr. P L N Sarma, Cost Accountants, Hyderabad have been appointed as Cost Auditors of the Company to conduct Audit of Cost Accounts records to be maintained by the Company for the year ended 31.03.2014.

The notes to the accounts referred to in the Auditors' Report is self explanatory and therefore do not call for any further Comments.

PUBLIC DEPOSITS

Your Company has not accepted any deposits and, as such, no amount of principal or interest was outstanding as at the close of the Financial Year.

STATUTORY INFORMATION

During the year under review, there were no employees drawing remuneration in excess of the limits laid down in section 217(2A) of the Companies Act, 1956 read with (Particulars of Employees) Rules, 1975.

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information required under Section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 are set out in **Annexure III**, attached hereto and forms part of this report.

EMPLOYEE STOCK OPTION PLANS

Company has offered Stock Options to the employees under Nettlinx Stock Option Plan 2007 aggregating to 1,85,000 options at a price of Rs. 11.20. For the year ending 31st March, 2013 there are 6,15,000 stock options outstanding, and vesting options to the extent of 50% will fall due on 31.08.2013

Disclosures Pursuant to Para 12 of the Securities Exchange Board of India (Employees Stock Options Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 are set out as **Annexure IV** to the report.

ACKNOWLEDGEMENTS:

Your Directors place on record their sincere appreciation for the services of the Department of Telecommunications (DOT), Bankers and the Software Technology Park of India (STPI). Your Directors also place on record their sincere appreciation and gratitude for the valuable assistance, support and co-operation from the Company's Customers, Employees and shareholders during the period under review,

for and on behalf of the Board

Sd/-

(Dr. Manohar Loka Reddy)

Chairman

Date : 31-07-2013

Place : Hyderabad

ANNEXURE-I**MANAGEMENT'S DISCUSSION & ANALYSIS REPORT:****1. INDUSTRY OVERVIEW:**

Changing economic and business conditions, evolving consumer preferences, rapid technology and adoption of globalization are creating an increasingly competitive market environment that is driving corporations to transform the manner in which they operate. Companies are now focusing more on their core business objectives such as revenue growth, profitability and asset efficiency.

Technology has now evolved from merely driving cost efficiency. It is now also driving business value. The ability to design, define develop and implement and maintain advanced technology platforms and business solutions to address business needs has become a competitive advantage and priority for corporations worldwide.

As a result, there is an increasing need for highly – skilled professionals in the market to help corporations transform their business, optimize operations and drive innovation by leveraging technology. At the same time enterprises are reluctant to expand their internal IT Department and increase costs. These factors have led to increased reliance of corporations on their outsourcing providers and are expected to continue to drive future growth for outsourced technology services.

2. BUSINESS**2.1 OVERVIEW**

Nettlinx is an Internet Infrastructure initiative of the Nettlinx group. The company started its ISP/ NLD operations in the year 1999 and has been catering to the networking requirements of the domestic enterprise market since then. It has a Class B license to operate as an Internet Service Provider (ISP), NLD, ITSP and Call Centre (OSP) Services Provider. Nettlinx offers state-of-the-art Managed Network Services to enterprises across Andhra Pradesh. Nettlinx operates through a direct presence in 40+ locations. It has proved to be a best ISP in providing fully converged network platform (Data, Voice and Video

application support) to Enterprises across Andhra Pradesh.

Partnering with National Telco's we provide state-of-the-art products and solutions for network requirements of organizations. Nettlinx's statewide presence and experience in the field of Internet related services offers our esteemed clients a high degree of satisfaction.

Nettlinx operates through a network which is built on world class technology and unparalleled infrastructure. The fully redundant, carrier agnostic backbone architecture enables us to deliver high network uptimes and network availability to our customers. Each of the Nettlinx POPs are equipped to provide all the latest WAN protocols.

Nettlinx offers a complete range of network solutions like VPN, Internet, Network Management Services, Data Centre and Co-location Services and Value Added Services like Internet Telephony and Enterprise Mailing Solutions etc. With a proven record of offering robust network connectivity solutions. With multi-homing, fully redundant, the company has created a reliable network infrastructure which is trusted by customers for supporting various applications. With years of experience and a long list of satisfied customer base, the company is set to surge new heights emerge as a best ISP in the Andhra Pradesh market.

Our connectivity services have been fulfilling the need to run applications like Live Video Streaming, Mailing, Web services etc across multi-location enterprises in various verticals as Electronic Media, Financial Institutes, FMCG, Education etc.

2.2 STRATEGY:

The Company's strategy to support longer term growth is to continually extend the core IT services business by expanding its geographic reach, industry coverage and service capabilities and by deepening existing client relationships, building or acquiring emerging businesses and adopting or creating new business models and business solutions strategic partner capable of reliably delivering innovative solutions.

2.3. TECHNOLOGY:

Nettlinx continues to invest in futuristic areas related to networking services & solutions like Internet Bandwidth Services, Internet Telephony, Managed Data Centre, Co-location Services, Managed Data Centre Services, Managed Network Services and Wireless Broadband Services

The Company has continued to make a difference to its customers and society. Whilst improving quality and efficiency of current offerings, the Company's customer focused technology initiatives have helped its customers prepare for future challenges.

3. OUTLOOK, RISKS AND CONCERNS.**3.1 OUTLOOK**

There are many challenges faced by nearly every industry in today's global marketplace. Nettlinx has the depth and breadth of experience and expertise that you need to achieve your business goals and succeed amidst the fiercest competition. The uncertainties in the global market, business model redundancy, supply side risks and financial risks are the major threats faced by IT industry.

The Company believes in building and maintaining deep customer relationships and become a trusted business partner to global enterprises. The Company views industry segmentation, customer-centric organization as an important enabler to achieve such mission. By building business units around groups of key clients in each industry vertical and giving end-to-end sales and delivery responsibility to the business head, the Company can ensure high levels of accountability, superior customer service and intimacy.

In order to strengthen future sustainability of the business model, the Company also believes in pursuing non-linear growth opportunities, which would bring in revenue growth without commensurate growth in headcount.

Non-linearity in the current IT and IT enabled services businesses comes from productivity-enhancing tools, frameworks, solution accelerators and managed services engagements.

The Company believes in continued investments in technology, process maturity and deep domain expertise so as to result in superior outcome for clients and be recognised by the industry as benchmark in delivery excellence. The Company aims to strengthen Company's newer service offerings such as application development and maintenance, enterprise solutions, IT infrastructure services, engineering and industrial services and asset leveraged solutions. The Company believes to continuously engage in customer focused innovation and launch new offerings that use technology to address its clients' business problems.

3.2 RISKS AND CONCERNS:

The Company has been initiating various risk management programmes to combat strategic, operational and financial as well as compliance-related risks across various levels of the organisation. It includes risk assessment and mitigation at the company level, business / functional unit level, relationship level and project level. The risk management process is continuously improved and adapted to the changing global risk scenario. The agility of the risk management process is monitored and reviewed for appropriateness with the changing risk landscape. The process of continuous evaluation of risks includes taking stock of the risk landscape on an event driven as well as quarterly basis.

4. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has in place adequate systems of internal control commensurate with its size and the nature of its operations. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorised use or losses, executing transactions with proper authorisation and ensuring compliance of corporate policies.

The Company has a well defined delegation of power with authority limits for approving revenue as well as expenditure. Processes for formulating and reviewing annual and long term business

plans have been laid down. It has continued its efforts to align all its processes and controls with best practices.

The Company has an audit committee, the details of which have been provided in the corporate governance report. The audit committee reviews audit reports submitted by the internal auditors. Suggestions for improvement are considered and the audit committee follows up on the implementation of corrective actions. The committee also meets the Company's statutory auditors to ascertain, inter alia, their views on the adequacy of internal control systems in the Company and keeps the Board of Directors informed of its major observations from time to time.

The internal audit process is designed to review the adequacy of internal control checks in the system and covers all significant areas of the Company's operations such as software delivery, accounting and finance, procurement, employee engagement, travel, insurance, IT processes in the Company. Safeguarding of assets and their protection against unauthorised use are also a part of these exercises.

Thus, the planning and conduct of internal audit is oriented towards the review of controls in the management of risks and opportunities in the Company's activities.

5. (A) DISCUSSION ON FINANCIAL PERFORMANCE - STANDALONE.

Revenues:

The Revenue of the Company for 2012-2013 was ₹ 553.24 Lakhs, reflecting a 10% growth over previous year's ₹ 503.13 Lakhs.

Expenditure:

The Expenditure for 2012-2013 has maintained ₹ 577.82 Lakhs compared to ₹ 577.76 Lakhs in 2011-2012.

Finance Costs:

During the year under review, the finance costs have reduced to ₹ 32.34 from the previous year's level of ₹ 47.93 Lakhs.

Personnel Costs:

Overall Personnel Costs have decreased to

₹ 140.10 Lakhs as against ₹ 152.46 Lakhs of previous year. This owing to rightsizing & better efficiencies.

Profit After Tax

The Loss for the year under review, decreased to ₹ 19.73 Lakhs as against ₹ 70.32 Lakhs of Previous Year, due to incremental sales, lesser interest costs, economy in employee costs and operational efficiencies.

Fixed Assets

The gross Fixed Assets as on 31st March 2013 was ₹ 2.94 Crores as against ₹ 3.68 Crores of Previous year.

(B) DISCUSSION ON FINANCIAL PERFORMANCE - CONSOLIDATED

The Consolidated Turnover of the Company has increased to ₹ 1146 Lakhs for 2012-2013 as against ₹ 870 Lakhs of Previous year, a growth of 31.72%, mainly an account of higher sales contribution from our subsidiary Company Nettlinx Realty Pvt. Ltd.,

Profit after Tax

The Consolidated Profit after Net Profit ₹ 58.33 Lakhs as against a Net Loss of ₹ 20.45 Lakhs in the previous year ending 31st March, 2012.

In the past, Your Company, as part of expansion plan in its core internet service business, was contemplating the possibility of obtaining Category-A ISP license to roll-out internet service distribution activity to several potential towns in selected states of India. However, owing to stiff market conditions, your Company is not fully convinced with the cost benefit analysis of locking up funds for Category-A license and the capital & recurring expenditure in this regard. Under the circumstances, our Company has shelved this proposal of going for category A License any more. Your Company's current operations restrict us within Andhra Pradesh geographical area by virtue of having only B-category license. We continue to tap some potential growth in the home broadband segment which gave us a slightly larger direct customer base with stable realizations. In this connection, we propose to aggressively plan our foray into more number of Tier-III rural towns

across Andhra Pradesh for acquiring / creating small networks in selective towns. Standalone ISPs continue to either lose money or achieve simple operational breakeven points owing to falling average revenue per user on account of stiff competition, entry of more players in a congested market place, incremental fixed & recurring costs inclusive of consumables & manpower and lastly distress sale prices .

With regards to our 100% subsidiary Host Department LLC , the operational breakeven point came down to USD 33 K Sale per month, partly on account of better product Mix & operational efficiencies . Hence The overall loss was brought down to a mere USD 7 K PM , translating into an operational loss of USD 84 K for the year .

Nettlinx Channel Pvt. Ltd – TV Channel foray was permanently shelved as its not viable . Company is no more interested in pursuing this diversification. Subject to commercial viability & Board approval, our company will exit out of this Company venture at the nearest opportune time.

Nettlinx Realty Pvt. Ltd. – Based on our Company's MOU with M/S ASHOK MEGASTRUCTURES PVT LTD, Nagpur, on 20th June 2012, towards outright sale of the balance land at Company's possession, equivalent to 3.00 Acres, The said transaction has been completed successfully with no changes whatsoever, as on 12 th Oct 2012.

6) MATERIAL DEVELOPMENTS IN HUMAN RESOURCES /INDUSTRY RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED:

The Company recognizes the importance and contribution of its human resources for its growth and development and is committed to the development of its people. The company has been practicing methods and practices for human resources with integrity, through a variety of services by using appropriate training, motivation techniques and employees' welfare activities. Industrial Relations were cordial and satisfactory.

As on 31st March'2013, the company has about 70 employees.

7. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES.

The Company's innovative human resources management strategies supported its business growth in a challenging environment. The Company's HRD policy focuses on creating an environment where performance is rewarded, individuals are respected and associates get opportunities to realise their potential.

The company's Corporate HRD policy emphasizes on continuous, increased quality and commitment of its employees in order to succeed in the achievement of the corporate goals. The company provides employee development opportunities by conducting training programs to equip the employee with upgraded skills enabling them to adapt to the contemporary technological advancements.

The HRD Team strives for the enhancement of Human Resources Organization , systems, processes and procedures, using the principles of continuous quality improvement that incorporate quality service and excellent performance standards, increased accountability and maximizes cost-effectiveness.

CAUTIONARY STATEMENT

Certain statements made in the management discussion and analysis report relating to the Company's objectives, projections, outlook, expectations, estimates and others may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ from such expectations, projections and so on whether express or implied. Several factors could make significant difference to the Company's operations. These include climatic conditions and economic conditions affecting demand and supply, government regulations and taxation, natural calamities and so on over which the Company does not have any direct control.

ANNEXURE II

REPORT ON CORPORATE GOVERNANCE**1) Company's Philosophy on code of Corporate Governance**

The Company firmly believes in and has consistently endeavored to practice good corporate Governance. The Company's Philosophy on Corporate Governance envisages the attainment of the highest levels of transparency, professionalism and accountability, in all facets of its operations, and in all its interactions with its stake holders, including shareholders and employees.

2) Board of Directors

The Board of Directors consists of 7 Directors. The Board has an optimum combination of Executive and Non-Executive directors.

a) Composition and Category of directors as on March 31, 2013

Category	No. of Directors
Promoter Directors	2
Executive Directors	1
Non-Executive Independent Directors	4
Total	7

The composition of the Board is in conformity with clause 49 of the Listing Agreement entered with the Stock Exchanges.

b) Attendance of each director at the Board meetings held during the year 2012-13 and at the last Annual General Meeting

Sl. No.	Name of the Director	Category	Designation	No. of Board Meetings attended	Attendance in last AGM held on 28.09.2012
1	Dr. Manohar Loka Reddy	Promoter, Non – Executive	Chairman	4	YES
2	Dr. Loka Narayan Reddy	Promoter, Non – Executive	Director	1	No
3	Sri. K. Kameswara Rao	Independent	Director	4	YES
4	Sri. J.V. Hanumanth Rao	Independent	Director	4	YES
5.	Sri. Chandra Sekhar Pogula	Executive	Whole Time Director	4	YES
6.	Sri. M. Vijay Kumar	Independent	Director	4	YES
7.	Dr. M. Appa Rao	Independent	Director	0	NO

NETTLINX LIMITED

c) No. of other Boards/Board Committees in which the Directors are either Member or Chairman as at March 31, 2013

Sl. No.	Name of Director	Other Directorships	Membership Committee	Chairmanship Committee
1.	Dr. Loka Narayan Reddy	0	-	-
2.	Dr. Manohar Loka Reddy	8	-	-
3.	Mr. Chandra Sekhar Pogula	5	-	-
4.	Mr. K. Kameswara Rao	0	-	-
5.	Mr. J.V. Hanumanth Rao	0	-	-
6.	Mr. M. Vijay Kumar	3	-	-
7.	Dr. M. Appa Rao	0	-	-

d) No. of Board Meetings held and dates on which they were held during the year 2012-13

Quarter	No. of Meetings	Dates on which held
April – June 2012	1	14 th May 2012
July – September 2012	1	13 th August 2012
October – December 2012	1	26 th October 2012
January – March 2013	1	25 th January 2013
Total	4	

3) AUDIT COMMITTEE

The Audit Committee consists of Non-Executive Directors viz., Sri. K. Kameswara Rao, Chairman, Sri J. V. Hanumanth Rao, Sri. M. Vijay Kumar (The constitution of Audit Committee also meets with the requirements under Section 292 A of the Companies Act, 1956).

The Composition, role, functions and powers of the Audit Committee are in line with the requirements of applicable laws and regulations.

The Audit Committee shall oversee financial reporting process and disclosures, review annual financial statements, review adequacy of internal audit function, related party transactions, review financial and risk management policies, oversee compliance with Stock Exchange and legal requirements concerning financial statements, review auditor's qualifications (draft), compliance with Accounting Standards, recommending the appointment and renewal of external Auditor, fixation of Audit fee and also approval for payment for any other services, etc.

During the year, the Audit committee has met four times. Attendances of each member at the committee meeting were as follows:

Sl.No.	Name of Member	Status	No: of Meetings
1.	Sri. K. Kameswara Rao	Independent Director	4
2	Sri. J.V. Hanumanth Rao	Independent Director	4
3	Mr. M. Vijaya Kumar	Independent Director	4

4) Remuneration Committee

The Remuneration Committee consists of Non-Executive Independent Directors viz., Sri K. Kameswara Rao, Sri J. V. Hanumanth Rao and Sri M. Vijay Kumar .

The Remuneration committee has been constituted to recommend / review the Remuneration packages of the Executive Directors. The remuneration policy is in consonance with the existing Industry practices and also with the provisions of the Companies Act, 1956.

Details of remuneration including the salary and perquisites paid, if any, to the following category of Directors, for the year ending 31.03.2013 is as follows:

- a) Executive Directors : Managing Director and Director & COO
 - i. Dr. Manohar Loka Reddy – Chairman – Nil
 - ii. Sri Chandra Sekhar Pogula - Director & COO – ₹ 15,00,000.00 PA (Rupees Fifteen Lakhs Only) up to 31.3.2013

- b) Non Executive Directors

No remuneration is paid to Non Executive Directors except sitting fees for attending the meeting of the Board and committees thereof.

- c) One Meeting of Remuneration Committee was held during the period under Review.

5) Shareholders / Investors’ Grievance Committee

Shareholders / Investors Grievance Committee consist of Sri. Chandra Sekhar Pogula, and Sri K. Kameswara Rao.

The Committee reviews redressing of Shareholders and investors Complaints like transfer of shares, non-receipt of Balance sheet, non-receipt of declared Dividends, etc besides complaints from SEBI, Stock Exchanges, and various Investor Forums. The Committee also oversees the performance of Registrar and Share Transfer Agents and recommends measures for overall improvement in the quality of investor’s services.

- i) **Name and Designation of Compliance Officer:** Mr. Chandrasekhar Pogula,
Address: Secretarial Officer, 5-9-22, 3rd Floor, My Home Sarovar Plaza, Secretariat Road, Saifabad, Hyderabad 500 063.

Contact Details: Ph: 91-040-23232200 / 23231621 Fax: 040-23231610

E-Mail: secretarial@nettlinx.org

- ii) Details of complaints for the year 2012-13 : Nil
- iii) Details of requests received for the year 2012-13 is as follows :

S.No:	Nature	Number	Qty. of Shares
1.	Transfer of Shares	1	100
2.	Dematerialization / Rematerialization	7	437600
3.	Loss of Shares / Duplicate Shares	0	0
4.	Others	0	0
5.	Total	8	437700

All the requests were approved and dealt with and there were no pending valid requests as on 31st March 2013

6) General Body Meeting:

6.1. Location and Time for Last Three Annual General Meetings held:

Date	Venue	Time	No. of Special Resolutions
27.09.2012	ICWAI Bhavan, Sanath Nagar, Hyderabad	3.30 P.M	Nil
28.09.2011	ICWAI Bhavan, Sanath Nagar, Hyderabad	3.30 P.M	Nil
28.09.2010	Hotel Anmol Continental, Hyderabad	3.30 P.M.	Nil

No Special Resolutions were put through postal ballot last year.

No Resolutions are proposed to be conducted through postal ballot this year.

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 -

During the year, the Company had not entered into any transaction of a material nature with any of the related parties, which were in conflict with the interest of the Company.

All transactions with the Related Parties were in the ordinary course of business and at arms length.

- b) Details of non-compliance by the Company, penalties, and strictures imposed on the Company by stock exchanges or SEBI, or any Statutory Authority, on any matter related to Capital markets, during the last three years – NIL

8) Means of Communication
Quarterly Results

Quarterly Results are normally published in the all India editions of the Business Standard (National Daily) and Andhra Jyothi (Regional Newspaper) along with the official news release.

All material information about the Company is promptly sent through facsimile / letters to the Indian Stock Exchanges where the Company's shares are listed.

The quarterly results and other official news release are displayed www.nettlinx.org

9) General Shareholders information

- As indicated in the Notice to our shareholders, the Annual General Meeting of the Company will be held at ICWAI Bhavan, Beside Dena Bank, Post Office Road, Sanath Nagar, Industrial Estate, Hyderabad – 500 018 on Monday, the 30th September, 2013 at 3.30 PM.
- Tentative Calendar of events for the financial year April, 2013 - March, 2014 is given below:

* Un audited financial results for	First Quarter	August, 2013
	Second Quarter	November , 2013
	Third Quarter	February , 2014
	Fourth Quarter	May, 2014

NETTLINX LIMITED

3. Book Closure: From, the 24th September, 2013 to the 30th September, 2013 (both days inclusive) for the purpose of Annual General Meeting.
4. (a) The Shares of the Company are listed on:
 - (i) The Bombay Stock Exchange, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001.
 - (ii) As Securities Exchange Board of India, Mumbai has De-recognized The Hyderabad Stock Exchange Limited your Company Shares are not listed / traded on the Hyderabad Stock Exchange Limited.

(b) Depositories for Equity Shares: NSDL and CSDL

- **ISIN number for the company's equity shares:** INE027D01019
- **Physical & Demat Registrars:**

M/s Venture Capital & Corporate Investments Private Limited
 Regd. Off: 12-10-167, Bharat Nagar,
 Hyderabad 500 018.
 Tel: 91-040-23818475 / 23818476, Fax: 040-23868023
 E-mail: info@vccilindia.com

5. **Stock Code:** Scrip Code No. : Bombay Stock Exchange: 511658
 Trading Symbol: Bombay Stock Exchange: Nettlinx

6. a) Stock Market Data

Bombay Stock Exchange (BSE)

Month & Year	High	Low
April, 2012	11.38	9.85
May, 2012	11.49	9.87
June, 2012	9.90	9.60
July, 2012	9.00	5.18
August, 2012	5.61	4.63
September, 2012	10.90	5.45
October, 2012	11.70	3.65
November, 2012	11.75	10.15
December, 2012	9.94	5.56
January, 2013	7.81	5.60
February, 2013	7.05	4.95
March, 2013	4.95	4.71

- b) The listing fee for the year 2012-2013 has been paid to the Stock Exchange, Mumbai.
- c) The Company has appointed **M/s Venture Capital & Corporate Investments Private Limited** for Physical and Demat shares and for redressal of related grievances and in this regard, shareholders may contact M/s. Venture Capital & Corporate Investment Private Limited at Regd. Off: 12-10-167, Bharat Nagar, Hyderabad - 500 018, Tel: 91-040-23818475 / 23818476, Fax: 040-23868024, Email: info@vccilindia.com for their requirements.

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- d) The Company's shares are covered under the Compulsory dematerialization list and are transferable through the depository system. As per the internal quality standards, the Company has put in processes for physical share transfers and the same have been reviewed by the Investors Grievance Committee. Shares received for physical transfer are generally registered within a period of 30 days from the date of receipt, if the documents are clear in all respects. As regards shares held in Electronics form, the credit being given as per guidelines issued by SEBI/NSDL/CDSL.

7. (a) Shareholding Pattern as on 31st March 2013.

Sl. No.	Category	No. of shares	Percentage
1	Promoters and promoter group	6641902	57.94%
2	Indian Financial Institutions, Banks, Mutual funds	800	0.01%
3	Foreign Institutional Investors/NRI's	44800	0.39%
4	Others	4776610	41.66%
	Total	11463312	100%

(b) Distribution of Shareholding Pattern:

No. of shares held	No. of shareholders	% of shareholders	No. of Shares(Issued Equity)	% of Shareholding
UPTO - 500	1705	70.95	282202	2.46
501 - 1000	291	12.11	260476	2.27
1001 - 2000	146	6.08	239631	2.09
2001 - 3000	75	3.12	195122	1.7
3001 - 4000	34	1.41	121519	1.06
4001 - 5000	39	1.62	186351	1.63
5001 -10000	49	2.04	367761	3.21
10001- Above	64	2.66	9810250	85.58
Total	2403	100	11463310	100

8. Dematerialization of Shares and Liquidity:

The Company appointed M/s. Venture Capital and Corporate Investments Private Limited as a Depository Transfer Agent (DTA) and signed tripartite agreements with NSDL/CDSL and Venture Capital & Corporate Investments Private Limited to facilitate dematerialization of shares. Shares received for dematerialization are generally confirmed, within a period of 10 days from the date of receipt, if the documents are clear in all respects. As on 31.03.2013, 92.00% of Companies Share Capital was dematerialized.

NETTLINX LIMITED

Liquidity of Shares: The shares of the Company are traded in the Stock Exchange, Mumbai (BSE).

9. Investor correspondence:

a) For transfer / dematerialization of shares and any other query relating to the shares of the Company.

M/s. Venture Capital and Corporate Investments Private Limited,

Regd.off:12-10-167, Bharat Nagar,

Hyderabad 500 018.

Tel: 91-040-3818475, 23818476,

Fax: 040-23868024,

Email: info@vccilindia.com

b) Any query on Annual Report please contact Secretarial Department,

M/s. Nettlinx Limited,

5-9-22, 3rd Floor, My Home Sarovar Plaza,

Secretariat Road, Saifabad,

Hyderabad - 500 063.

Ph: 91-040-23232200; Fax: 23231610

Email: secretarial@nettlinx.org

Website : www.nettlinx.com

10. Code of Conduct

The Nettlinx Code of Conduct as adopted by the Board of Directors is applicable to the directors, both executive and non-executive and Senior Management team comprising of members of Management one level below the Executive Directors, including the functional heads

CERTIFICATE OF COMPLIANCE WITH THE CODE OF CONDUCT

To,

The Shareholders

Nettlinx Limited

I hereby declare that all the Board members and Senior Management Personnel have affirmed compliance with the code of conduct adopted by the Company and have submitted declaration in this behalf for the year ended 31st March 2013

Sd/-

Dr. Manohar Loka Reddy

Chairman

Place : Hyderabad

Date : 31-07-2013

CERTIFICATION BY CEO/ CFO OF THE COMPANY

I, Chandra Sekhar Pogula, Director and Chief Operating Officer of Nettlinx Limited, to the best of my knowledge and belief certify that:

1. I have reviewed the Balance Sheet, Statement of Profit and Loss Account, its schedule & notes to the accounts and cash flow statement for the year ended 31st March 2013 and that to the best of my knowledge and belief:
 - a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b) These statements together present a true and fair views of the Company's and are in compliance with existing accounting standards, applicable laws and regulations.
2. I also certify, that based on my knowledge and the information provided to as, there are no transactions entered into by the Company during the year which are fraudulent, illegal or violate the Company's code of conduct.
3. I accept the responsibility for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and I have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which I am aware and the steps taken or propose to take to rectify these deficiencies.
4. I have indicated to the Auditors and the Audit Committee:
 - a) Significant changes in internal control during the year;
 - b) Significant changes in accounting policies during the year and that the same have been disclosed in notes to the financial statements; and
 - c) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system.

Place: Hyderabad
Date: 31-07-2013

Sd/-
Chandra Sekhar Pogula
Director & COO

ANNEXURE III

Information as per Section 217 (1) (e) read with Companies (Disclosure of particulars in the report of Board of Directors) Rules 1988 and forming part of the Directors' report.

A. ENERGY CONSERVATION

The operations of your Company are not energy intensive. Your Company evaluates on an on-going basis new technologies and techniques to make infrastructure more energy efficient.

Adequate measures have been taken to reduce energy consumption.

B. TECHNOLOGY ABSORPTION

There was no Technology Absorption by the Company during the year under Review.

C. RESEARCH AND DEVELOPMENT.

There was no R & D carried on during the year under review.

D.FOREIGN EXCHANGE EARNINGS AND OUTGO:

Foreign exchange outflow: ₹ 3,72,665/-

Foreign Exchange Inflow: ₹ 49,23,642/-

ANNEXURE IV**DETAILS OF STOCK OPTIONS:**

(a) Pursuant to SEBI (ESOP and ESPS) Guidelines, 1999 , Details of Nettlinx Stock Option Plan 2007

SL NO.	DESCRIPTION	NETTLINX ESOPS2012
1	Options Granted During the Year 2009-10	4,15,000
2	Pricing Formula	Market Price as defined in SEBI (ESOS & ESPS)Guidelines, 1999 in Vogue - @ Rs.11.20
3	Options Vested	NIL
4	Options Exercised	NIL
5	Total No of Shares Arising As A Result of	NIL
6	Exercise of Options	NIL
7	Options Lapsed	20,000
8	Variation of Terms of Options	NIL
9	Money Realized by Exercise of Options	NIL
10	Total No of Options in Force	1,85,000
11	Options Granted	6,15,000

(b) LIST OF EMPLOYEES / DIRECTORS TO WHOM OPTIONS ARE GRANTED

Sl.No.	Name	No. of Options
1	Mr.Chandra Sekhar Pogula	75000
2	Mr.L.Balu	10000
3	Mr.B.Bala Bhaskara Rao	10000
4	Mr.G.Vidya Sagar	10000
5	Mr.P. Vasanth	5000
6	Mr.J. Shyam Kumar	5000
7	Mr.R. Ayyappa	5000
8	Mr.A. Uday Kiran	5000
9	Mr.Sreekanth Reddy Puthalpat	50000
10	Mr.K. Raju	5000
11	Mr.P. Anil Kumar	5000
	Total	185000

Blocked for Future Allocation to Employees
6,15,000
(800000 – 185000 = 6,15,000)

- (c) Any other employee who received a grant in any one year of options amounting to 5% or More to options granted during the year - **Nil**
- (d) Identified employees who were granted option, during any one year, Equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions)of the Company at the time of grant. **Nil**

Auditor's certificate on Corporate Governance

To

The Members of Nettlinx Limited.

We have examined the compliance of conditions of Corporate Governance by **Nettlinx Limited** (the Company), for the year ended 31st March 2013, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

for **M/s. DEVA & CO**
Firm Reg.No.000722S
Chartered Accountants

Sd/-
(K. SRINIVASULU REDDY)
Partner
Membership No.024191

Place: Hyderabad

Date : 30.5.2013

INDEPENDENT AUDITOR'S REPORT

To the Members of
Nettlinx Limited
Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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 principles generally accepted in India including Accounting Standards referred to in section 211(3C) of the Companies Act, 1956 ("the Act"). 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.

Auditor's 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 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 amount and 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 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. An audit also includes evaluating the appropriateness of 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 March 31, 2013;
- (b) In the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows 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 of India 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:

NETTLINX LIMITED

- a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b. In our opinion proper books of account as required by law have been kept by the Company so far as 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 the written representations received from the directors as on March 31st, 2013, taken on record by the board of directors, none of the directors is disqualified as on March 31, 2013 from being appointed as a director in terms of Section 274(1) (g) of the Act.

for **M/s. DEVA & CO**
Chartered Accountants
Firm Reg.No.000722S

Sd/-
(K. SRINIVASULU REDDY)
Partner
Membership No.024191

Place: Hyderabad
Date : 30.05.2013

Annexure to Independent Auditor's Report

Referred to in Paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date

1. In respect of its fixed assets
 - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
 - b) As explained to us, all the fixed assets have been physically verified by the management in phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
 - c) In our opinion, the Company has not disposed off a substantial part of its fixed assets during the year and the going concern status of the Company is not affected.
2. In respect of its inventories:
 - a) The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - b) In our opinion and according to the information 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 has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventories as compared to the book records.
3. In respect of loans, secured or unsecured, granted or taken by the Company to / from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956:
 - a) The Company has given loans to subsidiaries. In respect of the said loans, the outstanding amount as at the year – end is ₹ 187.58 lakhs.
- b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of the loans given by the Company, are not prima facie prejudicial to the interest of the Company.
- c) In respect of the said loans, interest amounting to ₹ 31.47 lakhs is overdue as at March 31, 2013.
- d) The Company has not taken any loans during the year from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 except an amount of ₹ 31.24 Lakhs interest free loan from the Director of the Company. Consequently, the requirements of Clauses (iii) (f) and (iii) (g) of paragraph 4 of the Order are not applicable.
4. 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 purchases of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5. In respect of the contracts or arrangements referred to in Section 301 of the Companies Act, 1956.
 - (a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
 - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts / arrangements entered in the Register maintained under section 301 of the Companies Act, 1956 and exceeding the value of ₹ 5,00,000 in respect of each party during the year have been made at prices which appear reasonable as per information available with the Company.

NETTLINX LIMITED

6. According to the information and explanations given to us, the Company has not accepted any deposit from the public. Therefore, the provisions of Clause (vi) of paragraph 4 of the Order are not applicable to the Company.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the cost records maintained by the Company pursuant to the Company's (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.
9. In respect of statutory dues:
According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess, and other statutory dues have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2013 for a period of more than six months from the date of becoming payable.
10. The accumulated losses of the Company at the end of the financial year are not more than fifty percent of its net worth and the Company has not incurred cash losses during the financial year covered by the audit and in the immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayments of dues to financial institutions and banks.
12. In our opinion and according to the explanations given to us and based on the information available, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund / nidhi / mutual benefit fund / society. Therefore, the provisions of clause (xiii) of paragraph 4 of the Order are not applicable to the Company.
14. The Company has maintained proper records of the transactions and contracts in respect of dealing or trading in shares, securities, debentures and other investments and timely entries have been made therein. All shares, securities and other investments have been held by the Company in its own name.
15. The Company has not given any guarantees for loans taken by others from banks and financial institutions.
16. The Company has not raised new term loans during the year. The term loans outstanding at the beginning of the year have been applied for the purposes for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that there are no funds raised on short-term basis that have been used for long-term investment.
18. The company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the companies Act, 1956.
19. The company does not have any debentures and hence the applicability of the clause regarding the creation of security or charge in respect of debentures issued does not arise.
20. The company has not raised any monies by way of public issues during the year.
21. In our opinion and according to the information and explanations given to us, no material fraud on or by the company has been noticed or reported during the year.

for **M/s. DEVA & CO**
Chartered Accountants
Firm Reg.No.000722S
Sd/-
(K. SRINIVASULU REDDY)
Partner
Membership No.024191

Place: Hyderabad
Date : 30.05.2013

BALANCE SHEET AS AT MARCH 31st 2013

S.No	Particulars	Note No.	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
EQUITY AND LIABILITIES:				
A. Share Holders' Funds:				
	(a) Share Capital	2	11,46,33,120	11,46,33,120
	(b) Reserves & Surplus	3	4,64,08,891	4,83,82,188
B. Non Current Liabilities				
	(a) Long Term Borrowings	4	10,32,379	24,52,067
	(b) Other Long Term Liabilities	5	34,91,707	20,55,537
	(c) Long Term Provisions	6	9,41,478	7,98,325
C. Current Liabilities				
	(a) Short Term Borrowings	7	1,24,33,832	1,33,10,000
	(b) Trade Payables	8	35,24,400	49,70,152
	(c) Other Current Liabilities	9	58,91,225	2,31,14,107
			<u>18,83,57,032</u>	<u>20,97,15,497</u>
ASSETS:				
A. Non Current Assets				
	(a) Fixed Assets:			
	Tangible Assets	10	2,94,84,094	3,68,55,015
	(b) Non Current Investments	11	8,70,71,246	9,22,21,536
	(c) Deferred Tax Assets (Net)	29	44,17,859	39,33,740
	(d) Long Term Loans & Advances	12	66,00,788	63,37,566
	(e) Other Non Current Assets	13	76,42,085	1,09,86,127
B. Current Assets				
	(a) Current Investments	14	-	7,94,800
	(b) Inventories-Traded Finished Goods	15	7,19,988	7,60,832
	(c) Trade Receivables	16	1,11,94,510	57,71,990
	(d) Cash & Cash Equivalents	17	4,22,394	3,46,345
	(e) Short Term Loans & Advances	18	3,47,91,449	5,06,02,499
	(f) Other Current Assets	19	60,12,619	11,05,047
			<u>18,83,57,032</u>	<u>20,97,15,497</u>
	Significant Accounting Policies	1		
	Notes on Financial Statements	2 to 31		

As per our report of even date

for **DEVA & CO.**,
Chartered Accountants
Firm Reg. No.000722S

Sd/-
(K. Srinivasulu Reddy)
Partner
Membership No.024191

for and on behalf of the Board of Directors

Sd/-
(Manohar Loka Reddy)
Chairman

Sd/-
(J.V. Hanumanth Rao)
Director

Place: Hyderabad
Date : 30-05-2013

Sd/-
(Chandra Sekhar Pogula)
Director & COO and Compliance Officer

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31st 2013

S.No.	Particulars	Note No.	Current Year ₹	Previous Year ₹
I.	Revenue from Operations	20	4,66,14,530	4,42,17,921
II.	Other Income	21	87,10,132	60,94,936
III.	Total Revenue (I + II)		<u>5,53,24,662</u>	<u>5,03,12,857</u>
IV.	Expenses:			
	(a) Changes in inventories of stock in trade	22	40,844	59,365
	(b) Employee Benefits expense	23	1,40,10,748	1,52,46,669
	(c) Finance Costs	24	32,34,370	47,92,983
	(d) Depreciation and amortization Expenses	10	54,67,543	55,58,198
	(e) Operation and other expenses	25	3,50,28,573	3,21,19,778
	Total Expenses		<u>5,77,82,078</u>	<u>5,77,76,993</u>
V.	Profit /(Loss) Before Tax (III-IV)		(24,57,416)	(74,64,135)
VI.	Tax Expense:			
	(1) Current Tax		-	-
	(2) Deferred Tax - Asset	29	4,84,119	4,31,862
VII.	Profit /(Loss) for the year		(19,73,297)	(70,32,274)
VIII.	Earning/(Loss) Per Share	28		
	Basic		(0.17)	(0.61)
	Significant Accounting Policies	1		
	Notes on Financial Statements	2 to 31		

As per our report of even date

for **DEVA & CO.,**
Chartered Accountants
Firm Reg. No.000722S

Sd/-
(K. Srinivasulu Reddy)
Partner
Membership No.024191

for and on behalf of the Board of Directors

Sd/-
(Manohar Loka Reddy)
Chairman

Sd/-
(J.V. Hanumanth Rao)
Director

Place: Hyderabad
Date : 30-05-2013

Sd/-
(Chandra Sekhar Pogula)
Director & COO and Compliance Officer

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31st 2013

	(₹. In lakhs)	
	Current Year	Previous Year
A. CASH FLOW FROM OPERATING ACTIVITIES		
<i>Net Profit/(loss) before tax as per Statement of Profit and Loss</i>	(24.57)	(74.64)
<i>Adjusted For:</i>		
Depreciation and Amortisation Expense	54.67	55.58
Provision for diminution in the value of investment	51.50	37.41
Interest Income	(53.27)	(30.34)
Effect of Exchange Rate Change	(0.96)	(0.60)
Operating profit before working capital changes	<u>27.36</u>	<u>(12.59)</u>
<i>Adjusted For:</i>		
Trade and Other Receivables	(15.62)	25.17
Inventories	0.41	0.59
Trade and Other Payables	(170.89)	81.01
Net Cash from Operating Activities	<u>(158.74)</u>	<u>94.18</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(5.37)	(64.53)
Purchase of Investments	-	(70.00)
Sale of Fixed Assets	24.40	5.72
Sale of Investments	7.95	0.00
Movement in Loans and Advances	155.48	63.48
Interest Income	-	24.05
Net Cash Flow from Investing Activities	<u>182.46</u>	<u>(41.28)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Repayment of Long term Borrowings	(14.20)	(70.24)
Short Term Borrowings (net)	(8.76)	18.00
Net cash Flow from/(used) in Financing Activities	<u>(22.96)</u>	<u>(52.24)</u>
Net (Decrease)/ Increase in Cash and Cash equivalents	0.76	0.66
Opening Balance of Cash and Cash Equivalents	3.46	2.78
Closing Balance of Cash and Cash Equivalents	4.22	3.46

As per our report of even date

for **DEVA & CO.,**
Chartered Accountants
Firm Reg. No.000722S
Sd/-

(K. Srinivasulu Reddy)
Partner
Membership No.024191

for and on behalf of the Board of Directors

Sd/-
(Manohar Loka Reddy)
Chairman

Sd/-
(J.V. Hanumanth Rao)
Director

Place: Hyderabad
Date : 30-05-2013

Sd/-
(Chandra Sekhar Pogula)
Director & COO and Compliance Officer

NETTLINX LIMITED

COMPANY BACKGROUND:

Nettlinx Limited is a Category B licensed ISP, with operations in Andhra Pradesh started in 1999. Currently Nettlinx has its operations across major cities in Andhra Pradesh.

Nettlinx Limited provides a portfolio of high quality Internet solutions for data voice and security to cater to the corporate customer needs. Leveraging its technological and Regional presence, Nettlinx is able to bring value and strong support to the customers. Nettlinx has strategic and long lasting relationships with major Telecom Operators in India.

The Company is backed by over 14 years of experience, not to mention an uncompromising standard in the provision of best-in-class products and uninterrupted services. The Company delivers maximum uptime, expertise and specialist knowledge to assist both individuals and businesses in harnessing the benefits of Internet technology for real business productivity.

1. SIGNIFICANT ACCOUNTING POLICIES:

The accounts have been prepared primarily on the historical cost convention and in accordance with the relevant provisions of the Companies Act, 1956 and the Accounting Standards notified by the Companies (Accounting Standards) Rules 2006. The significant accounting policies followed by the company are stated below.

(a) USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures relating to contingent liabilities as at the date of financial statements and the reported amounts of revenues and expenses during the reporting year.

Differences between actual and estimates are recognized in the periods in which the results are known / materialized.

(b) FIXED ASSETS

Fixed Assets are stated at their historical cost of acquisition or construction, less accumulated depreciation/amortization and impairment loss. Costs include all costs incurred to bring the assets to their working condition and location. Assets retired from the active use and held for disposal are stated at lower of cost or net book value or net realizable value.

(c) DEPRECIATION ON FIXED ASSETS

The Company follows the straight-line method of charging depreciation on all its fixed assets. The Depreciation has been provided in the manner and at the rates prescribed in Schedule XIV to the Companies Act, 1956 on all the assets.

(d) INVESTMENTS

Current Investments are valued at lower of cost and fair value. Long term investments are valued at cost. Provision is made to recognize decline other than temporary in the carrying amount of the long term investments. Cost for overseas investments comprises of the Indian Rupee value of consideration paid for the investment translated at the exchange rate prevalent at the date of investment.

(e) EMPLOYEE BENEFITS

Retirement benefit costs are expensed to revenue as incurred. Contribution to defined Schemes such as Provident Fund and Employee's State Insurance Scheme are charged to Revenue. The Company provides for gratuity and compensated absences in accordance with the requirements of revised Accounting Standard – 15 of Employee Benefits.

(f) FOREIGN CURRENCY TRANSACTIONS

Transactions made during the year in foreign currency are recorded at exchange rate prevailing at the time of transaction. Realized gains or losses on foreign exchange transactions are recognized in the statement of profit and loss.

NETTLINX LIMITED

(g) Borrowing costs as mentioned in consolidated principles to be written here also.

(h) REVENUE RECOGNITION

Revenue from Online information and database access or retrieval recognized as the service is performed on the basis of actual usage of the company network in accordance with contractual obligation and is recorded net of service tax .The amount charged to subscribers for specialized features which entitle them to access the network of the company and where all other services or products paid for separately, are recognized when such features are activated.

(i) CASH FLOW STATEMENT

The cash flow statement is prepared under the indirect method set out in AS 3 on “Cash flow Statement” and presents cash flows by operation, investing and financing activities of the Company.

(j) INVENTORIES

Inventories are valued at lower of cost or net realizable value. Cost of inventories, includes all costs of purchases and other costs incurred bringing the inventories to their present location and condition. Costs of Inventories are determined under FIFO basis.

(k) LEASE RENTALS

Rental Income under operating lease is recognized on accrual basis over the lease term in the statement of profit and loss.

(l) EARNINGS PER SHARE

The company reports basic and diluted

earnings per share in accordance with AS 20 on “Earnings per share”. Basic earnings per share are computed by dividing the net profit or loss for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit or loss for the year by the weighted average number of equity shares outstanding during the year as adjusted for the effect of all dilutive preferential equity instruments, except where results are anti dilutive

(m) TAXES ON INCOME

Tax expense for the year consists of deferred tax. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognized for the profit and loss account in the year of change. This year the company has recognized and carries forward Deferred Tax Asset only to the extent of reasonable certainty that sufficient future taxable income will be available against which Deferred Tax Asset can be realized.

(n) PROVISIONS AND CONTINGENT LIABILITIES

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	As at 31st March, 2013	As at 31st March, 2012
	₹	₹
Note 2 Share Capital		
Authorised Capital		
2,00,00,000 Equity Shares of ₹ 10/- each	20,00,00,000	20,00,00,000
Issued, Subscribed & Paid up Capital		
1,14,63,312 Equity Shares of		
₹ 10/- each fully paid up	11,46,33,120	11,46,33,120

(a) Reconciliation of Shares outstanding at the beginning and the end of the year
There is no change in Equity Share Capital during the year ended March 31, 2013 and March 31, 2012.

(b) Terms/rights attached to Equity Shares

The Company has only one class of Equity share having a par value of ₹ 10/- each. Each holder of equity share is entitled to one vote per share.

(c) Details of share holders holding more than 5% of equity shares in the Company

Name of Share Holder	As at 31st March, 2013		As at 31st March, 2012	
	No. of Shares	% Holding	No. of Shares	% Holding
Loka Narayan Reddy	39,23,224	34.22	39,23,224	34.22
Dr. Loka Manohar Reddy	16,43,392	14.34	15,74,866	13.74
Saranya Loka Reddy	5,99,386	5.23	5,99,386	5.23

Note 3 Reserves and Surplus

	As at 31st March, 2013	As at 31st March, 2012
	₹	₹
(a) Capital Reserve	1,50,00,000	1,50,00,000
(b) Securities Premium Account	2,45,99,575	2,45,99,575
(c) General Reserve	1,30,00,000	1,30,00,000
(d) Surplus/deficit in the Statement of Profit and Loss		
Opening Balance:	(42,17,387)	28,14,887
(Loss) for the Year	(19,73,297)	(70,32,274)
	4,64,08,891	4,83,82,188

Note 4 Long Term Borrowings

	As at 31st March, 2013		As at 31st March, 2012	
	Non-Current	Current	Non-Current	Current
	₹	₹	₹	₹
Secured				
Vehicle Loan	10,32,379	14,19,688	24,52,067	13,90,121
	10,32,379	14,19,688	24,52,067	13,90,121

Terms and Conditions of Long Term Borrowings

Vehicle Loan is taken from BMW Financial Services secured under hypothecation of the assets purchased.

NETTLINX LIMITED

Note 5 Other Long Term Liabilities	As at 31st March, 2013	As at 31st March, 2012
	₹	₹
Trade Payables		
- to Related Party (Refer Note No.27)	14,53,091	14,53,091
- to Others	<u>17,88,616</u>	<u>3,52,447</u>
Rental Deposit	2,50,000	2,50,000
	<u>34,91,707</u>	<u>20,55,537</u>
Note 6 Long Term Provisions	As at 31st March, 2013	As at 31st March, 2012
	₹	₹
Provision for Employee Benefits		
Gratuity	6,47,901	4,97,801
Leave Encashment	<u>2,93,577</u>	<u>3,00,524</u>
	<u>9,41,478</u>	<u>7,98,325</u>
Note 7 Short Term Borrowings	As at 31st March, 2013	As at 31st March, 2012
	₹	₹
Secured		
- ICICI Bank - CC Account	Nil	70,00,000
- HDFC Bank - CC Account	70,00,000	Nil
Unsecured		
- from Director (Refer Note No.27)	54,33,832	23,10,000
- Inter Corporate Deposits	Nil	40,00,000
	<u>1,24,33,832</u>	<u>1,33,10,000</u>
Terms and Conditions of Short Term Borrowings		
(i) CC is secured by hypothecation of book debts, outstanding amounts, receivables, claims, bills etc.		
Note 8 Trade Payables	As at 31st March, 2013	As at 31st March, 2012
	₹	₹
Trade Payables	<u>35,24,400</u>	<u>49,70,152</u>
	<u>35,24,400</u>	<u>49,70,152</u>
Dues to Micro, Small and medium enterprises is Nil as per the records of the Company		
Note 9 Other Current Liabilities	As at 31st March, 2013	As at 31st March, 2012
	₹	₹
Current maturities of long-term debt		
- ICICI Bank - Term Loan	Nil	1,00,00,002
- Vehicle Loan	14,19,688	13,90,121
Interest accrued but not due on borrowings	Nil	3,91,936
Interest accrued and due on borrowings	73,964	1,88,146
Others		
Trade Deposit Received	71,427	76,672
Advance received from Customers	6,09,524	16,63,890
Bank Book OD	Nil	35,89,418
Other Statutory Liabilities	13,53,758	24,09,356
Liability for Expenses	4,27,504	5,40,557
Employee related liabilities	15,32,220	15,10,987
Others	4,03,141	13,53,022
	<u>58,91,225</u>	<u>2,31,14,107</u>

Vehicle Loans are secured under hypothecation of the assets purchased

(Amount in ₹)

10 STATEMENT OF FIXED ASSETS & DEPRECIATION

Particulars	GROSS BLOCK			ACCUMULATED DEPRECIATION					NET BLOCK	
	AS AT 01.04.12	ADDITIONS DURING THE YEAR	DELETIONS DURING THE YEAR	AS AT 31.03.13	AS AT 01.04.12	DURING THE YEAR	DELETIONS DURING THE YEAR	TOTAL 31.03.13	AS AT 31.03.13	AS AT 31.03.12
Tangible Assets										
Land	24,40,105	-	24,40,105	-	-	-	-	-	-	24,40,105
Buildings	1,20,17,910	-	-	1,20,17,910	17,56,295	1,95,892	-	19,52,187	1,00,65,723	1,02,61,615
Plant & Machinery	11,97,23,765	4,86,607	-	12,02,10,372	10,61,04,925	38,30,352	-	10,99,35,277	1,02,75,085	1,36,18,840
Office Equipment	43,25,200	50,120	-	43,75,320	29,00,514	2,04,010	-	31,04,524	12,70,796	14,24,686
Furniture & Fixtures	75,36,711	-	-	75,36,711	61,51,127	3,10,422	-	64,61,549	10,75,162	13,85,584
Vehicles	1,10,30,477	-	-	1,10,30,477	33,06,294	9,26,867	-	42,33,161	67,97,316	77,24,183
TOTAL	15,70,74,168	5,36,727	24,40,105	15,51,70,790	12,02,19,155	54,67,543	-	12,56,86,698	2,94,84,094	3,68,55,015
31st March, 2012	15,21,37,733	64,52,754	15,16,319	15,70,74,168	11,56,05,208	55,58,198	9,44,251	12,02,19,155	3,68,55,015	3,65,32,527

NETTLINX LIMITED

Note 11 Non Current Investments	As at 31st March, 2013	As at 31st March, 2012
	₹	₹
Investment in unquoted equity instruments		
(a) of subsidiaries		
Trade Investments:		
i. Nettlinx Inc, USA (6867 shares of \$15 each fully paidup)	50,01,560	50,01,560
ii. Host Department, LLC USA Less: Provision for Diminution	5,19,64,299 <u>2,33,10,513</u>	5,19,64,299 <u>1,81,60,223</u>
	2,86,53,786	3,38,04,076
Non-Trade Investments:		
i. Nettlinx Reality Private Limited (309990 Equity Shares of ₹ 10 each fully paid up)	30,99,900	30,99,900
ii. Nettlinx Channel Private Limited (4200000 Equity Shares of ₹ 10 each fully paid up)	4,20,00,000	4,20,00,000
(b) of Associates		
i. Northeast Broking Services Ltd (11600 Equity Shares of ₹ 10 each fully paid up)	1,16,000	1,16,000
ii. Northeast Commodities Private Ltd (120000 Equity Shares of ₹ 10 each fully paid up)	12,00,000	12,00,000
(c) of other entities		
LG IT Solutions Private Limited (70,000 shares of ₹ 10/- each fully paid up with ₹ 90/-premium)	70,00,000	70,00,000
	<u>8,70,71,246</u>	<u>9,22,21,536</u>
	As at 31st March, 2013	As at 31st March, 2012
	₹	₹

Note 12 Long Term Loans and Advances

Advance Taxes	66,00,788	63,37,566
	<u>66,00,788</u>	<u>63,37,566</u>

Since, the Appeal is pending before the Honourable High Court of A.P., in respect of Income Tax for the Assessment years 1996-97 and 1997-98 of Northeast Spinners Limited, a company in existence prior to amalgamation with Nettlinx Limited, the balance lying in TDS Adjustment account ₹ 28,62,989/- is shown in Advance Taxes.

Note 13 Other Non Current Assets	As at 31st March, 2013	As at 31st March, 2012
	₹	₹
- In Fixed Deposits with more than 12 months maturity (100% against Bank Guarantees)	21,22,765	21,10,942
- Other Deposits	6,11,402	6,11,402
Long Term Trade Receivables Unsecured, Considered Good	49,07,918	82,63,783
	<u>76,42,085</u>	<u>1,09,86,127</u>

NETTLINX LIMITED

Long term trade receivables includes the balance debt of ₹ 32,62,114/-receivable from M/s.Integrated Broadcasting Private Limited which was in arbitration proceedings.The Company has recovered an amount of ₹ 33,35,914/- out of outstanding debt of ₹ 65,98,028/-(as at 31st March,2012) by withdrawing the winding up petition and entering into arbitration proceedings during the year.

Note 14 Current Investments	As at 31st March, 2013	As at 31st March, 2012
	₹	₹
Quoted - Investments		
i. Swarna Securities Ltd (NIL, March 31, 2012, 88850 Equity Shares of ₹ 10 each fully paid up)	Nil	7,94,800
	<u>Nil</u>	<u>7,94,800</u>
Note 15 Inventories	As at 31st March, 2013	As at 31st March, 2012
	₹	₹
i. Traded Goods - Valued at Cost or NRV which ever is lower	7,19,988	7,60,832
	<u>7,19,988</u>	<u>7,60,832</u>
Note 16 Trade Receivables	As at 31st March, 2013	As at 31st March, 2012
	₹	₹
b) Outstanding for a period exceeding Six Months		
- from Related Parties (Refer Note No.27)	23,25,901	Nil
- from Others	19,49,420	14,71,850
a) Others		
- from Related Parties (Refer Note No.27)	9,28,360	11,37,797
- from Others	59,90,829	31,62,343
	<u>1,11,94,510</u>	<u>57,71,990</u>
Note 17 Cash and Cash Equivalents	As at 31st March, 2013	As at 31st March, 2012
	₹	₹
a) Balances with Banks		
- In Current Accounts	4,05,414	86,429
b) Cash on hand	16,980	2,59,917
	<u>4,22,394</u>	<u>3,46,346</u>
Note 18 Short Term Loans and Advances	As at 31st March, 2013	As at 31st March, 2012
	₹	₹
Loans and Advances to Related Parties (Refer Note No.27)	1,87,57,917	3,26,93,028
Advances to Suppliers	Nil	1,68,759
Staff Advances	33,681	72,718
Balance with Government Authority		
- Servicetax Credit receivable	9,270	Nil
- VAT Credit Receivable	1,91,480	1,94,157
Rental Deposits	9,37,850	9,38,950
Other Loans and Advances	148,61,251	165,34,887
	<u>3,47,91,449</u>	<u>5,06,02,499</u>

NETTLINX LIMITED

Note 19	Other Current Assets	As at 31st March, 2013	As at 31st March, 2012
		₹	₹
	Interest Accrued but not due on FDRs	3,15,077	1,23,914
	Interest Accrued and Due	50,09,694	5,05,263
	Prepaid Expenses	3,38,098	1,27,982
	Other Deposits/Receivables	3,49,750	3,47,888
		<u>60,12,619</u>	<u>11,05,047</u>
Note 20	Revenue from Operations	Current Year	Previous Year
		₹	₹
a)	Sale of Products		
	Sale of VOIP Telephones - VAT Sales	52,807	66,999
b)	Sale of Services		
	Income from Bandwidth Services	4,01,08,132	3,70,88,208
	Income from Web Solutions	14,86,072	18,73,741
	Income from VOIP Sales	43,877	1,16,023
	Income from ITES (export)		
-	Related Parties (Refer Note No.27)	35,64,142	50,72,950
	- Others	<u>13,59,500</u>	Nil
		<u>4,66,14,530</u>	<u>4,42,17,921</u>
Note 21	Other Income	Current Year	Previous Year
		₹	₹
	Interest Income		
-	from Related Parties (Refer Note No.27)	31,47,267	Nil
-	from Others	<u>21,79,719</u>	<u>30,33,839</u>
		53,26,986	30,33,839
	Rental Income		
-	from Related Parties (Refer Note No.27)	19,24,668	19,24,668
-	from Others	<u>4,94,120</u>	<u>9,76,161</u>
		24,18,788	29,00,829
	Foreign Exchange Gain	96,023	59,961
	Other Misc.Incomes	8,68,335	1,00,307
		<u>87,10,132</u>	<u>60,94,936</u>
Note 22	Changes in inventories of stock-in-trade	Current Year	Previous Year
		₹	₹
	Inventories at the end of the year - Stock in Trade	7,19,988	7,60,832
	Inventories at the beginning of the year - Stock in Trade	7,60,832	8,20,197
	Net (increase)/ decrease	<u>40,844</u>	<u>59,365</u>
Note 23	Employee Benefit Expenses	Current Year	Previous Year
		₹	₹
	Salaries	1,19,27,832	1,33,00,602
	Contribution to Provident and Other funds	13,26,015	11,79,727
	Staff Welfare	7,56,901	7,56,413
	Staff Recruitment & Training	Nil	9,927
	Employee Benefit expenses	<u>1,40,10,748</u>	<u>1,52,46,669</u>

Note 24 Finance Cost	Current Year	Previous Year
	₹	₹
Interest	28,02,515	44,61,373
Finance charges	3,19,693	1,98,807
Bank Charges	1,12,162	1,32,803
	<u>32,34,370</u>	<u>47,92,983</u>
Note 25 Operation and Other Expenses	Current Year	Previous Year
	₹	₹
Bandwidth, leased circuit charges & service charges	1,65,35,235	1,44,16,324
Rent & Maintenance	31,01,323	30,54,004
Domain Registration expenses	1,72,201	1,61,421
Power and Electricity	21,86,069	19,23,759
Postage & Telegram expenses	92,788	79,733
Advertisement & Publicity	81,943	3,78,622
Telephone expenses	4,37,919	5,18,269
Computers & Networking Maintenance	30,53,700	28,74,140
Watch & Ward expenses	8,12,181	6,42,152
Travelling expenses	1,02,054	1,42,646
Local Conveyance	5,67,244	15,90,668
Vehicle Maintenance	5,82,222	5,46,022
Rates & Taxes	1,81,049	4,02,028
Insurance-Others	87,773	83,917
Annual Membership Fee(APNIC)	2,51,281	2,10,880
Demat Charges(NSL)	1,05,650	1,20,075
Legal & Professional Charges	3,02,295	2,28,000
Office Maintenance Expenses	3,53,521	2,82,707
Printing & Stationary Expenses	1,74,211	2,44,959
Loss on Sale of Investments A/c	3,50,550	Nil
Other Administrative Expenses	2,72,075	3,06,095
Provision for diminution in value of long term investment	51,50,290	37,40,757
Miscellaneous Expenditure Written Off	Nil	97,600
Audit Fees	75,000	75,000
for Statutory Audit	25,000	25,000
for Taxation Matters	20,000	20,000
for Management & Other Services	20,000	20,000
for Re-imburement of expenses	10,000	10,000
	<u>3,50,28,573</u>	<u>3,21,19,778</u>

NETTLINX LIMITED

Additional Information to the Financial Statements

Note 26 Foreign Exchange Acitivity	Current Year ₹	Previous Year ₹
Expenditure in Foreign Currency		
Licence fee and domain registration charges	3,72,665	3,51,305
Earnings in Foreign Exchange		
Software Services(ITES)	49,23,642	50,72,950

Note 27 Related party disclosures: As per Accounting Standard 18, the disclosures of transactions with the related parties are given below:

Transactions during the Year with Related Parties:

Name of the Related Party	Relationship
i. Nettlinx Reality Private Limited	Wholly Owned Subsidiaries
ii. Nettlinx Channel Private Limited	
iii. Host Department, LLC, USA	
iv. Nettlinx Inc, USA	
i. North East Broking Services Ltd	Associates
ii. North East Commodities Private Ltd	
i. Dr. Loka Manohar Reddy - Chairman	Key Management Personnel
ii. Chandra Sekhar Pogula - Director & COO and Compliance Officer	

(ii) Details of transaction between the Company and Related Parties

As at 31st March, 2013 **As at 31st March, 2012**

	₹	₹
Sale of Services:		
Host Department, LLC, USA -		
Software Services(ITES)	35,64,142	33,11,837
Other Income - Rent Received		
- Northeast Broking Services Limited	11,01,972	11,01,972
- Northeast Commodities Services Limited	8,22,696	8,22,696
Other Income - Interest		
Nettlinx Reality Private Limited	31,47,267	Nil
Trade Payables:		
Nettlinx Inc, USA	14,53,091	14,53,091
Trade Receivables:		
Host Department, LLC, USA	32,54,261	11,37,797
Short Term Loans & Advances:		
Nettlinx Reality Private Limited	1,87,57,917	3,26,93,028
Unsecured Loan :		
Dr. Loka Manohar Reddy - Chairman	54,33,832	23,10,000
Managerial Remuneration :		
Chandra Sekhar Pogula - Director & COO and Compliance Officer	15,00,000	15,00,000

NETTLINX LIMITED

Note 28 Earnings per share	Current Year	Previous Year
	₹	₹
i) Profit /(Loss) for the year	(19,73,297)	(70,32,274)
ii) Weighted average number of Equity Shares	1,14,63,312	1,14,63,312
iii) Weight average number of equity shares in computing diluted earnings per share	1,14,63,312	1,14,63,312
iv) Face value of each Equity Share	10	10
v) Earning/(Loss) per share		
- Basic	(0.17)	(0.61)

Note 29 Deferred Tax (Asset)	As at 31st March, 2013	As at 31st March, 2012
	₹	₹
Tax effect of items constituting deferred tax assets		
Arising on Account of timing difference in Depreciation	4,84,119	4,31,862
Add: Opening Balance of Deferred Tax Asset	39,33,740	35,01,878
	<u>44,17,859</u>	<u>39,33,740</u>

Note 30 Contingent Liabilities and Commitments

	As at 31st March, 2013	As at 31st March, 2012
	₹	₹
Contingent Liabilities :		
Unexpired Bank Guarantees	21,22,765	21,10,942
Provisional License fee Assessment	<u>43,30,195</u>	<u>43,30,195</u>

Company has received **Revised** provisional license fee assessment notice from Department of Telecommunications-AP circle for the years 2005-06, 2006-07, 2007-08 and 2008-09 w.r.t ISP(IT) License for ₹ 43,30,195/- which is disclosed as contingent liability for the year ended 31st March 2012. However the management feels that even this demand is not tenable and hence liability is not provided in the books of accounts.

Note 31s

In line with revised Schedule VI, figures for the previous year have been regrouped, recast and rearranged.

for and on behalf of the Board of Directors

Sd/-	Sd/-
(Manohar Loka Reddy)	(J.V. Hanumanth Rao)
Chairman	Director

Sd/-
(Chandra Sekhar Pogula)
Director & COO and Compliance Officer

Place : Hyderabad.
Date : 30-05-2013

Consolidated Independent Auditor's Report

To The Board of Directors of
NETTLINX LIMITED

Report on the Financial Statements

1. We have audited the accompanying consolidated financial statements of **NETTLINX LIMITED** ("the Company"), and its subsidiaries (collectively referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2013, the Consolidated Statement of Profit & Loss and the Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

2. 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 accounting principles generally accepted in India including Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act"). 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.

Auditor's Responsibility

3. 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 misstatements.

4. An audit involves performing procedures to obtain audit evidence about the amount and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, 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 Group'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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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

5. In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of the reports of the other auditors on the financial statements / consolidated financial statements of the subsidiaries as noted below, the 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 March 31, 2013;
 - (b) In the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date and

NETTLINX LIMITED

- (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 Matters

1. We did not audit the financial statements of four subsidiaries whose financial statements reflect total assets (net) of ₹ 422.15 lakhs as at March 31, 2013, total revenues of ₹ 746.99 lakhs and net cash flows amounting to ₹ 19.19 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose report has been furnished

to us for the purpose of the consolidation, and our opinion, in so far as it related to the amounts included in respect of the subsidiaries, is based solely on reports of the other auditors.

M/s. DEVA & CO

Chartered Accountants
Firm Reg.No.000722S

Sd/-

(K. SRINIVASULU REDDY)

Partner

Membership No.024191

Place: Hyderabad

Date: 30.05.2013

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2013

S.No.	Particulars	Note No.	As at 31st March, 2013	As at 31st March, 2012
EQUITY AND LIABILITIES:				
A. Share Holders' Funds:				
	(a) Share Capital	2	11,46,33,120	11,46,33,120
	(b) Reserves & Surplus	3	6,38,16,571	5,81,10,775
	(c) Minority Interest		100	100
B. Non Current Liabilities				
	(a) Long Term Borrowings	4	17,25,500	40,18,195
	(b) Other Long Term Liabilities	5	85,40,942	6,02,446
	(c) Long Term Provisions	6	9,41,478	7,98,325
C Current Liabilities				
	(a) Short Term Borrowings	7	2,78,00,714	2,91,59,877
	(b) Trade Payables	8	1,44,05,992	1,74,70,467
	(c) Other Current Liabilities	9	7,92,51,342	9,16,22,135
			<u>31,11,15,759</u>	<u>31,64,15,440</u>
ASSETS:				
A. Non Current Assets				
	(a) Fixed Assets:			
	(i) Tangible Assets	10	4,16,48,295	4,98,61,467
	(ii) Intangible Assets	10	3,00,51,034	3,00,51,034
	(b) Non Current Investments	11	83,16,000	83,16,000
	(c) Deferred Tax Assets (Net)	28	42,92,820	38,51,536
	(d) Long Term Loans & Advances	12	82,43,008	52,86,755
	(e) Other Non Current Assets	13	93,48,405	1,59,94,178
B. Current Assets				
	(a) Current Investments	14	4,64,30,120	4,47,55,044
	(b) Inventories-Traded Finished Goods	15	8,35,72,986	9,69,51,315
	(c) Trade Receivables	16	2,54,39,350	1,01,20,593
	(d) Cash & Cash Equivalents	17	44,26,089	24,32,043
	(e) Short Term Loans & Advances	18	2,87,74,768	4,08,67,851
	(f) Other Current Assets	19	2,05,72,884	79,27,624
			<u>31,11,15,759</u>	<u>31,64,15,440</u>
	Significant Accounting Policies	1		
	Notes on Financial Statements	2 to 30		

As per our report of even date

 for **DEVA & CO.,**
 Chartered Accountants
 Firm Reg. No.000722S
 Sd/-
(K. Srinivasulu Reddy)
 Partner
 Membership No.024191

for and on behalf of the Board of Directors

 Sd/-
(Manohar Loka Reddy)
 Chairman

 Sd/-
(J.V. Hanumanth Rao)
 Director

 Place: Hyderabad
 Date : 30-05-2013

 Sd/-
(Chandra Sekhar Pogula)
 Director & COO and Compliance Officer

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013

S.No.	Particulars	Note No.	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
I.	Revenue from Operations	20	11,46,09,348	8,70,74,738
II.	Other Income	21	1,54,15,201	2,03,44,640
III.	Total Revenue (I + II)		<u>13,00,24,549</u>	<u>10,74,19,378</u>
IV.	Expenses:			
	(a) Changes in inventories of stock in trade	22	1,39,34,231	59,365
	(b) Employee Benefits expense	23	3,00,53,865	3,47,42,442
	(c) Finance Costs	24	1,19,09,668	53,46,136
	(d) Depreciation and amortization Expenses	10	67,00,394	74,59,079
	(e) Operation and other expenses	25	6,07,06,766	6,18,58,319
	Total Expenses		<u>12,33,04,924</u>	<u>10,94,65,341</u>
V.	Profit/(Loss) Before Tax (III-IV)		67,19,625	(20,45,963)
VI.	Tax Expense:			
	(1) Current Tax		22,55,228	13,55,666
	(Less): MAT credit		(9,28,067)	(2,33,723)
	(2) Deferred Tax - Asset	28	4,41,284	3,89,835
VII.	Profit/(Loss) for the year		58,33,748	(27,78,071)
VIII.	Earning/(Loss) Per Share	27		
	Basic		0.51	(0.24)
	Significant Accounting Policies	1		
	Notes on Financial Statements	2 to 30		

As per our report of even date

for **DEVA & CO.,**
Chartered Accountants
Firm Reg. No.000722S

Sd/-
(K. Srinivasulu Reddy)
Partner
Membership No.024191

for and on behalf of the Board of Directors

Sd/-
(Manohar Loka Reddy)
Chairman

Sd/-
(J.V. Hanumanth Rao)
Director

Place: Hyderabad
Date : 30-05-2013

Sd/-
(Chandra Sekhar Pogula)
Director & COO and Compliance Officer

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31st 2013

(₹. In lakhs)

	31st March, 2013	31st March, 2012
A. CASH FLOW FROM OPERATING ACTIVITIES		
<i>Net Profit/(loss) before tax as per Statement of Profit and Loss</i>	67.20	(20.46)
Adjusted For:		
Depreciation and Amortisation Expense	67.00	74.59
Effect of Exchange Rate Change	(9.08)	(0.60)
Interest Income	(101.31)	(30.34)
Operating profit before working capital changes	<u>23.81</u>	<u>23.19</u>
Adjusted For:		
Trade and Other Receivables	(188.26)	(0.42)
Inventories	133.78	(77.07)
Trade and Other Payables	(73.54)	302.61
Net Cash from Operating Activities	<u>(104.21)</u>	<u>248.31</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(9.27)	(100.39)
Movement in Investments	(20.48)	(509.60)
Sale of Fixed Assets	24.40	15.16
Movement in Loans and Advances	91.37	313.64
Interest Income	74.65	24.05
Net Cash Flow from Investing Activities	<u>160.67</u>	<u>(257.14)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Long term Borrowings (net)	(22.93)	(112.36)
Short Term Borrowings (net)	(13.59)	121.50
Net cash Flow from/(used) in Financing Activities	<u>(36.52)</u>	<u>9.14</u>
Net (Decrease)/ Increase in Cash and Cash equivalents	19.94	0.31
Opening Balance of Cash and Cash Equivalents	24.32	24.00
Closing Balance of Cash and Cash Equivalents	44.26	24.31

As per our report of even date

for **DEVA & CO.,**
Chartered Accountants
Firm Reg. No.000722S
Sd/-

(K. Srinivasulu Reddy)
Partner
Membership No.024191

for and on behalf of the Board of Directors

Sd/-
(Manohar Loka Reddy)
Chairman

Sd/-
(J.V. Hanumanth Rao)
Director

Place: Hyderabad
Date : 30-05-2013

Sd/-
(Chandra Sekhar Pogula)
Director & COO and Compliance Officer

PRINCIPLES OF CONSOLIDATION:

- (i) (a) The consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS 21) – “Consolidated Financial Statements” notified by the Companies (Accounting Standards) Rules, 2006. The Consolidated Financial Statements have been prepared under historical cost convention and on accrual basis. The accounting policies have been consistently applied by the Company and are in consistent with those used in the previous year.
- (a) The subsidiaries (Which along with NETTLINX LIMITED, the parent, constitute the Group) considered in the preparation of these consolidated financial statements are:

Name of the Company	Country of Incorporation	Percentage of ownership interest as at 31st March 2013	Percentage of ownership interest as at 31st March 2012
Nettlinx Inc	USA	100.00	100.00
Nettlinx Realty Private Limited	India	99.90	99.90
Nettlinx Channel Private Limited	India	100.00	100.00
Host Department LLC	USA	100.00	100.00

The financial statements of all the subsidiaries considered in the consolidated accounts are drawn up to 31st March, 2013.

Note 1. SIGNIFICANT ACCOUNTING POLICIES:

The accounts have been prepared primarily on the historical cost convention and in accordance with the relevant provisions of the Companies Act, 1956 and the Accounting Standards notified by the Companies (Accounting Standards) Rules 2006. The Significant Accounting Policies followed by the Company are stated below.

(a) USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of financial statements and the reported amounts of revenues and expenses during the reporting year.

Differences between actual and estimates are recognized in the periods in which the results are known / materialize.

(b) FIXED ASSETS AND GOODWILL

Fixed Assets are stated at their historical cost of acquisition or construction, less accumulated depreciation/amortization and impairment loss. Costs include all costs incurred to bring the assets to their working condition and location. Assets retired from the active use and held for disposal are stated at lower or net book value or net realizable value. Goodwill comprises the excess of purchase consideration over the fair value of net assets of the acquired enterprise.

(c) DEPRECIATION ON FIXED ASSETS

The Group follows the straight-line method of charging depreciation on all its fixed assets. The Depreciation has been provided in the manner and at the rates prescribed in Schedule XIV to the Companies Act, 1956 on all the assets.

(d) INVESTMENTS

Current Investments are valued at lower of cost and fair value. Long term investments are valued at cost. Provision is made to recognize decline other than temporary in the carrying amount of the long term investments.

(e) EMPLOYEE BENEFITS

Retirement benefit costs are expensed to revenue as incurred. Contribution to defined Schemes such as Provident Fund and Employee's State Insurance Scheme are charged as incurred on accrual basis. The Company also provides for gratuity and compensated absences in accordance with the requirements of revised Accounting Standard – 15 Employee Benefits.

(f) BORROWING COSTS

Borrowing costs attributable to the acquisition of a qualifying asset, as defined in AS – 16 on "Borrowing Costs", are capitalised as part of the acquisition. Other borrowing costs are expensed as incurred.

(g) FOREIGN CURRENCY TRANSACTIONS

Transactions made during the year in foreign currency are recorded at exchange rate prevailing at the time of transaction. Realized gains and losses on foreign exchange transactions other than those relating to fixed assets are recognized in the statement of profit and loss.

(h) REVENUE RECOGNITION

Revenue from Online information and database access or retrieval recognized as the service is performed on the basis of actual usage of the Company network in accordance with contractual obligation and is recorded net of service tax. The amount charged to subscribers for specialized features which entitle them to access the network of the Company and where all other services or products paid for separately, are recognized and when such features are activated.

(i) CASH FLOW STATEMENT

The cash flow statement is prepared by the indirect method set out in AS 3 on "Cash flow Statement" and present cash flows by operation, investing and financing activities of the Company.

(j) INVENTORIES

Inventories are valued at lower of cost or net realizable value. Cost of inventories, includes of all costs of purchases, costs of conversion and other cost incurred bringing the inventories to their present location and condition. Costs of Inventories are determined under FIFO basis.

(k) LEASE RENTALS

Rental Income under operating lease is recognized on accrual basis over the lease term in the statement of profit and loss.

(l) EARNINGS PER SHARE

The company reports basic and diluted earnings per share in accordance with AS 20 on "Earnings per share". Basic earnings per share are computed by dividing the net profit or loss for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the net profit or loss for the year by the weighted average number of equity shares outstanding during the year as adjusted for the effect of all dilutive preferential equity shares, except where results are anti dilutive

(m) TAXES ON INCOME

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognized for the profit and loss account in the year of change. This year the company has recognized and carries forward Deferred Tax Asset only to the extent of reasonable certainty that sufficient future taxable income will be available against which Deferred Tax Asset can be realized.

(n) PROVISIONS AND CONTINGENT LIABILITIES

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes.

NOTES ACCOMPANYING THE CONSOLIDATED FINANCIAL STATEMENTS

	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
Note 2 Share Capital		
Authorised Capital		
2,00,00,000 Equity Shares of ₹ 10/- each	20,00,00,000	20,00,00,000
Issued, Subscribed & Paid up Capital		
1,14,63,312 Equity Shares of ₹ 10/- each fully paid up	11,46,33,120	11,46,33,120

(a) Reconciliation of Shares outstanding at the beginning and the end of the year
There is no change in Equity Share Capital during the year ended March 31, 2013 and March 31, 2012.

(b) Terms/rights attached to Equity Shares

The Company has only one class of Equity shares having a par value of ₹ 10/- each. Each holder of equity shares is entitled to one vote per share.

(c) Details of share holders holding more than 5% of equity shares in the Company

Name of Share Holder	As at 31st March, 2013		As at 31st March, 2012	
	No. of Shares	% Holding	No. of Shares	% Holding
Loka Narayan Reddy	39,23,224	34.22	39,23,224	34.22
Dr. Loka Manohar Reddy	16,43,392	14.34	15,74,866	13.74
Saranya Loka Reddy	5,99,386	5.23	5,99,386	5.23

Note 3 Reserves and Surplus

	As at 31st March, 2013 ₹		As at 31st March, 2012 ₹	
(a) Capital Reserve		1,50,00,000		1,50,00,000
At the beginning and at the end of the year				
(b) Securities Premium Account		2,45,99,575		2,45,99,575
At the beginning and at the end of the year				
(c) General Reserve		1,30,00,000		1,30,00,000
At the beginning and at the end of the year				
(d) Foreign Currency Translation Reserve (Net)		3,24,087		4,52,039
(d) Surplus/deficit in the Statement of Profit and Loss				
Opening Balance:	50,59,161		78,37,232	
Profit i (Loss) for the Year	58,33,748	1,08,92,909	(27,78,071)	50,59,161
		6,38,16,571		5,81,10,775

Note 4 Long Term Borrowings

	As at 31st March, 2013		As at 31st March, 2012	
	Non-Current ₹	Current ₹	Non-Current ₹	Current ₹
Secured				
Vehicle Loan	17,25,500	22,92,695	40,18,195	21,71,713
	17,25,500	22,92,695	40,18,195	21,71,713

Terms and Conditions of Long Term Borrowings

(i) Vehicle Loan is secured under hypothecation of the assets purchased.

NETTLINX LIMITED

Note 5 Other Long Term Liabilities	As at 31st March, 2013	As at 31st March, 2012
	₹	₹
Trade Payables	82,90,942	3,52,446
Rental Deposit	2,50,000	2,50,000
	<u>85,40,942</u>	<u>6,02,446</u>
Note 6 Long Term Provisions	As at 31st March, 2013	As at 31st March, 2012
	₹	₹
Provision for Employee Benefits		
(a) Gratuity	6,47,901	4,97,801
(b) Leave Encashment	2,93,577	3,00,524
	<u>9,41,478</u>	<u>7,98,325</u>
Note 7 Short Term Borrowings	As at 31st March, 2013	As at 31st March, 2012
	₹	₹
Secured		
- ICICI Bank - CC Account	Nil	70,00,000
- HDFC Bank - CC Account	70,00,000	Nil
Unsecured		
- ICICI Bank - Temporary Over Draft	-	15,01,052
- from Directors	1,47,41,714	1,15,43,825
- Others	60,59,000	51,15,000
- Inter Corporate Deposits	-	40,00,000
	<u>2,78,00,714</u>	<u>2,91,59,877</u>
Terms and Conditions of Short Term Borrowings		
(i) CC is secured by hypothecation of book debts, outstanding amounts, receivables, claims, bills etc.		
Note 8 Trade Payables	As at 31st March, 2013	As at 31st March, 2012
	₹	₹
Trade Payables	1,44,05,992	1,74,70,467
	<u>1,44,05,992</u>	<u>1,74,70,467</u>
Dues to Micro, Small and medium enterprises is Nil as per the records of the Company		
Note 9 Other Current Liabilities	As at 31st March, 2013	As at 31st March, 2012
	₹	₹
Current maturities of long-term debt		
- ICICI Bank - Term Loan	-	1,00,00,002
- Vehicle Loan	22,92,695	21,71,713
Interest accrued but not due on borrowings	11,480	3,91,936
Interest accrued and due on borrowings	73,964	1,88,146
Others		
Trade Deposit Received	71,427	76,672
Advance received from Customers	6,29,79,524	6,15,33,890
Bank Book OD	-	95,80,006
Other Statutory Liabilities	49,11,633	24,21,306
Liability for Expenses	19,56,322	6,62,585
Employee related liabilities	65,51,157	29,87,107
Others	4,03,141	16,08,772
	<u>7,92,51,342</u>	<u>9,16,22,135</u>

Vehicle Loans are secured under hypothecation of the assets purchased

NETTLINX LIMITED

5-9-22, 3rd Floor, My Home Sarovar Plaza, Secretariat Road,
Saifabad, Hyderabad- 500-63

(Amount in ₹)

STATEMENT CONSOLIDATED FIXED ASSETS

Particulars	GROSS BLOCK			ACCUMULATED DEPRECIATION			NET BLOCK			
	AS AT 01.04.12	ADDITIONS DURING THE YEAR	DELETIONS DURING THE YEAR	AS AT 31.03.13	AS AT 01.04.12	DURING THE YEAR	DELETIONS DURING THE YEAR	TOTAL 31.03.13	AS AT 31.03.13	AS AT 31.03.12
Tangible Assets										
Land	24,40,105	-	24,40,105	-	-	-	-	-	-	24,40,105
Buildings	1,20,17,910	-	-	1,20,17,910	17,56,295	1,95,892	-	19,52,187	1,00,65,723	1,02,61,615
Plant and Machinery	15,05,05,681	4,86,607	-	15,09,92,288	12,80,00,624	46,06,000	-	13,26,06,625	1,83,85,664	2,25,05,059
Office Equipment	43,31,950	4,40,720	-	47,72,670	29,02,036	2,04,330	-	31,06,366	16,66,304	14,29,915
Furniture and Fixtures	76,47,890	-	-	76,47,890	61,94,956	3,18,888	-	65,13,844	11,34,046	14,52,934
Vehicles	157,50,631	-	-	1,57,50,631	39,78,792	13,75,283	-	53,54,075	1,03,96,556	117,71,839
Total	19,26,94,167	9,27,327	24,40,105	19,11,81,389	14,28,32,703	67,00,394	-	14,95,33,097	4,16,48,295	4,98,61,467
Intangible Assets										
Good will	3,00,51,034	-	-	3,00,51,034	-	-	-	-	3,00,51,034	3,00,51,034
Total	3,00,51,034	-	-	3,00,51,034	-	-	-	-	3,00,51,034	3,00,51,034
G.TOTAL	22,27,45,201	9,27,327	24,40,105	22,12,32,423	14,28,32,703	67,00,394	-	14,95,33,097	7,16,99,329	7,99,12,501
31st March, 2012	21,42,22,124	100,39,396	15,16,319	22,27,45,201	13,63,17,875	74,59,079	9,44,251	14,28,32,703	7,99,12,501	7,79,04,249

NETTLINX LIMITED

Note 11 Non Current Investments	As at 31st March, 2013	As at 31st March, 2012
	₹	₹
Investment in unquoted equity instruments		
(a) of subsidiaries		
i. Northeast Broking Services Ltd (11600 Equity Shares of ₹ 10 each fully paid up)	1,16,000	1,16,000
ii. Northeast Commodities Private Ltd (120000 Equity Shares of ₹ 10 each fully paid up)	12,00,000	12,00,000
(b) of other entities		
LG IT Solutions (70,000 shares of ₹ 10/- each fully paid up with ₹ 90/-premium)	70,00,000	70,00,000
	<u>83,16,000</u>	<u>83,16,000</u>
Note 12 Long Term Loans and Advances	As at 31st March, 2013	As at 31st March, 2012
	₹	₹
(a) Advance Taxes net of provisions	70,81,218	50,53,032
(b) MAT credit entitlement	11,61,790	2,33,723
	<u>82,43,008</u>	<u>52,86,755</u>

Since, the Appeal is pending before the Honourable High Court of A.P., in respect of Income Tax for the Assessment years 1996-97 and 1997-98 of Northeast Spinners Limited, a company in existence prior to amalgamation with Nettlinx Limited, the balance lying in TDS Adjustment account ₹ 28,62,989/- is shown in Advance Taxes.

Note 13 Other Non Current Assets	As at 31st March, 2013	As at 31st March, 2012
	₹	₹
- In Fixed Deposits with more than 12 months maturity (100% against Bank Guarantees)	21,22,765	21,10,942
- Other Deposits	23,17,722	39,47,684
Long Term Trade Receivables Unsecured, Considered Good	49,07,918	82,63,783
Others	-	16,71,769
	<u>93,48,405</u>	<u>1,59,94,178</u>

Long term trade receivables includes the balance debt of ₹ 32,62,114/-receivable from M/s.Integrated Broadcasting Private Limited which was in arbitration proceedings.The Company has recovered an amount of ₹ 33,35,914/- out of outstanding debt of ₹ 65,98,028/-(as at 31st March,2012) by withdrawing the winding up petition and entering into arbitration proceedings during the year.

Note 14 Current Investments	As at 31st March, 2013	As at 31st March, 2012
	₹	₹
Quoted - Investments		
i. Swarna Securities Ltd (88850 Equity Shares of Rs.10 each fully paid up)	-	7,94,800
ii. LGS Global Ltd (546512 Equity shares of Rs.10/-each fully paid up)	4,64,30,120	439,60,244
	<u>4,64,30,120</u>	<u>4,47,55,044</u>
(Market Value of LGS Global Ltd Shares is ₹ 1,46,19,972/-)		

NETTLINX LIMITED

Note 15 Inventories	As at 31st March, 2013	As at 31st March, 2012
	₹	₹
(Valued at lower of Cost or net realisable value , as physically verified and certified by Management)		
i. Traded Goods	7,19,988	7,60,832
ii. Stock In Process	8,28,52,998	9,61,90,483
	<u>8,35,72,986</u>	<u>9,69,51,315</u>
Note 16 Trade Receivables	As at 31st March, 2013	As at 31st March, 2012
	₹	₹
b) Outstanding for a period exceeding Six Months Unsecured, Considered Good	19,49,420	45,16,554
a) Others Considered Good	234,89,930	56,04,039
	<u>254,39,350</u>	<u>101,20,593</u>
Note 17 Cash and Cash Equivalents	As at 31st March, 2013	As at 31st March, 2012
	₹	₹
a) Balances with Banks - In Current Accounts	34,64,581	21,12,666
b) Cash on hand	9,61,508	3,19,377
	<u>44,26,089</u>	<u>24,32,043</u>
Note 18 Short Term Loans and Advances	As at 31st March, 2013	As at 31st March, 2012
	₹	₹
Advances to Suppliers	-	2,40,66,089
Staff Advances	33,681	72,718
Balance with Government Authority		
- Service Tax credit receivable	9,270	-
- VAT Credit Receivable	1,91,480	1,94,157
Others Loans and advances	2,85,40,337	1,65,34,887
	<u>2,87,74,768</u>	<u>4,08,67,851</u>
Note 19 Other Current Assets	As at 31st March, 2013	As at 31st March, 2012
	₹	₹
Interest Accrued but not due on FDRs	3,15,077	1,23,914
Interest Accrued and Due	21,77,154	5,05,263
Prepaid Expenses	1,01,97,928	1,36,852
Rental Deposits	9,37,850	9,38,950
Other Deposits/Receivables	69,44,875	62,22,645
	<u>2,05,72,884</u>	<u>79,27,625</u>

NETTLINX LIMITED

Note 20 Revenue from Operations	As at 31st March, 2013	As at 31st March, 2012
	₹	₹
a) Sale of Products		
Sale of VOIP Telephones - VAT Sales	52,807	66,999
b) Sale of Services		
Income from Bandwidth Services	4,01,08,132	3,70,88,208
Income from Web Solutions	14,86,072	2,63,82,993
Income from VOIP Sales	43,877	1,16,023
Income from Other Operations	6,79,94,818	1,83,47,565
Income from Software Exports(ITES)	49,23,642	50,72,950
	<u>11,46,09,348</u>	<u>8,70,74,738</u>
Note 21 Other Income	As at 31st March, 2013	As at 31st March, 2012
	₹	₹
Interest on Bank Deposits, ICD's and Loans	1,01,31,287	30,33,839
Rental Income	24,18,788	29,00,829
Dividend Income from Current Investments	-	289,723
Net gain on sale of Current Investments	-	1,39,63,112
Net gain on foreign currency transactions and translation	907,768	-
Other Misc.Incomes	19,57,358	1,57,136
	<u>1,54,15,201</u>	<u>2,03,44,640</u>
Note 22 Changes in inventories of finished goods, work-in-progress and stock-in-trade	As at 31st March, 2013	As at 31st March, 2012
	₹	₹
Inventories at the end of the year - Stock in Trade	7,19,988	7,60,832
Inventories at the beginning of the year - Stock in Trade	1,46,54,219	8,20,197
Net (increase)/ decrease	<u>1,39,34,231</u>	<u>59,365</u>
Note 23 Employee Benefit Expenses	As at 31st March, 2013	As at 31st March, 2012
	₹	₹
Salaries	2,68,10,182	3,19,28,945
Contribution to PF, ESI & Group Insurance	24,74,475	20,17,490
Staff Welfare	7,69,208	7,86,080
Staff Recruitment & Training	-	9,927
	<u>3,00,53,865</u>	<u>3,47,42,442</u>
Note 24 Finance Cost	As at 31st March, 2013	As at 31st March, 2012
	₹	₹
Interest	1,10,72,757	47,07,348
Finance charges	5,53,273	2,91,447
Bank Charges	2,83,638	3,47,341
	<u>1,19,09,668</u>	<u>53,46,136</u>

Note 25	Operation and Other Expenses	As at 31st March, 2013	As at 31st March, 2012
		₹	₹
	Bandwidth, Leased Circuit Charges & Service Chargs	1,65,35,235	1,44,16,324
	Rent & Maintenance	31,01,323	30,54,004
	Domain Registration Expenses	23,77,302	24,62,352
	Power and Electricity	22,15,608	19,53,686
	Postage & Telegram Expenses	2,81,190	259,300
	Advertisement & Publicity	338,748	455,777
	Telephone Expenses	5,09,611	5,66,060
	Computers & Networking Maintenance	33,84,927	28,79,294
	Watch & Ward Expenses	8,12,181	6,42,152
	Travelling Expenses	8,60,525	10,97,537
	Local Conveyance	7,02,340	17,09,494
	Loss on Sale of Shares	3,73,228	-
	Vehicle Maintenance	6,79,714	7,47,531
	Rates & Taxes	2,01,213	4,36,835
	Insurance-Others	3,72,258	3,47,421
	Annual Membership Fee(APNIC)	2,51,281	2,10,880
	Demat Charges(NSL)	1,05,739	1,20,349
	Legal & Professional Charges	11,74,069	5,14,158
	Office Maintenance Expenses	4,00,159	2,82,707
	Printing & Stationary Expenses	1,74,211	2,44,959
	Other Adminstrative Expenses	25,54,112	63,74,387
	USCIS Fees	4,71,730	6,39,606
	Payment Gateway Fees	11,89,138	12,08,178
	Data Center Expenses	65,45,030	75,46,819
	H-Sphere Expenses	7,94,660	15,37,535
	Management Fees	74,94,278	59,32,991
	Other technical & operational expenses	14,91,989	21,56,747
	System admin fees	32,67,070	28,86,350
	Ticketing System fees	-	7,26,350
	Virtual Office fee	2,58,119	2,43,914
	Miscellaneous Expenditure Written Off	16,71,769	97,600
	Audit Fees	1,18,009	1,07,023
		<u>6,07,06,766</u>	<u>6,18,58,319</u>

Additional Information to the Financial Statements
Note 26 Foreign Exchange Activity

	As at 31st March, 2013	As at 31st March, 2012
	₹	₹
Expenditure in Foreign Currency		
Licence fee and domain registration charges	3,72,665	3,51,305
Earnings in Foreign Exchange		
Software Exports(ITES)	<u>49,23,642</u>	<u>50,72,950</u>

NETTLINX LIMITED

Note 27 Earnings per share	As at 31st March, 2013	As at 31st March, 2012
	₹	₹
i) Profit/(Loss) after Tax	58,33,748	(27,78,071)
ii) Weighted average number of Equity Shares	1,14,63,312	1,14,63,312
iii) Weight average number of equity shares in computing diluted earnings per share	1,14,63,312	1,14,63,312
iv) Face value of each Equity Share	10	10
v) Earnings per share - Basic	0.51	(0.24)

Note 28 Deferred Tax Asset(Net)	As at 31st March, 2013	As at 31st March, 2012
	₹	₹
Deferred Tax Asset		
Arising on Account of timing difference in Depreciation	4,84,119	4,31,862
Deferred Tax Liability		
Arising on Account of timing difference in Depreciation	(42,835)	(42,027)
Opening Balance of Deferred Tax Asset	38,51,536	34,61,701
	<u>42,92,820</u>	<u>38,51,536</u>

Note 29 Contingent Liabilities and Commitments	As at 31st March, 2013	As at 31st March, 2012
	₹	₹
Contingent Liabilities:		
Unexpired Bank Guarantees	21,22,765	21,10,942
Provisional License fee Assessment	<u>43,30,195</u>	<u>43,30,195</u>

Company has received Revised provisional license fee assessment notice from Department of Telecommunications-AP circle for the years 2005-06, 2006-07, 2007-08 and 2008-09 w.r.t ISP(IT) License for ₹ 43,30,195/- which is disclosed as contingent liability for the year ended 31st March 2012. However the management feels that even this demand is not tenable and hence liability is not provided in the books of accounts.

Note 30 In line with revised Schedule VI, figures for the previous year have been regrouped, recast and rearranged.

for and on behalf of the Board of Directors

Sd/-	Sd/-
(Manohar Loka Reddy)	(J.V. Hanumanth Rao)
Chairman	Director

Sd/-
(Chandra Sekhar Pogula)
Director & COO and Compliance Officer

Place : Hyderabad.
Date : 30-05-2013

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

S.No	Particulars	Nettlinx Inc	Nettlinx Realty Private Limited	Nettlinx Channel Private Limited	Host Department LLC
1	Financial period ended	March 31, 2013	March 31, 2013	March 31, 2013	March 31, 2013
2	Holding company's interest as of March 31, 2013	100.00% in capital	99.90% in equity shares	100.00% in equity	100.00% in capital
3	Net aggregate amount of Profits/ (Losses) of the subsidiary for the above financial year so far as they concern members of Nettlinx Limited. i) Dealt within the accounts of Nettlinx Limited. ii) Not dealt within the accounts of Nettlinx Limited.	Nil ₹(22,76,407)	Nil ₹ 79,57,607	Nil ₹ 9,77,782	Nil ₹ (48,13,972)
4	Net aggregate amount of profits/ (losses) of the subsidiary for the previous financial years so far they concern members of Nettlinx Limited i) Dealt within the accounts of Nettlinx Limited. ii) Not dealt within the accounts of Nettlinx Limited.	Nil ₹ (13,98,190/-)	Nil ₹ (51,33,259/-)	Nil ₹ (15,736/-)	Nil ₹ (32,05,889/-)

For and on behalf of the Board of Directors

Sd/-
(Manohar Loka Reddy)
Chairman

Sd/-
(J.V. Hanumanth Rao)
Director

Sd/-
(Chandra Sekhar Pogula)
Director & COO and Compliance Officer

Place: Hyderabad
Date : 30-05-2013

Nettlinx Limited

Registered Office: 5-9-22, 3rd Floor, My Home Sarovar Plaza, Secretariat Road, Saifabad, Hyderabad 500 063

PROXY FORM

I/We _____ of _____ being a Member(s) of above named company, hereby appoint _____ of _____ or failing him/her _____ of _____ as my/our proxy to attend and vote for me/us, on my/our behalf at the 20th Annual General Meeting of the Company to be held Monday, 30th of September 2013 at 03.30 PM at ICWAI Bhavan, Beside Dena Bank, Post Office Road, Sanath Nagar, Industrial Estate, Hyderabad – 500 018

As Witnessed Signed this _____ day of2013

Signature _____

Folio No./Client ID _____

No. of shares held _____

Affix Re.1/- Revenue Stamp.

Note:

The proxy in order to be effective should be duly stamped, completed, signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.

Nettlinx Limited

Registered Office: 5-9-22, 3rd Floor, My Home Sarovar Plaza, Secretariat Road, Saifabad, Hyderabad 500 063

ATTENDANCE SLIP

(Please present this slip at the Meeting venue)

I hereby record my presence at the 20th Annual General Meeting of the members of the company on Monday, 30th of September 2013 at 03.30 PM at ICWAI Bhavan, Beside Dena Bank, Post Office Road, Sanath Nagar, Industrial Estate, Hyderabad – 500 018.

Shareholders/Proxy's Signature _____

Shareholders/Proxy's full name _____
(In block letters)

Folio No./ Client ID _____

No. of shares held _____

Note:

Shareholders attending the meeting in person or by proxy are required to complete the attendance slip and hand it over at the entrance of the meeting hall.

BOOK - POST

TO

If undelivered please return to:

NETTLINX LIMITED
5-9-22, 3rd Floor,
My Home Sarovar Plaza,
Secretariat Road, Saifabad,
Hyderabad - 500 063.