

Date: 15.10.2018

To The Listing Manager, Listing Department, <b>The Bombay Stock Exchange Limited</b> , Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001.	To The Listing Manager, Listing Department, <b>The Metropolitan Stock Exchange of India Limited</b> , Vibgyor Towers, 4th floor, Plot No C 62, G - Block, Opp. Trident Hotel, Bandra Kurla Complex, Bandra (E), Mumbai – 400 098, India. Telephone : +91 22 6112 9000, Fax : +91 22 2654 4000
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**Sub: Annual Report under Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**  
**Ref: Security code: 511658 ISIN: INE027D01019**

Dear Sir/Madam,

With reference to the subject cited above, Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith the Annual Report of the Company for the Financial Year ended 31<sup>st</sup> March, 2018, which has been duly approved and adopted by the Members as per the provisions of the Companies Act, 2013 at the Annual General Meeting of the Company held on Wednesday, the 26<sup>th</sup> day of September, 2018.

This is for your information and records for the exchange.

Please acknowledge the receipt for the same.

Yours faithfully,

For M/s. Nettlinx Limited

  
**Sai Ram Gandikota**  
Company Secretary & Compliance Officer





**25<sup>th</sup>**

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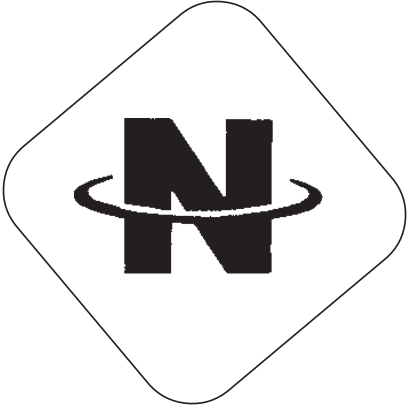
**Annual Report  
2017 – 2018**

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**NETTLINX LIMITED**

**Your Power to Communicate**

25<sup>th</sup>  
ANNUAL REPORT  
2017-2018



**NETTLINX LIMITED**  
NETTLINX YOUR POWER TO COMMUNICATE



**CORPORATE INFORMATION**
**BOARD OF DIRECTORS:**

Dr. Manohar Loka Reddy	- Chairman, Promoter and Non-Executive Director
Mr. Rohith Loka Reddy	- Managing Director (Resigned w.e.f. 10.08.2018)
Mr. Chandra Sekhar Pogula	- Whole Time Director & CEO
Mr. Kothuri Kameswara Rao	- Independent and Non-Executive Director
Mr. Vijay Kumar Maistry	- Independent and Non-Executive Director (Resigned w.e.f. 13.12.2017)
Mr. Venkata Hanumantha Rao Joginapally	- Independent and Non-Executive Director
Ms. Radhika Kundur	- Woman and Non-Executive Director
Mr. Kakarla Kiran Venkatasiva	- Independent and Non-Executive Director
Mr. Subramanyeswara rao Kakarala	- Independent and Non-Executive Director
Dr. Erwin Leopold Dieck	- Independent and Non Executive Director
Mr. Abraham Joy	- Non-Independent and Non Executive Director (Resigned w.e.f. 13.12.2017)

**Chief Financial Officer**

Mr. Mahaganesh Sanku

**Company Secretary & Compliance Officer**

Mr. Sai Ram Gandikota

**Corporate Identification Number: L67120TG1994PLC016930**

**REGISTERED OFFICE**

5-9-22, Flat No.303,  
3<sup>rd</sup> Floor, My home Sarovar Plaza,  
Secretariat, Saifabad,  
Hyderabad, Telangana-500063.  
Ph: 91-040-23232200/23231621  
Fax: 23231610 E – Mail: secretarial@nettlinx.org  
Website: www.nettlinx.com

**STATUTORY AUDITORS**

C RAMACHANDRAM & Co.,  
Chartered Accountants  
3-6-237, Unit # 606,  
Lingapur La Builde Complex,  
Himayatnagar, Hyderabad,  
Telangana 500029, India.

**SECRETARIAL AUDITORS**

VCSR & Associates,  
Company Secretaries,  
Flat No.305A & B, 3<sup>rd</sup> Floor,  
Pancom Business Center,  
Ameerpet, Hyderabad-500073, India.

**INTERNAL AUDITORS**

Sampath Soora & Associates  
Chartered Accountants  
H.No:1-34, Abbapoor, Mulugu,  
Warangal-506343, Telangana.

**BANKERS**

M/s HDFC Bank Limited  
1st Floor 6-3-249/5/1, ANR Center Road No.1,  
Besides Taj Krishna Hotel, Banjara Hills,  
Hyderabad-500034, Telangana

**REGISTRARS AND SHARE TRANSFER AGENTS**

Venture Capital and Corporate Investments Pvt. Ltd.,  
Regd. Off: 12-10-167, Bharat Nagar,  
Hyderabad – 500 018, Telangana.  
Tel: 91-40-23818475/23818476/2386808023  
Fax: 040 – 23868024  
E – Mail: info@vccilindia.com

**STATUTORY COMMITTEES**
**Audit Committee**

Mr. K. Kameswara Rao	-	Chairman
Mr. J. V. Hanumantha Rao	-	Member
Mr. Kakarla Kiran Venkatasiva-		Member

**Nomination and Remuneration Committee**

Mr. K. Kameswara Rao	-	Chairman
Mr. J. V. Hanumantha Rao	-	Member
Mr. Kakarla Kiran Venkatasiva-		Member

**Stakeholders Relationship Committee**

Mr. K. Kameswara Rao	-	Chairman
Mr. Chandra Sekhar Pogula	-	Member

**Risk Management Committee**

Mr. K. Kameswara Rao	-	Chairman
Mr. Chandra Sekhar Pogula	-	Member
Mr. Kakarla Kiran Venkatasiva-		Member

**Internal Compliants Committee**

Ms. Radhika Kundur	-	Chairperson
Mr. Chandra Sekhar Pogula	-	Member
Mr. J. V. Hanumantha Rao	-	Member



## NETTLINX LIMITED

### NOTICE

NOTICE is hereby given that the 25<sup>th</sup> Annual General Meeting of the Company M/s. Nettlinx Limited will be held on Wednesday, the 26<sup>th</sup> September, 2018 at 10.30 AM, at the Registered Office of the company situated at 5-9-22, Flat No.303, 3<sup>rd</sup> Floor, My Home Sarovar Plaza, Secretariat, Saifabad, Hyderabad, Telangana-500063 to transact the following business:

#### ORDINARY BUSINESS

##### Item No.1-Adoption of Financial Statements:

To Receive, consider and adopt the audited financial statements (Including the consolidated financial statements) of the company for the financial year ended 31<sup>st</sup> March, 2018 and the reports of the Board of Directors("The Board") and auditors thereon.

##### Item No.2- Appointment of Director:

To appoint a director in place of Mr.Chandra Sekhar Pogula(Holding DIN:00007536) who retires by rotation and, being eligible, seeks reappointment.

#### EXPLANATION:

Based on the terms of Appointment, Executive Directors and the Non-Executive, Non-Independent Chairman are subject to retirement by rotation. Mr.Chandra Sekhar Pogula is the longest serving member on the Board, retires by Rotation and, being eligible, seeks reappointment.

To the Extent that Mr.Chandra Sekhar Pogula is required to retire by rotation, he would need to be reappointed as a director. Therefore, shareholders are requested to consider and if thought fit, to pass the following resolution as an ordinary resolution:

**RESOLVED THAT** pursuant to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013, the approval of members of the company be and is hereby accorded to the reappointment of Mr. Chandra Sekhar Pogula (Holding DIN:00007536) as a director, to the extent that he is required to retire by rotation.

#### SPECIAL BUSINESS:

##### Item No. 3. Alteration of the Object Clause of the Memorandum of Association of the Company:

To consider the matter, and if thought fit, to pass the following as Special Resolution:

**"RESOLVED THAT** pursuant to provisions of Section 13, Section 4 and other applicable provisions, if any, of the Companies Act, 2013, ("Act") including any statutory modifications or re-enactment thereof for the time being in force and rules made thereunder and subject to such other requisite approvals, if any, in this regard from appropriate authorities and terms(s), condition(s), amendment(s), modification(s), as may be required or suggested by any such appropriate authorities, and agreed to by the Board of Directors of the Company (hereinafter referred to as "Board"), the consent of the members of the Company be and is hereby altered by inserting the following two sub-clauses under Part - A of Clause III, after the existing sub clause (3) of clause III (A) of the Memorandum of Association of Company:

4. To offer internet based services including but not limited to offering international and domestic voice, Broadband internet, wireless, data and hosting services to business and residential retail customers and other carriers located in the territory of India and to apply and obtain licenses to carry on these objects.

5. To create/raise infrastructure of dark fibers, right of way, duct space & tower for relaying and transmission of signals for internet and telecom based cable services to end subscribers and customers in Indian territory, to offer such infrastructure to others business establishment on lease and commercial terms and to apply and obtain licenses to carry on these objects.

**RESOLVED FURTHER THAT** Board be and is hereby authorized to undertake all such acts, deeds, matters, and things and to execute all such deeds, documents, and writing as may be deemed necessary, proper, desirable and expedient in its absolute discretion, for the purpose of giving effect to this resolution and to settle any question, difficulty, or doubt that may arise in this regard.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any of the powers conferred on it by or under this regulation to any Committee of Directors of the Company or Officer(s) of the Company in order to give effect to this resolution.

##### Item No. 4. Approval for continuation of Mr. Kothuri Kameswara Rao (DIN: 00271944) as Independent Director:

To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

## NETTLINX LIMITED

**“RESOLVED THAT**, in accordance with the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, the consent of members of the Company be and is hereby accorded for Mr. Kothuri Kameswara Rao (DIN: 00271944) to continue as an Independent Director of the Company till the completion of his present term i.e. up to 28<sup>th</sup> September, 2019.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or Director(s) to give effect to the aforesaid resolution.”

**Item No. 5. Approval for continuation of Dr. Erwin Leopold Dieck (DIN: 07614028), as Independent Director**

Date: 10.08.2018  
Place: Hyderabad

To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

**“RESOLVED THAT**, in accordance with the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, the consent of members of the Company be and is hereby accorded for Dr. Erwin Leopold Dieck (DIN: 07614028) to continue as an Independent Director of the Company till the completion of his present term i.e. up to 28<sup>th</sup> September, 2021.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or Director(s) to give effect to the aforesaid resolution.”

By order of the Board of Directors  
For Nettlinx Limited

Sd/-  
Dr. Manohar Loka Reddy  
Chairman  
DIN: 00140229



**NOTES:**

1. The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 (“Act”) setting out material facts concerning the items of Special Business as set out above is annexed hereto. The relevant details as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), of the person seeking re-appointment as Director under Item No.4 to 5 of the Notice, are also annexed.
2. **A Member entitled to attend and vote at the Annual General Meeting (AGM) is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a Member of the Company.** The instrument appointing the proxy, in order to be effective, must be deposited at the Company’s Registered Office, duly completed and signed, not less than FORTY-EIGHT HOURS before the commencement of the AGM. Proxies submitted on behalf of limited companies, societies etc., must be supported by appropriate resolutions / authority, as applicable. A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
3. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged at any time during the business hours of the Company, provided not less than three days notice in writing is given to the Company.
4. Members/Proxies should bring the duly filled in and signed attendance slip mentioning therein details of their DP ID and Client ID/ Folio No. which is enclosed herewith to attend the meeting.
5. 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 at the Meeting.
6. Corporate Members intending to send their authorized representatives to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company, a certified copy of the relevant Board Resolution together with their respective specimen signatures authorizing their representative(s) to attend and vote on their behalf at the Meeting.
7. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 18<sup>th</sup> September, 2018 to Wednesday, 26<sup>th</sup> September, 2018 (both days inclusive) for the purpose of payment of payment of dividend, if any, for the financial year ended 31<sup>st</sup> March, 2018 and the Annual General Meeting (AGM).
8. Members intending to seek clarification at the Annual General Meeting concerning the accounts and any aspect of operations of the company are requested to send their questions in writing to the Company so as to reach the company at least 7 (seven) days in advance before the date of the Annual General Meeting, specifying the points.
9. Members holding shares in physical form are requested to intimate the following details directly to the Company’s Registrar and Share Transfer Agent, Venture Capital and Corporate Investments Pvt. Ltd. Regd. Off: 12-10-167, Bharat Nagar, Hyderabad – 500 018, Telangana.
  - (a) Bank Mandate with full particulars for remittance of dividend directly into their bank accounts, if declared at the meeting.
  - (b) Changes, if any, in their address at an early date.
  - (c) Application for consolidation of folios, if shareholdings are under multiple folios.
  - (d) Despatch of share certificates for consolidation.
  - (e) Request for nomination forms for making nominations as per the provisions of the Companies Act.
10. Members are requested to quote ledger folio numbers in all their correspondences.
11. Members holding shares in dematerialized form (electronic form) are requested to intimate any changes in their respective addresses, bank mandates etc., directly to their respective Depository Participants.
12. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to the Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can

submit their PAN details to the Company/ Registrar and Share Transfer Agent, Venture Capital and Corporate Investments Private Limited, Regd. Off: 12-10-167, Bharat Nagar, Hyderabad – 500 018, Telangana.

13. In terms of Section 72 of the Companies Act, 2013, a member of the company may nominate a person on whom the shares held by him/her shall vest in the event of his/her death. Members desirous of availing this facility may submit nomination in prescribed Form-SH-13 to the company/RTA in case shares are held in physical form, and to their respective depository participant, if held in electronic form.
14. Any director himself or any member intending to propose any person as a director other than a retiring director, has to give a notice as to his intention to propose him/her as a candidate for that office not less 14 (fourteen) days before the meeting along with deposit of Rs.1,00,000 (Rupees One Lakh).
15. 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 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 send their e-mail address to the Registrar and Share Transfer Agent Venture Capital and Corporate Investments Pvt. Ltd. Regd. Off: 12-10-167, Bharat Nagar, Hyderabad – 500 018, Telangana, India.

The Notice of the AGM along with the Annual Report 2017-18 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company / Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode. Members may note that this Notice and the Annual Report 2017-18 will also be available on the Company’s website viz. [www.Nettlinx.com](http://www.Nettlinx.com). The physical copies of the aforesaid documents will also be available at the Company’s Registered Office in Hyderabad for inspection during the normal business hours on working days. Even after registering for e-communication, members are entitled to receive

such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company’s email id: [secretarial@nettlinx.org](mailto:secretarial@nettlinx.org) [info@vccipl.com](mailto:info@vccipl.com)

16. Members are requested to note that the Company’s Equity Shares are compulsorily traded in demat form for the investors, effective from 26<sup>th</sup> 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.
17. Members who are holding 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 holdings in one folio. The share certificates will be returned to the members after making requisite changes thereon.
18. The requirement to place the matter relating to appointment of Auditors for ratification by members at every Annual General Meeting is done away with vide notification dated May 7, 2018 issued by Ministry of Corporate Affairs, New Delhi. Accordingly, no resolution is proposed for ratification of Appointment of Auditors, who was appointed in the Annual general Meeting held on 27<sup>th</sup> September, 2017.
19. The route map showing directions to reach the venue of the Twenty-Fifth AGM is annexed.
20. **Voting through electronic means:**
  1. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the (AGM) (“remote e-voting”) will be provided by National Securities Depository Limited (NSDL).

## NETTLINX LIMITED

- II. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.
- III. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
- IV. The remote e-voting period commences on Saturday, September 22, 2018 (9.00 a.m. IST) and ends on Tuesday, September 25, 2018 (5.00 p.m. IST). During this period members' of the Company, holding shares either in physical form or in dematerialized form, as on Wednesday, September 19, 2018 i.e. cut-off date, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
- V. The process and manner for remote e-voting are as under:
- A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participants(s)] :
- (i) Open email and open PDF file viz; "nettlinx e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.
  - (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
  - (iii) Click on Shareholder - Login
  - (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
  - (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
  - (vi) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
    - (vii) Select "EVEN" of "Nettlinx".
    - (viii) Now you are ready for remote e-voting as Cast Vote page opens.
    - (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
    - (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
    - (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
    - (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to [chveeru@gmail.com](mailto:chveeru@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
- B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy]:
- (i) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM:  
**EVEN (Remote e-voting Event Number)**  
**USER ID PASSWORD/PIN**
  - (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.
- VI. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990.
- VII. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
- VIII. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- IX. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of Wednesday, September 19, 2018.

## NETTLINX LIMITED

Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. Wednesday, September 19, 2018, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or Issuer at [secretarial@nettlinx.org](mailto:secretarial@nettlinx.org) or Registrar and Share transfer Agent at [info@vccipl.com](mailto:info@vccipl.com)

However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at the following toll free no.: 1800-222-990.

- X. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through poll paper.
- XI. Mr. Veeranjanyulu, Partner of M/s. VCSR & Associates, Practicing Company Secretaries (Membership No. FCS 6121) has been appointed for as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- XII. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of
- scrutinizer, by use of "remote e-voting" or "Poling Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- XIII. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- XIV. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company [www.nettlinx.com](http://www.nettlinx.com) and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited, Mumbai and MSEI Limited.
21. All documents referred to in the accompanying Notice and the Explanatory Statement shall be kept open for inspection at the Registered Office of the Company during normal business hours 10.00 AM to 5.00 PM on all working days (except Saturdays) up to and including the date of the Annual General Meeting of the Company.

Date: 10.08.2018  
Place: Hyderabad

By order of the Board of Directors  
For Nettlinx Limited

Sd/-  
Dr. Manohar Loka Reddy  
Chairman  
DIN: 00140229



**Explanatory Statement  
(Pursuant to Section 102 of the Companies Act,  
2013)**

As required by Section 102 of the Companies Act, 2013 ("Act"), the following explanatory statement sets out all material facts relating to the business mentioned under Item Nos. 3 to 5 of the accompanying Notice:

**ITEM No. 3:**

The principal business of the Company is providing a complete range of network solutions like Internet, Network Management Services, Data Centre and Co-location Services and Enterprise Mailing Solutions to meet networking requirements of the domestic enterprise market as an Internet Service Provider (ISP), ITSP and Call Centre (OSP) Services Provider.

The Company proposes to offer internet based services including but not limited to offering international and domestic voice, Broadband internet, wireless, data and hosting services to business and residential retail customers and other carriers located in the territory of India and also to undertake the activity of creating infrastructure of dark fibers, right of way, duct space & tower for relaying and transmission of signals for internet and telecom based cable services to end subscribers and customers in Indian territory.

To enable the Company to commence the aforesaid business, it is proposed to amend the Main Objects under the Objects Clause of the Memorandum of Association of the Company, by the insertion of sub-clause 4 and 5 after the existing sub-clause 3 as stated in the Resolution in the annexed notice. The above amendment would be subject to the approval of the Registrar of Companies, Telangana & Andhra Pradesh and any other Statutory or Regulatory Authority, as may be necessary

The Board of Directors at their meeting held on 10<sup>th</sup> August, 2018 had approved (subject to the approval of members) the amendment in the Memorandum of Association of the Company as aforesaid.

In terms of Section 4 and 13 of the Act, the consent of the Members by way of Special Resolution is required for change in objects clause of the Memorandum of Association of the Company.

The Board recommends for approval by the members the resolution as set out at Item No. 3 of the Notice as a Special Resolution.

None of the Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned

or interested, financially or otherwise, in the resolutions, as set out at Item No. 3 of the Notice.

The Memorandum and Articles of Association of the Company is available for inspection in physical or in electronic form during specified business hours i.e. between 9:00 a.m. to 6:00 p.m. at the Registered office of the company and copies thereof shall also be made available for inspection in physical or electronic form at the Registered office and also at the Meeting.

**Item No. 4: Approval for continuation of Mr. Kothuri Kameswara Rao, as Independent Director**

The Members of the Company at their Annual General Meeting held on 29<sup>th</sup> September 2014 have approved the appointment of Mr. Kothuri Kameswara Rao as an Independent Director of the Company for a period of five years with effect from 29<sup>th</sup> September, 2014. Mr. Kothuri Kameswara Rao will complete his present term on 28<sup>th</sup> September, 2019.

In terms of the recently notified Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, consent of the Members by way of Special Resolution is required for continuation of a Non-Executive Director beyond the age of seventy five years. The appointment of Mr. Kothuri Kameswara Rao, aged 75 years is required to be approved by members by way of Special Resolution to continue his term till 28<sup>th</sup> September, 2019.

Mr. Kothuri Kameswara Rao has considerable experience in Banking, Accounts and Finance. He has around four decades of experience in the sector. The Nomination & Remuneration Committee ('the Committee') and the Board of Directors of the Company ('the Board') are of the view that in order to take advantage of Mr. Kothuri Kameswara Rao and advice, it would be appropriate that he continues to serve on the Board till the completion of his present term of appointment as already approved by the Members. Accordingly, the Board at the meeting held on 10<sup>th</sup> August, 2018, on the recommendation of the Committee, recommended for the approval of the Members, continuation of Mr. Kothuri Kameswara Rao as an Independent Director of the Company till the completion of his present term i.e. up to 28<sup>th</sup> September, 2019, on the existing terms and conditions.

None of the Directors or Key Managerial Personnel and their relatives, except Mr. Kothuri Kameswara Rao is concerned or interested in resolution no. 4.

The Board commends the special resolution set out at item No.4 for approval of members.

**Item No. 5: Approval for continuation of Dr. Erwin Leopold Dieck (DIN: 07614028), as Independent Director:**

The Members of the Company at their Annual General Meeting held on 27<sup>th</sup> September 2017 have approved the appointment of Dr. Erwin Leopold Dieck as an Independent Director of the Company for a period of five years with effect from 29<sup>th</sup> September, 2016. Dr. Erwin Leopold Dieck will complete his present term on 28<sup>th</sup> September, 2021.

In terms of the recently notified Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, consent of the Members by way of Special Resolution is required for continuation of a Non-Executive Director beyond the age of seventy five years. The appointment of Dr. Erwin Leopold Dieck, aged 78 years is required to be approved by members by way of Special Resolution to continue his term till 28<sup>th</sup> September, 2021.

Dr. E. Leopold Dieck Widely recognised for his pivotal role in development of the Postal Automation Business in Germany from an annual volume of 30 million DM to more than 1 billion DM, Dr. Dieck is known to be the best innovator with 25 patents and 20 scientific publications to his credit.

Dr. Leopold Dieck, who served in the German Air Force and has 3500 hours of flying experience, studied Physics at the Rhenisch- Westfälische Technische Hochschule in Aachen, Germany. He was associated with several businesses where he pursued research in various positions contributing to numerous breakthrough advances in nuclear reactor and fuel related segments.

A consulting professor at the Dong Hua University,

Shanghai, Dr. Dieck serves on the boards of multiple global enterprises which seek his expertise in innovation and to expand into unheralded sectors of business.

Dr. Dieck was Managing Partner at ELD Industrie Holding KG, Ravensburg, German; and was a Member of the Executive Board and Head of Sales and Marketing at Schleicher & Co. International AG. He served as Chairman of the Supervisory Board of Brodogradiliste (Shipyard) Punat AG, Sun Lit Waterproof Insulation Engineering Co. Ltd, and Pfister International AG.

A Member of the Supervisory Board of Dalian Hongfeng Roto Office Equipment Co. Ltd., Dalian, China, Dr. Leopold Dieck was a Member of the Supervisory Board of Marina Punat AG and Aktiv Bau AG.

The Nomination & Remuneration Committee ('the Committee') and the Board of Directors of the Company ('the Board') are of the view that in order to take advantage of Dr. Erwin Leopold Dieck and advice, it would be appropriate that he continues to serve on the Board till the completion of his present term of appointment as already approved by the Members. Accordingly, the Board at the meeting held on 10<sup>th</sup> August, 2018, on the recommendation of the Committee, recommended for the approval of the Members, continuation of Dr. Erwin Leopold Dieck as an Independent Director of the Company till the completion of his present term i.e. up to 28<sup>th</sup> September, 2021, on the existing terms and conditions.

None of the Directors or Key Managerial Personnel and their relatives, except Dr. Erwin Leopold Dieck is concerned or interested in resolution no. 5.

The Board commends the special resolution set out at item No.5 for approval of members.

By order of the Board of Directors  
For Nettlinx Limited

Sd/-

Dr. Manohar Loka Reddy  
Chairman  
DIN: 00140229

Date: 10.08.2018  
Place: Hyderabad

**PROFILE OF DIRECTORS BEING APPOINTED**

As required by Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the particulars of Appointment/Re-appointment of Directors are given below:

Name of the Director	Mr.Chandra Sekhar pogula	Mr.Kothuri Kameswara Rao	Dr.Erwin Leopold Dieck
Category	Whole Time Director Cum CEO	Non-Executive Independent Director	Non-Executive Independent Director
DIN	00007536	00271944	07614028
Date of Birth and Age	20/05/1964 & 53 Years	13/04/1943 & 75 years	24/07/1940 & 77 Years
Qualification	1. B Sc degree in Biological Sciences 2. Post Graduate diploma in Sales & Marketing management.	1. M.Sc Geology	1. Study of Physics at the Rheinisch-Westfälische Technische Hochschule in Aachen, Germany. 2. Graduation from the Technical University of Aachen as “Diplomphysiker 3. Graduate from the Technical College in Aachen as “Doctor Engineer”.
Nature of Expertise/ Experience	Professional, General management and distribution	Total 38 years banking experience	Industrialist
First Appointment on the Board	24/10/2009	22/05/2006	29/09/2016
Terms & Conditions of Appointment/ Re-appointment	Appointed as Whole Time Director Cum CEO Liable to retire by Rotation	Appointed as Independent Directors	Appointed as Independent Director
Remuneration Details	As per the details mentioned in the resolution	Not Applicable	Not Applicable
No. of shares held in Nettlinx Limited as at March 31, 2018	115000	Nil	Nil
Relationship with other Directors/ Manager/KMP	Not Applicable	Not Applicable	Not Applicable
No. of Board meetings attended out of 5 meetings held during the year	5	4	2(Out of 5)
Other Directorships	Listed Public Companies 1. Nettlinx limited Public Companies: NIL Private Companies:	Listed Public Companies 1. Nettlinx Limited Public Companies: NIL Private Companies:	Listed Public Companies 1. Nettlinx Limited Public Companies: NIL Private Companies:

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	1. Nettlinx Realty Private Limited 2. Nettlinx Aquaculture Private Limited	1. Sai Roshni Capital Private Limited	Nil
	Foreign Companies:	Foreign Companies:	Foreign Companies:
	NIL	Nil	1. President and owner of ELD Industrie Holding KG, Ravensberg, Germany, Directorship's 1.. Brodogradiliste (Shipyards) in punat/croatia 2. Dalian Hongfeng Roto Office Equipment Company Limited in Dalian/China 3. DMN technologie GmBH in Sofia/Bulgaria
	Section 8 Companies	Section 8 Companies	Section 8 Companies
	NIL	NIL	NIL
	LLPs:	LLPs:	LLPs:
	Nil	NIL	NIL
Committee Positions	Member : 1. Stakeholders Relationship Committee 2. Risk Management Committee 3. Internal Compliance Committee	Chairman: 1. Audit Committee 2. Stakeholders Relationship Committee 3. Risk Management Committee	Nil



**BOARD'S REPORT**

To  
The Members,  
Your Directors take pleasure in presenting their Twenty Fifth Annual Report and the audited Statement of Accounts, highlighting the business operations and financial results for the financial year ended March 31, 2018. Consolidated performance of the Company and its subsidiaries has been referred to wherever required.

**1. FINANCIAL SUMMARY OR HIGHLIGHTS/ PERFORMANCE OF THE COMPANY :**

The summarized standalone and consolidated results of your Company and its subsidiaries are given in the table below:

On the basis of standalone financial statements, the performance of the Company appears as follows:

Particulars	(Amount ₹ in Lakhs)	
	2017-2018	2016-2017
Revenue from Operations	1038.91	934.49
Other Income	24.41	131.71
Total Income	1283.11	1066.21
Total Expenditure	896.82	694.99
Profit before Interest and Depreciation	545.18	448.18
Finance Cost	<b>103.89</b>	39.83
Depreciation	55.04	37.14
Profit before exceptional items and Tax	386.29	371.21
Exceptional Item	0.00	0.00
Profit/(Loss) Before Tax	386.29	371.21
Deferred Tax Asset	7.03	(2.36)
Current Tax	113.68	88.09
Less: Provision of MAT	0	0
Net Profit/ (loss) after Tax	265.57	285.48

On the basis of consolidated financial statements, the performance of the Company appears as follows:

Particulars	(Amount ₹ in Lakhs)	
	2017-2018	2016-2017
Revenue from Operations	1571.70	1899.99
Other Income	245.10	132.07
Total Income	1816.81	2032.07
Total Expenditure	1626.11	1696.37
Profit before Interest and Depreciation	477.31	498.84
Depreciation	63.46	40.06
Finance Cost	223.16	123.09

Profit before exceptional items and Tax	190.69	335.69
Exceptional Item	0.00	0.00
Profit/(Loss) Before Tax	190.69	335.69
Deferred Tax Asset	8.89	(3.00)
Current Tax	113.68	88.09
Less: Provision of MAT	0	0
Net Profit/ (loss) after Tax	68.12	250.60

**2. BRIEF DESCRIPTION OF THE COMPANY'S WORKING DURING THE YEAR/STATE OF COMPANY'S AFFAIR:**

During the year under review, the gross revenue of the Company increased to ₹.1038.91 Lakhs as compared to ₹.934.49 Lakhs in the previous year. The Profit after tax for the year was ₹. 265.57 Lakhs as compared to ₹. 285.48 Lakhs in the previous year.

**3. CHANGE IN THE NATURE OF BUSINESS, IF ANY:**

Consolidation of Clients, rationalization of market segments & expansion of Sales force will be the Focused approach in Financial Year 2018 – 2019 to achieve the targeted numbers. During the Financial Year 2018–2019. The plan is to profitably balance out and integrate Top line growth with reasonable bottom lines.

**4. MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT**

There are no Material changes and commitments affecting the financial position of the company.

**5. FUTURE OUTLOOK:**

Renewed thrust with a larger Sales force to tap the growing market during Q 2 , Q 3 & Q 4 will take up the Top line under stand alone to a level of ₹.1300.00 lakhs, up from the previous year's ₹.1038.91 Lakhs, an estimated growth of around 20 % YoY .

**Standalone:**

In the ISP segment, there is immense competition in both the twin states of Telangana State & Andhra Pradesh State. On one hand, Home grown and dominant localized State level A & B category ISPs are fighting for larger market shares with bigger brand presence & reach. On the other side, National TELCOs are also directly marketing all their Voice, Data & Video service offerings

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in the same markets. Margins are shrinking with incremental fixed costs. Fall in Internet Bandwidth buying prices is getting negated with higher demand from end consumers from the point of view of both quality & quantity of bandwidth, which poses a challenge in optimizing usage of Internet bandwidth management. State Governments on both sides are exploring the possibility of providing Free Wi-Fi in select Cities & principal towns. This may add to the existing fierce competition. Additionally, Reliance Jio is expected to play havoc in the market with their aggressive combo offerings and marketing campaigns. Against the above backdrop, Nettlinx has strategically positioned itself in a niche market segment comprising of larger reliance on SMEs, Educational Institutions & Business Broadband than relying on third party Cable Operators network as opposed to only the home broadband segment & whole sale bandwidth by most others. Under these circumstances, Nettlinx will be able to overcome competition and scale over all the hurdles and achieve the desired and budgeted financial numbers.

### **Consolidated:**

#### **Nettlinx Realty Private Limited:**

With an objective of profitable diversification under the Nettlinx Holding Company, Nettlinx Realty Private Limited has chalked out ambitious plans as the real estate sector is booming across the principal cities in India and is poised to grow rapidly in the next few years. As a first step towards achieving this objective, The Company, several years back, has acquired a land at Gachibowli at Hyderabad. Additionally it has bought another land at Nagpur identifying its potential and to take advantage of Nagpur becoming a major multi modal cargo hub and this land is very close to the SEZ. The Company has initiated the process of considering possible tie up with leading Companies to jointly leverage this land bank for possible conversion into residential / commercial property development projects.

The initial investments on these two lands got appreciated manifold owing to huge demand and land rates going up north. In Both these specific locations where the land is situated, exponential residential apartments are coming up from multiple developers. We should be able to monetize over a period of 2 – 3 years as we are going to enter development agreements with leading Companies.

#### **Nettlinx Aqua Culture Private Limited:**

In the current millennium, intensification of aquaculture is the need of the hour to meet the ever growing demand in the country & overseas markets. The Government is focusing in meeting the domestic requirement and helping marine exports through aquaculture in the coming 10

years and aquaculture has a major role as well as responsibility to achieve this objective. Intensification of aquaculture necessitates system and species diversification, proper feed and feeding strategies, diseases monitoring and surveillance, application of modern biotechnological tools, maintenance of optimum soil and water health, efficient use of water resources and efficiently and productively relying on successful technologies and taking advantage of robust Logistic management systems. Its expected and proposed that all these action points and measures will culminate into better yield and maximizing profits for the Organization in the medium term. In view of this and take part in the growth story for future, The Company has bought land at Gogullanka Village, H/o Guttinadevi, I Polavaram Mandal, East Godavari District, Andhra Pradesh State.

#### **SALION SE:**

Salion SE is a subsidiary of Nettlinx Aquaculture Private Limited. It has acquired 95% of Salion SE of Germany.

Salion SE is an Management consultant company based out of Berlin, Germany. The Corporation manages more than Euro 1.70 Million investments. It has a specialized team which advises on M&A and financing of M&A transactions.

This strategic investment will help Nettlinx build a war chest for future acquisitions of High tech companies in the industrial space in Germany.

The Company derives advantage through this route on account of extended leverage it gets in a low interest country where in the current interest rates are lesser than 2% PA against the interest rates prevailing in India which hover around 10% PA.

Salion SE has excellent credit rating and presently can leverage this investment to the tune of around Euro 20 Million. For overseeing this new project, Mr. Abraham Joy will be on the supervisory board of Salion SE to take care of the overall operations along with his team.

#### **NETTLINX INC:**

Nettlinx Inc. is a 17-year-old US (registered office in NJ) corporation. We are into software consulting, network services, application development, and outsourcing and managed cloud services. Clients include big companies like IBM, Microsoft, Vanguard, HCL to name a few.

Currently, we are developing a micro ERP application framework. It is aimed at small businesses which do not need the complex structure that a full-fledged ERP provides. The target market small businesses which do not have the need or utilize their own IT department. Currently, it is in production with two pharmaceutical distributors.

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### **SRI VENKATESWARA GREEN POWER PROJECTS LIMITED:**

Sri Venkateswara Green Power Projects Limited (SVGPPPL) was incorporated in the year 1999 to establish power projects in the non renewable energy sector. “12 MW Waste to Energy Power Plant based on RDF” facility at Yacharam Village & Mandal, Ranga Reddy District, Telangana State, utilizing the MSW from GHMC.

SVGreen has entered into a Concession Agreement with GHMC on 10<sup>th</sup> November 2010 for the supply of 700 TPD Hyderabad MSW to the project site – Re Ratified vide G.O. No. 448 dated 26.07.2017. (MA&UD – Govt. of Telangana).

With all the required permissions in place, the present project envisages developing and implementing a viable and environmentally sustainable 12 MW Energy from Waste, which would scientifically process and dispose the MSW. The project facility covers processing and treatment of MSW, which includes:

- 700 TPD MSW receipt and processing plant
- 12 MW Waste to Energy Plant for combustible component
- Leachate collection and treatment system
- Inert management facility

The company has already acquired land admeasuring about 25 Acres in Yacharam Village, near Hyderabad. The project site is about 2kms. From SH-19, Nagarjuna sagar Highway, 55 km from City Center, 22 km from ORR.

- The project has received Consent for Establishment from State Pollution Control Board.

### **6. SUBSIDIARIES:**

Company has Four wholly owned subsidiaries namely Nettlinx Inc., Nettlinx Realty Private Limited, Nettlinx Aquaculture Private Limited (formerly known as Nettlinx Channel Private Limited) and Salion SE (Subsidiary of Nettlinx Aquaculture Private Limited) and One Subsidiary namely Sri Venkateswara Green Power Projects Limited. There are no associate companies within the meaning of Section 2(6) of the Companies Act, 2013 (“Act”).

On 14<sup>th</sup> February, 2017 The Board of Directors of the company has passed the resolution for amalgamation of Nettlinx Aquaculture Private Limited into Nettlinx Limited.

The details of financial performance of Subsidiary/ Joint Venture/Associate Company is furnished in Annexure-A.

### **7. RESERVES:**

The Directors do not propose to transfer any amount to the General Reserves. ₹. 2,65,57,292/- has been transferred to the Reserves during the financial year 2017-18, being the surplus for the year end 31<sup>st</sup> March, 2018.

### **8. SHARE CAPITAL:**

The Authorized Share Capital of the company is ₹. 30,00,00,000 divided into 3,00,00,000 equity shares of ₹. 10 (Rupees Ten Only) each.

The Issued, Subscribed and Paid up Capital of the Company as on March 31, 2018 is ₹. 11,46,33,120 divided into 1,14,63,312 equity shares of ₹.10 (Rupees Ten Only) each.

The company has issued and allotted 1795127 convertible share warrants.

### **A. BUY BACK OF SECURITIES:**

The Company has not bought back any of its securities during the year under review.

### **B. SWEAT EQUITY:**

The Company has not issued any Sweat Equity Shares during the year under review.

### **C. BONUS SHARES:**

No Bonus Shares were issued during the year under review.

### **D. EMPLOYEES STOCK OPTION PLAN:**

The Company has not provided any Stock Option Scheme to the employees.

### **9. DIVIDEND:**

Due to conservation of Profits, your Board could not recommend any dividend for the financial year 2017-18.

### **10. DEPOSITS:**

The Company has not accepted any deposits from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

### **11. DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

#### **DIRECTORS:**

In terms of the recently notified Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, consent of the Members by way of Special Resolution is required for continuation of a Non-Executive Director beyond the age of seventy five years.

The appointment of Mr. Kothuri Kameswara Rao, aged 75 years is required to be approved by members by way

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of Special Resolution to continue his term till 28th September, 2019.

The appointment of Dr. Erwin Leopold Dieck, aged 78 years also requires to be approved by members by way of Special Resolution to continue his term till 28th September, 2021

The Board recommends the resolution as set forth in item No. 4 and 5 of the notice for approval of the members. For the perusal of the shareholders, a brief resume of the Director being re-appointed along with necessary particulars are given in the Explanatory statement of the notice.

### **RE-APPOINTMENTS:**

In accordance with the provisions of Companies Act, 2013, Mr.Chandra Sekhar Pogula, Whole Time Director cum CEO of the company would liable to retire by rotation and, being eligible, offer himself for re-appointment. The Board recommends his reappointment at the ensuing Annual general Meeting of the company.

### **RESIGNATIONS:**

1. Mr. Abraham Joy (Holding DIN:01993517), Non-Executive Director has resigned as Director of the company with effect from 13.12.2017.
2. Mr. Vijay Kumar Maistry (Holding DIN:02060345), Independent Non-Executive Director has resigned as Director of the company with effect from 13.12.2017.
3. Mr. Rohith Loka Reddy (Holding DIN:06464331), Managing Director has resigned as Managing Director and Director of the company with effect from 10.08.2018.

### **Statement on the declaration given by the Independent Directors as per Section 149(6) of Companies Act, 2013:**

The company has received necessary declarations from the Independent Directors under section 149(7) of Companies Act, 2013, that they meet the criteria of independence as laid down under section 149 (6) of the Companies Act, 2013 and Regulation 25 of Securities And Exchange Board Of India (Listing Obligations And Disclosure Requirements) Regulations, 2015.

### **DETAILS OF KEY MANAGERIAL PERSONNEL (KMP):**

Pursuant to the provisions of section 203 of the Act, the key managerial personnel of the Company are –Mr.Rohith Loka Reddy, Managing Director,Mr. Chandra Sekhar Pogula, Chief Executive Officer and Whole Time Director, Mr. S. Mahaganesh, Chief Financial Officer and Mr. Sai Ram Gandikota, Company Secretary.

### **NUMBER OF MEETINGS OF THE BOARD:**

Five meetings of the board were held during the year. For details of the meetings of the board, please refer to the corporate governance report, which forms part of this report.

One Extraordinary General Meetings of the company was held on 22.03.2018.

Meeting of Independent Directors of the company was held on 09.02.2018.

The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

### **Board evaluation:**

The board of directors has carried out an annual evaluation of its own performance, board committees and individual directors pursuant to the provisions of the Act and the corporate governance requirements as prescribed by Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015 (“SEBI Listing Regulations”).

The performance of the board was evaluated by the board after seeking inputs from all the directors on the basis of the criteria such as the board composition and structure, effectiveness of board processes, information and functioning, etc.

The performance of the committees was evaluated by the board after seeking inputs from the committee members on the basis of the criteria such as the composition of committees, effectiveness of committee meetings, etc.

The board and the nomination and remuneration committee reviewed the performance of the individual directors on the basis of the criteria such as the contribution of the individual director to the board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc. In addition, the chairman was also evaluated on the key aspects of his role.

In a separate meeting of independent directors, performance of non-independent directors, performance of the board as a whole and performance of the chairman was evaluated, taking into account the views of executive directors and non-executive directors. The same was discussed in the board meeting that followed the meeting of the independent directors, at which the performance of the board, its committees and individual directors was also discussed. Performance evaluation of independent directors was done by the entire board, excluding the independent director being evaluated.



**POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION AND OTHER DETAILS:**

The Company's policy on directors' appointment and remuneration and other matters provided in section 178(3) of the Act has been disclosed in the corporate governance report, which forms part of this report.

**12. DIRECTORS' RESPONSIBILITY STATEMENT:**

In pursuance of Section 134(5) of the Companies Act, 2013, your directors confirm:

- (a) That the directors in the preparation of the annual accounts the applicable accounting standards have been followed along with proper explanations relating to material departures.
- (b) That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are 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 and loss of the Company for that period.
- (c) That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safe guarding the assets of the company and for preventing and deleting fraud and other irregularities.
- (d) That the directors had prepared the annual accounts on the going concern basis.
- (e) That the directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- (f) That the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**13. AUDITORS AND AUDITOR'S REPORT:****STATUTORY AUDITORS:**

M/s. C.Ramachandram & Co, Chartered Accountants (Firm Registration No. 002864S) allotted by The Institute of Chartered Accountants of India (ICAI) was appointed as Auditors of the company for a term of consecutive five years at the 24<sup>th</sup> Annual General Meeting held on 27<sup>th</sup> September, 2017.

They have confirmed that they are not disqualified from continuing as auditors of the company.

The notes on financial statements referred to in the Auditor's report are self-explanatory and do not call for any further comments. The auditor's report does not contain any qualification, reservation, adverse remark or disclaimer.

**SECRETARIAL AUDITORS:**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board had appointed M/s VCSR & Associates, Company Secretaries, to carry out Secretarial Audit for the financial year 2017-2018.

**SECRETARIAL AUDITORS' REPORT:**

The auditors' report and secretarial auditors' report does not contain any qualifications, reservations or adverse remarks. The Secretarial Audit report is annexed herewith as "(Annexure B)" & "(Annexure B1)". The report is self-explanatory and do not call for any further comments.

**AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE:**

As required by Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015 ("SEBI Listing Regulations") the Auditor's Certificate on Corporate Governance is enclosed as Annexure-C to the Board's Report. The Auditors certificate for Financial Year 2017-2018 does not contain any qualifications, reservations or adverse remarks.

**14. EXTRACT OF ANNUAL RETURN:**

As provided under section 92(3) of the Act, the extract of annual return is given in Annexure- D in the prescribed Form MGT-9, which forms part of this report.

**15. PARTICULARS OF EMPLOYEES:**

- a) The information required under section 197 of the Companies Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed as Annexure-E to this report.
- b) Pursuant to Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, during the Year under review, None of the employees of the company employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than sixty lakh rupees; None of the employees of the company employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the

aggregate, was not less than five lakh rupees per month; None of the employees of the company employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company.

**16. CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION & ANALYSIS REPORTS:**

The Corporate Governance and Management Discussion & Analysis Report, which form an integral part of this Report, are set out as Annexure-F and Annexure-G respectively together with the Certificate from the auditors of the Company regarding compliance with the requirements of Corporate Governance as per SEBI Listing Regulations.

**17. TRANSACTIONS WITH RELATED PARTIES:**

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis.

There are no materially significant related party transactions made by the Company with Promoters, Directors or Key Managerial Personnel etc, which may have potential conflict with the interest of the Company at large. Hence no disclosure in Form AOC-2 is required. All related party transactions are presented to the Audit Committee and the Board for its approval.

The Related Party Transaction Policy has been devised by your company for determining the materiality of transactions with related parties and dealings with them.

**18. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:**

The details in respect of internal financial control and their adequacy are included in the management discussion & analysis, which forms part of this report.

**19. AUDIT COMMITTEE:**

The details pertaining to composition of audit committee are included in the Corporate Governance Report, which forms part of this report.

**20. VIGIL MECHANISM:**

In pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013, a Vigil Mechanism for directors and employees to report genuine concerns has been established. The Vigil Mechanism Policy has been uploaded on the website of the Company at [www.nettlinx.com](http://www.nettlinx.com)

**21. RISK MANAGEMENT:**

The board of directors of the Company has formed a risk management committee to frame, implement and monitor the risk management plan for the Company. The committee is responsible for reviewing the risk management plan and ensuring its effectiveness. The audit committee has additional oversight in the area of financial risks and controls. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

The development and implementation of risk management policy has been covered in the management discussion and analysis, which forms part of this report.

**22. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE:**

No significant and material order has been passed by the regulators, courts, tribunals impacting the going concern status and Company's operations in future.

**23. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186:**

The particulars of loans, guarantees or investments made under section 186 of the Companies Act 2013 are covered in the notes of the Financial Statement for the year ended 31st March, 2018.

**24. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaint Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees are covered under this policy.

The following is the summary of sexual harassment complaints received and disposed during the calendar year.

- No. of complaints received: Nil
- No. of complaints disposed off: Nil

**25. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**

**(A) Conservation of Energy:**

The operations of the company involve low energy consumption. However adequate measures have been taken to conserve energy wherever practicable.

**(B) Technology Absorption:**

The company continues to use the latest technologies for improving the quality of its operations. Provision of state of the Art communication facilities to all software development centers and total technology solutions to its clients contribute to technology absorption and innovation.

**(C) Foreign exchange earnings and Outgo:**

The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows is as follows:

Foreign Exchange Inflows : ₹. 3,65,34,328 /-

Foreign Exchange Outflows : ₹. 1,21,231 /-

**26. CORPORATE SOCIAL RESPONSIBILITY (CSR):**

Even though the provisions of Companies Act, 2013 regarding Corporate Social Responsibility are not attracted to the company, yet the Company has been, over the years, pursuing as part of its corporate philosophy, an unwritten CSR policy voluntarily which goes much beyond mere philanthropic gestures and integrates interest, welfare and aspirations of the community with those of the Company itself in an environment of partnership for inclusive development.

**27. HEALTH AND SAFETY/ INDUSTRIAL RELATIONS:**

The company continues to accord high priority to

health and safety of employees at manufacturing locations. During the year under review, the company conducted safety training programmes for increasing disaster preparedness and awareness among all employees at the plants. Training programmes and mock drills for safety awareness were also conducted for all employees at the plants. Safety Day was observed with safety competition programmes with aim to imbibe safety awareness among the employees at the plant.

During the year under review, your Company enjoyed cordial relationship with workers and employees at all levels.

**28. LISTING WITH STOCK EXCHANGES:**

The Company confirms that it has paid the Annual Listing Fees for the year 2017-2018 to BSE and MSEI where the Company's Shares are listed.

**29. PREVENTION OF INSIDER TRADING:**

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company, during the period (the Trading Window is closed). The Board is responsible for implementation of the Code.

All Board Directors and the designated employees have confirmed compliance with the Code.

**30. ACKNOWLEDGEMENTS:**

Your Directors wish to place on record their appreciation of the contribution made by the employees at all levels, to the continued growth and prosperity of your Company.

Your Directors also wish to place on record their appreciation of business constituents, banks and other financial institutions and shareholders, of the Company for their continued support.

By order of the Board of Directors  
For Nettlinx Limited

Sd/-

Dr. Manohar Loka Reddy  
Chairman  
DIN: 00140229

Date: 10.08.2018  
Place: Hyderabad

## ANNEXURE INDEX

Annexure	Content
A	AOC-1
B & B1	MR-3 Secretarial Audit Report
C	Auditors Certificate on corporate Governance
D	Extract of Annual Return
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F	Corporate Governance Report
G	Management Discussion & Analysis Reports

**Form AOC-I**

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

**Statement containing salient features of the financial statement of Subsidiaries or Associates or Joint Ventures**

**Part "A": Subsidiaries**

**Information in respect of Nettlinx Realty Private Limited to be presented with amounts in Rupees (INR):**

- SI.No: 1
- Name of the subsidiary: Nettlinx Realty private Limited
- The date since when subsidiary was acquired: 16/09/2006
- Reporting period for the subsidiary concerned, if different from the holding company's reporting period: 01 Apr, 2017 to 31 March, 2018
- Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries: INR
- Share capital: 3100000

- Reserves and surplus:(68261631)
- Total Assets:118584488
- Total Liabilities:183746119
- Investments:3048800
- Turnover: Nil
- Profit before taxation(16718683)
- Provision for taxation: Nil
- Profit after taxation: (16803728)
- Proposed Dividend: Nil
- Extent of shareholding (in percentage):100

**Information in respect of Nettlinx Aquaculture Private Limited to be presented with amounts in Rupees (INR):**

- SI.No: 2
- Name of the subsidiary: NETTLINX AQUA CULTURE PRIVATE LIMITED
- The date since when subsidiary was acquired: 09/04/2007
- Reporting period for the subsidiary concerned, if different from the holding company's reporting period: 01 Apr, 2017 to 31 March, 2018



## NETTLINX LIMITED

5. Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries: INR
6. Share capital: 42000000
7. Reserves and surplus: 5758171
8. Total Assets: 64880487
9. Total Liabilities: 17122316
10. Investments: 43283775
11. Turnover: Nil
12. Profit before taxation: (30090)
13. Provision for taxation: Nil
14. Profit after taxation: (30090)
15. Proposed Dividend: Nil
16. Extent of shareholding (in percentage): 100

### Information in respect of Nettlinx INC to be presented with amounts in US Dollar:

1. Sl. No.: 3.
2. Name of the subsidiary: Nettlinx, INC.
3. The date since when subsidiary was acquired: 22.08.2003
4. Reporting period for the subsidiary concerned: Jan 1, 2017 to Dec 31, 2017
5. Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries: US Dollar at 65.0441
6. Share capital: \$ 1,10,545
7. Reserves & surplus: \$ 529349
8. Total assets: \$ 975803
9. Total Liabilities: \$ 336137

10. Investments: \$ Nil
11. Turnover: \$ 826793
12. Profit before taxation: \$ 2163
13. Provision for taxation: Nil
14. Profit after taxation: \$ 2163
15. Proposed Dividend: Nil
16. Extent of shareholding: 100%

### Information in respect of SALION SE to be presented with amounts in EURO:

1. Sl. No.: 4.
2. Name of the subsidiary: SALION SE.
3. The date since when subsidiary was acquired: 17.02.2017
4. Reporting period for the subsidiary concerned: Jan 1, 2017 to Dec 31, 2017
5. Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries: EURO at 80.6222
6. Share capital: • 6,20,000
7. Reserves & surplus: • (115995)
8. Total assets: • 446258
9. Total Liabilities: • 29708
10. Investments: • Nil
11. Turnover: • Nil
12. Profit before taxation: • (9441)
13. Provision for taxation: Nil
14. Profit after taxation: • (9441)
15. Proposed Dividend: Nil
16. Extent of shareholding: 95%

1. Names of subsidiaries which are yet to commence operations: Sri Venkateswara Green Power Projects Limited

**Annexure-B  
FORM MR-3**

**SECRETARIAL AUDIT REPORT**

(Pursuant to section 204(1) of the Companies Act,  
2013 and

Rule 9 of the Companies (Appointment and  
Remuneration Personnel) Rules, 2014

**FOR THE FINANCIAL YEAR ENDED  
31ST MARCH, 2018**

To  
The Members,  
M/s. Nettlinx Limited.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. Nettlinx Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on our verification of the Company's Books, Papers, Minute Books, Forms and Returns filed and other Records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the financial year commencing from 1st April, 2017 and ended 31st March, 2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board process and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by Nettlinx Limited ("The Company") for the financial year ended on 31st March, 2018, according to the provisions of:
  - i. The Companies Act, 2013 (the Act) and the rules made thereunder;
  - ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;
  - iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under.
  - iv. Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment (FDI) and Overseas Direct Investment and External Commercial Borrowings;
  - v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

- a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- b) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 notified on 28th October 2014-(Not applicable to the Company during the Audit Period);
- f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008- (Not applicable to the Company during the Audit Period);
- g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client- (Not applicable to the Company during the Audit Period);
- h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009- (Not applicable to the Company during the Audit Period); and

vi) The Company had identified following Other laws as specifically applicable to the Company namely:

- a) The Information Technology Act, 2000.

3. We have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by the Institute of Company secretaries of India under the provisions of Companies Act, 2013 and
- ii. The Listing Agreements entered into by the Company with Bombay Stock Exchange Limited and MSEI Limited.;

4. During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.;

**OBSERVATIONS:**

- (a) As per the information and explanations provided by the Company, its officers, agents and authorized

representatives during the conduct of secretarial audit, we report that:

- (i) External Commercial Borrowings were not attracted to the Company under the financial year under report;
  - (ii) Overseas Direct Investment by Residents in Joint Venture/Wholly Owned Subsidiary abroad was attracted to the company under the financial year under report.
  - (v) As per the information and explanations provided by the company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we report that the Company has not made any GDRs/ADRs or any Commercial Instrument under the financial year under report.
- (b) We further report that:
- (i) the Company is regular in deducting and paying TDS under the Income Tax Act
  - (ii) the Company has paid EPF and ESI to the respective authorities.
  - (iii) the Company also has collected service tax on behalf of the client and paid to the respective authorities.

We further report that:-

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were changes in the composition of the Board of Directors during the period under review.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings were carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, there are no specific events or actions having a major bearing on the Company's affairs in pursuance of the laws, rules, regulations, guidelines, standards, etc, referred to above. Except Preferential Issue of Convertible Share Warrants.

This Report is to be read with our letter of even date which is annexed "Annexure A" and forms an Integral Part of this Report.

For VCSR & Associates  
Company Secretaries

Sd/-  
Ch.Veeranjaneyulu  
Partner  
C.P.No: 6121

Place: Hyderabad  
Date: 10.08.2018

**Annexure B1**

To  
The Members of  
M/s. Nettlinx Limited.

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
4. The compliance of provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
5. The secretarial Audit report is neither an assurance as to future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For VCSR & Associates  
Company Secretaries  
Sd/-  
Ch.Veeranjaneyulu  
Partner  
C.P.No: 6121

Place: Hyderabad  
Date: 10.08.2018

**ANNEXURE-C:**

**AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE:**

To  
The Members of Nettlinx Limited,

1. We have examined the compliance of conditions of Corporate Governance by Nettlinx Limited. (hereinafter called the Company) for the Financial Year ended on 31st March, 2018 as stipulated in Regulation 17-27 ,Para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations,2015") and other information as required for this report.
2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of Corporate Governance as stipulated in the said Regulations. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us and based on the representation made by the directors and management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations, 2015.
4. We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For C Ramachandram & Co.,  
Chartered Accountants,  
Firm Registration No. 002864S  
Sd/-  
Premnath Degala  
Partner  
M.No: 207133

Date: 10.08.2018  
Place: Hyderabad

**ANNEXURE - D**
**MGT 9**
**Extract of Annual Return**
**As on the Financial Year 31.03.2018**
**[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]**

<b>I. REGISTRATION AND OTHER DETAILS:</b>		
i.	CIN	L67120TG1994PLC016930
ii.	Registration Date	25/01/1994
iii.	Name of the Company	NETTLINX LIMITED
iv.	Category / Sub-Category of the Company	Category – Company Limited by Shares Sub-Category – Public Non-Government Company
v.	Address of the Registered office and contact details	5-9-22, Flat No.303, 3 <sup>rd</sup> Floor, My home Sarovar Plaza, Secretariat, Saifabad, Hyderabad. Telangana-500063. Ph: 91-040-23232200/23231621 Fax: 23231610 E – Mail: secretarial@nettlinx.org Website:www.nettlinx.com
vi.	Whether listed company Yes / No	Yes
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Venture Capital and Corporate Investments Pvt. Ltd., Regd. Off: 12-10-167, Bharat Nagar, Hyderabad-500 018, Telangana. Tel: 91-40-23818475/23818476/2386808023 Fax: 040 – 23868024E – Mail: info@vccilindia.com

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:**

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

<b>Sl. No.</b>	<b>Name and Description of main products /services</b>	<b>NIC Code of the Product / service</b>	<b>% to total turnover of the company</b>
1	Internet Service Providers	9984	100%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:-**

<b>S. No.</b>	<b>Name and Address of the Company</b>	<b>CIN/GLN</b>	<b>Holding/ Subsidiary/ Associate</b>	<b>% of shares held Section</b>	<b>Applicable</b>
1	Nettlinx Realty Private Limited	U45102TG2006PTC051182	Wholly-Owned Subsidiary	100%	2(87)(ii)
2	Nettlinx Aquaculture Private Limited	U92111TG2007PTC053502	Wholly-Owned Subsidiary	100%	2(87)(ii)
3	Sri Venkateswara Green Power Projects Limited	U40109TG1999PLC109481	Subsidiary	52.13%	2(87)(ii)
4	Nettlinx INC	23-3821830	Wholly-Owned Subsidiary	100%	2(87)(ii)
5	Salion SE(Subsidiary of Nettlinx Aquaculture Private Limited)	HRB 180170 B	Subsidiary of Nettlinx Aquaculture Private Limited	95	2(87)(ii)

**NETTLINX LIMITED**
**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**
**i) Category-wise Share Holding:-**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				%Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
Individual/ HUF	6690949	—	6690949	58.37	6563992	—	6563992	57.26	-1.11
Central Govt	—	—	—	—	—	—	—	—	—
State Govt (s)	—	—	—	—	—	—	—	—	—
Bodies Corp.	—	—	—	—	—	—	—	—	—
Banks / FI	—	—	—	—	—	—	—	—	—
Any Other....	—	—	—	—	—	—	—	—	—
<b>Sub-total(A) (1)</b>	6690949	—	6690949	58.37	6563992	—	6563992	57.26	-1.11
<b>(2) Foreign</b>									
a) NRIs - Individuals	—	—	—	—	—	—	—	—	—
b) Other-Individuals	—	—	—	—	—	—	—	—	—
c) Bodies Corp.	—	—	—	—	—	—	—	—	—
d) Banks / FI	—	—	—	—	—	—	—	—	—
e) Any Other....	—	—	—	—	—	—	—	—	—
<b>Sub-total(A) (2)</b>	—	—	—	—	—	—	—	—	—
<b>Total Shareholding of Promoter (A)</b>									
<b>=(A)(1)+(A)(2)</b>	6690949	—	6690949	58.37	6563992	—	6563992	57.26	-1.11
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	—	—	—	—	—	—	—	—	—
b) Banks / FI	—	800	800	0.01	—	800	800	0.01	—
c) Central Govt	—	—	—	—	—	—	—	—	—
d) State Govt(s)	—	—	—	—	—	—	—	—	—
e) Venture Capital Funds	—	—	—	—	—	—	—	—	—
f) Insurance Companies	—	—	—	—	—	—	—	—	—
g) FIs	—	—	—	—	—	—	—	—	—
h) Foreign Venture Capital Fund	—	—	—	—	—	—	—	—	—
i) Others (specify)	—	—	—	—	—	—	—	—	—

**NETTLINX LIMITED**

<b>2. Non Institutions</b>									
a) Bodies Corp.	893048	15900	908948	7.93	823616	15900	839516	7.32	<b>-0.61</b>
i) Indian	—	—	—	—	—	—	—	—	—
ii) Overseas	—	—	—	—	—	—	—	—	—
b) Individuals	—	—	—	—	—	—	—	—	—
i) Individual shareholders holding nominal share capital up to Rs. 1 lakh	934152	438106	1372168	11.97	1237691	484216	1721907	15.02	+3.05
ii) Individual shareholders holding nominal share capital in excess of Rs 1lakh	2181945	152321	2334266	20.36	2083497	20111	2103608	18.35	<b>-2.01</b>
c) Others (specify)	140981	15200	156181	1.36	218289	15200	233489	2.036	<b>+0.676</b>
<b>Sub-total (B) (2):- Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	4150126	622237	4772363	41.63	4363093	536227	4899320	42.74	<b>+1.11</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	0	0	0	0	—	—	—	—	—
<b>Grand Total (A+B+C)</b>	10841075	622237	11463312	100	10927085	536227	11463312	100	—

**(ii) Shareholding of Promoters**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
1. DR MANOHAR LOKAREDDY	5553671	—	5553671	48.45	5423295	—	5423295	47.31	-1.14
2. SARANYA LOKA REDDY	644186	—	644186	5.62	644186	—	644186	5.62	—
3. P KALPANA REDDY	238100	—	238100	2.08	238100	—	238100	2.08	—
4. SHILPA LOKA REDDY	98200	—	0.86	0.86	98200	—	98200	0.86	—
5. NITHYA LOKA REDDY	58819	—	58819	0.51	58819	—	58819	0.51	—
6. JAYA REDDY	25000	—	25000	0.22	25000	—	25000	0.22	—
7. Dr MANOHAR LOKA REDDY (HUF)	72973	—	72973	0.64	76392	—	76392	0.67	+0.03
<b>TOTAL</b>	<b>6690949</b>	<b>—</b>	<b>6690949</b>	<b>58.37</b>	<b>6563992</b>	<b>—</b>	<b>6653992</b>	<b>57.26</b>	<b>-1.11</b>



# NETTLINX LIMITED

**(iii) Change in Promoters' Shareholding ( please specify, if there is no change)As per Note-I**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Share holding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): As per Note-II**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company

**(v) Shareholding of Directors and Key Managerial Personnel: As per Note-III**

Sl.No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

Indebtedness at the beginning of the financial year	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	5,84,38,540	1,00,00,000	0	6,84,38,540
ii) Interest due but not paid	88,891	0	0	88,891
iii) Interest accrued but not due	5,93,081	0	0	5,93,081
<b>Total (i+ii+iii)</b>	<b>5,91,20,512</b>	<b>1,00,00,000</b>	<b>0</b>	<b>6,91,20,512</b>
Change in Indebtedness during the financial year Addition:				
i) Principal Amount	6,03,90,814	0	0	6,03,90,814
Reduction:				
ii) Principal Amount	73,18,962	26,00,000	0	0
iii) Interest paid	66,60,965	0	0	0
<b>Net Change (i+ii+iii)</b>	<b>74,37,0741</b>	<b>26,00,000</b>	<b>0</b>	<b>7,69,70,741</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	11,22,08,758	74,00,000	0	11,96,08,758
ii) Interest due but not paid	88,891	0	0	88,891
iii) Interest accrued but not due	0	0	0	0
<b>Total (i+ii+iii)</b>	<b>11,22,97,649</b>	<b>74,00,000</b>		<b>11,96,97,649</b>



**NETTLINX LIMITED**
**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**
**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

Sl.No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	Chandra Sekhar Pogula- Whole time Director Cum CEO Remuneration ₹36,00,000/- Per Annum	
2.	Stock Option	—	36,00,000
3.	Sweat Equity	—	
4.	Commission — as % of profit — Others, specify...	— — —	
5.	Others, please specify)	—	
6.	Total (A)	—	
		36,00,000	
7.	Ceiling as per the Act	Within the limits of yearly remuneration payable, as per section II- remuneration payable by companies having no profit or inadequate profit without central government approval, part II, Schedule V of the Companies Act, 2013.	

**B. Remuneration to other directors:**

Sl. No.	Particulars of Remuneration	Name of Directors						Total Amount	
1.	Independent Directors	Kothuri Kameswara Rao	Vijay Kumar Maistry	Kiran Venkata siva	Venkata Hanumantha Rao Kakarla	Subraman yeswara Rao Jogin apally	Dr. Erwin Leopold Dieck Kakarala	—	
	Fee for attending board / committee meetings	NA	20000	15000	20000	25000	15000	10000	105000
	Commission · Others, please specify	NA	NA	NA	NA	NA	NA	NA	
	Total (1)	—	20000	15000	20000	25000	15000	10000	105000
2.	Other Non-Executive Directors	Dr. Manohar Loka Reddy	—	—	—	Abraham Joy	Radhika Kundur	—	—
	Fee for attending board / committee meetings	NA	NA	NA	NA	NA	5000	NA	5000
	Commission	NA	NA	NA	NA	NA	NA	NA	—
	Others, please specify	NA	NA	NA	NA	NA	NA	NA	—
	Total (2)	—	—	—	—	—	—	—	—
	Total (B)=(1+2)	NA	NA	NA	NA	NA	5000	NA	5000
	Total Managerial Remuneration	—	20000	15000	20000	25000	20000	10000	110000
	Overall Ceiling as per the Act		₹ 1,00,000 per meeting	₹ 1,00,000 per meeting	₹ 1,00,000 per meeting	₹ 1,00,000 per meeting	₹ 1,00,000 per meeting	₹ 1,00,000 per meeting	

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## C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD Total

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary & Compliance Officer	CFO	
1.	Gross salary(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961(b) Value of perquisites u/s17(2) Income-tax Act, 1961(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	36,00,000 P.A (paid during the Financial Year)	5,85,000 P.A	7,95,000 P.A	4980000
2.	Stock Option				
3.	Sweat Equity				
4.	Commission- as % of profit- others, specify...				
5.	Others, please specify				
6.	Total	36,00,000	5,85,000 P.A	7,95,000 P.A	4980000

## VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: Not Applicable

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]
<b>A. COMPANY</b>				
Penalty	—		—	—
Punishment	—		—	—
Compounding	—		—	—
<b>B. DIRECTORS</b>				
Penalty	—		—	—
Punishment	—		—	—
Compounding	—		—	—
<b>C. OTHER OFFICERS IN DEFAULT</b>				
Penalty	—		—	—
Punishment	—		—	—
Compounding	—		—	—

**NOTE-I DETAILS OF INCREASE AND DECREASE IN PROMOTERS' SHARE HOLDING:**

S. No	Name	Shareholding		Date	Increase/Decrease in shareholding	Reason	Cumulative Shareholding during the year (From 01-04-17 to 31-03-18)	
		No. of shares at the beginning (01-04-17)/end of the year (31-03-18)	% of total shares of the Company				No. of shares	% of total shares of the company
1	DR MANOHAR LOKAREDDY	5553671	48.45	01.04.2017				
				16.06.2017	3309	Increase/Bought	5556980	48.48
				22.12.2017	13685	Decrease/Sold	5543295	48.36
				26.12.2017	15000	Decrease/Sold	5528295	48.23
				27-12-2017	-15000	Decrease/Sold	5513295	48.1%
				29-12-2017	-15000	Decrease/Sold	5498295	47.96%
				1-1-2018	-15000	Decrease/Sold	5483295	47.83%
				3-1-2018	-15000	Decrease/Sold	5468295	47.7%
				4-1-2018	-15000	Decrease/Sold	5453295	47.57%
				19-1-2018	-15000		5438295	47.44%
				30-1-2018	-15000		5423295	47.31%
		5423295	47.31	31.03.2018				
2	SARANYA LOKA REDDY	644,186	5.62	01.04.2017				
		644,186	5.62	31.03.2018				
3	P KALPANA REDDY	238,100	2.08	01.04.2017				
		238,100	2.08	31.03.2018				
4	SHILPA LOKA REDDY	98,200	0.86	01.04.2017				
		98,200	0.86	31.03.2018				
5	NITHYA LOKA REDDY	58,819	0.51	01.04.2017				
		58,819	0.51	31.03.2018				
6	JAYA REDDY	25,000	0.22	01.04.2017				
		25,000	0.22	31.03.2018				
7	Dr MANOHAR LOKA REDDY (HUF)	72973	0.64	01.04.2017				
				16-6-2017	1472	Increase/Bought	74445	0.65%
				15-9-2017	1947	Increase/Bought	76392	0.67%
		76392	0.67	31.03.2018				

**Note-II SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS  
(OTHER THAN DIRECTORS, PROMOTERS AND HOLDERS OF GDRS AND ADRS)**

S. No	Name	Shareholding		Date	Increase/Decrease in shareholding	Reason	Cumulative Shareholding during the year (From 01-04-17 to 31-03-18)	
		No. of shares at the beginning (01-04-17)/end of the year (31-03-18)	% of total shares of the Company				No. of shares	% of total shares of the company
1	NORTHEAST BROKING SERVICES LIMITED	7,11,743	6.21	01.04.2017				
		7,11,743	6.21	31.03.2017				
2	P PRAMEELA REDDY	214,605	1.87	01.04.2017				
				28.04.2017	3168	Decrease/Sold	211437	1.84%
		211437	1.84%	31.03.2018				
3	KUNINTE MANIMALA	194693	1.7%	01.04.2017				
				21-4-2017	1750	Increase/Bought	196443	1.71%
				16-6-2017	5066	Increase/Bought	201509	1.76%
				1-9-2017	5222	Increase/Bought	206731	1.8%
				15-9-2017	9808	Increase/Bought	216539	1.89%
				9-3-2018	239	Increase/Bought	216778	1.89%
		216778	1.89%	31.03.2018				
4	SASIDHAR POSIM REDDY	134,700	1.18	01.04.2017				
				21-7-2017	373	Decrease/Sold	134327	1.17%
				4-8-2017	635	Decrease/Sold	133692	1.17%
		133692	1.17%	31.03.2018				
5	DR. SARAT SURAPANENI	89071	0.78	01.04.2017				
		89071	0.78	31.03.2018				
6	VIJAYA LAKSHMI POGULA	124,000	1.08	01.04.2017				
				9-6-2017	7500	Decrease/Sold	116500	1.02%
				16-6-2017	2500	Decrease/Sold	114000	0.99%
				25-8-2017	1263	Decrease/Sold	112737	0.98%
				1-9-2017	5520	Decrease/Sold	107217	0.94%
				9-3-2018	231	Increase/Bought	107448	0.94%
		107448	0.94%	31.03.2018				
7	MUSUKU AMIT KUMAR	74689	0.65	01.04.2017				
				21-4-2017	2629	Increase/Bought	77318	0.67%
				26-5-2017	385	Decrease/Sold	76933	0.67



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				23-6-2017	300	Decrease/Sold	76633	0.67
				4-8-2017	1794	Increase/Bought	78427	0.68
				11-8-2017	727	Decrease/Sold	77700	0.68%
				25-8-2017	891	Decrease/Sold	76809	0.67%
				1-9-2017	3813	Decrease/Sold	72996	0.64%
				8-9-2017	194	Decrease/Sold	72802	0.64%
				15-9-2017	2303	Decrease/Sold	70499	0.61%
				27-10-2017	2479	Decrease/Sold	68020	0.59%
				19-1-2018	3671	Decrease/Sold	64349	0.56%
				16-2-2018	25	Decrease/Sold	64324	0.56%
		64324	0.56%	3/31/2018				
08	B RANJITH RAO	72000	0.63	01.04.2017				
				16.06.2017	2200	Increase/Bought	74200	0.65%
				21.07.2017	800	Decrease/Sold	73400	0.64%
		73400	0.64%	31.03.2018				
09	SREEKANTH REDDY PUTHALAPAT	69905	0.61	01.04.2017				
		69905	0.61	31/03/2018				
10	AMIT KANTILAL KOTHARI	0	0	01.04.2017				
				29-12-2017	20500	Increase/Bought	20500	0.18%
				5-1-2018	29816	Increase/Bought	50316	0.44%
				12-1-2018	20000	Decrease/Sold	30316	0.26%
				19-1-2018	18442	Decrease/Sold	11874	0.1%
				23-3-2018	250	Decrease/Sold	11624	0.1%
				31.03.2018	51806	Increase/Bought	63430	0.55
		63430	0.55	31.03.2018				

## NOTE.III SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

S. No	Name	Shareholding		Date	Increase/Decrease in shareholding	Reason	Cumulative Shareholding during the year (From 01-04-17 to 31-03-18)	
		No. of shares at the beginning (01-04-17)/end of the year (31-03-18)	% of total shares of the Company				No. of shares	% of total shares of the company
1	DR MANOHAR LOKAREDDY	5553671	48.45	01.04.2017				
				16.06.2017	3309	Increase/Bought	5556980	48.48
				22.12.2017	13685	Decrease/Sold	5543295	48.36
				26.12.2017	15000	Decrease/Sold	5528295	48.23
				27-12-2017	15000	Decrease/Sold	5513295	48.1%
				29-12-2017	15000	Decrease/Sold	5498295	47.96%
				1-1-2018	15000	Decrease/Sold	5483295	47.83%
				3-1-2018	15000	Decrease/Sold	5468295	47.7%
				4-1-2018	15000	Decrease/Sold	5453295	47.57%
				19-1-2018	15000	Decrease/Sold	5438295	47.44%
		30-1-2018	15000	Decrease/Sold	5423295	47.31%		
		5423295	47.31	31.03.2018				
2	ROHITH LOKA REDDY	Nil	Nil	Nil	Nil	Nil	Nil	Nil
3	CHANDRA POGULA SEKHAR	115,000	1.00	01.04.2017				
				06.09.2017	15000	Decrease/Sold	100000	0.8723
		100000	0.8723	31.03.2018				
4	KOTHURI KAMESWARA RAO	Nil		01.04.2017				
		Nil		31.03.2018				
5	JOY ABRAHAM	510		01.04.2017				
		510		31.03.2018				
6	VIJAY KUMAR MAISTRY	30,000	0.26	01.04.2017				
		30,000	0.26	31.03.2018				
7	VENKATA HANUMANTHA RAO JOGINAPALLY	Nil		01.04.2017				
		Nil		31.03.2018				
8	RADHIKA KUNDUR	Nil		01.04.2017				
		Nil		31.03.2018				
9	SUBRAMANYESWARA RAO KAKARALA	Nil		01.04.2017				
		Nil		31.03.2018				
10	KAKARLA KIRANVENKATASIVA	13365	0.116	01.04.2017				
				4/28/2017	1971	Decrease/Sold	11394	0.09
				5/5/2017	1802	Decrease/Sold	9592	0.08
				5/12/2017	32	Decrease/Sold	9560	0.083
				7/7/2017	100	Decrease/Sold	9460	0.082
				7/14/2017	100	Decrease/Sold	9360	0.081
				9/1/2017	5	Decrease/Sold	9355	0.081
				9/15/2017	1187	Decrease/Sold	8168	0.071
				9/20/2017	1206	Decrease/Sold	6962	0.060
				9/30/2017	700	Decrease/Sold	6262	0.054
				10/6/2017	100	Decrease/Sold	6162	0.053
				10/13/2017	50	Decrease/Sold	6112	0.0533
				10/20/2017	650	Decrease/Sold	5462	0.047
				10/27/2017	1734	Decrease/Sold	3728	0.032
				10/31/2017	200	Decrease/Sold	3528	0.030
				11/3/2017	1143	Decrease/Sold	2385	0.020
		11/10/2017	1234	Decrease/Sold	1151	0.010		
		11/17/2017	1000	Decrease/Sold	151	0.0001		
		2/2/2018	151	Decrease/Sold	0	0		
		Nil	Nil	31.03.2018				
11	ERWIN LEOPOLD DIECK	Nil		01.04.2017				
		Nil		31.03.2018				
12	SANKU MAHAGANESH	610		01.04.2017				
		610		31.03.2018				
13	SAI RAM GANDIKOTA	Nil		01.04.2017				
		Nil		31.03.2018				

**Annexure-E**  
**PARTICULARS OF EMPLOYEES**

a) The information required under section 197 of the Companies Act, 2013 read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

i) the ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year:

Executive Director	Ratio to Median Remuneration
Mr.Chandra Sekhar Pogula	b) 19.35

No Remuneration was paid to other Directors.

ii) the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:

Director, Chief Financial Officer, Chief Executive Officer, Company Secretary	Percentage increase in remuneration in the financial year
Mr.Chandra Sekhar Pogula, CEO & WTD	Not Applicable
Mr.S.Mahaganesh, Chief Financial Officer	21.42
Mr.Sai Ram Gandikota, Company Secretary	83.33

iii) the percentage increase in the median remuneration of employees in the financial year: 63.15

iv) the number of permanent employees on the rolls of company: 53

v) the explanation on the relationship between average increase in remuneration and company performance:

The employee liability has gone up 12.97% up from 1.85 crores to 2.09 crores.

The Average Annual Increase in salaries of employees was around 48 %.

However regularization and new recruitments added to said marginal incremental cost.

In order to ensure that remuneration reflects company performance, the performance pay is also linked to organization performance, apart from an individual's performance.

vi) Comparison of the remuneration of the Key Managerial Personnel against the performance of the company;

Aggregate Remuneration of Key Managerial Personnel (KMP) in FY 2017-2018 (₹ In Lakhs)	49.80
Revenue (₹ Lakhs)	1038.91
Remuneration of KMP's (as % of Revenue)	4.79
Profit before tax(PBT) (₹ Lakhs)	386.29
Remuneration of KMP (as % of PBT)	12.89

vii) Variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year :

Particulars	31 <sup>st</sup> March, 2018	31 <sup>st</sup> March, 2017	% change
Market Capitalisation (₹ Lakhs)	8142.39	12328	-33.95
Price Earnings Ratio	17.93	43.36	-58.64

Percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer:

Particulars	31 <sup>st</sup> March, 2018	2001	% change
Market Price (BSE)	71.03	10	710.30
MSEI	71.03	10	710.30

- viii) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

During the course of the year, after accounting for promotions and other event based compensation revisions, increase in the managerial remuneration for the year was NIL.

- ix) Comparison of the each remuneration of the Key Managerial Personnel against the performance of the company:

Particulars	Mr.Chandra Sekhar Pogula, CEO & WTD	Mr.S.Maha Ganesh, Financial Officer	Mr.Sai Ram Gandikota, Company Secretary & Compliance Officer
Remuneration in FY 17-18	36,00,000/-	7,95,000	5,85,000
Total Revenue (₹ Lakhs)	1038.91	1038.91	1038.91
Remuneration as (as % of Revenue)	3.46	0.76	0.56
Profit before tax(PBT) (₹ Lakhs)	386.29	386.29	386.29
Remuneration (as % of PBT)	9.31	2.05	1.514

- x) the key parameters for any variable component of remuneration availed by the directors: None
- xi) the ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year: None
- xii) Affirmation that the remuneration is as per the remuneration policy of the company:

The company affirms remuneration is as per the remuneration policy of the company.



**ANNEXURE-F**

In accordance with Regulation 34 (3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the report containing the details of Corporate Governance systems and processes at Nettlinx Limited as follows:

**CORPORATE GOVERNANCE REPORT FOR THE FINANCIAL YEAR ENDED ON 31<sup>st</sup> MARCH, 2018:****I. Company's philosophy on Code of Governance:**

Nettlinx believes that good corporate governance emerges from the application of best Management practices and compliance with the laws coupled with the highest standards of integrity, transparency, accountability and ethics in all business matters.

Nettlinx also believes that sound corporate governance is critical to enhance and retain investor trust. Hence Nettlinx's business policies are based on ethical conduct, health, safety and a commitment to building long term sustainable relationships with relevant stakeholders. The Company continues to strengthen its governance principles to generate long term value for its stakeholders on sustainable basis thus ensuring ethical and responsible leadership both at the Board and Management levels.

At Nettlinx, we also consider it as our inherent responsibility to disclose timely and accurate information regarding our financials and performance, as well as the leadership and governance of the Company. The company is committed to a balanced corporate governance system which provides the framework for attaining the company's objectives encompassing practically every sphere of management from action plans and internal controls to corporate disclosure.

Your Company is not only in compliance with the requirements stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR") with regard to corporate governance but is also committed to sound corporate governance principles & practices and constantly strives to adopt emerging best corporate governance practices being followed worldwide.

A report on compliance with the corporate governance provisions as prescribed under the SEBI LODR is given below:

**II. Board of Directors:**

The composition of the Board of your Company is in conformity with Regulation 17 of SEBI LODR. The Chairman & Managing Director of your Company, though a Promoter Director. The number of Independent Directors is more than one-half of the total number of Directors on the Board of your Company.

Dr. Manohar Loka Reddy, Chairman is a Non-Executive Director of the company, Mr. Rohith Loka Reddy, Managing Director and Mr. Chandra Sekhar Pogula, CEO and Whole Time Director are the Executive Directors of your company. Ms. Radhika Kundur, Women Director is the Non-Executive Director of your company.

The remaining Directors on the Board of your Company comprises Five Independent Directors as on March 31, 2018 and are renowned professionals drawn from diverse fields, possessing requisite qualifications and experience in general corporate management, finance, banking, insurance, economics, science, technology and other allied fields which enable them to contribute effectively to your Company and enhance the quality of Board's decision making process.

The Board being aware of its fiduciary responsibilities recognizes its responsibilities towards all stakeholders to uphold highest standards in all matters concerning the Company. It has empowered responsible persons to implement its broad policies, guidelines and has set up adequate review processes. The Board provides strategic guidance on the affairs of the Company. The Independent Directors provide independent and objective judgement on matters placed before them.

The Company's day to day affairs are managed by the Chairman, Managing Director and CEO assisted by a competent management team under the overall supervision of the Board. The Company's commitment to ethical and lawful business conduct is a fundamental shared value of the Board, senior management and all its employees. The Board is committed to representing the long term interests of the stakeholders and in providing effective governance over the Company's affairs and exercise reasonable business judgment on the affairs of the Company.

**A. Composition of the Board:**

The Board of your Company comprises of Nine Directors as on March 31, 2018. The names and categories of Directors, the number of Directorships and Committee positions held by them in the companies are given below. None of the Director is a Director in more than 10 public limited companies (as specified in Section 165 of the Companies Act, 2013 ("the Act")) or act as an Independent Director in more than 7 listed companies or 3 listed companies in case he/she serves as a Whole-time Director in any listed company (as specified in Regulation 25 of SEBI LODR). Further, none of the Directors on the Board is a member of more than 10 Committees and Chairman of more than 5 Committees (as specified in Regulation 26 of SEBI LODR), across all the Indian public limited companies in which he/she is a Director.

Name of the Director	Category	Directors' Identification Number I	Total Number of Directorships, Committee Chairmanships and Memberships of public limited companies*, as on March 31, 2018		
			Directorship \$	Committee Chairmanships #	Committee Memberships #
Dr. Manohar Loka Reddy	Chairman, Promoter & Non-Executive	00140229	1	0	0
Mr. Rohith Loka Reddy	Promoter & Executive	06464331	1	0	0
Mr. Chandra Sekhar Pogula	Executive	00007536	1	0	1
Mr. Kothuri Kameswara Rao	Independent	00271944	1	2	2
Mr. Venkata Hanumantha Rao Joginapally	Independent	02682027	1	0	1
Subramanyeswara Rao Kakarala	Independent	07587769	1	0	0
KakaralaKiranvenkatasiva	Independent	07592337	1	0	1
Dr. Erwin Leopold Dieck	Independent	07614028	1	0	0
Ms. Radhika Kundur	Non-Executive	07135444	1	0	0

\*Excludes private limited companies, foreign companies, companies registered under Section 8 of the Act and Government Bodies.

\$ Includes Additional Directorships and Directorship in Nettlinx Limited.

# Committees considered are Audit Committee and Stakeholders Relationship Committee, including that of Nettlinx Limited.

@Mr. Rohith Loka Reddy, Managing Director is the Son of Dr. Manohar Loka Reddy, Chairman Non- Executive Director.

B. Number of Board meetings, attendance of the Directors at meetings of the Board and at the Annual General Meeting ("AGM") and Extra-Ordinary General Meeting:

During the year April 01, 2017 to March 31, 2018, Five Board meetings were held on the following dates –May 30, 2017, August 8, 2017, October 25, 2017 and December 13, 2017, and February 09, 2018. The Board met at least once in every calendar quarter and the gap between two meetings did not exceed one hundred and twenty days. These meetings were well attended. The 24<sup>th</sup> AGM of your Company was held on September 27, 2017. One Extra-ordinary General Meetings were held during the year on March 22, 2018.

The attendances of the Directors at these meetings were as under:

Directors	No. of Board meetings held during FY 17-18	No. of Board meetings attended	Attendance at the 24 <sup>th</sup> AGM	EGM on March 22, 2018
Dr. Manohar Loka Reddy	05	05	Yes	Yes
Mr. Rohith Loka Reddy	05	02	Yes	NO
Mr. Chandra Sekhar Pogula	05	05	Yes	Yes
Mr. Kothuri Kameswara Rao	05	04	Yes	No
Mr. Vijay Kumar Maistry	05	03	No	Not Applicable
Mr. Venkata Hanumantha Rao Joginapally	05	05	No	Yes
Subramanyeswara Rao Kakarala	05	03	No	No
KakaralaKiran venkatasiva	05	04	No	No
Dr. Erwin Leopold Dieck	05	02	No	No
Ms. Radhika Kundur	05	01	No	No
Joy Abraham	05	00	No	Not Applicable

**C. Shareholding of Non-Executive Directors:**

The details of Company's shares held by Non - Executive Directors as on March 31, 2018 are as below:

Directors	No. of shares held as on March 31, 2018
Mr. Kothuri Kameswara Rao	NIL
Mr. Vijay Kumar Maistry	30000
Mr. Venkata Hanumantha Rao Joginapally	NIL
Subramanyeswara Rao Kakarala*	7000
Kakarla Kiran venkatasiva*	Nil
Dr. Erwin Leopold Dieck	Nil
Ms. Radhika Kundur	Nil
Joy Abraham	510

\*Shares Held with Spouse

**D. Meeting of Independent Director (IDs):**

Independent Directors met on 09<sup>th</sup> February, 2018 without the presence of the Chairman & Managing Director and other Non-Executive & Non-Independent Directors and the Management Team. The meeting was attended by all the Independent Directors and enables them to review the performance of non-independent directors and the Board as a whole review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

**E. Details of Familiarisation programme imparted to Independent Directors:**

During the year, the Independent Directors were apprised at frequent intervals on the industry trends, business model and the overview of the Company and its operations by the senior management team. Further, various business unit heads made presentations to the Independent Directors at periodic intervals on the performance and future strategy of their respective business units. The Independent Directors were also regularly apprised of all regulatory and policy changes including their roles, rights and responsibilities. Presentations on internal control over financial reporting, operational control over financial reporting, Prevention of Insider Trading Regulations, SEBI LODR, framework for Related Party Transactions, etc. were made to the Board members during the year.

The Company's familiarisation policy is available on the Company's website [http://nettlinx.com/company/Policies/Nettlinx\\_Familiarization\\_Programme.pdf](http://nettlinx.com/company/Policies/Nettlinx_Familiarization_Programme.pdf).

**F. Performance Evaluation:**

The Nomination & Remuneration Committee of your Company has formulated and laid down criteria for Performance Evaluation of the Board (including Committees) and every Director (including Independent Directors) pursuant to provision of Section 134, Section 149 read with Code of Independent Directors (Schedule IV) and Section 178 of the Companies Act, 2013 and under Regulation 19(4) read with Part D of Schedule II of the SEBI Listing Regulations, 2015 with Stock Exchanges.

Based on these criteria, the performance of the Individual Directors (including Independent Directors), the Board and various Board Committees viz. Audit Committee, Stakeholder's Relationship Committee, Nomination and Remuneration Committee, was evaluated.

During the year under review, the Independent Directors of your Company reviewed the performance of Non-Independent Directors and Chairperson of your Company, taking into account the views of Executive Directors and Non-Executive Directors. The Board as a whole is an integrated, balanced and cohesive unit where diverse views are expressed and dialogued when required, with each Director bringing professional domain knowledge to the table. All Directors are participative, interactive and communicative. The information flow between your Company's Management and the Board is complete, timely with good quality and sufficient quantity.

**G. Code of Conduct:**

The Company has adopted a Code of Conduct specifically for the members of the Board of Directors and/or members of the Senior Management of the Company, which sets out as follows:

The Company's Code of Conduct is available on the company's website [www.Nettlinx.com.com](http://www.Nettlinx.com.com) and on the weblink [http://nettlinx.com/investor\\_relations\\_2\\_Code\\_of\\_conduct\\_of\\_board\\_of\\_directors\\_and\\_senior\\_management\\_personnel.pdf](http://nettlinx.com/investor_relations_2_Code_of_conduct_of_board_of_directors_and_senior_management_personnel.pdf) It is hereby declared that the company has obtained from all Board Members and Senior Executives an affirmation that they have complied with the code of conduct for financial year 2017-18.

**H. Prohibition Of Insider Trading:**

With a view to regulate trading in securities by the directors and designated employees, the Company has adopted a Code of Conduct for Prohibition of Insider Trading.

**III. Committees of the Board:**

The Board currently has 5 Committees: 1) Audit Committee, 2) Nomination and Remuneration Committee, 3) Stakeholders Relationship Committee and 4) Risk Management Committee 5) Internal Complaints Committee. The terms of reference of the Board Committees are determined by the Board from time to

time. The Board is responsible for constituting, assigning and co-opting the members of the Committees. The meetings of each Board Committee are convened by the respective Committee Chairman. The role and composition of these Committees, including the number of meetings held during the financial year and related attendance is provided below.

**(1) Audit Committee:**

**A. BRIEF DESCRIPTION OF TERMS OF REFERENCE:**

- Overview of the Company’s financial reporting process and disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information is disclosed.
- Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
- Discussion with external auditors before the audit commences, of the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- Reviewing the financial statements and draft audit report including quarterly / half yearly financial information.
- Reviewing with management the annual financial statements before submission to the Board, focusing on:
  - a. Any changes in accounting policies and practices;
  - b. Qualification in draft audit report;
  - c. Significant adjustments arising out of audit;
  - d. The going concern concept;
  - e. Compliance with accounting standards; Compliance with stock exchange and legal requirements concerning financial statements and

**f. Any related party transactions**

- Reviewing the company’s financial and risk management’s policies.
- Disclosure of contingent liabilities. Reviewing with management, external and internal auditors, the adequacy of internal control systems.
- Reviewing the adequacy of internal audit function, including the audit character, the structure of the internal audit department, approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- Discussion with internal auditors of any significant findings and follow-up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into the matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Looking into the reasons for substantial defaults in payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- Reviewing compliances as regards the Company’s Whistle Blower Policy.

**B. COMPOSITION, MEETINGS & ATTENDANCE:**

The Audit Committee continued working under Chairmanship of Mr. K. Kameswara Rao with Mr. J. V. Hanumantha Rao and Mr. M. Vijay Kumar as co-members. During the year, the sub-committee met on Five occasions with full attendance of all the members.

There were five (5) Audit Committee Meetings held during the year on 30.05.2017, 08.08.2017, 25.10.2017, 13.12.2017 and 09.02.2018.

The composition of the Audit Committee as at March 31, 2018 and details of the Members participation at the Meetings of the Committee are as under:

Name of Director	Category	Attendance at the Committee Meetings held on				
		30/05/2017	08/08/2017	25.10.2017	13.12.2017	09/02/2018
Sri.K.Kameswara Rao	Chairman	Yes	Yes	Yes	Yes	Yes
Sri.J.V.Hanumanth Rao	Member	Yes	Yes	Yes	Yes	Yes
Sri.Vijay Kumar Maistry	Member	Yes	Yes	Yes	Not Applicable	Not Applicable
Sri. Kiran Venkatasiva Kakarla	Member	Not Applicable	Not Applicable	Not Applicable	Yes	Yes

- The composition of Committee has changed with effect from 13.12.2017 due to resignation of Mr.Vijay Kumar Maistry.



All the Members of the Audit Committee have the requisite qualification for appointment on the Committee and possess sound knowledge of finance, accounting practices and internal controls.

**2. NOMINATION AND REMUNERATION COMMITTEE:**

The Committee comprises of three non-executive independent Directors

**A. BRIEF DESCRIPTION OF TERMS OF REFERENCE:**

- To approve the fixation/revision of remuneration of Executive Directors of the Company and while approving:
  - a. to take into account the financial position of the Company, trend in the industry, appointee’s qualification, experience, past performance, past remuneration etc.
  - b. to bring out objectivity in determining the remuneration package while striking a balance between the interest of the Company and the Shareholders.
- To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and to recommend to the Board their appointment and /or removal.
- To carry out evaluation of every Director’s performance.
- To formulate the criteria for determining qualifications, positive attributes and independence of a Director, and recommend to the Board a policy, relating to the remuneration for the Directors, key managerial personnel and other employees.
- To formulate the criteria for evaluation of Independent Directors and the Board.
- To recommend/review remuneration of the Managing Director and Whole-time Director(s) based on their performance and defined assessment criteria.

**B. COMPOSITION OF THE COMMITTEE, MEETINGS AND ATTENDANCE DURING THE YEAR:**

Name	Designation	Category Meetings	No of Meetings held	No of attended
Sri.K.Kameswara Rao	Chairman	NED(I)	NA	NA
Sri.J.V.Hanumanth Rao	Member	NED(I)	NA	NA
Sri. Kiran Venkatasiva Kakarla	Member	NED(I)	NA	NA

NED (I) : Non Executive Independent Director

**C. PERFORMANCE EVALUATION CRITERIA FOR INDEPENDENT DIRECTORS:**

The Nomination & Remuneration Committee shall evaluate each individual with the objective of having a group that best enables the success of the company’s business.

**Policy:**

1. The Nomination and Remuneration Committee, and the Board, shall review on annual basis, appropriate skills, knowledge and experience required of the Board as a whole and its individual members. The objective is to have a board with diverse background and experience that are relevant for the Company’s operations.
2. In evaluating the suitability of individual Board member the NR Committee may take into account factors, such as:
  - General understanding of the company’s business dynamics, global business and social perspective;
  - Educational and professional background
  - Standing in the profession;
  - Personal and professional ethics, integrity and values;
  - Willingness to devote sufficient time and energy in carrying out their duties and responsibilities effectively.

2.1 The proposed appointee shall also fulfil the following requirements:

- shall possess a Director Identification Number;
- shall not be disqualified under the companies Act, 2013;
- shall endeavour to attend all Board Meeting and Wherever he is appointed as a Committee Member, the Committee Meeting;
- shall abide by the code of Conduct established by the company for Directors and senior Management personnel;
- shall disclose his concern or interest in any company or companies or bodies corporate, firms, or other association of individuals including his shareholding at the first meeting of the Board in every financial year and thereafter whenever there is a change in the disclosures already made;
- Such other requirements as may be prescribed, from time to time, under the companies Act, 2013, Equity listing Agreements and other relevant laws.

**3. Criteria of independence:**

3.1 The Nomination & Remuneration Committee shall assess the independence of Directors at time of appointment/ re-appointment and the Board shall assess the same annually. The Board shall re-assess determinations of independence when any new interest or relationships are disclosed by a Director.

3.2 The criteria of independence shall be in accordance with guidelines as laid down in companies Act, 2013 and Regulation 16(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

3.3 The independent Director shall abide by the “code for independent Directors “as specified in Schedule IV to the companies Act, 2013.

**4. Other directorships/ committee memberships:**

4.1 The Board members are expected to have adequate time and expertise and experience to contribute to effective Board performance. Accordingly, members should voluntarily limit their directorships in other listed public limited companies in such a way that it does not interfere with their role as director of the company. The NR Committee shall take into account the nature of and the time involved in a director service on other Boards, in evaluating the suitability of the individual Director and making its recommendations to the Board.

4.2 A Director shall not serve as director in more than 20 companies of which not more than 10 shall be public limited companies.

4.3 A Director shall not serve as an independent Director in more than 7 listed companies and not more than 3 listed companies in case he is serving as a whole-time Director in any listed company.

4.4 A Director shall not be a member in more than 10 committees or act as chairman of more than 5 committee across all companies in which he holds directorships.

For the purpose of considering the limit of the committee, Audit committee and stakeholder’s relationship committee of all public limited companies, whether listed or not, shall be included and all other companies including private limited companies, foreign companies and companies under section 8 of the companies Act, 2013 shall be excluded.

**3. STAKEHOLDER’S RELATIONSHIP COMMITTEE:**
**A) COMPOSITION:**

The Details of composition of the Committee are given below:

Name	Designation	Category
Sri.K.Kameswara Rao	Chairman	NED(I)
Mr. Chandra Sekhar Pogula	Member	ED

NED (I) : Non Executive Independent Director

ED: Executive Director

**B. NAME AND DESIGNATION OF COMPLIANCE OFFICER:**

Mr. Sai Ram Gandikota , Company Secretary of the company, is the compliance officer of the Company.

**C. DETAILS OF COMPLAINTS/REQUESTS RECEIVED, RESOLVED AND PENDING DURING THE YEAR 2017-18:**
**INVESTOR COMPLAINTS**

Particulars	Year ended 31.03.2018
Pending at the beginning of the year	0
Received during the year	0
Disposed of during the year	0
Remaining unresolved at the end of the year	0

**4. REMUNERATION OF DIRECTORS:**

A. PECUNIARY RELATIONSHIP OR TRANSACTIONS OF THE NON-EXECUTIVE DIRECTORS VIS-À-VIS THE LISTED COMPANY: The Non- Executive Directors have no pecuniary relationship or transactions.

B. CRITERIA FOR MAKING PAYMENTS TO NON-EXECUTIVE DIRECTORS:

**Policy:**

1. Remuneration to Executive Director and key managerial personnel

1.1 The Board on the recommendation of the Nomination and Remuneration (NR) committee shall review and approve the remuneration payable to the Executive Director of the company within the overall limit approved by the shareholders.

1.2 The Board on the recommendation of the NR committee shall also review and approve the remuneration payable to the key managerial personnel of the company.

1.3 The remuneration structure to the Executive Director and key managerial personnel shall include the following components:



- (i) Basic pay
- (ii) Perquisites and Allowances
- (iii) Stock Options
- (iv) Commission (Applicable in case of Executive Directors)
- (v) Retrial benefits
- (vi) Annual performance Bonus

1.4 The Annual plan and Objectives for Executive committee shall be reviewed by the NR committee and Annual performance Bonus will be approved by the committee based on the achievement against the Annual plan and Objectives.

## 2. Remuneration to Non – Executive Directors

2.1 The Board, on the recommendation of the NR Committee, shall review and approve the

remuneration payable to the Non – Executive Directors of the Company within the overall limits approved by the shareholders.

2.2 Non – Executive Directors shall be entitled to sitting fees attending the meetings of the Board and the Committees thereof. The Non- Executive Directors shall also be entitled to profit related commission in addition to the sitting fees.

## 3. Remuneration to other employees

3.1. Employees shall be assigned grades according to their qualifications and work experience, competencies as well as their roles and responsibilities in the organization. Individual remuneration shall be determined within the appropriate grade and shall be based on various factors such as job profile skill sets, seniority, experience and prevailing remuneration levels for equivalent jobs.

## B. REMUNERATION TO DIRECTORS PAID DURING THE FINANCIAL YEAR 2017-18 AND OTHER DISCLOSURES:

Name of the Director	Salary	Perks & other Benefits	Performance Bonus/ Commission	Sitting Fee/ Each Meeting	Total in ₹
Mr.Chandra Sekhar Pogula	36,00,000 P.A	Nil	Nil	Nil	36,00,000/-
Dr. Manohar Reddy Loka	Nil	Nil	Nil	Nil	Nil
Mr. Kothuri Kameswara Rao	Nil	Nil	Nil	5000	20,000/-
Mr. Vijay Kumar Maistry	Nil	Nil	Nil	5000	15,000/-
Mr. Venkata Hanumantha Rao Joginapally	Nil	Nil	Nil	5000	25,000/-
Ms. Radhika Kundur	Nil	Nil	Nil	5000	5,000/-
Kiran Venkatasiva Kakarla	Nil	Nil	Nil	5000	20,000/-
Subramanyeswara Rao Kakarala	Nil	Nil	Nil	5000	15,000/-
Abraham Joy	Nil	Nil	Nil	5000	Nil
Dr.Erwin Leopold Dieck	Nil	Nil	Nil	5000	10,000/-

## C. INDEPENDENT DIRECTORS' MEETING:

As per clause 7 of the schedule IV of the Companies Act (Code for Independent Directors), a separate meeting of the Independent Directors of the Company (without the attendance of Non-Independent directors) was held on 09.02.2018, to discuss:

1. Evaluation of the performance of Non Independent Directors and the Board of Directors as whole;
2. Evaluation of the quality, content and timelines of flow of information between the management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors of the Company were present at the meeting.

As required under Regulation 34(3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the company regularly familiarizes Independent Directors with the Company, their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company etc. The details of the familiarization program is given at company's website (WWW.NETTLINX.COM) Investor Relations)

**D. REMUNERATION POLICY:**

The objectives of the remuneration policy are to motivate Directors to excel in their performance, recognize their contribution and retain talent in the organization and reward merit.

The remuneration levels are governed by industry pattern, qualifications and experience of the Directors, responsibilities should and individual performance.

**POLICY FOR SELECTION OF DIRECTORS AND DETERMINING DIRECTORS' INDEPENDENCE:**
**1. Scope:**

This policy sets out the guiding principles for the Nomination & Remuneration Committee for identifying persons who are qualified to become Directors and to determine the independence of Directors, in case of their appointment as independent Directors of the Company.

**2. Terms and References:**

2.1 "Director" means a director appointed to the Board of a Company.

2.2 "Nomination and Remuneration Committee means the committee constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

2.3 "Independent Director" means a director referred to in sub-section (6) of Section 149 of the Companies Act, 2013 and Regulation 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

Remuneration policy for Directors, key managerial personnel and other employees:

**1. Scope:**

1.1 This policy sets out the guiding principles for the Nomination and Remuneration committee for recommending to the Board the remuneration of the directors, key managerial personnel and other employees of the company.

**2. Terms and Reference:**

In this policy the following terms shall have the following meanings:

2.1 "Director" means a director appointed to the Board of the company.

2.2 "key managerial personnel" means

- (i) The Chief Executive Office or the managing director or the manager;

- (ii) The company secretary;
- (iii) The whole-time director;
- (iv) The chief financial Officer; and
- (v) Such other office as may be prescribed under the companies Act, 2013

2.3 "Nomination and Remuneration committee" means the committee constituted by Board in accordance with the provisions of section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

**E. FORMAL ANNUAL EVALUATION:**

As per section 149 of the Companies Act, 2013 read with clause VII (1) of the schedule IV and rules made thereunder, the independent directors of the company had a meeting on 09/02/2018 without attendance of non-independent directors and members of management. In the meeting the following issues were taken up:

- (a) Review of the performance of non-independent directors and the Board as a whole;
- (b) Review of the performance of the Chairman of the company, taking into account the views of executive directors and non-executive directors;
- (c) Assessing the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

The meeting also reviewed and evaluated the performance of non-independent directors. The company has 4 non-independent directors namely:

- i.) Mr. Manohar Loka Reddy –Chairman
- ii.) Mr. Chandra Sekhar Pogula- Whole-time Director & CEO
- iii.) Mr. Rohith Loka Reddy-Managing Director
- iv.) Ms. Radhika Kundur

The meeting recognized the significant contribution made by Mr. Chandra Sekhar Pogula in directing the Company towards the success path and placing the Company firmly in Internet Service Providing.

The meeting also reviewed and evaluated the performance the Board as whole in terms of the following aspects:

- Preparedness for Board/Committee meetings
- Attendance at the Board/Committee meetings
- Guidance on corporate strategy, risk policy, corporate performance and overseeing acquisitions and disinvestments.

- Monitoring the effectiveness of the company's governance practices
- Ensuring a transparent board nomination process with the diversity of experience, knowledge, perspective in the Board.
- Ensuring the integrity of the company's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for financial and operational control and compliance with the law and relevant standards.

It was noted that the Board Meetings have been conducted with the issuance of proper notice and circulation of the agenda of the meeting with the relevant notes thereon.

#### 4. RISK MANAGEMENT COMMITTEE:

##### A.) COMPOSITION:

The Details of composition of the Committee are given below:

Name	Designation	Category
Mr. Kothuri Kameswara Rao	Chairman	NED(1)
Mr.Chandra Sekhar Pogula	Member	ED
Mr.Kakarla Kiran Venkata Siva	Member	NED(1)

NED (I) : Non Executive Independent Director

ED : Executive Director

#### IV. General Body Meetings:

##### A. Annual General Meetings:

The date, time, location of Annual General Meetings held during last three years and the special/Ordinary resolutions passed there at are as follows:

Financial Year	Date	Time	Location	Special / Ordinary Resolution
2016-2017	27.09.2017	10.30 A.M	5-9-22, 3rd Floor, My Home Sarovar Plaza, Secretariat Road, Saifabad, Hyderabad - 500 063. Telangana State, India.	<ol style="list-style-type: none"> <li>1. Regularization of Additional Director, Mr. Joy Abraham(Din: 01993517) as Non-executive Director.</li> <li>2. Appointment of Dr. Erwin Leopold Dieck (DIN: 07614028) as an independent director of the Company.</li> <li>3. Reappointment and Fixing of Remuneration of Mr. Chandra Sekhar Pogula (Din: 00007536) As Whole Time Director Cum CEO of the company.</li> <li>4. Approval of the limits for the Loans and Investment by the Company in terms of the Provisions Section 186 of the Companies Act, 2013.</li> </ol>

#### B) ROLE AND RESPONSIBILITIES OF THE COMMITTEE INCLUDES THE FOLLOWING:

- Framing of Risk Management Plan and Policy
- Overseeing implementation of Risk Management Plan and Policy
- Monitoring of Risk Management Plan and Policy
- Validating the process of risk management
- Validating the procedure for Risk minimisation.
- Periodically reviewing and evaluating the Risk Management Policy and practices with respect to risk assessment and risk management processes.
- Continually obtaining reasonable assurance from management that all known and emerging risks have been identified and mitigated or managed.

#### 5. INTERNAL COMPLAINTS COMMITTEE:

The company has formed an Internal Complaint Committee as envisaged under Section 4 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 for receiving complaint of sexual harassment. The Committee consisting of the following members:

Name	Designation	Category
Ms. Radhika Kundur	Chairman	NED
Sri. Chandra Sekhar Pogula	Member	WTD
Sri. J. V. Hanumanth Rao	Member	NED (I)

2015-2016	28.09.2016	11.00 A.M	5-9-22, 3rd Floor, My Home Sarovar Plaza, Secretariat Road, Saifabad, Hyderabad - 500 063. Telangana State, India.	<ol style="list-style-type: none"> <li>1. APPOINTMENT OF MR. SUBRAMANYESWARA RAO KAKARALA (DIN: 07587769) AS AN INDEPENDENT DIRECTOR IN TERMS OF SECTION 149 OF THE COMPANIES ACT, 2013.</li> <li>2. APPOINTMENT OF MR KAKARLA KIRAN VENKATASIVA (DIN: 07592337) AS AN INDEPENDENT DIRECTOR IN TERMS OF SECTION 149 OF THE COMPANIES ACT, 2013.</li> <li>3. APPOINTMENT OF MR. ROHITH LOKA REDDY (DIN: 06464331) AS MANAGING DIRECTOR OF THE COMPANY</li> <li>4. BORROWING OF MONEY UPTO Rs.100 CRORES</li> <li>5. CREATION OF CHARGE ON THE ASSETS OF THE COMPANY</li> <li>6. (a) TO INCREASE THE AUTHORISED SHARE CAPITAL FROM ₹.20 CRORES TO ₹.30 CRORES: 9(b). TO AMEND THE MEMORANDUM OF ASSOCIATION:7. INCREASE IN SIZE OF ISSUE OF GDRs FROM Rs.20 CRORES TO Rs.100 CRORES</li> </ol>
2014-15	28.09.2015	10.30 A.M	ICWAI Bhavan, beside Dena Bank, Post Office Road, Sanathnagar, Hyderabad-500018, TS	<ol style="list-style-type: none"> <li>1. Appointment of Ms. Radhika Kundur as Director of The Company.</li> <li>2. Adoption of New Articles of Association.</li> <li>3. Increase in Remuneration of Mr. Chandra Sekhar Pogula (DIN: 00007536), Whole Time Director &amp; CEO of The Company.</li> </ol>

**B. Extra-ordinary General Meetings:**

One Extraordinary General Meeting of the members was held during the financial year 2017-18.

The date, time, location of **Extraordinary General Meeting** held during the Financial Year and the special/Ordinary resolutions passed there at are as follows:

Date	Time	Location	Special / Ordinary Resolution
22.03.2018	03.00 P.M.	5-9-22, 3rd Floor, My Home, Sarovar Plaza, Secretariat Road, Saifabad, Hyderabad-500 063.TS, India.	1. Scheme of Amalgamation between Nettlinx Limited (Transferee Company) and Nettlinx Aquaculture Private Limited (Transferor Company) and their respective shareholders and creditors

**C. Details regarding Resolutions passed through postal ballot:**

During the financial year 2017-18, no Special Resolutions were passed through Postal Ballot. None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing Special Resolutions through Postal Ballot.

**D. Disclosures:**
**A. Related Party Transactions:**

There were no materially significant transactions with related parties i.e. Promoters, Directors or the

Management, their subsidiaries or relatives conflicting with the Company's interests, save and except as mentioned in the Schedule of Accounts.

The Company has formulated Related Party transactions (RPT) Policy which provides a framework to regulate transaction between the Company and its related parties based on laws and regulations applicable to the Company. The Company's RPT Policy is available on the company's website [www.Nettlinx.com](http://www.Nettlinx.com) and on the weblink <http://nettlinx.com/company/Code%20of%20Conduct%20of%20Fair%20Disclosure.pdf>



Every Related Party Transactions are subject to the prior approval of the Audit Committee in compliance with the conditions contained in Reg. 23(2) of the Listing Regulations.

**B. Details of non compliance by the Company, penalties, strictures imposed on the company.**

There were no instances of non-compliance by Company imposed by either Stock Exchange or Securities and Exchange Board of India (SEBI) or any statutory authority on any matter related to the capital markets during the last 3 years.

**C. Whistle Blower Policy (Vigil mechanism):**

Your Company is serious about its adherence to the codes of Conduct and to achieve at par with the highest standards of ethical, moral and legal conduct of business operations and henceforth encourage its employees to bring ethical and legal violations they are aware of to an internal authority without fear of punishment or unfair treatment so that action can be taken immediately to resolve the problem. A Vigil (Whistle Blower) mechanism provides a channel to the employees and Directors to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the Codes of conduct or policy. The mechanism also provides for adequate safeguards against victimization of employees to avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee. Thus minimization of organization's exposure to the damage that can occur when

employees circumvent internal mechanisms is the main objective which neither releases employees from their duty of confidentiality in the course of their work, nor can it be used as a route for raising any malicious allegations against people in authority and / or colleagues in general. Your company has given affirmation that no personnel have been denied access to the Audit Committee. The Company's Whistle Blower Policy is available on the company's website [www.nettlinx.com](http://www.nettlinx.com) and on the weblink [http://www.nettlinx.com/company/Policies/Nettlinx\\_VIGIL\\_MECHANISM.pdf](http://www.nettlinx.com/company/Policies/Nettlinx_VIGIL_MECHANISM.pdf).

**D. Compliance with Mandatory requirements and adoption of the non –mandatory requirements:**

The Company has complied with the mandatory requirements as stipulated in Listing Regulations, 2015 with the Stock Exchanges. The Company is not required to adopt discretionary Requirements as specified in Regulation 27(1) of the Listing Regulation because no such activities took place in the company.

**E. Reconciliation of Share Capital Audit:**

The Company Secretary-in-Practice carried out a Reconciliation of Share Capital Audit to reconcile the total admitted equity share capital with the National Securities

Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) and the total issued and listed equity share capital. The audit report confirms that the total issued/paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

**F.Policy for Determining Materiality of an event or information and for making disclosures to Stock Exchanges:**

Pursuant to Regulation 30 of SEBI (LODR) Regulations, 2015, the Board of Directors of the Company have approved the Policy for determining materiality of an event or information and for making disclosures to the Stock Exchanges which is effective from December 1, 2015 and same is available on the company's website [www.nettlinx.com](http://www.nettlinx.com) and on the weblink <http://www.nettlinx.com/company/MATERIALITY%20OF%20EVENT%20R%20INFORMATION.pdf>. The Board of Directors of the Company has authorized CEO & Chief Financial Officer to determine materiality of an event or information and authorized Company Secretary for making disclosures to the Stock Exchanges under the said regulation.

**G.Code of practices and procedures for fair disclosure of unpublished price sensitive information:**

Pursuant to Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Board of Directors of the Company, during the year, approved and adopted the "Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information". The Code is available on the company's website [www.nettlinx.com](http://www.nettlinx.com) and on the weblink <http://www.nettlinx.com/company/Code%20of%20Conduct%20of%20Fair%20Disclosure.pdf>.

**H. Prohibition of insider trading:**

In compliance with the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015 (as amended from time to time) the Company has adopted a Code of Conduct for regulating, monitoring and reporting of Trading by Insider with a view to regulate trading in securities by the Directors and designated employees of the Company. This policy also provides for periodical disclosures from designated employees as well as preclearance of transactions by such persons. The Compliance Officer is responsible for implementation of the Code. During the year under review there has been due compliance with the said code. All Board Directors and the designated employees have confirmed compliance with the Code. The Code is available on the company's website [www.nettlinx.com](http://www.nettlinx.com) and on the weblink <http://www.nettlinx.com/company/Code%20of%20Conduct%20to%20Regulate%20Monitor-%20Report%20Trading%20by%20Insiders.pdf>

# NETTLINX LIMITED

## I. Compliance with accounting standard:

The company has followed all relevant Accounting Standards notified by the Companies (Accounting Standard) Rules 2006, while preparing the Financial Statements. None of shares of the company are lying in the Dematerialization Suspense Account or unclaimed suspense account.

## J. Means of Communications:

The quarterly, half yearly and Annual Financial Results of the company are published in the newspaper in India which includes Business Standards (English) – All India Edition and in and in Navatelangana, vernacular newspaper (Telugu).

The quarterly, half yearly and Annual Financial Results of the company along with Annual Report and other statutory filings are posted on the website of the company [www.nettlinx.com](http://www.nettlinx.com). The website also contains information on the businesses of the Company, governance and important policies of the Company News and press release as available are posted on the website of the company [www.rssoftware.com](http://www.rssoftware.com). During the year under review there were no such news releases.

As the company does not have any institutional investors and angel investors, so no presentation made to institutional investors or to the analysts.

## K.GENERAL INFORMATION FOR SHAREHOLDERS AND INVESTORS:

Registered Office Address of the company	5-9-22, Flat No.303, 3rd Floor, My Home Sarovar Plaza, Secretariat, Saifabad, Hyderabad, Telangana-500063. Ph: 91-040-23232200/23231621 Fax: 23231610 E – Mail: <a href="mailto:secretarial@nettlinx.org">secretarial@nettlinx.org</a> Website: <a href="http://www.nettlinx.com">www.nettlinx.com</a>
Date, time and Venue of Annual General Meeting	26th September, 2018, 10.30 A.M. at Registered Office address First Quarter- August 2017, Second Quarter- November 2017, Third Quarter- February 2018
Tentative Calendar of Events for the Financial Year 2017-18	Financial Year- May 2018, Mr.Chandra Sekhar Pogula Email: <a href="mailto:csp@nettlinx.org">csp@nettlinx.org</a>
Shareholders Services, Enquiries, Complaints	Mr.S.M.Ganesh, Email: <a href="mailto:Ganesh@nettlinx.org">Ganesh@nettlinx.org</a> Mr.Sai Ram Gandikota, Email; <a href="mailto:cs@nettlinx.org">cs@nettlinx.org</a>
Financial Year	From April to March
Registrars & Share Transfer Agent	Venture Capital and Corporate Investments Pvt. Ltd., Regd. Off: 12-10-167, Bharat Nagar, Hyderabad – 500 018, Telangana Tel: 91-40-23818475/23818476/2386808023 Fax: 040 – 23868024 E – Mail: <a href="mailto:info@vccilindia.com">info@vccilindia.com</a>
Book Closure for AGM	Tuesday, 18th September, 2018 to Wednesday, 26th September, 2018 (both days inclusive)
Stock Code	511658
Listing on Stock Exchange of	Bombay Stock Exchange Ltd & MSEI Limited
Trading of Equity Shares	Equity Shares are traded through a. National Securities Depository Ltd (NSDL) and b. Central Depository Services Ltd (CDSL) Company's
ISIN	: INE027D01019
<b>ADDRESS FOR CORRESPONDENCE</b>	
Transfer/Dematerialization/ Consolidation/Split of Shares, Issue of Duplicate Share Certificate, Change of Address of members and beneficial owners and any other query relating to the shares of the Company	Venture Capital and Corporate Investments Pvt. Ltd., Regd. Off: 12-10-167, Bharat Nagar, Hyderabad – 500 018, Telangana Tel: 91-40-23818475/23818476/2386808023 Fax: 040 – 23868024 E – Mail: <a href="mailto:info@vccilindia.com">info@vccilindia.com</a>
Investor Correspondence/ Query on Annual Report	M/s. Nettlinx Limited 5-9-22, Flat No.303, 3rd Floor, My Home Sarovar Plaza, Secretariat, Saifabad, Hyderabad, Telangana-500063. Ph: 91-040-23232200/23231621 Fax: 23231610 E -mail: <a href="mailto:secretarial@nettlinx.org">secretarial@nettlinx.org</a> Website: <a href="http://www.nettlinx.com">www.nettlinx.com</a>



## NETTLINX LIMITED

Custodial fees to Depositories: The custodial fee has been paid to NSDL and CDSL up-to 31st March, 2018. The Listing Fees has been paid to BSE Ltd and NSE Ltd. up-to 31st March, 2018.

### L. Monthly High, Low & Closing Share Price at BSE:

Month	BSE LIMITED		
	High Price	Low Price	Close Price
April 2017	142	104	122.95
May 2017	129.95	95	96.65
June 2017	112.5	86.55	89.7
July 2017	109.85	89	92.85
August 2017	129	75	79.3
September 2017	95	68.9	81.8
October 2017	90	62	70.5
November 2017	74	60.25	67.65
December 2017	81	66	77.4
January 2018	97.8	73.1	91.65
February 2018	96	71	76.6
March 2018	86.8	60	69.5

Nettlinx share price with BSE Sensex during the Financial Year 2017-18:



### I) Distribution of shareholding as on March 31, 2018:

Range	Holders		Shares	
	Number	% to Total Share-holders	No. of Shares	% to Total share-holding
Upto - 500	1683	73.69	241760	2.11
501 - 1000	230	10.07	201578	1.76
1001 - 2000	114	4.99	181110	1.58
2001 - 3000	64	2.80	161051	1.40
3001 - 4000	32	1.40	112272	0.98
4001 - 5000	28	1.23	134606	1.17
5001 - 10000	58	2.54	433527	3.78
10001 and above	75	3.28	9997678	87.21
Total	2284	100	11463312	100

### M. Shareholding pattern as on March 31, 2018:

Particulars	No. of shares held	Percentage to Total issued Shares
Promoters, Directors and relatives	6778440	59.13
Bank, Financial Institutions, Insurance Companies & Mutual Funds	800	0.01
A. Bank	Nil	Nil
B. Financial Institutions	800	0.01
C. Insurance Companies	Nil	Nil
D. Mutual Funds/UTI	Nil	Nil
F. Central & State Governments	Nil	Nil
G. Foreign Institutional Investors	Nil	Nil
H. NRIs/Foreign Nationals	51306	0.45
I. Public and Others	4632766	40.41
<b>Total</b>	<b>11463312</b>	<b>100.00</b>

### N. Dematerialisation of shares and liquidity as on March 31, 2018:

The break-up of equity shares held in Physical and Dematerialised form as on March 31, 2018, is given below:

Particulars	No. of Shares	Percentage
Demat Segment		
NSDL	9065046	79.07
CDSL	1862039	16.24
<b>Sub-total</b>	<b>10927085</b>	<b>95.32</b>
Physical Segment	536227	4.68
<b>Total</b>	<b>1,14,63,312</b>	<b>100</b>

### O. Outstanding GDR/ADR/Warrants and Convertible Instruments, Conversion dates and likely impact in Equity:

During the Financial year, 2016-2017, on 21<sup>st</sup> December, 2016 the company has issued 1795127 convertible share warrants (each warrant convertible into one equity share of ₹ 10/- each) to the following persons:

S.No	Name of the Investor	No. of warrants allotted
1	TRANS GLOBAL FZC	4,12,678
2	EXchange Investors N.V.	13,82,449
Total		17,95,127

### P. Commodity price risk or foreign exchange risk and hedging activities:

No such risks or activities to report during the year under review.

**Q. Plant Locations:**

As the Company is engaged in the ISP activities, therefore the Company does not have any Plant Locations.

**R. Share Transfer System / Dividend and Other Related Matters:**
**Share transfers:**

Share transfers in physical form are processed and the share certificates are generally returned to the transferees within a period of fifteen days from the date of receipt of transfer provided the transfer documents lodged with the Company are complete in all respects.

**Nomination facility for shareholding:**

As per the provisions of the Companies Act, 2013, facility for making nomination is available for Members in respect of shares held by them. Members holding shares in

physical form may obtain nomination form, from the Share Department of the Company or download the same from the Company's website. Members holding shares in dematerialized form should contact their Depository Participants (DP) in this regard.

**Permanent Account Number (PAN)**

Members who hold shares in physical form are advised that SEBI has made it mandatory that a copy of the PAN card of the transferee/s, members, surviving joint holders / legal heirs be furnished to the Company while obtaining the services of transfer, transposition, transmission and issue of duplicate share certificates.

**Pending Investors' Grievances:**

Any Member / Investor, whose grievance has not been resolved satisfactorily, may kindly write to the Company Secretary at the Registered Office with a copy of the earlier correspondence.

Sl. No.	Nature of Queries/Compliant	Pending as on April 1, 2017	Received during the year	Redressed during the year	Pending as on March 31,2018
1	Transfer	Nil	40	40	Nil
2	Transmission	Nil	0	0.	Nil
3	Duplicate Share Certificate	Nil	10	10	Nil
4	Non-receipt of Dividend	Nil	Nil	Nil	Nil
5	Dematerialisation/	Nil	18	18	Nil
6	Rematerialisation of Shares	Nil	0	0	Nil
7	Complaints received from:	No	No	No	No
	SEBI	No	No	No	No
	Stock Exchanges/ NSDL/CDSL	No	No	No	No
	ROC/MCA/Others	No	No	No	No
	Advocates	No	No	No	No
	Consumer Forum/ Court Case	No	No	No	No
8	Others	No	6	6	No
	Grand Total	Nil	74	74	Nil

**Internal Controls**

The Company has a formal system of internal control testing which examines both the design effectiveness and operational effectiveness to ensure reliability of financial and operational information and all statutory / regulatory compliances. The Company's business processes have a strong monitoring and reporting process resulting in financial discipline and accountability.

**CEO / CFO Certification**

The CEO and the CFO have issued certificate pursuant to the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 certifying that the financial statements do not contain any untrue statement and these statements represent a true and fair view of the Company's affairs. The said certificate is annexed and forms part of the Annual Report.

## NETTLINX LIMITED

### Statement showing Shareholding of more than 1% of the Capital as on March 31, 2018:

Sl. No.	Name of the shareholders	No. of Shares	Percentage of Capital
1	NORTHEAST BROKING SERVICES LIMITED	711743	6.21
2	KUNINTE MANIMALA	216778	1.89
3	P PRAMEELLA REDDY	211437	1.84
4	SASIDHAR POSIM REDDY	133692	1.17
	<b>Total</b>	<b>19,52,544</b>	<b>17.04</b>

- ❖ Meetings for approval of quarterly and annual financial results were held on the following dates:

Quarter	Date of Board Meeting
1 <sup>st</sup> Quarter	08/08/2017
2 <sup>nd</sup> Quarter	13/12/2017
3 <sup>rd</sup> Quarter	09/02/2018
4 <sup>th</sup> Quarter	29/05/2018

### E-Voting Facility to members

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members the facility to exercise their right to vote at the 25<sup>th</sup> Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services Limited (CDSL). Pursuant to the amendments made in clause 35B of the Listing Agreement by SEBI, the company has sent assent/dissent forms to the members to enable those who do not have access to e-Voting facility to cast their vote on the shareholders resolution to be passed at the ensuing Annual General Meeting, by sending their assent or dissent in writing.

By order of the Board of Directors  
For Nettlinx Limited  
Sd/-

Date: 10.08.2018  
Place: Hyderabad

Dr. Manohar Loka Reddy  
Chairman  
DIN: 00140229

**ANNEXURE-G**  
**MANAGEMENT DISCUSSION &**  
**ANALYSIS REPORT**

**1. FORWARD-LOOKING STATEMENTS**

This report contains forward-looking statements based on certain assumptions and expectations of future events. The Company, therefore, cannot guarantee that these assumptions and expectations are accurate or will be realized. The Company's actual results, performance or achievements can thus differ materially from those projected in any such forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.

**2. INDUSTRY STRUCTURES & DEVELOPMENTS:**

The Internet services market is rapidly growing , partly on account of higher penetration of users in rural areas getting on to Net and higher frequent usage of broadband in urban locations as most are using internet for multiple uses inclusive of Voice , Data & Video. Add to this is the aggressive campaigns of Large TELCOs who are constantly attracting Users for their Cellular Data plans , both in terms of upgrading existing users and also creating new ones . The market is rapidly adapting to the use of popular social networking sites. Consolidation and merger of Telcos will further boost the market although margins in the next few years may shrink to a little extent owing to rising costs.

**3. OPPORTUNITIES & THREATS:**

The Company enjoys goodwill from its Customers. Our Corporate objective is to create mutual long term sustainable value through a collaborative approach driven by the vision of becoming a preferred Internet choice for distinguished Clientele demanding Quality, Value for Money & Flexibility translating into a perfect Win Win for either Entities. This formula is working fine in favor of our Organisation. Additionally, We are operating in Niche business segments & geographic locations within Telangana State & AP State without directly taking any of those large companies head on. We continue to optimistically protect and retain our current base and progressively increase the sales revenue and market share moving forward.

New technologies like WiFi & Free WiFi to Citizens envisaged by Govts, although may pose a little

challenge to start with, In reality these may not be any threat to us as these service offerings may have challenges from the point of view of logistics and technological obstacles and will have lots of limitations and therefore may not be commercially viable . This would in reality enlarge the usage in the market place creating a level playing field in the long run.

**4. OUTLOOK:**

In order to meet the changing market realities, your Company has been following the philosophy of providing the highest quality products and services at the lowest possible prices. All endeavours are made to achieve possible cost reduction in every area of operations. Your Company's philosophy to provide high class quality products i.e. full value for money, to consumers would greatly benefit in the long run. In the otherwise increasing cost arena, every expense, whether capital or revenue is minutely reviewed to achieve all possible savings.

**5. RISKS AND CONCERNS:**

The Company's products are largely intended for sale in the domestic market. Apart from normal risks as are applicable to an Industrial Undertaking the Company does not foresee any serious area of concern. The Company is obtaining adequate insurance coverage for its assets at the plant and the field locations etc. The company has no foreign exchange risk coverage due to its limited exposure. Compliance of safety requirements and norms placed by different Government agencies is a top priority of your Management.

**6. INTERNAL CONTROL SYSTEMS**

The Company has proper and adequate systems of internal controls in order to ensure that all assets are safeguarded against loss from unauthorized use of disposition and that all transactions are authorised, recorded and reported correctly. An Audit Committee headed by a non-executive independent Director is in place to review various areas of the control systems.

**7. DISCUSSION OF FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:**

The details of the financial performance of the Company are appearing in the Balance Sheet, Profit & Loss Account and other financial statements etc. appearing separately. Highlights for the year 2017-18 are as under:

Sales for the year 2017-2018	103891934
Current tax	11368451
Profit after tax	29591513
Paid up equity share capital as on 31 <sup>st</sup> March, 2018	11463312

The financial performance of the Company has been explained in the Directors' Report of the Company for the year 2017-18 appearing separately.

**8. HUMAN RESOURCES:**

During the year under review, the Company has undertaken extensive steps in optimizing the man power at corporate office, Branches and Field locations. Employee/employer relations were cordial throughout the year. Measures for safety of the employees, training and development continued to receive top priorities.

**9. CAUTIONARY STATEMENT:**

Certain statements in the Management Discussion and Analysis describing the Company's views about the industry, expectations/predictions, objectives etc, may be forward looking within the meaning of applicable laws and regulations. Actual results may differ materially from those expressed in the statement. Company's operations may inter-alia affect with the supply and demand situations, input prices and their availability, changes in Government regulations, tax laws and other factors such as Industrial relations and economic developments etc. Investors should bear the above in mind.

For Nettlinx Limited

Sd/-

Chandra Sekhar Pogula  
CEO & WTD  
DIN: 00007536

Date: 10/08/2018  
Place: Hyderabad

## NETTLINX LIMITED

### DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT:

This is to confirm that the Company has adopted a Code of Conduct for its employees including the Managing Director and Executive Directors. In addition, the Company has adopted a Code of Conduct for its Non-Executive Directors and Independent Directors. These Codes are available on the Company's website.

I confirm that the Company has in respect of the year ended March 31, 2018, received from the Senior Management Team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, Senior Management Team means the Chief Financial Officer, and the Company Secretary as on March 31, 2018.

For Nettlinx Limited

Date: 10/08/2018  
Place: Hyderabad

Sd/-  
Chandra Sekhar Pogula  
CEO & WTD  
DIN: 00007536

### CEO AND CFO CERTIFICATION

To  
The Board of Directors,  
Nettlinx Limited,  
Hyderabad.

Dear Members of the Board,

We, Chandra Sekhar Pogula, Chief Executive Officer and S. Mahaganesh, Chief Financial Officer of Nettlinx Limited, in the best of our knowledge and belief, certify that:

- A. We have reviewed financial statements and the cash flow statement for the year and all the notes on Accounts and Board's Report:
  - i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- B. To the best of our knowledge and belief, no transaction is entered into by the company during the year which is fraudulent, illegal or violative of the company code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware, have been disclosed to the auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
- D. (1) There has not been any significant change in internal control over financial reporting during the year under reference;;  
(2) There has not been any significant change in accounting policies during the year requiring disclosure in the notes to the financial statements; and  
(3) We are not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

For Nettlinx Limited

Date: 10.08.2018  
Place: Hyderabad

Sd/-  
Chandra Sekhar Pogula  
CEO & Whole Time Director

Sd/-  
S.Mahaganesh  
CFO



## INDEPENDENT AUDITOR'S REPORT

To  
The Members of M/s NETTLINX LIMITED

### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **M/s. NETTLINX LIMITED** ('the Company'), which comprise the balance sheet as at March 31, 2018, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "standalone financial statements").

### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, prescribed under Section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone 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 standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the

standalone financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone 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 the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, of the financial position of the Company as at 31 March, 2018, and its profit, its cash flows and the changes in equity for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the **Annexure A**, a statement on the matters specified in the paragraph 3 and 4 of the order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion proper books of accounts required by law have been kept by the Company so far as it appears from our examination of those books;

## NETTLINX LIMITED

- (c) The balance sheet, the statement of profit and loss, the statement of cash flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rule issued thereunder;
- (e) on the basis of the written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in “**Annexure B**”; and
- (g) with respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our

information and according to the explanations given to us:

- i) The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements. Refer Note 26.
- ii) There is no requirement for any provision as required by any act or Accounting standards for material for foreseeable losses, if any on long term contracts including derivative contracts.
- iii) There are no amounts required to be transferred to the Investor Education and Protection Fund by the Company.

**For C Ramachandram & Co.,**  
Chartered Accountants,  
Firm Registration No. 002864S

**Sd/-**  
**Premnath Degala**  
Partner  
M.No: 207133

Place: Hyderabad  
Date: 29.05.2018

**Annexure A to the Auditors' Report**

**Annexure referred to in paragraph under 'Report on Other Legal and Regulatory Requirements' section of our report of the Independent Auditors' Report of even date of NETTLINX LIMITED, on the standalone financial statements for the year ended March 31, 2018**

- i. In terms of the information and explanations sought by us and given by the company and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state the following:
  - a) The Company is generally maintaining proper records showing full particulars, including quantitative details and situation for all fixed assets.
  - b) The company generally have regular programme of physical verification of fixed assets by which fixed assets were verified in a phased manner over a period of three years. B.
  - c) According to information and explanation given to us, title deeds of immovable Properties are held in the name of the company.
- ii. The company has no inventory, thus, paragraph 3(ii) of the Order is not applicable to the company.
- iii. The company has granted loans, secured or unsecured to Companies, Firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Thus, paragraph 3(iii) of the Order is applicable to the company. However the company has given advances to the companies, firms, other parties covered in the register maintained under section 189 of the Act, and in our opinion and to the best of our examination, the terms are not prejudicial to the interests of the company.
- iv. The Company has not made any transactions in the nature of loans, investments, guarantees, and security, where provisions of section 185 and 186 of the Companies Act, 2013 are applicable. Thus, paragraph 3(iv) of the Order is not applicable to the Company.
- v. The company has not accepted any deposits, within the meaning of provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under. Thus, paragraph 3(v) of the Order is not applicable to the company.
- vi. According to information and explanation given to us, the Central Government has not prescribed maintenance of cost records as per section 148 of Companies act 2013.
- vii. a) The Company is generally regular in depositing undisputed statutory dues, including Provident fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Value Added Tax, GST, Cess and other material statutory dues applicable to it to the appropriate authorities.
  - b) As per the information given by the company, generally there are no material dues of duty of customs, income tax, sales tax, duty of excise, service tax which have not been deposited with the appropriate authorities on account of any dispute as on March 31, 2018.
- viii. In our opinion and according to information and explanations given to us, the company has not defaulted in payment of dues to Banks, Government, Financial Institutions as on date of Balance Sheet.
- ix. The company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the reporting period. According to information provided to us term loans availed during the reporting period was applied for the purposes for which those were raised.
- x. According to the information and explanations given to us, no material fraud by the company or on the company by its officers or employees has been noticed or reported during the course of our audit.
- xi. According to information and explanation given to us, the company has provided managerial remuneration in accordance with Section 197 read with schedule V to the Companies Act, 2013.
- xii. In our opinion, the company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable for the company.

xiii. In our opinion and according to information and explanations given to us, all transactions with the related parties are in compliance with Sections 177 and 188 of Companies Act, 2013 and the details of such transactions have been disclosed in the Financial statements of the company as required by applicable Accounting Standards.

xiv. According to information and explanation given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

xv. According to information and explanation given to us, the company has not entered into non-cash transactions with directors or any persons

connected with him. Thus, paragraph 3(xv) of the Order is not applicable to the company.

In our opinion, the company is not required to be registered under section 45IA of Reserve Bank of India Act 1934. Thus, paragraph 3(xv) of the Order is not applicable to the company.

**For C Ramachandram & Co.,**  
Chartered Accountants,  
Firm Registration No. 002864S

Sd/-  
**Premnath Degala**

Place: Hyderabad  
Date: 29.05.2018

Partner  
M.No: 207133

### **Annexure - B to the Auditors' Report**

#### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of M/S NETTLINX LIMITED ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks

of material misstatement of the standalone financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

A company's internal financial control over financial reporting includes those policies and procedures that

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For C Ramachandram & Co.,**  
Chartered Accountants,  
Firm Registration No. 002864S  
Sd/-

**Premnath Degala**  
Partner

M.No: 207133

Place: Hyderabad

Date: 29.05.2018



**BALANCE SHEET AS AT MARCH 31, 2018**

Particulars	Notes	As at	As at	As at
		March 31, 2018	March 31, 2017	April 1, 2016
		₹	₹	₹
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
(a) Property, Plant and Equipment	2	64,178,234	29,135,568	25,603,951
(b) Capital Work-in-Progress	2	15,483,613	23,294,438	-
(c) Other Intangible Assets	2	436,422	-	-
(d) Financial Assets				
(i) Investments	3	146,344,022	67,144,401	67,406,859
(ii) Other Financial Assets	4	1,119,011	1,922,211	1,922,211
(e) Deferred Tax Assets (net)	5	832,736	7,128,718	8,030,218
<b>Total Non-Current Assets (1)</b>		<b>228,394,037</b>	<b>128,625,336</b>	<b>102,963,239</b>
<b>Current Assets</b>				
(a) Inventories	6	-	606,589	606,589
(b) Financial Assets				
(i) Trade Receivables	7	45,934,635	44,553,694	17,255,518
(ii) Cash and Cash Equivalents	8	5,144,199	11,545,418	662,602
(iii) Loans	9	147,955,550	140,702,639	82,234,144
(vi) Other Financial Assets	4	1,613,246	2,272,925	2,044,504
(c) Other Current Assets	10	17,822,627	12,348,010	13,357,333
<b>Total Current Assets (2)</b>		<b>218,470,258</b>	<b>212,029,275</b>	<b>116,160,690</b>
<b>Total Assets (1+2)</b>		<b>446,864,295</b>	<b>340,654,611</b>	<b>219,123,930</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
(a) Equity Share Capital	11	114,633,120	114,633,120	114,633,120
(b) Other Equity	12	181,831,417	135,355,471	59,760,299
<b>Total Equity (1)</b>		<b>296,464,537</b>	<b>249,988,591</b>	<b>174,393,419</b>
<b>Liabilities</b>				
<b>Non-Current Liabilities</b>				
(a) Financial Liabilities				
(i) Borrowings	13	97,038,278	44,552,325	12,579,022
(b) Provisions	14	1,517,046	1,588,000	1,441,000
<b>Total Non-Current Liabilities (2)</b>		<b>98,555,324</b>	<b>46,140,325</b>	<b>14,020,022</b>
<b>Current Liabilities</b>				
(a) Financial Liabilities				
(i) Borrowings	15	17,397,889	19,286,704	9,990,345
(ii) Trade Payables	16	11,814,629	7,995,697	9,469,649
(iii) Other Financial Liabilities other than those specified in (c)	17	11,140,479	7,839,607	6,148,475
(b) Other Current Liabilities	18	2,006,508	1,439,168	2,144,768
(c) Provisions	14	-	358,005	448,717
(d) Current Tax Liabilities (Net)	19	9,484,928	7,606,515	2,508,535
<b>Total Current Liabilities (3)</b>		<b>51,844,434</b>	<b>44,525,695</b>	<b>30,710,489</b>
<b>Total Equity and Liabilities (1+2+3)</b>		<b>446,864,295</b>	<b>340,654,611</b>	<b>219,123,930</b>

**Corporate Information and Significant Accounting Policies**
**See Accompanying Notes Form Integral Parts of Financial Statements**
**In terms of our report attached**
**For C. Ramachandram & Co**

Chartered Accountants

Firm Regn.No.002864S

Sd/-

 PREMNATH DEGALA  
 Partner  
 Membership No.207133

 Place: Hyderabad.  
 Date: 29.05.2018

Sd/-

**(MANOHAR LOKA REDDY)**  
 Chairman & Director  
 DIN:00140229

Sd/-

**(G SAI RAM)**  
 Company Secretary and Compliance Officer

1

2 to 25

**For and on behalf of the Board of Directors**
**FOR NETTLINX LIMITED**

Sd/-

**(CHANDRA SEKHAR POGULA)**  
 CEO & Whole Time Director  
 DIN:00007536

Sd/-

**(S.MAHAGANESH)**  
 Chief Financial Officer

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018**

(Amount in ₹)

Particulars	Notes	Year Ended March 31, 2018	Year Ended March 31, 2017
<b>I INCOME</b>			
(a) Revenue from Operations	20	103,891,934	93,449,426
(b) Other Income	21	24,419,875	13,171,666
<b>Total Income</b>		<b>128,311,809</b>	<b>106,621,092</b>
<b>II Expenses</b>			
(a) Access Charges, License Fee and Network Expenses	22	29,559,318	22,979,548
(b) Employee Benefit Expenses	23	20,938,108	18,548,425
(c) Finance Costs	24	10,389,158	3,983,282
(d) Depreciation and Amortization Expense	2	5,504,579	3,714,464
(e) Other Expenses	25	23,291,060	20,273,825
<b>Total Expenses</b>		<b>89,682,224</b>	<b>69,499,544</b>
<b>III Profit/(Loss) before Exceptional Items and Tax (I - II)</b>		<b>38,629,585</b>	<b>37,121,548</b>
<b>IV Exceptional items</b>			
<b>V Profit/(Loss) before Tax (III - IV)</b>		<b>38,629,585</b>	<b>37,121,548</b>
<b>VI Tax Expenses</b>			
(a) Current Tax		11,368,451	8,809,449
(b) Deferred Tax Charge /(Credit)		703,842	(236,646)
<b>Total Tax Expenses</b>		<b>12,072,293</b>	<b>8,572,803</b>
<b>VII Profit After Tax (V - VI)</b>		<b>26,557,292</b>	<b>28,548,745</b>
<b>VIII Other Comprehensive Income/Loss</b>			
<b>A (i) Items that will not be Reclassified to Profit or Loss</b>			
(a) Changes in Revaluation Surplus		24,109,090	-
(b) Remeasurement of the Defined Benefit Plans		330,126	122,000
(c) Net (Loss)/ Gain on Fair Value Through OCI (FVTOCI) Equity Securities		(350,379)	(262,451)
<b>(ii) Income Tax on Items that may not be Reclassified to Profit or Loss</b>		<b>(5,298,410)</b>	<b>47,739</b>
		18,790,427	(92,711)
<b>IX Total Comprehensive Income for the year (VII + VIII)</b>		<b>45,347,719</b>	<b>28,456,034</b>
<b>X Earnings Per Share of ₹10 each fully paid up</b>			
(i) Basic		<b>3.96</b>	<b>2.48</b>
(ii) Diluted		<b>3.42</b>	<b>2.15</b>
<b>XI Weighted Average Equity Shares used in Computing Earnings per Equity Share</b>			
(i) Basic		<b>11,463,312</b>	<b>11,463,312</b>
(ii) Diluted		<b>13,258,439</b>	<b>13,258,439</b>

Corporate Information and Significant Accounting Policies 1  
See Accompanying Notes form Integral Parts of Financial Statements 2 to 25

In terms of our report attached  
For C. Ramachandram & Co

Chartered Accountants  
Firm Regn.No.002864S  
Sd/-

PREMNATH DEGALA  
Partner  
Membership No.207133

Place: Hyderabad.  
Date: 29.05.2018

For and on behalf of the Board of Directors  
FOR NETTLINX LIMITED

Sd/-  
(MANOHAR LOKA REDDY)  
Chairman & Director  
DIN:00140229

Sd/-  
(G SAI RAM)  
Company Secretary and Compliance Officer

Sd/-  
(CHANDRA SEKHAR POGULA)  
CEO & Whole Time Director  
DIN:00007536

Sd/-  
(S.MAHAGANESH)  
Chief Financial Officer

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2018**
**(Amount in Lakhs.)**

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>A Cash Flows From Operating Activities</b>		
<b>Profit Before Tax for the year</b>	<b>408.57</b>	<b>372.18</b>
<b>Adjustments for:</b>		
Depreciation and Amortization Expense	55.05	37.14
Finance Costs	84.46	8.48
Unwinding of Discount on Decommissioning Liabilities	0.00	
Interest Income	-158.43	-80.81
Profit on Sale of Property, Plant and Equipment (Net)	-70.49	
Bad-Debt Written Off	12.53	19.51
Grant in Aid (net)	-76.89	-15.68
<b>Operating Cash Flows Before Working Capital Changes</b>		
Increase/( Decrease) in Trade Receivables Increase	-12.15	-272.00
(Increase)/ Decrease in Inventories	6.07	
(Increase)/ Decrease in Trade Payables	39.67	-11.43
(Increase)/ Decrease in Other Current Liabilities	13.66	
(Increase)/ Decrease in Other Non-Current Assets	16.17	-42.87
(Increase)/ Decrease in Provisions	-4.29	
Increase/ (Decrease) in Loans and Advances	-16.53	42.60
<b>Cash Flows From Operating Activities</b>	<b>374.28</b>	<b>30.19</b>
Net Tax Paid	-88.09	-2.18
<b>Net Cash Generated From Operating Activities (A)</b>	<b>286.19</b>	<b>28.01</b>
<b>B. Cash Flows From Investing Activities</b>		
Acquisition of Property, Plant and Equipment	-168.75	-72.49
Interest Income	158.43	3.25
Increase/Decrease in Capital Work in Progress	78.11	-224.46
Profit on Sale of Property, Plant and Equipment (net)	70.49	
Movement in Loans and Advances	-795.50	-520.04
<b>Net Cash Generated/ Used in Investing Activities (B)</b>	<b>-777.57</b>	<b>-813.75</b>
<b>C. Cash Flows From Financing Activities</b>		
Proceeds from Long Term Borrowings	456.94	325.63
Proceeds from Short Term Borrowings	54.89	106.06
Finance Costs	-84.46	-8.48
Money Received Against Share Warrants	0.00	471.22
<b>Net Cash Generated From/ (Used in) Financing Activities (C)</b>	<b>427.37</b>	<b>894.43</b>
<b>Net Increase/ (Decrease) in Cash and Cash Equivalents (A + B + C)</b>	<b>-64.02</b>	<b>108.70</b>
<b>Cash and Cash Equivalents at the Beginning of the year</b>	<b>115.45</b>	<b>6.63</b>
<b>Cash and Cash Equivalents at the End of the year</b>	<b>51.44</b>	<b>115.34</b>
<b>Components of Cash and Cash Equivalents:</b>		
Balances with Banks in Current Account including Sweep-in Deposit	50.10	109.49
Cash on Hand	1.35	5.96
<b>Total Cash and Cash Equivalent</b>	<b>51.44</b>	<b>6.63</b>

**In terms of our report attached**
**For C. Ramchandram & Co**

Chartered Accountants

Firm Regn.No.002864S

Sd/-

**PREMNATH DEGALA**

Partner

Membership No.207133

Place: Hyderabad.

Date: 29.05.2018

**For and on behalf of the Board of Directors**
**FOR NETTLINX LIMITED**

Sd/-

**(CHANDRA SEKHAR POGULA)**

CEO &amp; Whole Time Director

DIN:00007536

Sd/-

**(S.MAHAGANESH)**

Chief Financial Officer

Sd/-

**(MANOHAR LOKA REDDY)**

Chairman &amp; Director

DIN:00140229

Sd/-

**(G SAI RAM)**

Company Secretary and Compliance Officer

Notes to the standalone financial statements for the year ended March 31, 2018

All amounts are in Rs. unless otherwise stated

**NOTE – 2**

Property, Plant & Equipment Particulars	Buildings	Plant & Equipment	Furniture & Fixtures	Vehicles	Office Equipment	Computers	TOTAL	Intangible Assets	
								Software	TOTAL
Cost									
As at 01-04-2016	10,162,910	124,623,260	7,677,411	12,380,175	8,759,134	643,011	164,245,901	-	-
IND AS adjustment	-	-	-	-	-	-	-	-	-
Additions	-	4,545,891	129,000	2,095,888	388,166	90,151	7,249,096	-	-
Disposals	-	24,664,111	-	3,227,213	2,479,936	-	30,371,260	-	-
As at 31-03-2017	10,162,910	104,505,040	7,806,411	11,248,850	6,667,364	733,162	141,123,737	-	-
	24,109,090						24,109,090		
Additions/Revaluation	3,334,851	429,205	10,944,889	1,481,948	234,554	16,425,447	449,130	449,130	
Disposals	-	-	-	-	-	-	-	-	-
As at 31-03-2018	34,272,000	107,839,891	8,235,616	22,193,739	8,149,312	967,716	181,658,274	449,130	449,130
<b>Depreciation</b>									
As at 01-04-2016	1,950,748	116,471,672	7,106,946	7,831,034	4,781,834	499,716	138,641,950	-	-
As at 31-03-2017	2,122,963	93,070,045	7,234,830	6,010,894	2,996,672	552,764	111,988,168	-	-
Charge for the year-2018	386,778	1,568,454	166,221	2,436,816	826,216	107,387	5,491,871	12,708	12,708
Disposals-2018	-	-	-	-	-	-	-	-	-
As at 31-03-2018	2,509,740	94,638,499	7,401,051	8,447,711	3,822,887	660,151	117,480,039	12,708	12,708
<b>Net Block</b>									
As At 31-03-2018	31,762,260	13,201,392	834,565	13,746,028	4,326,425	307,565	64,178,234	436,422	436,422
As At 31-03-2017	8,039,947	11,434,996	571,580	5,237,955	3,670,691	180,398	29,135,568	-	-
As At 01-04-2016	8,212,162	8,151,588	570,465	4,549,141	3,977,300	143,295	25,603,951		

**NOTE-2.1**

Particulars	Capital Work-in-Progress		TOTAL
	Buildings Under Development	Pre-Operative Expenses@	
As At 31-03-2018	15,483,613		
As At 31-03-2017	23,294,438		
As At 01-04-2016	52,20,000		

**NOTE-2.2**

Goodwill		
Particulars	As at 31.03.2018	As at 31-03-2017
Goodwill on consolidation	4,36,422	As at 01-04-2016

There is a movement in Goodwill due to acquiring a new company (SV GREEN POWER PROJECTS LIMITED). Business valuation is higher than book value of assets

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

All amounts are in ₹ unless otherwise stated

**NOTE – 3**

	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
<b>Non-Current Investments</b>			
<b>Investments carried at Cost</b>			
<b>Unquoted Equity shares</b>			
<b>Investments in Subsidiaries</b>			
i. Nettlinx Inc, USA (24,663 shares of \$15 each fully paidup)	21,709,360	21,709,360	21,709,368
ii. Nettlinx Reality Private Limited (3,09,990 Equity Shares of ₹10 each fully paid up)	3,099,900	3,099,900	3,099,900
iii. Nettlinx Aqua Culture Private Limited (42,00,000 Equity Shares of ₹10 each fully paid up)	42,000,000	42,000,000	42,000,000
iv. Sri Venkateswara Green Power limited (79,55,000 Equity Shares of ₹10 each fully paid up)	79,550,000	-	-
<b>Investments in Others</b>			
iii. Northeast Broking Services Ltd (11,600 Equity Shares of ₹10 each fully paid up)	116,000	116,000	116,000
iv. Northeast Commodities Private Ltd (1,20,000 Equity Shares of ₹10 each fully paid up)	1,200,000	1,200,000	1,200,000
<b>Investments carried at Fair Value Through Other Comprehensive Income (FVTOCI)</b>	(1,331,238)	(980,859)	(718,409)
<b>Unquoted Equity Shares</b>			
<b>TOTAL</b>	<b>146,344,022</b>	<b>67,144,401</b>	<b>67,406,859</b>
Investments carried at Cost - Unquoted Equity Shares in Subsidiaries and Associates	147,675,260	68,125,260	68,125,268
Investments carried at (FVTOCI) - Unquoted Equity Shares in Others	(1,331,238)	(980,859)	(718,409)

**NOTE – 4**

	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
<b>Other Financial Assets</b>			
<b>(Unsecured, Considered good)</b>			
<b>Non – Current</b>			
- Security Deposits(Bank Deposits with Maturity more than 12 months)	1,119,011	1,922,211	1,922,211
<b>TOTAL</b>	<b>1,119,011</b>	<b>1,922,211</b>	<b>1,922,211</b>
<b>Current</b>			
Interest Accrued but not due on FDRs	140,986	1,144,075	942,654
Rental Deposits	1,111,850	1,128,850	1,101,850
Others	360,410	-	-
<b>TOTAL</b>	<b>1,613,246</b>	<b>2,272,925</b>	<b>2,044,504</b>

\*The above Security deposits is given as Bank Guarantee against the license towards Telecom Operations to the Department of Telecommunications.



# NETTLINX LIMITED

## NOTE – 5

### Deferred Tax Asset

	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
Opening Deferred Tax-GAAP	7,128,718	8,030,218	5,209,361
Mat Credit Entitlement	-		2,904,537
Related to Temporary differences on Depreciation/Amortization	103,286	245,170	160,507
Others	(4,697,665)	56,263	(244,187)
<b>Deferred Tax Asset</b>	<b>2,534,340</b>	<b>8,331,651</b>	<b>8,030,218</b>
<b>Deferred Tax Liability</b>	<b>(1,701,604)</b>	<b>(1,202,933)</b>	<b>-</b>
<b>Net Deferred Tax Asset</b>	<b>832,736</b>	<b>7,128,718</b>	<b>8,030,218</b>

## NOTE – 6

### Inventories

(Valued at lower of Cost or Net Realizable Value, unless otherwise stated)

	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
VIOP Phones-Opening Stock	606,589	606,589	606,589
Less: Stock Written Off	(606,589)	-	-
<b>TOTAL</b>	<b>-</b>	<b>606,589</b>	<b>606,589</b>

## NOTE – 7

### Trade Receivables

#### Current

	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
Secured, considered good			
Unsecured, considered good	46,124,263	46,505,055	18,729,180
Less: Provision for Doubtful Debts	189,628	1,951,361	1,473,662
<b>TOTAL</b>	<b>45,934,635</b>	<b>44,553,694</b>	<b>17,255,518</b>

## NOTE – 8

### Cash and Cash Equivalents

	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
Balance with Banks			
- In Current Account	5,009,660	10,949,220	401,712
Cash on Hand	134,539	596,197	260,891
<b>TOTAL</b>	<b>5,144,199</b>	<b>11,545,418</b>	<b>662,603</b>

## NOTE – 9

### Loans-Other Financial Assets

	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
Advances to Related Parties	137,328,497	131,045,778	79,899,647
Advances to Employees	41,622	25,755	26,395
*Others	10,585,431	9,631,106	2,308,102
<b>TOTAL</b>	<b>147,955,550</b>	<b>140,702,639</b>	<b>82,234,144</b>

\*The above includes Listing Expenses GDR for issuing Share Warrants to the extent of ₹52,02,305 (31st March 2017 ₹44,42,361 & 1st April 2016 ₹ NIL)

# NETTLINX LIMITED

## NOTE – 10

### Other Assets

#### Current (Unsecured considered good)

	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
Prepaid Expenses	102,294	128,265	253,972
Balances with Government Authorities	9,702,098	10,981,511	11,880,135
Other Deposits	1,218,235	1,238,235	1,223,235
Others	6,800,000	-	-
<b>TOTAL</b>	<b>17,822,627</b>	<b>12,348,010</b>	<b>13,357,342</b>

\*The above Balance with Government Authorities includes TDS Receivables, GST, Service Tax & VAT Credits, Other Deposits includes Deposits from Telecom Deposits, Electrical Deposits & Other Vendor Deposits, Others includes amount receivable on sale of buildings

## NOTE – 11

### Share Capital

#### Authorised:

	As at 31-03-2018	As at 31-03-17	As at 01-04-16
Authorised Capital	300,000,000	300,000,000	200,000,000
3,00,00,000 Equity Shares of ₹ 10/- each	<b>300,000,000</b>	<b>300,000,000</b>	<b>200,000,000</b>

#### Issued, Subscribed and Paid Up:

Issued, Subscribed & Paid up Capital	114,633,120	114,633,120	114,633,120
1,14,63,312 Equity Shares of ₹ 10/- each fully paid up			

#### TOTAL

<b>114,633,120</b>	<b>114,633,120</b>	<b>114,633,120</b>
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a) Reconciliation of Equity Shares outstanding at the Beginning and at the end of the Reporting Period is set out below:

Particulars	As at 31-03-2018		As at 31-03-17		As at 01-04-16	
	No. of Shares	₹	No. of Shares	₹	No. of Shares	₹
Balance at the Beginning of the Reporting Period	11,463,312	114,633,120	11,463,312	114,633,120	11,463,312	114,633,120
Changes in Equity Share Capital during the year	-	-	-	-	-	-
Balance at the end of the Reporting Period	<b>11,463,312</b>	<b>114,633,120</b>	<b>11,463,312</b>	<b>114,633,120</b>	<b>11,463,312</b>	<b>114,633,120</b>

#### b) Terms /Rights attached to the Equity Shares

The Company has only one class of Equity Shares having a par value of ₹ 10/- per share. Each Holder of Equity Shares is entitled to one vote per share. The Company declares and pays Dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting, except in case of Interim Dividend. In the event of Liquidation of the Company, the holders of Equity Shares will be entitled to receive remaining assets of the Company, after distribution of all Preferential Amounts. The distribution will be in proportion to the number of Equity Shares held by the Shareholders.

#### c) The Details of Shareholders holding more than 5% Equity Shares is set below:

Name of the Shareholder	As at 31-03-2018		As at 31-03-17		As at 01-04-16	
	No. of Shares held in the Company	% of Shares	No. of Shares held in the Company	% of Shares	No. of Shares held in the Company	% of Shares
Dr.Loka Narayan Reddy	Nil	Nil	Nil	Nil	3,923,224	34.22
Dr. Manohar Loka Reddy	54,23,295	47.31	5,553,671	48.45	1,598,823	13.95
Northeast Broking Services ltd	711,743	6.21	711,743	6.21	Nil	Nil
Saranya Loka Reddy	644,186	5.61	644,186	5.61	599,386	5.23

**NOTE 12**

**B. Other Equity**

Particulars	Reserves and Surplus						Items of other Comprehensive Income			Total Equity attributable to Equity Holders of the company
	Capital Reserves	Securities Premium	General Reserve	Retained Earnings	Others	Equity Instruments through other Comprehensive Income	Others			
							Money received against Share Warrants			
Balance as at the April 1, 2016	15,000,000	24,599,575	13,000,000	7,956,152		(718,409)		-	59,760,299	
Profit for the Year				28,654,191					28,654,191	
Payment of Dividend (including Tax on Dividend)		-								
Other Comprehensive Income for the year (net of tax ' 22)						(980,859)	4,322		(976,537)	
Money Received against Share Warrants								47,122,090	47,122,090	
Balance as at March 31, 2017	15,000,000	24,599,575	13,000,000	36,610,343		(980,859)	4,322	47,122,090	135,355,471	
Profit for the Year				29,591,513					29,591,513	
Revaluation Reserve					24,109,090				24,109,090	
Other Comprehensive Income for the year (net of tax ' 8)						(1,331,238)	(6,869,956)		(8,201,194)	
Money Received against Share Warrants		-								
<b>Balance as at March 31, 2018</b>	<b>15,000,000</b>	<b>24,599,575</b>	<b>13,000,000</b>	<b>66,201,856</b>	<b>24,109,090</b>	<b>(1,331,238)</b>	<b>(6,869,956)</b>	<b>47,122,090</b>	<b>181,831,417</b>	



# NETTLINX LIMITED

NOTE –17	As at 31-03-2018	As at 31-03-17	As at 01-04-16
<b>Other Financial Liabilities</b>			
<b>Current</b>			
Current Maturities of Long-Term Debt	7,068,068	4,305,554	1,450,867
Advances Received from Customers	1,399,110	970,820	923,410
Interest Accrued but not Due on Borrowings	88,891	101,711	102,038
Outstanding Expenses	408,601	696,713	672,379
Employee Related Expenses	1,126,653	1,316,181	1,834,610
Tax Payable	1,049,156	448,628	1,165,171
<b>TOTAL</b>	<b>11,140,479</b>	<b>7,839,607</b>	<b>6,148,475</b>

NOTE –18	As at 31-03-2018	As at 31-03-17	As at 01-04-16
<b>Other Current Liabilities</b>			
<b>UnSecured</b>			
Deposits Received from Customers			
*Rental Deposit	560,000	550,000	550,000
Statutory Liabilities	1,446,508	889,168	1,594,768
<b>TOTAL</b>	<b>2,006,508</b>	<b>1,439,168</b>	<b>2,144,768</b>

\*The above includes Rental Deposits from Related Parties to the extent of Rs. 2,60,000 ( 31st March 2017 Rs.2,50,000 & 1st April 2016 Rs.2,50,000)

NOTE –19	As at 31-03-2018	As at 31-03-17	As at 01-04-16
<b>Current Tax Liabilities</b>			
Provision For Tax	9,484,928	7,606,515	2,508,535
<b>TOTAL</b>	<b>9,484,928</b>	<b>7,606,515</b>	<b>2,508,535</b>

NOTE –20	As at 31-03-2018	As at 31-03-17
<b>Revenue From Operations</b>		
Revenue from Sale of Goods	3,285,258	-
Revenue from Sale of Services	100,606,676	93,449,426
Income from Bandwidth Services	26,718,018	55,796,581
Income from Web Solutions	34,774,973	1,832,043
Income from ITES (export)	39,113,685	35,820,802
<b>Total Revenue from Operations</b>	<b>103,891,934</b>	<b>93,449,426</b>

Revenue from sale of goods and services includes VAT and Service Tax of ₹ 19,43,896 (31 March, 2017: ₹ 61,47,943) as required by Schedule III of the Companies Act, 2013. Pursuant to the implementation of GST with effect from 1<sup>st</sup> July, 2017, Service tax and VAT has been included in GST. Hence, the revenue for the year ended 31 March, 2018 included three months of VAT and Service tax as compared to twelve months for the year ended 31 March, 2017 and the same may not be comparable to that extent.



**NETTLINX LIMITED**
**NOTE –21**

	<b>As at 31-03-2018</b>	<b>As at 31-03-17</b>
<b>a) Other Income</b>	16,870,928	12,383,105
Rental Income	3,132,520	3,293,553
Interest Income	12,211,142	8,616,376
Others	1,527,266	473,176
<b>b) Other Non Operating Income</b>	7,548,947	788,561
Net Gain on Foreign Currency Transactions	499,680	-
Profit on Sale of Asset	6,989,175	331,000
Gain on Sale of Investments	60,092	457,561
<b>TOTAL</b>	<b><u>24,419,875</u></b>	<b><u>13,171,666</u></b>

The above Interest Income and Rental Income includes income from Related Parties to the extent of ₹ 11,605,122/- ( 31st March 2017; ₹ 80,81,283 ) and ₹ 18,18,968 (31st March 2017; ₹ 20,63,412) respectively.

**NOTE –22**

	<b>As at 31-03-2018</b>	<b>As at 31-03-2017</b>
<b>Access Charges, License Fee and Network Expenses</b>		
Bandwidth, Leased Circuit Charges & Service Charges	23,595,165	22,717,717
Purchase of Equipment	3,086,522	
Domain Registration Expenses	141,231	177,759
Annual Membership Fee	86,880	84,072
DOT Licence Fees	2,649,520	-
<b>TOTAL</b>	<b><u>29,559,318</u></b>	<b><u>22,979,548</u></b>

**NOTE –23**

	<b>As at 31-03-2018</b>	<b>As at 31-03-17</b>
<b>Employee Benefit Expense</b>		
Salaries (including Managerial Remuneration)	16,212,022	14,768,431
Contribution to PF, ESI and other Funds	1,038,136	1,765,330
Staff Welfare Expenses	3,357,824	1,892,664
Defined Benefit Plans	330,126	122,000
<b>TOTAL</b>	<b><u>20,938,108</u></b>	<b><u>18,548,425</u></b>

**NOTE –24**

	<b>As at 31-03-2018</b>	<b>As at 31-03-17</b>
<b>Finance Costs</b>		
Interest on Financial Liabilities at Amortised Cost:		
Interest on Term Loans	7,229,345	3,160,486
Interest on Working Capital	983,199	847,874
Vehicle Loans		
Unwinding of Discount on Decommissioning Liabilities	2,176,614	(25,078)
Interest on Income Tax	279,458	-
<b>TOTAL</b>	<b><u>10,389,158</u></b>	<b><u>3,983,282</u></b>

## NOTE -25

**Other Expenses**

	<u>As at</u> <u>31-03-2018</u>	<u>As at</u> <u>31-03-17</u>
Computer & Network Maintainance	1,857,755	1,821,404
Rent	3,969,149	4,005,045
Insurance	225,436	154,579
Bank Charges	233,837	211,562
Auditors' Remuneration	100,000	75,000
Accounting Fee	60,550	52,770
Professional Charges	484,377	784,970
Printing & Stationery	250,825	397,710
Foreign Exchange Loss	-	111,668
Communication Cost	462,695	616,135
Directors Travelling Expenses	1,531,624	1,168,696
Others Travelling Expenses	104,040	176,040
Conveyance Expenses	864,401	1,164,948
Power & Electricity	2,983,475	2,695,726
Rates & Taxes	930,600	52,239
Security Service Charges	804,065	693,968
Office Maintenance	1,499,964	1,374,913
Provision for Doubtful Receivables	796,217	1,951,361
Demat Charges	86,542	64,399
Vehicle Maintainance	715,625	925,519
Advertisement & Publicity	967,390	731,096
Interest on Late Payment	1,164,998	-
Other Administrative Expenses	2,590,908	1,044,076
Others	606,589	-
<b>TOTAL</b>	<b><u>23,291,060</u></b>	<b><u>20,273,825</u></b>

## Notes of Account

### A. General Information

Nettlinx Limited ('the Company') is a Public Limited Company incorporated in India, registered under Companies Act 1956 having registered office at 5-9-22 Flat No.303 , 3<sup>rd</sup> Floor My Home Sarovar Plaza, Secretariat, Hyderabad, Telangana-500063, India and its securities listed on the BSE Limited and MSEI Limited.

Nettlinx Limited provides a portfolio of high quality Internet solutions for data voice and security to cater to the corporate customer needs.

### B. Basis of preparation of financial statements

#### B.1. Statement of Compliance

These financial statements are prepared in accordance with the generally accepted accounting principles (GAAP) in India and in compliance with the Indian Accounting Standards (Ind AS) Specified under section 133 of the Companies Act 2013("the Act") read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 , the Companies (Indian Accounting Standards) (Amendment) Rules, 2017 and other provisions to the Act, to the extent notified and applicable as well as applicable guidance notes and pronouncements of the Institute of Chartered Accountants of India (the ICAI)

The financial statements were authorized for issue by the Company's Board of Directors on 29 May, 2018.

Details of the accounting policies are included in Note 1.

#### B.2 Basis of preparation and presentation

These financial statements for the year ended March 31, 2018 are the first financial statement that the Company has prepared under Ind AS. For all periods up to and including the year ended March 31, 2017, the Company prepared its financial statements in accordance with the accounting standards notified under Section 133 of the Act, read together with Rule 7 of the Companies (Accounts) Rules, 2014 (hereinafter referred to as 'the Previous GAAP') used for its statutory reporting requirements in India immediately before adopting Ind AS.

These financial statements have been prepared on the historical cost convention and on an accrual basis, except for the following material items in the statement of financial position:

- Certain financial assets and liabilities are measured at fair value;
- Employee defined benefit assets/(liability) are recognized as the net total of the fair value of plan assets, plus actuarial losses, less actuarial gains

and the present value of the defined benefit obligation;

- Long term borrowings are measured at amortized cost using the effective interest rate method.

#### B.3 Functional and presentation currency

The financial statements are presented in Indian rupees, which is the functional currency of the Company.

All amounts are in Indian Rupees except share data, unless otherwise stated.

#### B.4 Operating Cycle

All the assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out under Ind AS and in the Schedule III to the Companies Act, 2013. Based on the nature of services and their realization in cash and cash equivalents, the company has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

#### B.5 Critical accounting judgements and key sources of estimation uncertainty.

In the application of the Company's accounting policies, which are described in Note 1, the management of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the areas of estimation uncertainty and critical judgements that the management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

#### Provision and contingent liability

On an ongoing basis, Company reviews pending cases, claims by third parties and other contingencies. For contingent losses that are considered probable, an estimated loss is recorded as an accrual in financial statements. Loss Contingencies that are considered possible are not provided for but disclosed as Contingent liabilities in the financial statements. Contingencies the likelihood of which is remote are not disclosed in the

financial statements. Gain contingencies are not recognized until the contingency has been resolved and amounts are received or receivable.

#### **Useful lives of depreciable assets**

Useful life of Property, Plant and Equipment including intangible asset: Residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

#### **Investment in equity instruments of subsidiary and associate companies**

During the year, the Company assessed the investment in equity instrument of subsidiary and associate companies carried at cost for impairment testing. These companies are expected to generate positive cash flows in the future years. Detailed analysis has been carried out on the future projections and the Company is confident that the investments do not require any impairment.

#### **B.6 Fair value measurement and valuation process:**

The company measured financial assets and liabilities, if any, at fair value for financial reporting purposes.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

### **1. Significant accounting Policies**

#### **1.1 Revenue recognition**

Revenue has been recognized on accrual basis. 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. The company presents revenues net of indirect taxes in its statement of Profit and Loss.

#### **Statement of profit and loss**

#### **1.2 Foreign currency Transactions**

- (i) Transactions denominated in foreign currencies are recorded at the exchange rates prevailing at the time of the transaction.
- (ii) Monetary items denominated in foreign currencies at the year end are restated at the year end rates.
- (iii) Non monetary foreign currency items are carried at cost (i.e. translated using the exchange rates at the time of initial transactions).

(iv) Exchange difference on monetary items is recognised in the Statement of Profit and Loss in the period in which it arises except for;

- (a) Exchange difference on foreign currency borrowings relating to depreciable capital asset is included in cost of assets.
- (b) Exchange difference on foreign currency transactions, on which receipt and/ or payments is not planned, initially recognised in Other Comprehensive Income and reclassified from Equity to profit and loss on repayment of the monetary items.

(v) The results and financial position of foreign operations with functional currency different from the presentation currency, are translated into the presentation currency as follows:

- (a) Assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the date of that consolidated statement of financial position;
- (b) income and expenses for each consolidated statement of comprehensive income are translated at average exchange rates (unless average rate is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (c) All resulting exchange differences are recognised in other comprehensive income.

(vii) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated into rupee, the functional currency of the company, at the exchange rates at the reporting date. Exchange difference arising are recognised in other comprehensive income and accumulated in equity, except to the extent that the exchange differences is allocated to the non-controlling interests.

#### **1.3 Borrowing costs**

Borrowing costs attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets up to the commencement of commercial operations. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. Other borrowing costs are recognised as an expense in the year in which they are incurred. Borrowing cost includes interest incurred in connection with the arrangement of borrowings to the extent they are regarded as an adjustment to the interest cost.

**1.4 Taxes on Income Tax and Deferred Tax**

Income Tax comprises of current and deferred tax. It is recognised in the Statement of Profit and Loss except to the extent that it relates to a business combination or to an item recognised directly in equity or other comprehensive income.

Provision for income tax is made on the basis of taxable income for the year at the current rates. Tax expense comprises of current tax and deferred tax at the applicable enacted or substantively enacted rates. Current tax represents amount of Income Tax payable/ recoverable in respect of taxable income/ loss for the reporting period. Deferred tax represents the effect of temporary difference between carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable income. Deferred tax liabilities are generally accounted for all taxable temporary differences. Deferred tax asset is recognised for all deductible temporary differences, carried forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which such deductible temporary differences can be utilised. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when deferred income tax assets and liabilities relate to the income tax levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net or simultaneous basis. Deferred tax assets/ liabilities are not recognised for initial recognition of Goodwill or on an asset or liability in a transaction that is not a business combination and at the time of transaction affects neither the accounting profit nor taxable profit or loss. MAT credit is recognised as an asset, only if it is probable that the Company will pay normal income tax during the Specified period.

**1.5 Earnings per share**

In determining Earning per Share, the Company considers net profit after tax attributable to parent and includes post tax effect of any exceptional item. Number of shares used in computing basic earnings per share is the weighted average number of the shares, excluding the shares owned by the Trust, outstanding during the period. Dilutive earning per share is computed and disclosed after adjusting effect of all dilutive potential equity shares, if any except when results will be anti dilutive.

Dilutive potential equity shares are deemed converted as at the beginning of the period, unless issued at a later date.

**1.6 Property, plant and equipment (PPE)**

- (i) Property, plant and equipment (PPE) are stated at cost net of any taxes less accumulated depreciation, amortisation and impairment loss, if any. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.
- (ii) Cost of an item of PPE comprises of its purchase price including import duties and non refundable purchase taxes after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and present value of estimated costs of dismantling and removing the item and restoring the site on which It is located.

**1.7 Depreciation**

Depreciation is the systematic allocation of the depreciable amount of PPE over its useful life as per Ind As 16 and is provided on a Reduced Balance Method basis over the useful lives as prescribed in Schedule II to the Act or as per technical assessment.

Depreciable amount for PPE is the cost of PPE less its estimated residual value. The useful life of PPE is the period over which PPE is expected to be available for use by the Company, or the number of production or similar units expected to be obtained from the asset by the Company. Such classes of assets and their estimated useful lives are as under

Particulars	Useful life
Buildings	60
Plant and Machinery	13
Furniture & Fixtures	10
Office Equipment – Others	5
Vehicles	8

**1.8 Intangible assets and amortisation**

- (i) Intangible assets acquired are measured on initial recognition at cost. Cost includes all direct costs relating to acquisition of Intangible assets and borrowing cost relating to qualifying assets.
- (ii) Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.
- (iii) There are no intangible assets assessed with indefinite useful life. The life of amortisation of the intangible assets is as follows.
  - (1) Software - 8 years



- (iv) Amortization methods useful life and residual values are reviewed periodically at each reporting period.
- (v) Any gain or loss on disposal of an item of Intangible Assets is recognised in statement of profit and loss.

### 1.9 Inventories

Inventories are accounted for at cost and all other costs incurred in bringing the inventory to their present location and condition, determined on weighted average basis or net realizable value, whichever is less. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.

### 1.10 Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet comprise cash at bank and cash in hand and short-term deposits with banks that are readily convertible into cash which are subject to insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments.

### 1.11 Cash flow statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated.

### 1.13 Employee benefits

Employee benefit in the form of provident fund is a defined contribution scheme and the contribution scheme and the contributions are charged to the statement of profit and loss in the year when employee renders the related service. There are no other obligations other than the contribution payable to the respective authorities.

Gratuity is defined benefit obligation and is provided for on the basis of an actuarial valuation made at the end of the year. Short term compensated absences are provided for based on estimates. The actuarial valuation is done at the end of the year.

Actuarial gains/losses are immediately taken to statement of profit and loss and are not deferred.

### 1.14 Financial instruments

#### a. Recognition and Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly

attributable to the acquisition or issues of financial assets and financial liabilities that are not at fair value through profit or loss, are added to the fair value on initial recognition.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

#### b. Classification and Subsequent measurement

##### Financial assets

On initial recognition, a financial asset is classified as measured at

- amortized cost;
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the company changes its business model for managing financial assets.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortized cost as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

#### Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Company’s management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company’s continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Company’s claim to cash flows from specified assets (e.g. non† recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount

outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

**Financial assets: Subsequent measurement and gains and losses**

Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

**Financial assets at amortized cost:** These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

**Financial liabilities: Classification, Subsequent measurement and gains and losses**

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

**C. Derecognition**

**Financial assets**

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognized on its balance sheet, but retains either all or substantially all of the risks and

rewards of the transferred assets, the transferred assets are not derecognized.

**Financial liabilities**

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognizes a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in profit or loss.

**d. Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

**e. Impairment**

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost;

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at fair value through other comprehensive income (FVOCI) are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

The Company measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 month expected credit losses:

- debt securities that are determined to have low credit risk at the reporting date; and

- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward looking information.

**Measurement of expected credit losses**

Expected credit losses are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

**Note 26**

**CONTINGENT LIABILITIES (IndAS-37)**

**A. Contingent liabilities/claims not provided for: ₹ In Lakhs**

a) Claims against the Company not acknowledged as Debt:*	2017-18	2016-17
i) Unexpired Bank Guarantees	23	23
ii) Provisional Licence fee assessment	43.30	43.30

\*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/-

**Note 27**
**A. Auditors Remuneration:**

Particulars	For the Year 2017-18 ₹ In Lakhs	For the Year 2016-17 ₹ In Lakhs
a) Statutory Auditor		
Audit Fee	1	0.25
Certification & Fees for other Services	0.75	0.50
<b>Total</b>	<b>1.75</b>	<b>0.75</b>

**B. Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006.**

Under the Micro, Small and Medium Enterprises Development act, 2006(MSMED) which came into force from Oct 2, 2006, certain disclosures are required to be made relating to MSMED. On the basis of information and records available with the company, the following disclosures are made for the amounts due to the micro and small enterprises.

(₹ in Lakhs)

S.No.	Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
1	Principal amount due to any supplier as at the year end.	8.52	6.69	6.41
2	Interest due on the principal amount unpaid at the year end to any supplier.	-	-	-
3	Amount of interest paid by the company in terms of Sec-16 of the MSMED, along with the amount of the payment made to the suppliers beyond the appointed day during the accounting year.	-	-	-
4	Payment made to the enterprises beyond appointed date under section 16 of MSMED	-	-	-
5	Amount of interest due and payable for the period of delay in making payment, which has been paid but beyond the appointed day during the year, but without adding the interest specified under MSMED.	-	-	-
6	Amount of interest accrued and remaining unpaid at the end of each accounting year and	-	-	-
7	Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above or actually paid to the small enterprises, for the purpose of disallowance as deductible expenditure U/S 23 of MSMED.	-	-	-

## NETTLINX LIMITED

### C. Related Party disclosures under IND AS - 24.

The List of Related Parties as identified by the management is as under:

<b>1) Subsidiaries of the Company having significant Influence</b>
a) Nettlinx Inc, USA
a) Nettlinx Realty Private Limited
b) Nettlinx Aqua Culture Private Limited
c) Sri Venkateswara Green Power Limited
d) Sailon SE
<b>2) Associates of the company</b>
a) North East Broking Services Limited
b) North East Commodities Private Limited
<b>3) Key Management Personnel (KMP) of the Company</b>
a) Shri Manohar Loka Reddy – Chairman and Director
b) Chandra Sekhar Pogula – CEO and Whole time Director
c) Shri G. Sai Ram – CS
d) S.Mahaganesh - CFO
<b>4) Relative of KMP, having transactions with the Company</b>
1. Rohith Lokareddy

Following transactions were carried out with related parties in the ordinary course of business:

₹ In Lakhs

S.No.	Description	Subsidiaries	Parties having Significant Influence	KMP	Relative of KMP	Total
1	Managerial Remuneration			36		36
2	Advance paid for Expenses					
3	Service Sales					
4	Investments	1463.59	13.16			795.5
5	Loans			74		

Based on the recommendation of the Nomination, Remuneration and Compensation Committee, all decisions relating to the remuneration of the Directories of the Company, in accordance with shareholder's approval, wherever necessary

#### Terms and Conditions of transactions with Related Parties:

The sale to related parties are made in the normal course of business and on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free.

For the year ended March 31,2018, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

**A.** The Company provides its employees with benefits under a defined benefit plan, referred to as the "Gratuity Plan". The Gratuity Plan entitles an employee, who has rendered at least five years of continuous service, to receive 15 days salary for each year of completed service (service of six months and above is rounded off as one year) at the time of retirement / exit.

The following tables summarize the components of net benefit expense recognised in the statement of profit or loss and the amounts recognised in the balance sheet for the plan:



Reconciliation of opening and closing balances of the present value of the defined benefit obligations:

₹ In Lakhs

S.No	Particulars	Gratuity (Funded Plan)	
		As at 31-03-2018	As at 31-03-2017
I	Change in Obligation		
	1 Present Value of defined benefit obligation at the beginning of the year	15.88	14.40
	2 Current service cost	28.59	1.72
	3 Interest cost	1.11	1.15
	4 Actuarial (gain) / loss on obligation	(3.30)	(1.22)
	5 Benefits paid	(1.38)	(0.18)
	6 Present Value of defined benefit obligation at the end of the year	15.17	15.88
II	Change in the Fair Value of Plan Assets		
	1 Fair Value of Plan assets at the beginning of the year	0	0
	2 Expected return on plan assets	0	0
	3 Contributions by employer	1.38	0.18
	4 Actuarial gain / (loss) on plan assets	-	-
	5 Benefits paid	(1.38)	(0.18)
	6 Fair Value of Plan assets at the end of the year	0	0
III	Expenses recognized in the Profit and Loss Account		
	1 Current service cost	2.86	1.73
	2 Interest cost	1.11	1.15
	3 Expected return on plan assets	0	0
	4 Net actuarial loss / (gain) recognized in the current year	(3.30)	(1.22)
	5 Expenses recognized in the Profit and Loss Account	(3.30)	(1.22)
IV	Re-measurements recognized in Other Comprehensive Income (OCI)		
	1 Changes in Financial Assumptions	(1.08)	0
	2 Changes in Demographic Assumptions	0	0
	3 Experience Adjustments	(2.22)	(1.22)
	4 Actual return on Plan assets less interest on plan assets		
	5 Amount recognized in Other Comprehensive Income (OCI)	(3.30)	(1.22)
V	Expenses recognized in the Balance Sheet as at the end of the year		
	1 Present value of defined benefit obligation	15.17	15.88
	2 Fair Value of plan assets at the end of the year	0	0
	3 Funded status [Surplus / (Deficit)]	(15.17)	(15.88)
	4 Net assets / (liability) as at the end of the year	(15.17)	(15.88)
VII	Sensitivity analysis for significant assumptions: *		
	Increase/(Decrease) on present value of defined benefit obligation at the end of the year		
	Salary escalation-up by 1%	16.60	0
	Salary escalation-down by 1%	13.92	0
	Discount Rates-up by 1%	13.96	0

	Discount Rates-down by 1%	16.58	0
	Withdrawal Rates-up by 1%	15.97	0
	Withdrawal Rates-down by 1%	14.00	0
VIII	The major categories of plan assets as a percentage of total plan		
	1 Qualifying Insurance Policy		
IX	Actuarial Assumptions		
	1 Discount rate	7.78%	7.00%
5.	2 Mortality rate	IALM	IALM
		(2006-08 Ultimate)	(2006-08 Ultimate)
	3 Withdrawal rate		
	4 Return on plan assets	0	0
	5 Salary Escalation	4%	4%

**B. Earnings per Share (EPS) –**

S.No.	Particulars	Year Ended 31-03-2018	Year Ended 31-03-2017
1	Profit attributable to the Equity Share Holders (Rs in Lakhs)- A	453.47	284.56
2	No. of Equity Shares	11463312	11463312
3	Nominal Value of the Share (Rs.)	10	10
4	Basic / Weighted average number of Equity Shares - B	13258439	13258439
5	Earnings per Share (Rs.) – A/B*	3.96	2.48
6	Diluted Earnings Per Share (Rs)- A/(B+E)	3.42	2.15

**C) Reconciliation of Effective Tax rate:**

Particulars	Year Ended 31-03-2018	Year Ended 31-03-2017
Applicable tax rate	27.5525	33.063
Effect of tax exempt income	(0.0195)	(0.0197)
Effect of non-deductible expenses	0.0163	0.0186
Effect of allowances for tax purposes	0	0
Effect of previous year adjustments	0.0009	0
<b>Effective tax rate</b>	<b>27.5502</b>	<b>33.0619</b>

D) As stipulated in IndAS–36, the Company has assessed its potential of economic benefits of its business units and is of the view of that the assets employed in continuing business are capable of generating adequate returns over their useful life in the usual course of its business. There is no indication to the contrary and accordingly the management is of the view that no impairment provision is called for in these accounts.

**E) Operating Lease (Ind AS 17)**

The Company has not taken any office premises under operating leases.

**F) Financial risk management objectives and policies**

The Company's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance and support Company's operations. The Company's principal financial assets include trade and other receivables, cash and cash equivalents and refundable deposits that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below.

**i) Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk, interest rate risk and other price risk, such as equity price risk and commodity/ real estate risk. Financial instruments affected by market risk include loans and borrowings and refundable deposits. The sensitivity analysis in the following sections relate to the position as at March 31, 2018 and March 31, 2017. The sensitivity analyses have been prepared on the basis that the amount of net debt and the ratio of fixed to floating interest rates of the debt.

The analysis excludes the impact of movements in market variables on: the carrying values of gratuity and other post retirement obligations; provisions.

The below assumption has been made in calculating the sensitivity analysis:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2018 and March 31, 2017.

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Company does not enter into any interest rate swaps.

**Interest rate sensitivity**

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

₹ in Lakhs

Particulars	Increase / decrease in interest rate	Effect on profit before tax
March 31, 2018		
INR	+1%	0.61731
INR	-1%	0.61702
March 31, 2017		
INR	+1%	0.03317
INR	-1%	0.03301

**ii) Credit risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The credit risk arises principally from its operating activities (primarily trade receivables) and from its investing activities, including deposits with banks and financial institutions and other financial instruments.

Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom credit has been granted after obtaining necessary approvals for credit. The collection from the trade receivables are monitored on a continuous basis by the receivables team.

The Company establishes an allowance for credit loss that represents its estimate of expected losses in respect of trade and other receivables based on the past and the recent collection trend. The trade receivables as on March 31, 2018 is Rs.459.35 Lakhs (March 31, 2017: Rs.445.54 Lakhs). The movement in allowance for credit loss in respect of trade and other receivables during the year was as follows:

₹ in Lakhs

Allowance for credit loss	March 31, 2018	March 31, 2017
Opening balance	19.51	14.736
Impairment loss provided/ (reversed)	1.89	4.78
Closing balance	21.4	19.51

No single customer accounted for more than 5% of the revenue as of March 31, 2018 and March 31, 2017 and there is no significant concentration of credit risk.

Credit risk on cash and cash equivalent is limited as the Company generally transacts with banks and financial institutions.

**iii) Liquidity risk**

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank deposits and loans.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

₹ in Lakhs

Particulars	Less than 1 year	1 to 5 years	More than 5 years	Total
<b>Year ended March 31, 2018</b>				
Borrowings (including Current maturities of long term debt)	173.98	457.15	513.23	1144.36
Other noncurrent financial liabilities		15.17	...	15.17
Trade payables	118.15		...	118.15
Other Payables	215.11		...	215.11
Interest Accrued but not due	0.88	...	...	0.88
Salary and Bonus payable	10.33	...	...	10.33
<b>Year ended March 31, 2017</b>				
Borrowings (including Current maturities of long term debt)	192.86	432.87	12.65	638.88
Other noncurrent financial liabilities		15.88	...	15.88
Trade payables	79.95		...	79.95
Other Payables	159.16	...	...	159.16
Interest Accrued but not due	1.01	...	...	1.01
Salary and Bonus payable	12.26	...	...	12.26

**G) Capital management**

The Company's policy is to maintain a stable capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors capital on the basis of return on capital employed as well as the debt to total equity ratio.

For the purpose of debt to total equity ratio, debt considered is long-term and short-term borrowings. Total equity comprises of issued share capital and all other equity reserves excluding Debenture Redemption Reserve.

The capital structure as of March 31, 2018 and March 31, 2017 as follows

₹ in Crores

Particulars	31-Mar-18	31-Mar-17
Total equity attributable to the equity shareholders of the Company	1146.33	1146.33
As a percentage of total capital	27.898	36.5274
Long term borrowings including current maturities	970.38	445.52
Short term borrowings	173.97	192.87
Total borrowings	1144.35	638.39
As a percentage of total capital	27.849	20.342
Total capital (equity and borrowings)	4109.01	3138.28

**H) Corporate Social Responsibility:**

The Company is not required to spend towards Corporate Social Responsibility (CSR) as per Section 135 of the Companies Act, 2013, since the company is within the threshold limit given as per the provisions of the Act.

**I) Standards issued but not effective**

Ind AS 115, Revenue from contracts with customers

In March 2018, the Ministry of Corporate Affairs has notified Ind AS 115, 'Revenue from Contracts with Customers', which is effective for accounting periods beginning on or after 1 April 2018. This comprehensive new standard will supersede existing revenue recognition guidance, and requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new standard also will result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.

Ind AS 115 is effective for annual reporting periods beginning on or after April 1, 2018.

The Company intends to adopt Ind AS 115 effective April 1, 2018, using the modified retrospective method. The adoption of Ind AS 115 is not expected to have a significant impact on the Company's recognition of revenues.

Other amendments to Indian Accounting Standards

The Ministry of Corporate Affairs (MCA), on 28 March 2018, issued certain amendments to Ind AS. The amendments relate to the following standards:

Ind AS 21, The Effects of Changes in Foreign Exchange Rates - The amendment lays down the principle regarding advance payment or receipt of consideration denominated or priced in foreign currency and recognition of non-monetary prepayment asset or deferred income liability.

Ind AS 12, Income Taxes - The amendment explains that determining temporary differences and estimating probable future taxable profit against which deductible temporary differences are assessed for utilization are two separate steps and the carrying amount of an asset is relevant only to determining temporary differences.

Ind AS 28, Investments in Associates and Joint Ventures - The amendment clarifies when a venture capital, mutual fund, unit trust or similar entities elect to initially recognize the investments in associates and joint ventures.

Ind AS 112, Disclosure of Interests in Other Entities – The amendment clarifies that disclosure requirements for interests in other entities also apply to interests that are classified as Held for sale or discontinued operations in accordance with Ind AS 105.



## NETTLINX LIMITED

Ind AS 40, Investment Property - The amendment clarifies when a property should be transferred to / from investment property.

The amendments are effective 1 April 2018. The Company believes that the aforementioned amendments will not materially impact the financial position, performance or the cash flows of the Company.

**For C. Ramachandram & Co.,**  
Chartered Accountants,  
Firm Registration No. 002864S

**For and on behalf of the Board of Directors**

Sd/-  
**Premnath Degala**  
Partner  
M.No:207133

Sd/-  
**Manohar Loka Reddy**  
Chairman  
DIN: 00140229

Sd/-  
**Chandra Sekhar Pogula**  
CEO & Director  
DIN: 00007536

Sd/-  
**G Sai Ram**  
CS & Compliance Officer

Sd/-  
**S .Mahaganesh**  
CFO

Place: Hyderabad  
Date: 29.05.2018

**INDEPENDENT AUDITORS' REPORT**

To  
The Members of M/s NETTLINX LIMITED

**Report on the Consolidated Ind AS Financial Statements**

We have audited the accompanying consolidated Ind AS financial statements of M/s. Nettlinx Limited, ("the Holding Company"), its subsidiaries and its associate (the holding company and subsidiaries together referred as "Group"), which comprise the consolidated Balance Sheet as at March 31, 2018, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Consolidated Ind AS Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated Ind AS financial statements of the Group including its associates in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with relevant rules thereunder. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the

provisions of the Act and the rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS 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 financial control relevant Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence we have obtained by us and the audit evidence obtained by other auditor's in terms of their reports referred to in subparagraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS 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 including the Ind AS,

- (a) In the case of the consolidated Balance Sheet, of the state of affairs of the group as at March 31, 2018;
- (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
- (c) In the case of the consolidated Cash Flow Statement, of the consolidated cash flows of the group for the year ended on that date.

**Other Matters**

- a) We did not audit the financial statements of subsidiary companies, whose financial statements reflect total assets of Rs. 11.57 Crores as at March 31, 2018, total revenues of Rs. 5.33 Crores for the year ended on that date, as considered in the consolidated financial statements. The Consolidated Ind AS financial statements also include the group's share of net profit of Rs. 3.01 Crores for the year ended 31 March 2018 as considered in the consolidated Ind AS financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary, and our report in terms of sub-section (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary and associate is based solely on the reports of the other auditors.
- b) Our opinion on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

**Report on Other Legal and Regulatory Requirements**

As required by Section 143 (3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Group so far as it appears from our examination of those books and the reports of other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with in this report are in agreement with the books of accounts.
- (d) In our opinion, the aforesaid consolidated Ind AS

financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

- (e) Based on the Written Representation received from the directors of the Holding company as on March 31, 2018, and taken on record by the Board of Directors, and the reports of the statutory auditors of subsidiary companies, we report that none of the directors are disqualified as on March 31, 2018 from being appointed as a director in terms of Sub-section 2 of Section 164 of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "**Annexure A**"; and.
- (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the group. Refer note 26 of consolidated Ind AS financial statements.
  - ii. The holding company and its subsidiaries did not have any material foreseeable losses on long term contracts including derivative contracts.
  - iii. There are no amounts which are required to be transferred to Investor Education and protection fund.

**For C. Ramachandram & Co.,**  
Chartered Accountants,  
Firm Registration No. 002864S

Sd/-  
**Premnath Degala**  
Partner  
M.No:20133

Place: Hyderabad  
Date: 29.05.2018

## Annexure -A to the Auditors' Report

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of M/s. M/s NETTLINX LIMITED, ("the Holding Company"), and its subsidiary companies, in conjunction with our audit of the consolidated Ind AS financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The Respective Board of Directors of the Holding company and its subsidiary companies are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an

understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence which we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

### Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## NETTLINX LIMITED

### Opinion

In our opinion, the Holding Company and its Subsidiary companies incorporated in India, has in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

### Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the

internal financial controls over financial reporting insofar as it relates to one subsidiary company is based on the corresponding reports of the auditors of such company.

**For C. Ramachandram & Co.,**  
Chartered Accountants,  
Firm Registration No. 002864S

Sd/-

**Premnath Degala**

Partner

M.No:20133

Place: Hyderabad

Date: 29.05.2018



**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2018**
**(Amount ₹)**

	Notes	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
<b>ASSETS</b>				
<b>Non-current assets</b>				
(a) Property, Plant and Equipment	2	103,903,001	38,597,906	35,358,701
(b) Capital Work-in-Progress	2.1	149,810,627	30,764,438	5,220,000
(c) Goodwill	2.2	1,956,344	-	-
(d) Other Intangible Assets	2	436,422	-	-
(e) Financial Assets				
(i) Investments	4	3,033,562	4,285,191	9,857,291
(ii) Other Financial Assets	5	1,119,011	1,922,211	1,922,211
(f) Deferred Tax Assets (net)	6	10,479,701	18,399,236	17,431,538
<b>Total Non-Current Assets (1)</b>		<b>270,738,667</b>	<b>93,968,982</b>	<b>69,789,742</b>
<b>Current Assets</b>				
(a) Inventories	7	85,907,764	85,815,387	82,815,387
(b) Financial assets				
(i) Investments	4	7,000,000	7,000,000	7,000,000
(ii) Trade Receivables	8	79,446,989	86,905,013	52,804,820
(iii) Cash and Cash Equivalents	9	41,524,872	50,889,407	3,996,695
(iv) Bank Balances other than (iii) above	9	1,200,000	-	-
(v) Loans	10	44,068,866	34,032,425	38,663,016
(vi) Other Financial Assets	5	1,742,697	2,773,605	2,179,355
(c) Other Current Assets	11	31,031,644	36,027,776	24,025,772
<b>Total Current Assets (2)</b>		<b>291,922,833</b>	<b>303,443,612</b>	<b>211,485,046</b>
<b>TOTAL ASSETS (1+2)</b>		<b>562,661,500</b>	<b>397,412,594</b>	<b>281,274,787</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
(a) Equity Share Capital	12	114,633,120	114,633,120	114,633,120
(b) Other Equity	13	134,845,375	108,926,298	46,204,337
<b>Attributable to Equity Shareholders of the parent</b>		<b>249,478,495</b>	<b>223,559,418</b>	<b>160,837,457</b>
<b>Non Controlling Interest</b>	14	72,931,956	1,632,213	-
<b>Total Equity(1)</b>		<b>322,410,451</b>	<b>225,191,631</b>	<b>160,837,457</b>
<b>Liabilities</b>				
<b>Non-Current Liabilities</b>				
(a) Financial Liabilities				
(i) Borrowings	15	87,715,324	42,606,820	11,942,851
(b) Provisions	16	1,517,046	1,588,000	1,441,000
<b>Total Non-Current Liabilities (2)</b>		<b>89,232,370</b>	<b>44,194,820</b>	<b>13,383,851</b>
<b>Current Liabilities</b>				
(a) Financial Liabilities				
(i) Borrowings	17	54,243,086	39,172,192	33,959,698
(ii) Trade Payables	18	10,056,755	6,436,086	9,469,649
(iii) Other Financial Liabilities other than those specified in (c)	19	70,362,074	67,648,365	56,338,817
(b) Other Current Liabilities	20	6,664,086	6,804,981	4,328,064
(c) Provisions	16	207,750	358,005	448,717
(d) Current Tax Liabilities (Net)	21	9,484,928	7,606,515	2,508,535
<b>Total Current Liabilities (3)</b>		<b>151,018,679</b>	<b>128,026,144</b>	<b>107,053,479</b>
<b>Total Equity and Liabilities (1+2+3)</b>		<b>562,661,500</b>	<b>397,412,594</b>	<b>281,274,787</b>

Corporate information and significant accounting policies 1  
See accompanying notes form integral parts of Financial Statements 2 to 27

In terms of our report attached  
For C. Ramchandram & Co  
Chartered Accountants  
Firm Regn.No.002864S

For and on behalf of the Board of Directors  
FOR NETTLINX LIMITED

Sd/-  
PREMNATH DEGALA  
Partner  
Membership No.207133

Sd/-  
(MANOHAR LOKA REDDY)  
Chairman & Director  
DIN:00140229  
Sd/-  
(G SAI RAM)  
Company Secretary and Compliance Officer

Sd/-  
(CHANDRA SEKHAR POGULA)  
CEO & Whole Time Director  
DIN:00007536  
Sd/-  
(S.MAHAGANESH)  
Chief Financial Officer

Place: Hyderabad.  
Date: 29.05.2018

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018**

(Amount in ₹)

Particulars	Notes	Year Ended March 31, 2018	Year Ended March 31, 2017
<b>I INCOME</b>			
a) Revenue from operations	22	157,170,475	189,999,517
b) Other income (net)	23	24,510,532	13,207,559
<b>Total Income</b>		<b>181,681,007</b>	<b>203,207,076</b>
<b>II Expenses</b>			
a) Access Charges ,Licence Fees and Network Expenses	24	29,559,318	22,979,548
b) Employee Benefit Expenses	25	51,797,517	58,001,150
c) Finance Costs	26	22,316,960	12,309,993
d) Depreciation and Amortization Expenses	2	6,346,001	4,006,876
e) Other Expenses	27	52,591,548	72,340,302
<b>Total Expenses</b>		<b>162,611,345</b>	<b>169,637,869</b>
<b>III Profit/(loss) before Exceptional Items and Tax (I(c)-II(f))</b>		<b>19,069,663</b>	<b>33,569,207</b>
<b>IV Exceptional Items</b>			
<b>V Profit/(loss) before Tax (III- IV)</b>		<b>19,069,663</b>	<b>33,569,207</b>
<b>VI Tax Expense</b>			
a) Current Tax		11,368,451	8,809,449
b) Deferred Tax Charge /(Credit) (net) (including MAT Credit)		889,196	(300,833)
<b>c) Total Tax Expense</b>		<b>12,257,647</b>	<b>8,508,616</b>
<b>VII Profit after Tax (V - VI)</b>		<b>6,812,016</b>	<b>25,060,591</b>
<b>VIII Other Comprehensive Income /(Loss)</b>			
<b>A (i) Items that will not be reclassified to profit or loss</b>			
(a) Changes in revaluation surplus		31,240,970	-
(b) Remeasurement of the defined benefit plans		330,126	122,000
(c) Net (loss)/ gain on Fair Value Through OCI (FVTOCI) equity securities		(1,251,629)	(5,572,101)
<b>(ii) Income tax on items that may not be reclassified to profit or loss</b>		<b>(7,015,572)</b>	<b>1,852,489</b>
		<b>23,303,895</b>	<b>(3,597,611)</b>
<b>IX Total Comprehensive Income for the year (VII + VIII)</b>		<b>30,115,911</b>	<b>21,462,980</b>
<b>X Profit for the year attributable to</b>			
Shareholders		(64,487,727)	23,428,378
Non Controlling Interest		71,299,743	1,632,213
<b>XI Total Comprehensive Income attributable to</b>			
Shareholders		(41,183,832)	19,830,768
Non Controlling Interest		71,299,743	1,632,213
<b>X Earnings Per Share of Rs.10 each fully paid up</b>			
(i) Basic		<b>2.63</b>	<b>1.87</b>
(ii) Diluted		<b>2.27</b>	<b>1.62</b>
<b>XI Weighted average equity shares used in computing earnings per equity share</b>			
(i) Basic		<b>11,463,312</b>	<b>11,463,312</b>
(ii) Diluted		<b>13,258,439</b>	<b>13,258,439</b>

**Corporate information and significant accounting policies**

See accompanying notes form integral parts of Financial Statements 1 2 to 27

**In terms of our report attached**
**For C. Ramachandram & Co**

 Chartered Accountants  
 Firm Regn.No.002864S

 Sd/-  
**PREMNATH DEGALA**  
 Partner  
 Membership No.207133

 Place: Hyderabad.  
 Date: 29.05.2018

**For and on behalf of the Board of Directors**
**FOR NETTLINX LIMITED**

 Sd/-  
**(MANOHAR LOKA REDDY)**  
 Chairman & Director  
 DIN:00140229

 Sd/-  
**(G SAI RAM)**  
 Company Secretary and Compliance Officer

 Sd/-  
**(CHANDRA SEKHAR POGULA)**  
 CEO & Whole Time Director  
 DIN:0007536

 Sd/-  
**(S.MAHAGANESH)**  
 Chief Financial Officer

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2018**

(Amount in ₹)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
<b>A Cash Flows From Operating Activities</b>		
<b>Profit Before Tax for the year</b>	<b>190.70</b>	<b>333.74</b>
<b>Adjustments for:</b>		
Depreciation and Amortization Expense	63.46	42.99
Finance Costs	245.1053	
Unwinding of Discount on Decommissioning Liabilities	-	
Interest Income	(158.4334)	(80.81)
Profit on Sale of Property, Plant and Equipment (Net)	(70.4927)	
Bad-Debt Written Off	12.5300	
Grant in Aid (net)	92.17	(37.82)
<b>Operating Cash Flows Before Working Capital Changes</b>		
Increase/(Decrease) in Trade Receivables	78.2100	(393.67)
(Increase)/Decrease in Inventories	(0.9100)	22.20
(Increase)/Decrease in Trade Payables	39.6700	(34.28)
(Increase)/Decrease in Other Current Liabilities	(11.1200)	
(Increase)/Decrease in Other Non-Current Assets	14.9420	
(Increase)/Decrease in Provisions	0.6300	
Increase/(Decrease) in Loans and Advances	(26.6200)	(405.75)
<b>Cash Flows From Operating Activities</b>	<b>377.67</b>	<b>(109.83)</b>
Net Tax Paid	(88.09)	
<b>Net Cash Generated From Operating Activities (A)</b>	<b>289.57</b>	<b>(109.83)</b>
<b>B. Cash Flows From Investing Activities</b>		
Acquisition of Property, Plant and Equipment	(168.7458)	(72.49)
Sale of fixed Assets		3.25
Interest Income	158.4334	64.12
Increase/Decrease in Capital Work in Progress	161.1442	(215.28)
Profit on Sale of Property, Plant and Equipment (net)	70.4927	-520.04
Movement in Loans and Advances	(795.5000)	(49.81)
<b>Net Cash Generated/ Used in Investing Activities (B)</b>	<b>(694.54)</b>	<b>(270.21)</b>
<b>C. Cash Flows From Financing Activities</b>		
Proceeds from Long Term Borrowings	429.0940	302.79
Proceeds from Short Term Borrowings	127.3263	74.97
Finance Costs	(245.1053)	-
Money Received Against Share Warrants	-	471.22
<b>Net Cash Generated From/ (Used in) Financing Activities (C)</b>	<b>311.32</b>	<b>848.98</b>
<b>Net Increase/ (Decrease) in Cash and Cash Equivalents (A + B + C)</b>	<b>(93.65)</b>	<b>468.94</b>
<b>Cash and Cash Equivalents at the Beginning of the year</b>	<b>508.90</b>	<b>39.96</b>
<b>Cash and Cash Equivalents at the End of the year</b>	<b>415.25</b>	<b>508.90</b>

In terms of our report attached  
For C. Ramchandram & Co  
Chartered Accountants  
Firm Regn.No.002864S

Sd/-  
PREMNATH DEGALA  
Partner  
Membership No.207133

Place: Hyderabad.  
Date: 29.05.2018

For and on behalf of the Board of Directors  
FOR NETTLINX LIMITED

Sd/-  
(MANOHAR LOKA REDDY)  
Chairman & Director  
DIN:00140229

Sd/-  
(G SAI RAM)  
Company Secretary and Compliance Officer

Sd/-  
(CHANDRA SEKHAR POGULA)  
CEO & Whole Time Director  
DIN:00007536

Sd/-  
(S.MAHAGANESH)  
Chief Financial Officer

**NOTE - 2**

PROPERTY, PLANT & EQUIPMENT									INTANGIBLE ASSETS	
Particulars	Land	Buildings	Plant & Equipment	Furniture & Fixtures	Vehicles	Office Equipment	COMPUTERS	Total	Software	Total
<b>Cost</b>										
As at 01-04-2016	8,044,120	10,162,910	124,623,260	7,677,411	17,420,154	8,759,134	643,011	177,330,000		
IND AS adjustment										
Additions		-	4,545,891	129,000	2,095,888	388,166	90,151	7,249,096		
Disposals		-	24,664,111	-	3,227,213	2,478,936	-	30,371,260		
As at 31-03-2017	8,044,120	10,162,910	104,505,040	7,806,411	16,288,829	6,667,364	733,162	154,207,836		
Additions/Revaluation	22,241,871	24,109,090	3,334,851	429,205	11,894,889	2,262,048	234,554	64,506,508	449,130	449,130
Disposals		-		-	-	-	-	-		
As at 31-03-2018	30,285,991	34,272,000	107,839,891	8,235,616	28,183,718	8,929,412	967,716	218,714,344	449,130	449,130
IND AS adjustment	7,131,880							7,131,880		
<b>Depreciation</b>										
As at 01-04-2016		1,950,748	116,471,672	7,106,946	11,160,383	4,781,834	499,716	141,971,299		
Charge for the year-2017		172,215	1,262,484	127,884	1,699,486	691,759	53,048	4,006,876		
As at 31-03-2017		2,122,963	93,070,045	7,234,830	9,632,656	2,996,672	552,764	115,609,930		
Charge for the year-2018		386,778	1,568,454	166,221	3,134,144	970,310	107,387	6,333,293	12,708	12,708
Disposals-2018		-	-	-	-	-	-	-		
As at 31-03-2018	-	2,509,740	94,638,499	7,401,051	12,766,801	3,966,981	660,151	121,943,223	12,708	12,708
<b>Net Block</b>										
As At 31-03-2018	37,417,871	31,762,260	13,201,392	834,565	15,416,917	4,962,431	307,565	103,903,001	436,422	436,422
As At 31-03-2017	8,044,120	8,039,947	11,434,995	571,581	6,656,173	3,670,692	180,398	38,597,906	-	-
As At 01-04-2016	8,044,120	8,212,162	8,151,588	570,465	6,259,771	3,977,300	143,295	35,358,701	-	-

**NOTE-2.1**

Capital Work- in -Progress			TOTAL
Particulars	Buildings Under Development	Pre-Operative Expenses@	TOTAL
As At 31-03-2018	149,810,627		
As At 31-03-2017	30,764,438		
As At 01-04-2016	5,220,000		

**NOTE-2.2**

Goodwill			
Particulars	As at 31.03.2018	As at 31-03-2017	As at 01-04-2016
Goodwill on consolidation	1,956,344		

There is a movement in Goodwill due to acquiring a new company (SV GREEN POWER PROJECTS LIMITED). Business valuation is higher than book value of assets



**NETTLINX LIMITED**
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

NOTE – 4	All amounts are in ₹ unless otherwise stated		
	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
<b>Non-Current Investments</b>			
<b>Investments carried at cost</b>			
<b>Unquoted Equity shares</b>			
<b>Investments in Others</b>			
i. Investment in Equity shares of LGS Global Ltd (515000 no's of Equity shares (face value ₹ 10/-)	34,345,036	34,345,036	34,345,036
	-	-	-
ii. Northeast Broking Services Ltd (11,600 Equity Shares of ₹ 10 each fully paid up)	116,000	116,000	116,000
	-	-	-
iii. Northeast Commodities Private Ltd (1,20,000 Equity Shares of ₹ 10 each fully paid up)	1,200,000	1,200,000	1,200,000
	-	-	-
	-	-	-
<b>Investments carried at Fair Value Through Other Comprehensive Income (FVTOCI)</b>	<u>(32,627,474)</u>	<u>(31,375,845)</u>	<u>(25,803,745)</u>
<b>Unquoted Equity Shares</b>	-	-	-
	-	-	-
<b>TOTAL</b>	<b><u>3,033,562</u></b>	<b><u>4,285,191</u></b>	<b><u>9,857,291</u></b>
Investments carried at cost - Unquoted equity shares in Subsidiaries and Associates	182,020,296	102,470,296	102,470,304
Investments carried at (FVTOCI) - Unquoted equity shares in Others	(32,627,474)	(31,375,845)	(25,803,745)
<b>Current</b>	-	-	-
i. LG IT Solutions Private Limited (70000 shares of ₹ 100 each fully paidup)	7,000,000	7,000,000	7,000,000
	-	-	-
<b>TOTAL</b>	<b><u>7,000,000</u></b>	<b><u>7,000,000</u></b>	<b><u>7,000,000</u></b>
<b>NOTE – 5</b>	<b>As at</b>	<b>As at</b>	<b>As at</b>
	<b>31-03-2018</b>	<b>31-03-2017</b>	<b>01-04-2016</b>
<b>Other Financial Assets</b>			
<b>(Unsecured, Considered good)</b>			
<b>NON – Current</b>			
- Security Deposits (Bank deposits with maturity more than 12 months)*	1,119,011	1,922,211	1,922,211
<b>TOTAL</b>	<b>1,119,011</b>	<b>1,922,211</b>	<b>1,922,211</b>
<b>Current</b>	-	-	-
Interest Accrued but not due on FDRs	260,437	1,144,075	942,654
Rental Deposits*	1,121,850	1,128,850	1,101,850
Others	360,410	500,680	134,851
<b>TOTAL</b>	<b><u>1,742,697</u></b>	<b><u>2,773,605</u></b>	<b><u>2,179,355</u></b>

\*The above Security deposits is given as Bank Guarantee against the license towards Telecom Operations to the Department of Telecommunications .The Above Rental Deposits includes from Related Parties to the extent of ₹ 10,000 (31st March ₹ NIL & 1st April 2016 ₹ NIL)



**NETTLINX LIMITED**

<b>NOTE – 6</b>	<b>As at 31-03-2018</b>	<b>As at 31-03-2017</b>	<b>As at 01-04-2016</b>
<b>Deferred Tax Asset</b>			
Related to carried forward loss	18,407,799	17,431,539	4,840,479
Mat Credit Entitlement	-	-	4,066,327
Disallowances under IT act 1961	-	-	-
Related to Temporary differences on Depreciation/Amortization	(1,777,214)	309,357	242,414
Others	(4,449,280)	1,861,273	8,282,318
<b>Deferred Tax Asset</b>	<b>12,181,305</b>	<b>19,602,169</b>	<b>17,431,538</b>
<b>Deferred Tax Liability</b>	<b>(1,701,604)</b>	<b>(1,202,933)</b>	<b>-</b>
<b>Net Deferred Tax Asset</b>	<b>10,479,701</b>	<b>18,399,236</b>	<b>17,431,538</b>

<b>NOTE – 7</b>	<b>As at 31-03-2018</b>	<b>As at 31-03-2017</b>	<b>As at 01-04-2016</b>
<b>Inventories</b>			
(Valued at lower of Cost or net realizable value, unless otherwise stated)			
VIOP Phones-opening stock	86,514,353	85,815,387	82,815,387
Less: Stock written off	(606,589)	-	-
<b>TOTAL</b>	<b>85,907,764</b>	<b>85,815,387</b>	<b>82,815,387</b>

<b>NOTE – 8</b>	<b>As at 31-03-2018</b>	<b>As at 31-03-2017</b>	<b>As at 01-04-2016</b>
<b>Trade Receivables</b>			
<b>Current</b>			
Secured, considered good	-	-	-
Unsecured, considered good	79,636,618	88,856,374	54,278,482
	-	-	-
Less: Provision for doubtful debts	189,628	1,951,361	1,473,662
<b>TOTAL</b>	<b>79,446,989</b>	<b>86,905,013</b>	<b>52,804,820</b>

<b>NOTE – 9</b>	<b>As at 31-03-2018</b>	<b>As at 31-03-2017</b>	<b>As at 01-04-2016</b>
<b>Cash and Cash Equivalents</b>			
Balance with Banks	-	-	-
- In Current Account	41,158,700	50,073,081	2,729,734
Cash on Hand	366,173	816,326	1,266,960
<b>TOTAL</b>	<b>41,524,872</b>	<b>50,889,407</b>	<b>3,996,694</b>
<b>Bank Balance other than cash and cash equivalents</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fixed Deposits with maturity less than 12 months	1,200,000	-	-
<b>TOTAL</b>	<b>1,200,000</b>	<b>-</b>	<b>-</b>

<b>NOTE – 10</b>	<b>As at 31-03-2018</b>	<b>As at 31-03-2017</b>	<b>As at 01-04-2016</b>
<b>LOANS-OTHER FINANCIAL ASSETS</b>			
Advances to Employees	253,494	25,755	26,395
Others	43,815,372	34,006,670	38,636,621
<b>TOTAL</b>	<b>44,068,866</b>	<b>34,032,425</b>	<b>38,663,016</b>

**NETTLINX LIMITED**
**NOTE – 11**

	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
<b>Other Assets</b>	-	-	-
<b>Current (Unsecured considered good)</b>	-	-	-
Prepaid Expenses	114,433	166,494	301,142
Balances with Government Authorities	9,757,717	10,989,454	11,888,078
Other Deposits	14,359,494	12,585,980	11,836,552
Others	6,800,000	12,285,848	-
<b>TOTAL</b>	<u>31,031,644</u>	<u>36,027,776</u>	<u>24,025,772</u>

\*The above Balance with Government Authorities includes TDS Receivables ,GST ,Service Tax & VAT Credits, Other Deposits include Deposits from Telecom Deposit ,Electrical Deposit & Other Vendor Deposits,Others includes amount receivable on sale of buildings

**NOTE – 12**

	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
<b>Share Capital</b>			
<b>Authorised:</b>			
Authorised Capital	300,000,000	300,000,000	200,000,000
3,00,00,000 Equity Shares of ₹ 10/- each	<b>300,000,000</b>	<b>300,000,000</b>	<b>200,000,000</b>
<b>Issued, Subscribed and Paid Up:</b>			
Issued, Subscribed & Paid up Capital	114,633,120	114,633,120	114,633,120
1,14,63,312 Equity Shares of ₹ 10/- each fully paid up			
<b>TOTAL</b>	<u>114,633,120</u>	<u>114,633,120</u>	<u>114,633,120</u>

a) Reconciliation of Equity Shares outstanding at the beginning and at the end of the Reporting Period is set out below:

Particulars	As at 31-03-2018		As at 31-03-2017		As at 01-04-2016	
	No. of Shares	Rs.	No. of Shares	Rs.	No. of Shares	Rs.
Balance at the beginning of the Reporting Period	11,463,312	114,633,120	11,463,312	114,633,120	11,463,312	114,633,120
Changes in Equity Share Capital during the year	-	-	-	-	-	-
Balance at the end of the Reporting Period	<u>11,463,312</u>	<u>114,633,120</u>	<u>11,463,312</u>	<u>114,633,120</u>	<u>11,463,312</u>	<u>114,633,120</u>

**b) Terms / Rights attached to the Equity Shares**

The Company has only one class of Equity Shares having a par value of ₹ 10/- per share. Each Holder of Equity Shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuring Annual General Meeting, except in case of Interim Dividend. In the event of Liquidation of the Company, the Holders of Equity Shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity Shares held by the Shareholders

c) The Details of Shareholders Holding more than 5% Equity Shares is set below:

Particulars	As at 31-03-2018		As at 31-03-2017		As at 01-04-2016	
	No. of Shares	₹	No. of Shares	₹	No. of Shares	₹
Dr.Loka Narayan Reddy	Nil	Nil	Nil	Nil	3,923,224	34.22
Dr. Manohar Loka Reddy	54,23,295	47.31	5,553,671	48.45	1,598,823	13.95
Northeast Broking Services ltd	711,743	6.21	711,743	6.21	Nil	Nil
Saranya Loka Reddy	644,186	5.61	644,186	5.61	599,386	5.23

**NOTE 13**  
**B. Other Equity**

Particulars	Reserves and Surplus						Items of Other Comprehensive Income			Total Equity attributable to Equity Holders of the Company
	Capital Reserve	Securities Premium	General Reserve	Retained Earnings	Others	Equity instruments through Other Comprehensive Income	Other items of Other Comprehensive Income	Others	Money received against Share Warrants	
<b>Balance as at the April 1, 2016</b>	15,000,000	245,999,575	13,000,000	8,777,125	(14,376,935)	(718,409)	(77,019)			46,204,337
Profit for the Year				25,821,285						25,821,285
Payment of Dividend (including tax on dividend)										-
Other Comprehensive Income for the year (net of tax ` 22)						(4,485,759)	(1,953,074)			(6,438,833)
Money Received against Share Warrants								47,122,090		47,122,090
Capital Profit/Loss					(19,816,364)					(19,816,364)
Others					(1,095,976)					(1,095,976)
<b>Balance as at March 31, 2017</b>	15,000,000	245,999,575	13,000,000	34,598,410	(1,095,976)	(4,485,489)	(1,953,074)	47,122,090		108,926,298
Profit for the Year				13,067,171		(1,331,238)	(6,869,956)			4,865,977
Revaluation Reserve					24,109,090					24,109,090
Other Comprehensive Income for the Year (net of tax ` 8)						678,372	(5,082,519)			(4,404,147)
Money Received against Share Warrants										-
Capital Profit					(18,913,632)					(18,913,632)
Others					(9,448,727)					(9,448,727)
<b>Balance as at March 31, 2018</b>	15,000,000	245,999,575	13,000,000	47,665,130	24,109,090	(5,489,003)	(1,703,622)	47,122,090		134,845,375

# NETTLINX LIMITED

## NOTE – 14

	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
<b>Non Controlling Interest</b>			
<b>INFORMATION REGARDING NON CONTROLLING INTEREST</b>			
Accumulated balances of non controlling interest at the beginning	1,632,213	-	-
Profit / loss added to non controlling interest	71,299,743	1,632,213	-
Accumulated balances of non controlling interest at the closing	<u>72,931,956</u>	<u>1,632,213</u>	<u>-</u>

## NOTE - 15

### Non Current Secured

#### Term Loans From Banks

	Repayment Schedule/ Redemption	Long-Term As at 31-03-18	As at 31-03-17
1. HDFC		85,730,957	42,799,066
Unwinding of Discount on Decommissioning Liabilities		1,984,367	(192,246)
<b>TOTAL</b>		<u>87,715,324</u>	<u>42,606,820</u>

All Secured Long-Term Borrowings from HDFC Ltd taken on 05.12.2015 at the rate of 9.75% interest are secured by way of first charge, having pari passu rights, on the Company's Immovable assets, both present and future, in favour of Company's lenders/trustees, . They are further secured by personal guarantee of Shri Manohar Loka Reddy, Chairman and Managing Director of the Company.

## NOTE – 16

### Provisions

#### Non Current

	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
Employee Benefits	-	-	-
Gratuity	1,517,046	1,588,000	1,441,000
<b>TOTAL</b>	<u>1,517,046</u>	<u>1,588,000</u>	<u>1,441,000</u>
<b>Current</b>	-	-	-
Leave Encashment	207,750	358,005	448,717
<b>TOTAL</b>	<u>207,750</u>	<u>358,005</u>	<u>448,717</u>

## NOTE – 17

### Current Borrowings

#### Secured Loans Repayable On Demand

	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
From Banks-CC A/c	15,597,069	10,577,795	12,931,499
Vehicle Loans	16,871,723	12,370,487	1,311,188
From Others	21,774,294	16,223,909	19,717,011
<b>TOTAL</b>	<u>54,243,086</u>	<u>39,172,192</u>	<u>33,959,698</u>

## NOTE – 18

### Trade Payables

#### Un Secured

##### Current

	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
Due to Micro and Small Enterprises	852,298	-	-
Due to Others	9,204,457	6,436,086	9,469,649
<b>TOTAL</b>	<u>10,056,755</u>	<u>6,436,086</u>	<u>9,469,649</u>

# NETTLINX LIMITED

## NOTE – 19

	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
<b>Other Financial Liabilities</b>			
<b>Current</b>	-	-	-
Current Maturities of Long-Term Debt	7,068,068	4,305,554	1,450,867
Advances Received from Customers	55,615,254	55,187,092	45,887,282
Interest Accrued but not due on Borrowings	88,891	101,711	102,038
Outstanding Expenses	347,164	533,624	571,956
Employee Related Expenses	7,242,697	7,520,383	8,326,674
<b>TOTAL</b>	<b><u>70,362,074</u></b>	<b><u>67,648,365</u></b>	<b><u>56,338,817</u></b>

## NOTE – 20

	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
<b>Other Current Liabilities</b>			
<b>Un Secured</b>			
Rental Deposit*	560,000	550,000	550,000
Statutory Liabilities	5,877,072	3,091,386	3,749,314
Others	227,014	3,163,595	28,750
<b>TOTAL</b>	<b><u>6,664,086</u></b>	<b><u>6,804,981</u></b>	<b><u>4,328,064</u></b>

\* The above Rental Deposit from Related Parties includes Rs. 2,60,000 ( 31st March 2017 Rs.2,50,000 & 1st April 2016 Rs.2,50,000)

## NOTE – 21

	As at 31-03-2018	As at 31-03-2017	As at 01-04-2016
<b>Current Tax Liabilities</b>			
Provision for Income Tax	9,484,928	7,606,515	2,508,535
<b>TOTAL</b>	<b><u>9,484,928</u></b>	<b><u>7,606,515</u></b>	<b><u>2,508,535</u></b>

## NOTE – 22

	For the Year ended 31-03-2018	For the Year ended 31-03-2017
<b>Revenue From Operations</b>		
Revenue from Sale of Goods	3,285,258	-
Revenue from Sale of Services	153,885,217	189,999,517
Income from Bandwidth Services	26,718,018	55,796,581
Income from Web Solutions	88,053,514	98,382,134
Income from ITES (export)	39,113,685	35,820,802
<b>Total Revenue from Operations</b>	<b><u>157,170,475</u></b>	<b><u>189,999,517</u></b>

Revenue from sale of goods and services includes VAT and Service Tax of ₹ 19,43,896 (31 March, 2017: ₹ 61,47,943) as required by Schedule III of the Companies Act, 2013. Pursuant to the implementation of GST with effect from 1<sup>st</sup> July, 2017, Service tax and VAT has been included in GST. Hence, the revenue for the year ended 31 March, 2018 included three months of VAT and Service tax as compared to twelve months for the year ended 31 March, 2017 and the same may not be comparable to that extent.



**NETTLINX LIMITED**
**NOTE – 23**

	For the Year ended 31-03-2018	For the Year ended 31-03-2017
<b>a) Other Income</b>	<b>16,961,585</b>	<b>12,418,998</b>
Rental Income	3,132,520	3,293,553
Interest Income	12,301,799	8,616,376
Others	1,527,266	509,069
<b>b) Other Gains/(Losses)</b>	<b>7,548,947</b>	<b>788,561</b>
Net Gain on Foreign Currency Transactions	499,680	-
Profit on Sale of Asset	6,989,175	331,000
Gain on Sale of Investments	60,092	457,561
<b>TOTAL</b>	<b><u>24,510,532</u></b>	<b><u>13,207,559</u></b>

The above interest income and rent income includes income from related parties to the extent of ₹11,605,122/- (31st March 2017; ₹ 80,81,283) and ₹ 18,18,968 (31st March 2017 ₹ 20,63,412)

**NOTE – 24**

	For the Year ended 31-03-2018	For the Year ended 31-03-2017
<b>Access Charges ,Licence fee &amp; Network Charges</b>		
Bandwidth, Leased Circuit Charges & Service Charges	26,681,687	22,717,717
Domain Registration Expenses	141,231	177,759
Annual Membership Fee	86,880	84,072
DOT Licence Fee	2,649,520	-
<b>TOTAL</b>	<b><u>29,559,318</u></b>	<b><u>22,979,548</u></b>

**NOTE – 25**

	For the Year ended 31-03-2018	For the Year ended 31-03-2017
<b>Employee Benefit Expense</b>		
Salaries(including Managerial Remuneration)	47,068,355	54,214,456
Contribution to PF, ESI and other Funds	1,038,136	1,765,330
Staff Welfare Expenses	3,360,900	1,899,364
Defined Benefit Plans	330,126	122,000
	-	-
<b>TOTAL</b>	<b><u>51,797,517</u></b>	<b><u>58,001,150</u></b>

**NOTE – 26**

	For the Year ended 31-03-2018	For the Year ended 31-03-2017
<b>Finance Costs</b>		
Interest on Financial Liabilities measured at amortised cost	-	38,842
Interest on Term Loans	7,229,345	3,160,486
Interest on Working Capital	1,014,234	975,100
Vehicle loans	-	-
Unwinding of Discount on Decommissioning Liabilities	2,176,614	(25,078)
Interest on Others	11,896,767	8,160,643
<b>TOTAL</b>	<b><u>22,316,960</u></b>	<b><u>12,309,993</u></b>

## NETTLINX LIMITED

The Above interest on others include from related parties to the extent of ₹ 11,592,583 (31st March 2017 ₹ 81,35,917)

### NOTE – 27

	For the Year ended 31-03-2018	For the Year ended 31-03-2017
<b>Other Expenses</b>		
Computer & Network Maintainance	1,857,755	1,821,404
Workers Compensation Charges	305,456	10,533
Software Development Expenses	21,602,687	30,399,026
Rent	3,969,149	4,005,045
Insurance	730,499	649,608
Bank Charges	964,643	467,548
Auditors' Remuneration	173,000	133,250
Accounting Fee	75,550	52,770
Legal & Professional Charges	3,524,509	16,132,202
Printing & Stationery	250,825	524,273
Foreign Exchange Loss	-	111,668
Communication Cost	467,751	620,333
Directors Travelling Expenses	1,531,624	1,168,696
Others Travelling Expenses	234,507	719,667
Conveyance Expenses	885,462	1,198,034
Power & Electricity	2,983,475	2,725,596
Rates & Taxes	1,905,358	3,749,032
Security Service Charges	804,065	693,968
Office Maintenance	1,583,209	1,472,779
Provision for Doubtful Receivables	796,217	1,951,361
Demat Charges	86,542	68,399
Vehicle Maintainance	842,044	925,519
Advertisement & Publicity	996,973	731,096
Interest on Late Payment	1,164,998	-
Other Administrative Expenses	3,225,784	1,223,206
Others	606,589	-
USIC FEES	1,022,878	785,288
<b>TOTAL</b>	<b><u>52,591,548</u></b>	<b><u>72,340,302</u></b>

## NOTES OF ACCOUNT

### A. General Information

We have audited the accompanying consolidated financial statements of **NETTLINX LIMITED** (hereinafter referred to as “the Holding Company”) and its subsidiaries (the Holding Company and its subsidiaries together referred to as “the Group”) its associates and jointly controlled entities comprising of the Consolidated Balance Sheet as at 31st March, 2018, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as “the consolidated financial statements”).

### B. Basis of preparation of financial statements

#### B.1. Statement of Compliance

These financial statements are prepared in accordance with the generally accepted accounting principles (GAAP) in India and in compliance with the Indian Accounting Standards (Ind AS) Specified under section 133 of the Companies Act 2013 (“the Act”) read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, the Companies (Indian Accounting Standards) (Amendment) Rules, 2017 and other provisions to the Act, to the extent notified and applicable as well as applicable guidance notes and pronouncements of the Institute of Chartered Accountants of India (the ICAI)

The financial statements were authorized for issue by the Company’s Board of Directors on 29 May, 2018.

Details of the accounting policies are included in Note 1.

#### B.2 Basis of preparation and presentation

These financial statements for the year ended March 31, 2018 are the first financial statement that the Group has prepared under Ind AS. For all periods up to and including the year ended March 31, 2017, the Group prepared its financial statements in accordance with the accounting standards notified under Section 133 of the Act, read together with Rule 7 of the Companies (Accounts) Rules, 2014 (hereinafter referred to as ‘the Previous GAAP’) used for its statutory reporting requirements in India immediately before adopting Ind AS.

These financial statements have been prepared on the historical cost convention and on an accrual basis, except for the following material items in the statement of financial position:

- Certain financial assets and liabilities are measured at fair value;

- Employee defined benefit assets/(liability) are recognized as the net total of the fair value of plan assets, plus actuarial losses, less actuarial gains and the present value of the defined benefit obligation;
- Long term borrowings are measured at amortized cost using the effective interest rate method.

#### B.3 Functional and presentation currency

The financial statements are presented in Indian rupees, which is the functional currency of the Group.

All amounts are in Indian Rupees except share data, unless otherwise stated.

#### B.4 Operating Cycle

All the assets and liabilities have been classified as current or non-current as per the Group’s normal operating cycle and other criteria set out under Ind As and in accordance with the Schedule III to the Companies Act, 2013. Based on the nature of services and their realization in cash and cash equivalents, the Group has ascertained its operating cycle as twelve months for the purpose of current or non-current classification of assets and liabilities.

#### B.5 Critical accounting judgements and key sources of estimation uncertainty.

In the application of the Group’s accounting policies, which are described in Note 1, the management of the Group are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the areas of estimation uncertainty and critical judgements that the management has made in the process of applying the Group’s accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

#### Provision and contingent liability

On an ongoing basis, Group’s reviews pending cases, claims by third parties and other contingencies. For contingent losses that are considered probable, an estimated loss is recorded as an accrual in financial statements. Loss Contingencies that are considered

possible are not provided for but disclosed as Contingent liabilities in the financial statements. Contingencies the likelihood of which is remote are not disclosed in the financial statements. Gain contingencies are not recognized until the contingency has been resolved and amounts are received or receivable.

#### **Useful lives of depreciable assets**

Useful life of Property, Plant and Equipment including intangible asset: Residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

#### **Investment in equity instruments of subsidiary and associate companies**

During the year, the Group assessed the investment in equity instrument of subsidiary and associate companies carried at cost for impairment testing. These companies are expected to generate positive cash flows in the future years. Detailed analysis has been carried out on the future projections and the Group is confident that the investments do not require any impairment.

#### **B.6 Fair value measurement and valuation process:**

The Group measured financial assets and liabilities, if any, at fair value for financial reporting purposes.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

### **1. Significant accounting Policies**

#### **1.1 Revenue recognition**

Revenue has been recognized on accrual basis. Revenue from Online information and database access or retrieval recognized as the service is performed on the basis of actual usage of the Group 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 Group and where all other services or products paid for separately, are recognized when such features are activated. The Group presents revenues net of indirect taxes in its statement of profit and loss.

#### **Statement of profit and loss**

#### **1.2 Foreign currency Transactions.**

- (i) Transactions denominated in foreign currencies are recorded at the exchange rates prevailing at the time of the transaction.
- (ii) Monetary items denominated in foreign currencies at the year end are restated at the year end rates.
- (iii) Non monetary foreign currency items are carried at cost (i.e. translated using the exchange rates at

the time of initial transactions).

- (iv) Exchange difference on monetary items is recognised in the Statement of Profit and Loss in the period in which it arises except for;
  - (a) Exchange difference on foreign currency borrowings relating to depreciable capital asset is included in cost of assets.
  - (b) Exchange difference on foreign currency transactions, on which receipt and/ or payments is not planned, initially recognised in Other Comprehensive Income and reclassified from Equity to profit and loss on repayment of the monetary items.
- (v) The results and financial position of foreign operations with functional currency different from the presentation currency, are translated into the presentation currency as follows:
  - (a) Assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the date of that consolidated statement of financial position;
  - (b) income and expenses for each consolidated statement of comprehensive income are translated at average exchange rates (unless average rate is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
  - (c) All resulting exchange differences are recognised in other comprehensive income.
- (vii) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated into rupee, the functional currency of the Group, at the exchange rates at the reporting date. Exchange difference arising are recognised in other comprehensive income and accumulated in equity, except to the extent that the exchange differences is allocated to the non-controlling interests.

#### **1.3 Borrowing costs**

Borrowing costs attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets up to the commencement of commercial operations. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. Other borrowing costs are recognised as an expense in the year in which they are incurred. Borrowing cost includes interest incurred in connection

with the arrangement of borrowings to the extent they are regarded as an adjustment to the interest cost.

#### 1.4 Taxes on Income Tax and Deferred Tax

Income Tax comprises of current and deferred tax. It is recognised in the Statement of Profit and Loss except to the extent that it relates to a business combination or to an item recognised directly in equity or other comprehensive income.

Provision for income tax is made on the basis of taxable income for the year at the current rates. Tax expense comprises of current tax and deferred tax at the applicable enacted or substantively enacted rates. Current tax represents amount of Income Tax payable/ recoverable in respect of taxable income/ loss for the reporting period. Deferred tax represents the effect of temporary difference between carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable income. Deferred tax liabilities are generally accounted for all taxable temporary differences. Deferred tax asset is recognised for all deductible temporary differences, carried forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which such deductible temporary differences can be utilised. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when deferred income tax assets and liabilities relate to the income tax levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net or simultaneous basis. Deferred tax assets/ liabilities are not recognised for initial recognition of Goodwill or on an asset or liability in a transaction that is not a business combination and at the time of transaction affects neither the accounting profit nor taxable profit or loss. MAT credit is recognised as an asset, only if it is probable that the Group will pay normal income tax during the Specified period.

#### 1.5 Earnings per share

In determining Earning per Share, the Group considers net profit after tax attributable to parent and includes post tax effect of any exceptional item. Number of shares used in computing basic earnings per share is the weighted average number of the shares, excluding the shares owned by the Trust, outstanding during the period. Dilutive earning per share is computed and disclosed after adjusting effect of all dilutive potential equity shares, if any except when results will be anti dilutive.

Dilutive potential equity shares are deemed converted as at the beginning of the period, unless issued at a later date.

#### 1.6 Property, plant and equipment (PPE)

- (i) Property, plant and equipment (PPE) are stated at cost net of any taxes less accumulated depreciation, amortisation and impairment loss, if any. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.
- (ii) Cost of an item of PPE comprises of its purchase price including import duties and non refundable purchase taxes after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and present value of estimated costs of dismantling and removing the item and restoring the site on which It is located.

#### 1.7 Depreciation

Depreciation is the systematic allocation of the depreciable amount of PPE over its useful life as per Ind As 16 and is provided on a Reduced Balance Method basis over the useful lives as prescribed in Schedule II to the Act or as per technical assessment.

Depreciable amount for PPE is the cost of PPE less its estimated residual value. The useful life of PPE is the period over which PPE is expected to be available for use by the Group, or the number of production or similar units expected to be obtained from the asset by the Group. Such classes of assets and their estimated useful lives are as under

Particulars	Useful life
Buildings	60
Plant and Machinery	13
Furniture & Fixtures	10
Office Equipment – Others	5
Vehicles	8

#### 1.8 Intangible assets and amortisation

- (i) Intangible assets acquired are measured on initial recognition at cost. Cost includes all direct costs relating to acquisition of Intangible assets and borrowing cost relating to qualifying assets.
- (ii) Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.
- (iii) There are no intangible assets assessed with indefinite useful life. The life of amortisation of the intangible assets is as follows.

- (1) Software - 8 years



- (iv) Amortization methods useful life and residual values are reviewed periodically at each reporting period.
- (v) Any gain or loss on disposal of an item of Intangible Assets is recognised in statement of profit and loss.

### 1.9 Inventories

Inventories are accounted for at cost and all other costs incurred in bringing the inventory to their present location and condition, determined on weighted average basis or net realizable value, whichever is less. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.

### 1.10 Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet comprise cash at bank and cash in hand and short-term deposits with banks that are readily convertible into cash which are subject to insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments.

### 1.11 Cash flow statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Group are segregated.

### 1.13 Employee benefits

Employee benefit in the form of provident fund is a defined contribution scheme and the contribution scheme and the contributions are charged to the statement of profit and loss in the year when employee renders the related service. There are no other obligations other than the contribution payable to the respective authorities.

Gratuity is defined benefit obligation and is provided for on the basis of an actuarial valuation made at the end of the year. Short term compensated absences are provided for based on estimates. The actuarial valuation is done at the end of the year.

Actuarial gains/losses are immediately taken to statement of profit and loss and are not deferred.

### 1.14 Financial instruments

#### a. Recognition and Initial recognition

The Group recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly

attributable to the acquisition or issues of financial assets and financial liabilities that are not at fair value through profit or loss, are added to the fair value on initial recognition.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

#### b. Classification and Subsequent measurement

##### Financial assets

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

##### Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash

flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Group’s management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group’s continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Group’s claim to cash flows from specified assets (e.g. non recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the

prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

**Financial assets: Subsequent measurement and gains and losses**

Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost: These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

**Financial liabilities: Classification, Subsequent measurement and gains and losses**

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

**C. Derecognition**

**Financial assets**

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

#### **Financial liabilities**

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Group also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

#### **d. Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

#### **e. Impairment**

The Group recognises loss allowances for expected credit losses on financial assets measured at amortised cost;

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income (FVOCI) are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

The Group measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 month expected credit losses:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward looking information.

#### **Measurement of expected credit losses**

Expected credit losses are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

#### **NOTE 27**

#### **CONTINGENT LIABILITIES (IndAS-37)**

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

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Contingent liabilities/claims not provided for:

Particulars	2017-18	2016-17
i) In respect of Bank Guarantees	23,00,000	21,22,765
ii) In respect of Inland Letter of Credits	43,30,195	43,30,195

Group 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/-

## NOTE 28

### Principles of consolidation:

These Consolidated Financial Statements (CFS) are prepared on the following basis in accordance with Ind AS on "Consolidated Financial Statements" (Ind AS – 110), "Investments in Associates and Joint Ventures" (Ind AS – 28) and "Disclosure of interest in other entities" (Ind AS – 112), specified under Section 133 of the Companies Act, 2013.

### (i) Subsidiaries:

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

### (ii) Non-controlling interest (NCI):

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition. Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

### (iii) Loss of control:

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain

### (iv) Equity accounted investees:

The Group's interests in equity accounted investees comprise interest in associates. An associate is an entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Interest in associates is accounted for using equity

method. They are initially recognized at cost which includes transaction costs. Subsequent to initial recognition, consolidated financial statements include the Group's share of profit or loss and OCI of equity accounted investees until the date on which significant influence or joint control ceases.

### (v) Transactions eliminated on consolidation:

The financial statements of the Holding Company, its Subsidiaries and Associates used in the consolidation procedure are drawn upto the same reporting date i.e. March 31, 2018.

The financial statements of the Holding Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses. Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

The Consolidated Financial Statements are comprised of the financial statements of the members of the Group as under:

### Name of the Company % of Share holding and voting power

	As at 31 <sup>st</sup> March, 2018	As at 31 <sup>st</sup> March, 2017
<b>a) Subsidiaries:</b>		
Nettlinx Reality Private Limited	100%	100%
Nettlinx Aquaculture Private Limited	100%	100%
Nettlinx Inc	100%	100%
Sailon SE (Subsidiary of Nettlinx Aqua Culture Limited)	95%	95%
Sri Venkateswara Green Power Projects Limited	52.13%	-

## NOTE 29

### Goodwill on consolidation:

Goodwill represents the difference between the Holding Company's share in the net worth of subsidiaries and the cost of acquisition at each point of time of making the investment in the subsidiaries. For this purpose, the Holding Company's share of net worth is determined on the basis of the latest financial statements prior to the acquisition after making necessary adjustments for material events between the date of such financial statements and the date of respective acquisition.



**NOTE 30**
**A. Auditors Remuneration:**

Particulars	For the Year 2017-18 ₹ in Lakhs	For the Year 2016-17 ₹ in Lakhs
a) Statutory Auditor Audit Fee	2.16	2.16
Certification & Fees for other Services	0.46	0.2
<b>Total</b>	2.62	2.36

**B. Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006.**

Under the Micro, Small and Medium Enterprises Development act, 2006(MSMED) which came into force from Oct 2, 2006, certain disclosures are required to be made relating to MSMED. On the basis of information and records available with the Group, the following disclosures are made for the amounts due to the micro and small enterprises.

(₹ in lakhs)

S. No.	Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
1	Principal amount due to any supplier as at the year end.	8.52	6.68	8.52
2	Interest due on the principal amount unpaid at the year end to any supplier.	-	-	-
3	Amount of interest paid by the Group in terms of Sec-16 of the MSMED, along with the amount of the payment made to the suppliers beyond the appointed day during the accounting year.			
4	Payment made to the enterprises beyond appointed date under section 16 of MSMED			
5	Amount of interest due and payable for the period of delay in making payment, which has been paid but beyond the appointed day during the year, but without adding the interest specified under MSMED.			
6	Amount of interest accrued and remaining unpaid at the end of each accounting year and			
7	Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above or actually paid to the small enterprises, for the purpose of disallowance as deductible expenditure U/S 23 of MSMED.			

**C. Related Party disclosures under IND AS - 24.**

The List of Related Parties as identified by the management is as under:

**1) Subsidiaries of the Company having significant Influence**

- Nettlinx Inc, USA
- Nettlinx Realty Private Limited
- Nettlinx Aqua Culture Private Limited
- Sri Venkateswara Green Power Limited
- Sailon SE

**2) Associates of the company**

- North East Broking Services Limited

- North East Commodities Private Limited

**3) Key Management Personnel (KMP) of the Company**

- Shri Manohar Loka Reddy – Chairman and Director
- Chandra Sekhar Pogula – CEO and Whole time Director
- Shri G. Sai Ram – CS
- S.Mahaganesh - CFO

**4) Relative of KMP, having transactions with the Company**

- Rohith Lokareddy



S. No	Description	Subsidiaries having Significant Influence	Parties	KMP	Relative of KMP	Total
1	Managerial Remuneration	36	72	108		
2	Advance paid for Expenses					
3	Service Sales					
4	Investments	1463.59		795.5		
5	Loans	1054.24		74		

**D. Following transactions were carried out with related parties in the ordinary course of business:**

Based on the recommendation of the Nomination, Remuneration and Compensation Committee, all decisions relating to the remuneration of the Directories of the Group, in accordance with shareholder's approval, wherever necessary

**Terms and Conditions of transactions with Related Parties:**

The sale to related parties are made in the normal course of business and on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free.

For the year ended March 31,2018, the Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

**E. Earnings per Share (EPS) –**

(₹ in Lakhs)

S. No.	Particulars	Year Ended 31-03-2017	Year Ended 31-03-2018
1	Profit attributable to the Equity Share Holders (Rs in Lakhs)- A	301.16	214.62
2	No. of Equity Shares	11463312	11463312
3	Nominal Value of the Share (₹)	10	10
4	Basic / Weighted average number of Equity Shares - B	13258439	13258439
5	Earnings per Share (₹) – A/B*	2.63	1.87
6	Diluted Earnings Per Share (₹)- A/(B+E)	2.27	1.62

**C) Reconciliation of Effective Tax rate:**

Particulars	Year Ended 31-03-2018	Year Ended 31-03-2017
Applicable tax rate	27.5525	33.063
Effect of tax exempt income	(0.0195)	(0.0197)
Effect of non-deductible expenses	0.0163	0.0186
Effect of allowances for tax purposes	0	0
Effect of previous year adjustments	0.0009	0
<b>Effective tax rate</b>	<b>27.5502</b>	<b>33.0619</b>

D) As stipulated in IndAS–36, the Group has assessed its potential of economic benefits of its business units and is of the view of that the assets employed in continuing business are capable of generating adequate returns over their useful life in the usual course of its business. There is no indication to the contrary and accordingly the management is of the view that no impairment provision is called for in these accounts.

**E) Operating Lease (Ind AS 17)**

The Group has not taken any office premises under operating leases.

**F) Financial risk management objectives and policies**

The Group's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance and support Group's operations. The Group's principal financial assets include trade and other receivables, cash and cash equivalents and refundable deposits that derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below.

**i) Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk, interest rate risk and other price risk, such as equity price risk and commodity/ real estate risk. Financial instruments affected by market risk include loans and borrowings and refundable deposits. The sensitivity analysis in the following sections relate to the position as at March 31, 2018 and March 31, 2017. The sensitivity analyses have been prepared on the basis that the amount of net debt and the ratio of fixed to floating interest rates of the debt.

The analysis excludes the impact of movements in market variables on: the carrying values of gratuity and other post retirement obligations; provisions.

The below assumption has been made in calculating the sensitivity analysis:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2018 and March 31, 2017.

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Group does not enter into any interest rate swaps.

**Interest rate sensitivity**

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

₹ in Lakhs

Particulars	Increase / decrease in interest rate	Effect on profit before tax
March 31,2018		
INR	+1%	0.61732
INR	-1%	0.61701
March31,2017		
INR	+1%	0.03318
INR	-1%	0.03300

**ii) Credit risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The credit risk arises principally from its operating activities (primarily trade receivables) and from its investing activities, including deposits with banks and financial institutions and other financial instruments.

Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom credit has been granted after obtaining necessary approvals for credit. The collection from the trade receivables are monitored on a continuous basis by the receivables team.

The group establishes an allowance for credit loss that represents its estimate of expected losses in respect of trade and other receivables based on the past and the recent collection trend. The trade receivables as on March 31, 2018 is ₹ 459.35 Lakhs (March 31, 2017: ₹ 445.54 Lakhs). The movement in allowance for credit loss in respect of trade and other receivables during the year was as follows:

₹ in Lakhs

Allowance for credit loss	March 31, 2018	March 31, 2017
Opening balance	19.51	14.736
Impairment loss provided/(reversed)	1.89	4.78
Closing balance	21.4	19.51

No single customer accounted for more than 5% of the revenue as of March 31, 2018 and March 31, 2017 and there is no significant concentration of credit risk.

Credit risk on cash and cash equivalent is limited as the Group generally transacts with banks and financial institutions.

### iii) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank deposits and loans.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

₹ in Lakhs

Particulars	Less than 1 year	1 to 5 years	More than 5 years	Total
<b>Year ended March 31, 2018</b>				
Borrowings (including Current maturities of long term debt)	175.46	457.15	513.23	1145.84
Other non current financial liabilities		15.17	...	15.17
Trade payables	118.15		...	118.15
Other Payables	630.67		...	630.67
Interest Accrued but not due	0.88	...	...	0.88
Salary and Bonus payable	72.95	...	...	72.95
<b>Year ended March 31, 2017</b>				
Borrowings (including Current maturities of long term debt)	192.86	432.87	12.65	638.88
Other noncurrent financial liabilities		15.88	...	15.88
Trade payables	64.36		...	64.36
Other Payables	602.19	...	...	602.19
Interest Accrued but not due	1.01	...	...	1.01
Salary and Bonus payable	74.29	...	...	74.29

### G) Capital management

The Group's policy is to maintain a stable capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors capital on the basis of return on capital employed as well as the debt to total equity ratio.

For the purpose of debt to total equity ratio, debt considered is long-term and short-term borrowings. Total equity comprises of issued share capital and all other equity reserves excluding Debenture Redemption Reserve. The capital structure as of March 31, 2018 and March 31, 2017 as follows

₹ in Crores

Particulars	31-Mar-18	31-Mar-17
Total equity attributable to the equity shareholders of the Group	3224.10	2251.91
As a percentage of total capital	69.43	73.36
Long term borrowings including current maturities	877.15	426.06
Short term borrowings	542.43	391.72
Total borrowings	1419.58	817.79
As a percentage of total capital	27.849	20.342
Total capital (equity and borrowings)	4643.68	3069.7

**H) Corporate Social Responsibility:**

The Group is not required to spend towards Corporate Social Responsibility (CSR) as per Section 135 of the Companies Act, 2013, since the Group is within the threshold limit given as per the provisions of the Act.

**I) Standards issued but not effective**

Ind AS 115, Revenue from contracts with customers

In March 2018, the Ministry of Corporate Affairs has notified Ind AS 115, 'Revenue from Contracts with Customers', which is effective for accounting periods beginning on or after 1 April 2018. This comprehensive new standard will supersede existing revenue recognition guidance, and requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new standard also will result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.

Ind AS 115 is effective for annual reporting periods beginning on or after April 1, 2018.

The Group intends to adopt Ind AS 115 effective April 1, 2018, using the modified retrospective method. The adoption of Ind AS 115 is not expected to have a significant impact on the Group's recognition of revenues.

**Other amendments to Indian Accounting Standards**

The Ministry of Corporate Affairs (MCA), on 28 March 2018, issued certain amendments to Ind AS. The amendments relate to the following standards:

Ind AS 21, The Effects of Changes in Foreign Exchange Rates - The amendment lays down the principle regarding advance payment or receipt of consideration denominated or priced in foreign currency and recognition of non-monetary prepayment asset or deferred income liability.

Ind AS 12, Income Taxes - The amendment explains that determining temporary differences and estimating probable future taxable profit against which deductible temporary differences are assessed for utilization are two separate steps and the carrying amount of an asset is relevant only to determining temporary differences.

Ind AS 28, Investments in Associates and Joint Ventures - The amendment clarifies when a venture capital, mutual fund, unit trust or similar entities elect to initially recognize the investments in associates and joint ventures.

**NETTLINX LIMITED**

Ind AS 112, Disclosure of Interests in Other Entities – The amendment clarifies that disclosure requirements for interests in other entities also apply to interests that are classified as Held for sale or discontinued operations in accordance with Ind AS 105.

Ind AS 40, Investment Property - The amendment clarifies when a property should be transferred to / from investment property.

The amendments are effective 1 April 2018. The Group believes that the aforementioned amendments will not materially impact the financial position, performance or the cash flows of the Group.

**As per our report of even date**  
**For C. Ramachandram & Co**  
Chartered Accountants  
Firm Regn.No.002864S

**For and on behalf of the Board of Directors**  
**For Nettlinx Limited**

Sd/-  
**PREMNATH DEGALA**  
Partner  
Membership No.207133

Sd/-  
**(MANOHAR LOKA REDDY)**  
Chairman & Director  
DIN:00140229

Sd/-  
**(CHANDRA SEKHAR POGULA)**  
CEO & Whole Time Director  
DIN:00007536

Place: Hyderabad.  
Date: 29.05.2018

Sd/-  
**(G SAI RAM)**  
Company Secretary & Compliance Officer

Sd/-  
**(S.MAHAGANESH)**  
Chief Financial Officer



**Form No. MGT-11  
Proxy form**

**[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies  
(Management and Administration) Rules, 2015]**

Name of the Member(s)		
Registered Address		
E-mail Id	Folio No /Client ID	DP ID

I/We, being the member(s) of \_\_\_\_\_ shares of the above named company. Hereby appoint

Name :	E-mail Id:
Address:	
Signature , or failing him	

Name :	E-mail Id:
Address:	
Signature , or failing him	

Name :	E-mail Id:
Address:	
Signature , or failing him	

as my/ our proxy to attend and vote( on a poll) for me/us and on my/our behalf at the 25<sup>th</sup> Annual General Meeting of the company, to be held on the Wednesday, the 26<sup>th</sup> September, 2018 at 10.30 AM, at the Registered Office of the company situated at 5-9-22, Flat No.303, 3<sup>rd</sup> Floor, My Home Sarovar Plaza, Secretariat, Saifabad, Hyderabad, Telangana-500063 and at any adjournment thereof in respect of such resolutions as are indicated below:

**Resolution No.**

Sl. No.	Resolution(S)	Vote	
		For	Against
1.	<b>Adoption of Financial Statements.</b>		
2.	<b>To appoint a Director in place of Mr. Chandra Sekhar Pogula (holding DIN:00007536), who retires by rotation and, being eligible, offers himself for re-appointment.</b>		
3.	<b>Alteration of the Object Clause of the Memorandum of Association of the Company</b>		
4.	<b>Approval for continuation of Mr. Kothuri Kameswara Rao (DIN: 00271944) as Independent Director</b>		
5.	<b>Approval for continuation of Dr. Erwin Leopold Dieck (DIN: 07614028), as Independent Director</b>		

\* Applicable for investors holding shares in Electronic form.Affix Revenue Stamps

Signed this \_\_\_\_ day of Sep-2018

Affix Revenue Stamps
----------------------------

Signature of Shareholder

Signature of Proxy holder

Signature of the shareholder  
across Revenue Stam

**Note:**

- 1) This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
- 2) The proxy need not be a member of the company

**ATTENDANCE SLIP**

(To be handed over at the entrance of the meeting hall)

25<sup>th</sup> Annual General Meeting of the company held on the Wednesday, the 26<sup>th</sup> September, 2018 at 10.30 AM, at the Registered Office of the company situated at 5-9-22, Flat No.303, 3<sup>rd</sup> Floor, My Home Sarovar Plaza, Secretariat, Saifabad, Hyderabad, Telangana-500063

Full name of the members attending \_\_\_\_\_

(In block capitals)

Ledger Folio No./Client ID No. \_\_\_\_\_ No. of shares held: \_\_\_\_\_

Name of Proxy \_\_\_\_\_

(To be filled in, if the proxy attends instead of the member)

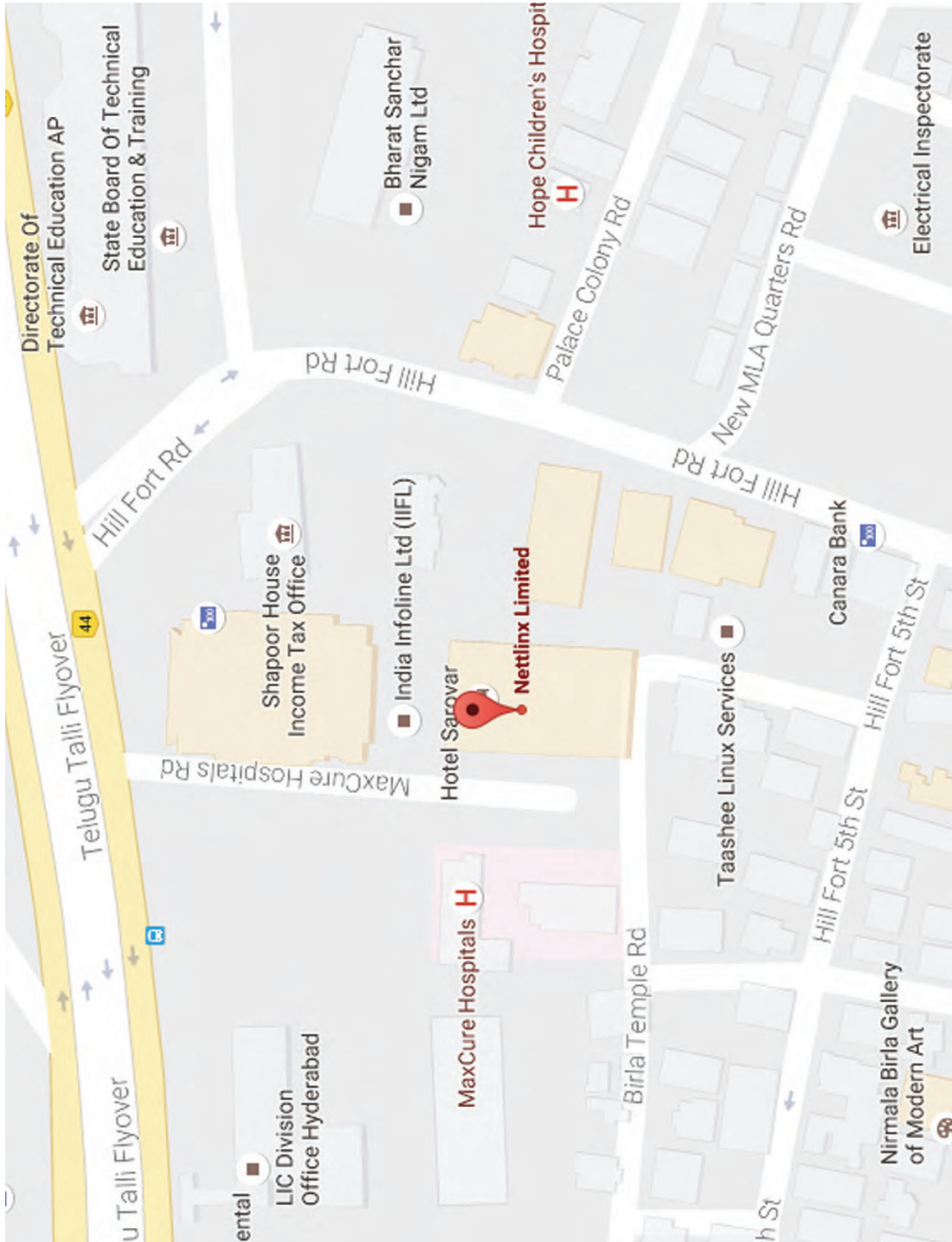
I hereby record my presence at the 25<sup>th</sup> Annual General Meeting of the Nettlinx Limited held on Wednesday, the 26<sup>th</sup> September, 2018 at 10.30 AM, at the Registered Office of the company situated at 5-9-22, Flat No.303, 3<sup>rd</sup> Floor, My Home Sarovar Plaza, Secretariat, Saifabad, Hyderabad, Telangana-500063

(Member's /Proxy's Signature)

EVEN (Remote e-voting Event Number)	USER ID	PASSWORD / PIN

**Note:**

- 1) Members are requested to bring their copies of the Annual Report to the meeting, since further copies will not be available.
- 2) The Proxy, to be effective should be deposited at the Registered Office of the Company not less than FORTY EIGHT HOURS before the commencement of the meeting.
- 3) A Proxy need not be a member of the Company.
- 4) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by Proxy, shall be accepted to the exclusion of the vote of the other joint holders. Seniority shall be determined by the order in which the names stand in the Register of Members.
- 5) The submission by a member of this form of proxy will not preclude such member from attending in person and voting at the meeting.





## BOOK-POST

**TO**

If undelivered please return to:

**NETTLINX LIMITED**

5-9-22, Flat No.303

3rd Floor, My Home Sarovar Plaza,

Secretariat Road, Saifabad,

Hyderabad, Telangana-500 063.

Ph: 91-040-23232200/23231621

Fax: 23231610 E-mail: [secretarial@netlinx.org](mailto:secretarial@netlinx.org)

Website: [www.netlinx.com](http://www.netlinx.com)