

Date: 17.10.2017

To The Listing Manager, Listing Department, The <b>Bombay Stock Exchange Limited</b> , Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001.	To The Listing Manager, Listing Department, The <b>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.
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Sub: Submission of Annual Report to Stock Exchange pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Ref: Security code: 511658 ISIN: INE027D01019

Dear Sir/Madam,

Pursuant to the provision of Regulation 34 of the SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015, we are enclosing herewith Annual Report for the Financial Year ended 31<sup>st</sup> March, 2017, which has been duly approved and adopted by the members of the company as per the provisions of Companies Act, 2013 at the 24<sup>th</sup> Annual general Meeting of the company held on Wednesday, 27<sup>th</sup> September, 2017.

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





**24<sup>th</sup>**

— **କର** —

**Annual Report  
2016 – 2017**

**NETTLINX LIMITED**

**Your Power to Communicate**

24<sup>th</sup>  
ANNUAL REPORT  
2016-2017



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
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
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	- Additional and Non Executive Director

**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**

M/s DEVA & CO  
Chartered Accountants  
Flat No: 303, H.NO: 5-9-42/2,  
Siddu Residency, Hill Fort,  
Street No – 2, Basheerbagh,  
Hyderabad – 500 063, Telangana.

**SECRETARIAL AUDITOR**

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

**INTERNAL AUDITOR**

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. M. Vijay Kumar	- Member

**Nomination and Remuneration Committee**

Mr. K. Kameswara Rao	- Chairman
Mr. J. V. Hanumantha Rao	- Member
Mr. M. Vijay Kumar	- Member

**Stakeholders Relationship Committee**

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

**Risk Management Committee**

Sri K. Kameswara Rao	- Chairman
Sri. Chandra Sekhar Pogula	- Member
Sri M. Vijay Kumar	- 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 24<sup>th</sup> Annual General Meeting of the Company M/s. Nettlinx Limited will be held on Wednesday, the 27<sup>th</sup> September, 2017 at 10.30 A.M., 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 of the Company for the financial year ended 31<sup>st</sup> March, 2017 along the Reports of the Board of Directors and the Auditors thereon.

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

To appoint a Director in place of Ms. Radhika Kundur (holding DIN: 07135444) who has consented to retire by rotation for compliance with the requirements of Section 152 of the Companies Act, 2013, and being eligible, offers herself for reappointment.

##### Item No. 3 – Appointment of Director:

To appoint a Director in place of Mr. Rohith Loka Reddy (holding DIN: 06464331) who has consented to retire by rotation for compliance with the requirements of Section 152 of the Companies Act, 2013, and being eligible, offers himself for reappointment.

##### Item No.4 –Appointment of Auditors:

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an

#### ORDINARY RESOLUTION:

“**RESOLVED THAT** pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and pursuant to the recommendations of the Audit Committee and the Board of Directors, the consent of members of the company be and is hereby accorded to appoint M/s. C.Ramachandram & Co, Chartered Accountants (Firm Registration No. 002864S) allotted by The Institute of Chartered Accountants of India (ICAI) as the Statutory Auditors of the Company who shall hold office from the conclusion of this 24<sup>th</sup> Annual General Meeting for term of consecutive five years till conclusion of the 29<sup>th</sup> Annual General Meeting (subject to ratification of the appointment by the members at every Annual General Meeting held after this Annual General

Meeting) in place of the retiring Auditors M/s. Deva & Co. Chartered Accountants, having registration No.000722S allotted by ICAI who were appointed for three years in Twenty-First Annual General Meeting to hold the office till the conclusion of Twenty-Fourth Annual General Meeting, and that the Board be and is hereby authorised to fix such remuneration as may be determined by the Audit Committee in consultation with the Auditors, in addition to reimbursement of all out-of-pocket expenses as may be incurred in connection with the audit of the accounts of the Company.”

#### SPECIAL BUSINESS:

##### 5. Regularization of Additional Director, Mr. Joy Abraham (Din: 01993517) as Non-executive Director:

To consider and, if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution:

“**RESOLVED THAT** pursuant to 160 & 161 of the Companies Act ,2013 and any other applicable provision ( including any modification or reenactment thereof ), if any, of the Companies Act, 2013, Mr. Joy Abraham (DIN: 01993517) who was appointed as an Additional Director in the meeting of the Board of Directors held on 29<sup>th</sup> Septemebr, 2016 and whose term expires at the ensuring Annual General Meeting of the Company and for the appointment of whom the Company has received a notice in writing proposing his candidature for the office of the director be and is hereby appointed as director of the Company who is liable to retire by Rotation.”

##### 6. Appointment of Dr. Erwin Leopold Dieck (DIN: 07614028) as an independent director of the Company:

To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), and pursuant to the applicable provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any modification or amendment thereof, Dr. Erwin Leopold Dieck (DIN: 07614028), who was appointed as an Additional Director of the Company with effect from



## NETTLINX LIMITED

29<sup>th</sup> September, 2016 under Section 161 of the Act, be and is hereby appointed as an Independent Director of the Company to hold office for a term upto five consecutive years commencing from 29<sup>th</sup> September, 2016.”

### **7. Reappointment and Fixing of Remuneration Of Mr. Chandra Sekhar Pogula (Din: 00007536) As Whole Time Director Cum CEO of the Company:**

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

“**RESOLVED THAT** pursuant to recommendation of the Nomination and Remuneration Committee, and approval of the Board and subject to the provisions of Sections 196, 197, 198 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and Rules made thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force), the relevant provisions of the Articles of Association of the Company and all applicable guidelines issued by the Central Government from time to time and subject to such other approvals, as may be necessary, consent of the Members be and is hereby accorded to the reappointment of Mr. Chandra Sekhar Pogula (DIN: 00007536), as the Whole-time Director cum CEO of the Company for a period of Five years from 09.11.2016 to 08.11.2021 and upon the following terms and conditions including remuneration with further liberty to the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee constituted / to be constituted by the Board) from time to time to alter the said terms and conditions of appointment and remuneration of Mr. Chandra Sekhar Pogula (DIN: 00007536) in the best interests of the Company and as may be permissible at law:

- (i) Salary at the rate of ₹.36,00,000 P.A. (Rupees Thirty Six Lakhs only) per Annum w.e.f. 09.11.2016, which may be reviewed by the Board.
- (ii) The Whole Time Director shall be entitled to use the company’s car, all the expenses for maintenance and running of the same including salary of the driver to be borne by the company;
- (iii) The Whole Time Director shall be entitled to participate in provident fund, gratuity fund or such other schemes for the employees, which the company may establish from time to time.
- (iv) Personal accident insurance Policy For self @ ₹.10,00,000 P.A.

- (v) The Whole Time Director shall be entitled to such increment from time to time as the Board may by its discretion determine.
- (vi) Reimbursement of expenses incurred by him on account of business of the Company in accordance with the Company policy.
- (vii) Reimbursement of any other expenses properly incurred by him in accordance with the rules and policies of the Company.
- (viii) Reimbursement of medical and hospitalization expenses of the Whole Time Director and his family in accordance with the Company policy.
- (ix) Commission: Nil
- (x) Remuneration in the event of loss etc.
- (xi) Notwithstanding anything contained herein, in the event of any loss, Absence or inadequacy of profit in any financial year, during the terms of office of the Whole Time Director, the remuneration by way of salary, perquisites, commissions and other benefits shall not, without the permission of Central Government (if required) exceed the limits prescribed under the Act including Schedule V thereof and rules made hereunder or any amendment, modification, variation or re-enactment thereof.

“**RESOLVED FURTHER THAT** the minimum remuneration in the event of loss or inadequacy of profits, in any financial year during the currency of tenure of service, the payment of salary, perquisites and other allowances shall be as specified above subject to necessary approvals..”

“**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.”

### **8. Approval of the limits for the Loans and Investment by the Company in terms of the Provisions Section 186 of the Companies Act, 2013:**

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

“**RESOLVED THAT** pursuant to the provisions of Section 186 of the Companies Act, 2013, read with The Companies (Meetings of Board and its Powers)



## NETTLINX LIMITED

Rules, 2014 as amended from time to time, the approval of the members of the Company be and is hereby accorded to the Board to (a) give any loan to any body corporate(s) / person (s); (b) give any guarantee or provide security in connection with a loan to any body corporate(s) / person (s); and (c) acquire by way of subscription, purchase or otherwise, securities of any body corporate from time to time in one or more tranches as the Board of Directors as in their absolute discretion deem beneficial and in the interest of the Company, for an amount not exceeding INR 45,00,00,000 (Indian Rupees Forty Five Crores Only) outstanding at any time notwithstanding that such investments, outstanding loans given or to be given and guarantees and security provided are in excess of the limits prescribed under Section 186 of the Companies Act, 2013.

**RESOLVED FURTHER THAT** in case of divestment of

the investment, the Directors of the Company be and are hereby authorized to sign the necessary applications, papers, forms, documents etc. for effective implementation of decision of divestment taken by the Company from time to time.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above, Board of Directors of the Company and/or any person authorized by the Board from time to time be and is hereby empowered and authorised to take such steps as may be necessary for obtaining approvals, statutory or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto and to sign and to execute deeds, applications, documents and writings that may be required, on behalf of the Company and generally to do all such acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to this resolution.”

By order of the Board of Directors  
For Nettlinx Limited

Sd/-

Dr. Manohar Loka Reddy  
Chairman  
DIN: 00140229

Date : 08.08.2017  
Place: Hyderabad

## NETTLINX LIMITED

### 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.5 to 7 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 Thursday, 21<sup>st</sup> September, 2017 to Wednesday, 27<sup>th</sup> September, 2017 (both days inclusive) for the purpose of payment of payment of dividend, if any, for the financial year ended 31<sup>st</sup> March, 2017 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 ₹.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 2016-17 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 2016-17 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 route map showing directions to reach the venue of the Twenty-Fourth AGM is annexed.
19. **Voting through electronic means:**
  - i. 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).

- 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 23, 2017 (9.00 a.m. IST) and ends on Tuesday, September 26, 2017 (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 20, 2017 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.
  - (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 20, 2017.

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 20, 2017, 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 RTS 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.nsd.com](http://www.evoting.nsd.com) or contact NSDL at the following toll free no.: 1800-222-990.

- X. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
- XI. 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.
- XII. Mr. Ch. 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.
- XIII. 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.
- XIV. 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.

- XV. 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.
20. 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.

#### **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. 4 to 7 of the accompanying Notice:

#### **ITEM NO. 4:**

In terms of the provisions of Section 139 of Companies Act, 2013 (the “Act”), no listed company can appoint or re-appoint an audit firm as auditor for more than two terms of five consecutive years. The Act further prescribes that the Company has to comply with these provisions within three years from the commencement of the Act.

This explanatory statement is provided though strictly not required as per Section 102 of the Act. M/s. Deva & Co, Chartered Accountants (Firm Registration No. 000722S) were appointed as Statutory Auditors of the Company at the 21st Annual General Meeting (“AGM”) of the Company held on 29th September, 2014 to hold office from the conclusion of the 21<sup>st</sup> AGM until the conclusion of the 24th AGM of the Company. In terms of the provisions of Section 139(1) of the Act, M/s. Deva & Co. Chartered Accountants, having registration No.000722S allotted by The Institute of Chartered

## NETTLINX LIMITED

Accountants of India (ICAI) retires as Auditor of your Company and therefore they are not eligible for re-appointment as their tenure is expired as per the provisions of Companies Act, 2013.

Pursuant to the recommendations of the Audit Committee of the Board of Directors, the Company hereby appoints M/s. C.Ramachandram & Co, Chartered Accountants (Firm Registration No. 002864S) allotted by The Institute of Chartered Accountants of India (ICAI) who have expressed their eligibility for the appointment, to hold the office of Statutory auditor of the company who shall hold office from the conclusion of this 24<sup>th</sup> Annual General Meeting for term of consecutive five years till conclusion of the 29th Annual General Meeting (subject to ratification of the appointment by the members at every Annual General Meeting held after this Annual General Meeting) to examine and audit the accounts of the Company.

The Board commends the Resolution at Item No. 4 for approval by the Members.

None of the Directors or Key Managerial Personnel (KMP) or relatives of directors and KMP is concerned or interested in the Resolution at Item No. 4 of the accompanying Notice.

### ITEM NO. 5:

Mr.Abraham Joy is a management graduate from International Business School (IBS), Lippstadt, Germany, Mr Joy worked in various capacities in several major Corporations. Driving business strategies and gamut of Operations.

Mr Joy is the Director in Trans Global FZC, UAE and ETC Investments & Consulting Private Limited, Hyderabad.

He was also Managing Director at ETC Gmbh, Germany. He also worked for Expo 2000, Hannover and Warner Bros. in his earlier carrier.

Mr. Abraham Joy (DIN: 01993517) who was appointed as an Additional Director of the Company, categorized as Non-Executive Non-Independent, by the Board of Directors with effect from 29<sup>th</sup> September, 2016, in terms of Section 161 of the Companies Act, 2013. The Company has received notice in writing from a member along with the deposit of requisite amount under Section 160 of the Act, proposing the candidature of Mr. Joy Abraham (DIN: 01993517) for the office of Non-Executive Director of the Company, to be appointed as such under the provisions of Section 149 and 152 of the Companies Act, 2013.

The Company has received (i) consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014; (ii) intimation in Form DIR-8 pursuant to Rule 14 of the Companies (Appointment & Qualification of Directors) Rules, 2014, from Mr. Joy Abraham to the effect that he is not disqualified in accordance with sub-section (2) of Section 164 of the Companies Act, 2013.

A copy of the draft letter of appointment, setting out the terms and conditions of appointment of Mr. Abraham Joy, is available for inspection, without any fee, by the members at the Company's registered office during normal hours on working days up to the date of the AGM.

Your Board recommends the Ordinary resolution as set out in this notice for your approval.

Except Mr. Abraham Joy and his relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No.5 of the Notice.

### ITEM NO.6:

Dr. E. Leopold Dieck Widely recognised for his pivotal role in development of the Postal Automation Business in Germany from an annual vome 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

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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.

Dr. Erwin Leopold Dieck (DIN: 07614028) who was appointed as an Additional Director of the Company, categorized as Independent, by the Board of Directors on 29<sup>th</sup> September, 2016, in terms of Section 161 of the Companies Act, 2013. The Company has received notice in writing from a member along with the deposit of requisite amount under Section 160 of the Act, proposing the candidature of Dr. Erwin Leopold Dieck (DIN: 07614028) for the office of Independent Director of the Company, to be appointed as such under the provisions of Section 149 and 152 of the Companies Act, 2013.

The Company has received (i) consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment & Qualification of Directors) Rules, 2014; (ii) intimation in Form DIR-8 pursuant to Rule 14 of the Companies (Appointment & Qualification of Directors) Rules, 2014, from Dr. Erwin Leopold Dieck (DIN: 07614028) to the effect that he is not disqualified in accordance with sub-section (2) of Section 164 of the Companies Act, 2013 and (iii) declaration that he meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013.

In terms of Schedule IV of the Companies Act, 2013, the Board is of the opinion that Dr. Erwin Leopold Dieck (DIN: 07614028), fulfils the conditions for his appointment as an Independent Director as specified in the Companies Act, 2013 and the Listing Regulations and is independent of the management.

A copy of the draft letter of appointment, setting out the terms and conditions of appointment of Dr. Erwin Leopold Dieck (DIN: 07614028), is available for inspection, without any fee, by the members at the Company's registered office during normal hours on working days up to the date of the AGM.

The Board recommends the resolution set forth in item No. 6 of the notice for approval of the members.

Except Dr. Erwin Leopold Dieck and his relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors / Key Managerial

Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No.6 of the Notice.

### Item No.7:

#### **Reappointment and Fixing of Remuneration of Mr. Chandra Sekhar Pogula (Din: 00007536) as Whole Time Director Cum CEO of the Company:**

Pursuant to the Recommendations of Nomination and Remuneration Committee, The Board of Directors at its meeting held on 09<sup>th</sup> November, 2016 approved the re-appointment of Mr. Chandra Sekhar Pogula as Whole Time Director Cum CEO of the company, for a further period of 5 years on the Board of the Company with effect from 09<sup>th</sup> November, 2016, subject to the shareholder's approval. Further, Mr. Chandra Sekhar Pogula was re-designated as Key Managerial Personnel of the Company as per Section 203 of the Companies Act, 2013.

In the event of loss or inadequacy of profit in any financial year during the currency of tenure of services of Mr. Chandra Sekhar Pogula, the payment of salary, perquisites and other allowances shall be as specified above subject to necessary approvals.

The Board has accepted the recommendations of the Nomination and Remuneration Committee and has approved the remuneration as mentioned above for the approval of the members in accordance with the Provisions of Sections 197, 198 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013.

The agreements proposed to be entered into with Mr.Chandra Sekhar Pogula for his re-appointment as Whole Time Director cum CEO of the company are available for inspection at the Registered Office of the Company during business hours on all working days (Monday to Friday), except public holidays, up to the date of the AGM.

The Board believes that the Company will benefit from his professional expertise and rich experience.

Thus, approval of members by way of ordinary Resolution is sought, pursuant to the provisions of Section 197 and Schedule V, of the Companies Act, 2013, were in respect of inadequacy of profits, the company may pay with approval of members, remuneration not exceeding ₹.36,00,000 (Rupees Thirty Six Lakhs) per annum as per Table A of Section II of Part II of Schedule V under the Companies Act, 2013. The Board recommends the resolution at item



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no. 7 to the members for their approval.

Except Mr. Chandra Sekhar Pogula and his relatives, to the extent of his shareholding interest, if any, in the Company, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No.7 of the Notice.

### **8. Approval of the limits for the Loans and Investment by the Company in terms of the provisions Section 186 of the Companies Act, 2013:**

In order to make optimum use of funds available with the Company and also to achieve long term strategic and business objectives, the Board of Directors of the Company proposes to make use of the same by making investment in other bodies corporate or granting loans, giving guarantee or providing security to other persons or other body corporate or as and when required.

Pursuant to the provisions of section 186(3) of the Companies Act, 2013 and rules made there under, the Company needs to obtain prior approval of shareholders / members by way of special resolution passed at the General Meeting in case the amount of investment, loan, guarantee or security proposed to

be made is more than the higher of sixty percent of the paid up share capital, free reserves and securities premium account or one hundred percent of free reserves and securities premium account.

Accordingly, the Board of Directors of the Company proposes to obtain approval of shareholders by way of special resolution as contained in the notice of the 24<sup>th</sup> Annual General Meeting for an amount not exceeding INR 45,00,00,000 (Indian Rupees Forty Five Crores Only) outstanding at any time notwithstanding that such investments, outstanding loans given or to be given and guarantees and security provided are in excess of the limits prescribed under Section 186 of the Companies Act, 2013.

The Directors therefore, recommend the Special Resolution for approval of the shareholders.

None of the Directors, Key Managerial Personnel of the Company or their relatives or any of other officials of the Company as contemplated in the provisions of Section 102 of the Companies Act, 2013 is, in any way, financially or otherwise, concerned or interested in the resolution.

By order of the Board of Directors  
For Nettlinx Limited

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

Date : 08.08.2017  
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	Ms.Radhika Kundur	Mr.Rohith Loka Reddy	Abraham Joy	Dr.Erwin Leopold Dieck	Mr.Chandra Sekhar pogula
Category	Non-Executive Women Director	Managing Director	Non-Executive Director	Non-Executive Independent Director	Whole Time Director Cum CEO
DIN, Date of Birth and Age	07135444 20/03/1979 & 38 years	06464331 06/05/1988 & 29 Years	01993517 02/06/1975 & 42 Years	07614028 24/07/1940 & 77 Years	00007536 20/05/1964 & 53 Years
Qualification	B.Sc & PG Diploma In Business Administration from BITE	Post graduate in Management from Indian School of Business and Bachelor of Science, Economics and Finance from Bentley University, Waitham.	Graduate in Business Management from the International Business School, Lippstadi, Germany and West Virginia University, USA .	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".	1. B.Sc degree in Biological Sciences 2. Post Graduate diploma in Sales & Marketing management.
Nature of Expertise/ Experience	Information Technology Professional	Industrialist	Global marketing and Financing	Industrialist	Professional, General Management & Distribution
First Appointment on the Board	25/03/2015	11/08/2016	29/09/2016	29/09/2016	24/10/2009
Terms & Conditions of Appointment/ Re-appointment	Appointed as Woman Director liable to retire by rotation	Appointed As Managing Director	Appointed as a Additional Director & Non-Executive	Appointed as Additional and Non-Executive	Appointed as Whole Time Director Cum CEO Liable to retire by Rotation
Remuneration Details	Not Applicable	Not Applicable	Not Applicable	Not Applicable	As per the details mentioned in the resolution
No. of sharesheld in Nettlinx Limitedas at March 31, 2017	Nil	Nil	Nil	Nil	115000
Relationship withother Directors/ Manager/KMP	Not Applicable	Son of Dr.Manohar Loka Reddy, Promoter&Chairman of the company	Not Applicable	Not Applicable	Not Applicable

# NETTLINX LIMITED

No. of Boardmeeting attended out of 6 meetings held during the year	2	5(Out of 5)	1(Out of 3)	1(Out of 3)	6
Other Directorships	Listed Public Companies	Listed Public Companies	Listed Public Companies	Listed Public Companies	Listed Public Companies
	1. Nettlinx Ltd.	1. Nettlinx Ltd.	1. Nettlinx Ltd.	1. Nettlinx Ltd.	1. Nettlinx limited
	Public Companies:	Public Companies:	Public Companies:	Public Companies:	Public Companies:
	NIL	NIL	NIL	NIL	NIL
	Private Companies:	Private Companies:	Private Companies:	Private Companies:	Private Companies:
	Nil	1. Sai Roshni Capital Private Limited	1. Etc Investments And Consulting Private Limited	Nil	1. Nettlinx Realty Private Limited 2. Nettlinx Aquaculture Private Limited
	Foreign Companies:	Foreign Companies:	Foreign Companies:	Foreign Companies:	Foreign Companies:
	NIL	NIL	1. TRANS GLOBAL FZC, UAE 2. ETC GmbH, Germany	1. President and owner of ELD Industrie Holding KG, Ravensberg, Germany, Directorship's 1.. Brodogradiliste (Shipyard(punat) dd in punat/croatia 2. Dalian Hongfeng Roto Office Equipment Company Limited In Dalian/China 3. DMN technologie GmbH in Sofia/ Bulgaria	NIL
	Section 8 Companies	Section 8 Companies	Section 8 Companies	Section 8 Companies	Section 8 Companies
	NIL	NIL	NIL	NIL	NIL
	LLPs:	LLPs:	LLPs:	LLPs:	LLPs:
	NIL	NIL	NIL	NIL	NIL
Committee Positions	Chairperson: 1. Internal Compliants Committee	NIL	NIL	NIL	Member : 1. Stakeholders Relationship Committee 2. Risk Management Committee 3. Internal Compliants Committee

## NETTLINX LIMITED

### DISCLOSURES AS REQUIRED UNDER SECTION II OF PART II OF SCHEDULE V OF THE COMPANIES ACT, 2013

#### I. GENERAL INFORMATION:

##### A. NATURE OF INDUSTRY:

M/s. Nettlinx Limited was originally incorporated as a Limited Company under the name and style "Northeast Securities Limited" on 25.01.1994 (Twenty Fifth day of January, One Thousand Nine Hundred and Ninety Four), in the state of Andhra Pradesh, vide Certificate of Incorporation Number 01-16930 of 199-3-94, issued by the Registrar of Companies.

During the Year 1998-1999, Northeast Spinners Limited was amalgamated with Northeast Securities Limited. In the year of 2001, Nettlinx Limited bearing CIN: U72200TG1999PLC030924 was amalgamated with Northeast Securities Limited.

Nettlinx is a leading Internet Service Provider in the ISP & Telecom domain head quartered at Hyderabad, India with distribution reach of Internet Bandwidth across SMEs , SMBs ,SOHOs , Educational Hubs, Electronic Digital Media & Cable Operators , Direct Homes , Hotels & Hospitals.

Nettlinx Limited has a Class B license to operate as an Internet Service Provider (ISP). Nettlinx offers state-of-the-art Managed Network Services to enterprises across Telangana and Andhra Pradesh. Nettlinx operates through a direct presence in 75+ locations. It has proved to be a best ISP in providing fully converged network platform (Data, Voice and Video application support) to clients across Telangana and Andhra Pradesh.

Partnering with National Telcos , like Bharti , Reliance Communications & Sify Corp , Nettlinx operates through a network which is built on world class technology and unparallel infrastructure. The fully redundant, carrier agnostic backbone architecture enables us to deliver high network uptimes and network availability to our customers. Each of the Nettlinx POPs are equipped to provide all the latest WAN protocols.

Nettlinx offers a complete range of network solutions like Internet, Network Management Services, Data Centre and Co-location Services. With a proven record of offering robust network connectivity solutions. With multi-homing, fully redundant, the company has created a reliable network infrastructure which is trusted by customers for supporting various applications. With years of experience and a long list of satisfied customer base, the company is set to surge new

heights emerge as one of the best ISPs in both Telangana State & Andhra Pradesh State.

B. Date of commencement of commercial production – In The Year of 1999.

C. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus – Not Applicable.

D. Financial performance based on given indicators

The details of financial performance of the Company for the financial year 2015-16 and 2016-17 are provided in the Annual Report which accompanies this Notice.

E. Foreign investments or collaborations, if any. – The company has received an foreign investment through allotment of 1795127 convertible share warrants during the Financial year 2016-2017.

#### II. INFORMATION ABOUT THE APPOINTEE:

##### A. Background details:

Mr. Chandra Sekhar Pogula, 53, has a B Sc degree in Biological Sciences and Post Graduate diploma in Sales & Marketing management and During his over 32 years tenure at various Companies both in India and overseas , he held a number of senior executive positions including General Manager of Super Max Corporation USA for Americas Caribbean, Director – Sales Marketing for Central Latin America for SuperMax Corporation Mexico, and Regional Manager for Gulf, Middle East Africa for SuperMax Corporation, Dubai, UAE. Additionally he held Marketing positions within Gulf region for FMCG Companies like Bristol, Myers, Squibb at Muscat, Oman Tiffany Foods at Sharjah, UAE. Back home in his early days he had a successful 2 year stint with Glaxo India CPD and Nestle India for over 5 years in Field Sales Operations.

##### B. Past remuneration:

Rs. 36,00,000/- per annum (Rupees Thirty Six Lakhs only) per annum with effect from 08<sup>th</sup> August, 2015(Since Two Years).

##### C. Recognition or awards: Nil

##### D. Job profile and his suitability:

For the past 11 years plus , heading & handling the entire cross functional Nettlinx team with P & L responsibility and accountability to shareholders & stake holders .Responsible for project management ,sales operations, Accounts & Finance , HR , technical support functions, legal services, internal audit, risk

## NETTLINX LIMITED

management, compliance, corporate governance, public policy, regulatory affairs and administrative operations.

Instrumental in taking over a similar Internet Distribution client base and merging for Integration synergies.

Business visits to 49 countries spanning across Gulf Middle East, East Africa, North & South Americas, Caribbean Islands & Far East.

Indepth experience in FMCG Sales, Marketing & General Operations in world renowned Companies like Glaxo, Nestle, Bristol Myers, Tiffany, SuperMax & Nettlinx, across segments like Beverages, Baby Foods, Body Care, Biscuits ,Blades & Bandwidth.

Multiple industry experience in emerging economies. Have managed markets comprising modern trade and traditional distribution across FMCG in different continents, countries, currencies, cultures, conditions, categories, channels, controls, conflicts, challenges, complexities & communities.

Expertise in Exports and opening up markets. Experience in hiring country specific talent & international transactions and he Believes in achieving operational excellence through a model of people driven participative style of management with focus on Objectives and Results.

Has a Global mindset with a blend of MNC professionalism and a flavor of commercially sensible entrepreneurial approach with multitasking ,optimising costs and making more out of less. Aligning the vision, mission and philosophy involving core values of hardwork, honesty, integrity, transparency & ethics with Passion.

Taking this into consideration the Board at its meeting held on 09<sup>th</sup> November, 2016 appointed Mr. Chandra Sekhar Pogula as the Whole Time Director and Chief Executive Officer of the Company.

### **E. Remuneration proposed:**

Rs. 36,00,000/- per annum (Rupees Thirty Six Lakhs only) per annum.

### **F. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin):**

The remuneration is as per Section 197 read with Section 198 and Schedule V of the Companies Act, 2013 and is comparable to the remuneration of MD/ WTD/CEO levels of similar sized Companies.

### **G. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any:**

Besides the remuneration proposed to be paid to Mr. Chandra Sekhar Pogula, he does not have any other pecuniary relationship directly or indirectly with the Company or relationship with any other managerial personnel.

### **III. OTHER INFORMATION:**

#### **A. Reasons of loss or inadequate profits:**

Telecom / ISP domain is going through tough competition with mergers and consolidation. Entry of giant telecom player is resulting in lowering of average revenue per user translating into progressively lesser top lines and weaker bottom lines. Nettlinx will manage to grow considering that. It has niche and present in specific segments in two states.

#### **B. Steps taken or proposed to be taken for improvement:**

The Company is continuously monitoring the performance of its Operations.

#### **C. Expected increase in productivity and profits in measurable terms:**

As aforesaid, the steps taken by the Company are expected to improve the Company's performance and profitability in future.

### **IV. DISCLOSURE:**

As required, the information is provided in Directors Report for the financial year 2016-17 under the heading Corporate Governance.

By order of the Board of Directors  
For Nettlinx Limited

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

Date : 08.08.2017  
Place: Hyderabad

### DIRECTOR'S REPORT

To  
The Members,

Your Directors take pleasure in presenting their Twenty Fourth Annual Report and the audited Statement of Accounts, highlighting the business operations and financial results for the financial year ended March 31, 2017. 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:

(Amount ₹. in Lakhs)

Particulars	2016-2017	2015-2016
Revenue from Operations	934.49	682.25
Other Income	131.71	84.32
Total Income	1066.21	766.57
Expenditure before Interest and Depreciation	614.68	588.23
Finance Cost	42.19	20.39
Depreciation	37.14	34.91
Total expenditure	694.02	643.54
Profit before exceptional items and Tax	372.18	123.03
Exceptional Item	0.00	0.00
Profit/(Loss) Before Tax	372.18	123.03
Deferred Tax Asset	2.45	1.61
Current Tax	88.09	25.09
Less: Provision of MAT	0	(22.90)
Net Profit/ (loss) after Tax	286.54	122.45

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

(Amount ₹. in Lakhs)

Particulars	2016-2017	2015-2016
Revenue from Operations	1899.99	2138.79
Other Income	132.07	86.85
Total Income	2032.07	2225.64
Expenditure before Interest and Depreciation	1527.32	1939.73
Depreciation	42.99	42.00
Finance Cost	128.02	77.92
Total Expenditure	1698.33	2059.64
Profit before exceptional items and Tax	333.73	165.99
Exceptional Item	0.00	0.00
Profit/(Loss) Before Tax	333.73	165.99
Deferred Tax Asset	3.09	2.42
Current Tax	88.09	25.09
Less: Provision of MAT	0	(22.90)
Net Profit/ (loss) after Tax	248.73	166.24



**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 ₹. 1066.21 Lakhs as compared to ₹. 766.57 Lakhs in the previous year. The Profit after tax for the year was ₹. 286.54 Lakhs as compared to ₹. 122.45 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 2017 – 2018 to achieve the targeted numbers. During the Financial Year 2017–2018, 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 ₹. 1100.00 lakhs, up from the previous year's ₹. 934.49 Lakhs, an estimated growth of around 18 % 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 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. 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

Communications 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 1-2 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.

#### **NETTLINX INC**

Nettlinx Inc. is a 16-year-old US (registered office in NJ) corporation. We are into software consulting, network services, application development, 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.

#### **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). 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. ₹. 2,86,54,191/- has been transferred to the Reserves during the financial year 2016-17, being the surplus for the year end 31<sup>st</sup> March, 2017.

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

During the year under review, The Authorized Share Capital of the company has increased from ₹. 20,00,00,000 divided into 2,00,00,000 equity shares of ₹.10 (Rupees Ten Only) each to ₹. 30,00,00,000 divided into 3,00,00,000 equity shares of ₹.10 (Rupees Ten Only) each on the 23<sup>rd</sup> Annual general Meeting of the company held on 28.09.2016.

The Issued, Subscribed and Paid up Capital of the Company as on March 31, 2017 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 during the year under review.

#### **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 2016-17.

#### **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.

## NETTLINX LIMITED

### 11. DIRECTORS AND KEY MANAGERIAL PERSONNEL

#### DIRECTORS :

#### INDUCTIONS :

During the year:

- ◆ Mr. Rohith Loka Reddy was appointed as Managing Director of the company with effect from 11.08.2016.
- ◆ Mr. Subramanyeswara Rao Kakarala and Mr. Kakarla Kiranvenkatasiva were appointed as Independent Directors of the company with effect from 11.08.2016.

The Board has made following appointments/reappointments based on the recommendations of Nomination and remuneration Committee:

1. Reappointed Mr.Chandra Sekhar Pogula as WTD & CEO of the company at the Meeting of Board of Directors held on 09.11.2016.
2. Dr.Erwin Leopold Dieck was appointed as Additional Director on 29.09.2016 and categorized as independent director of the company on 09.11.2016.
3. Mr.Abraham Joy was appointed as Additional Director on 29.09.2016 and holds the said office till the date of the Annual General Meeting. A notice has been received from a member proposing his candidature for his reappointment.
4. Regularization of appointment of Dr. Erwin Leopold Dieck and Mr. Joy Abraham as Independent Non-Executive Director and Non-Executive Non-Independent Director of the Company respectively with effect from 29th September, 2016.

The Board recommends the resolution as set forth in item No. 5, 6 and 7 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, Ms. Radhika Kundur, Non-Executive Director of the Company and Mr. Rohith Loka Reddy, Managing Director of the company would retire by rotation and, being eligible, offer themselves for re-appointment. The Board recommends their reappointment at the ensuing Annual general Meeting of the company.

#### 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:

Six 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.

Two Extraordinary General Meetings of the company were held on 18.04.2016 and 28.10.2016.

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**

##### **Statutory Auditors**

M/s. Deva & Co. Chartered Accountants, having registration No.000722S allotted by The Institute of Chartered Accountants of India (ICAI) retires as Auditor of your Company and therefore they are not eligible for re-appointment as their tenure is expired as per the provisions of Companies Act, 2013.

Pursuant to the recommendations of the Audit Committee of the Board of Directors, the Company hereby appoints M/s. C.Ramachandram & Co, Chartered Accountants (Firm Registration No. 002864S) allotted by The Institute of Chartered Accountants of India (ICAI) who have expressed their eligibility for the appointment, to hold the office of Statutory auditor of the company who shall hold office from the conclusion of this 24<sup>th</sup> Annual General Meeting for term of consecutive five years till conclusion of the 29<sup>th</sup> Annual General Meeting (subject to ratification of the appointment by the members at every Annual General Meeting held after this Annual General Meeting) to examine and audit the accounts of the Company.

##### **Secretarial Auditor**

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 2016-2017.

##### **AUDITORS' REPORT AND 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

## NETTLINX LIMITED

Governance is enclosed as Annexure-C to the Board's Report. The Auditors certificate for Financial Year 2016-2017 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, 2017.

**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, adaptation and innovation**

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 : ₹. 5,48,67,240 /-

Foreign Exchange Outflows : ₹. 21,32,890/-

**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 2016-2017 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 : 08.08.2017  
Place: Hyderabad

**ANNEXURE INDEX**

<b>Annexure</b>	<b>Content</b>
A	AOC-1
B & B1	MR-3 Secretarial Audit Report
C	Auditors Certificate on corporate Governance
D	Extract of Annual Return
E	Particulars of Employees
F	Corporate Governance Report
G	Management Discussion & Analysis Report

**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):**

**1. SI.No: 1**

2. Name of the subsidiary: Nettlinx Realty private Limited
3. The date since when subsidiary was acquired: 16/09/2006
4. Reporting period for the subsidiary concerned, if different from the holding company's reporting period: 01 Apr, 2016 to 31 March, 2017
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: 3100000
7. Reserves and surplus:(30618982)
8. Total Assets:144191721
9. Total Liabilities:177910704
10. Investments:34345036
11. Turnover: Nil
12. Profit before taxation(13058063)
13. Provision for taxation: Nil
14. Profit after taxation: (12993876)
15. Proposed Dividend: Nil
16. Extent of shareholding (in percentage):100

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

**1. SI.No: 2**

2. Name of the subsidiary: NETTLINXAQUACULTURE PRIVATE LIMITED
3. The date since when subsidiary was acquired: 09/04/2007
4. Reporting period for the subsidiary concerned, if different from the holding company's reporting period: 01 Apr, 2016 to 31 March, 2017
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: 621927
8. Total Assets:59279197
9. Total Liabilities:16657270
10. Investments:43283775
11. Turnover: Nil
12. Profit before taxation: (699221)
13. Provision for taxation: Nil



## NETTLINX LIMITED

14. Profit after taxation: (699221)
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: Jan1, 2016 to Dec 31, 2016
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 64.83
6. Share capital: USD 110545
7. Reserves & surplus: USD 492563
8. Total assets: USD 912351
9. Total Liabilities :USD 309243
10. Investments: NIL
11. Turnover: USD 1736315
12. Profit before taxation: USD 152604
13. Provision for taxation: NIL
14. Profit after taxation: USD 152604
15. Proposed Dividend: NIL
16. Extent of shareholding: 100%

Information in respect of which the companies yet to commence operations : Salion SE

**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, 2017**

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, 2016 and ended 31st March, 2017, 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, 2017, 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 28<sup>th</sup> 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

## NETTLINX LIMITED

- 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 not attracted to the company under the financial year under report.
  - (iii) 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. However the company has issued convertible Share Warrants during the year.
- (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 no 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.

Place: Hyderabad  
Date: 08.08.2017

For VCSR & Associates  
Company Secretaries

Ch.Veeranjaneyulu  
Partner  
C.P.No: 6121

**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

Place: Hyderabad  
Date: 08.08.2017

Ch.Veeranjaneyulu  
Partner  
C.P.No: 6121

**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 31<sup>st</sup> March, 2017 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 M/s Deva & Co  
Chartered Accountants  
(Firm Registration No. 000722S)

Date: 08.08.2017  
Place: Hyderabad

Sd/-  
(Jainik M Soni )  
Partner  
Membership No. 149967

**ANNEXURE - D  
MGT 9**

**Extract of Annual Return**

**As on the Financial Year 31.03.2017**

**[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]**

**I. REGISTRATION AND OTHER DETAILS:**

i.	CIN	L67120TG1994PLC016930
ii.	Registration Date	25/01/1994
iii.	Name of the Company	NETTLINXLIMITED
iv.	Category / Sub-Category of the Company	Category-Company Limited by SharesSub-Category-Indian 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. T.S- 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:-

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

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

S. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
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	Nettlinx INC	23-3821830	Wholly-Owned Subsidiary	100%	2(87)(ii)
4	Salion SE (Subsidiary of Nettlinx Aquaculture Private Limited)	HRB 180170 B	Subsidiary	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	6541852	—	6541852	57.07	6690949	—	6690949	58.37	+1.30
Central Govt	—	—	—	—	—	—	—	—	—
State Govt (s)	—	—	—	—	—	—	—	—	—
Bodies Corp.	—	—	—	—	—	—	—	—	—
Banks / FI	—	—	—	—	—	—	—	—	—
Any Other....	—	—	—	—	—	—	—	—	—
<b>Sub-total(A) (1) :-</b>	6541852	—	6541852	57.07	6690949	—	6690949	58.37	+1.30
<b>(2) Foreign</b>									
a) NRIs -Individuals	44800	—	44800	0.39	—	—	—	—	-0.39
b) Other –Individuals	—	—	—	—	—	—	—	—	—
c) Bodies Corp.	—	—	—	—	—	—	—	—	—
d) Banks / FI	—	—	—	—	—	—	—	—	—
e) AnyOther....	—	—	—	—	—	—	—	—	—
<b>Sub-total(A) (2):-</b>	44800	—	44800	0.39	—	—	—	—	-0.39
<b>Total shareholding of Promoter (A) =(A)(1)+(A)(2)</b>	6586652	—	6586652	57.46	6690949	—	6690949	58.37	+0.91
<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) FIIs	—	—	—	—	—	—	—	—	—
h) Foreign Venture Capital Fund	—	—	—	—	—	—	—	—	—
i) Others(specify)	—	—	—	—	—	—	—	—	—



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<b>2. Non Institutions</b>									
a) Bodies Corp.	941460	204800	1146260	10.01	893048	15900	908948	7.93	<b>-2.07</b>
i) Indian	—	—	—	—	—	—	—	—	—
ii) Overseas	—	—	—	—	—	—	—	—	—
b) Individuals	—	—	—	—	—	—	—	—	—
i) Individual shareholders holding nominal share capital up to Rs. 1 lakh	809689	484916	1294605	11.29	934152	438106	1372168	11.97	<b>+0.68</b>
ii) Individual shareholders holding nominal share capital in excess of Rs 1lakh	1925317	123611	2048928	17.87	2181945	152321	2334266	20.36	<b>+2.49</b>
c) Others (specify)	366967	19100	386067	3.36	140981	15200	156181	1.36	<b>-2.01</b>
<b>Sub-total (B)(2)</b>									
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	4043433	833227	4876660	42.54	4150126	622237	4772363	41.63	<b>-0.91</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	0	0	0	0	—	—	—	—	—
<b>Grand Total (A+B+C)</b>	10630085	833227	11463312	100	10841075	622237	11463312	100	—

**(ii) Shareholding of Promoters**

Sl. No.	Shareholder's Name	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.	LOKA NARAYAN REDDY	3923224	—	3923224	34.22	—	—	—	—	—
2.	DR MANOHAR LOKAREDDY	1598823	—	1598823	13.95	5553671	—	5553671	48.45	+34.50
3.	SARANYA LOKA REDDY	599386	—	599386	5.23	644186	—	644186	5.62	+0.39
4.	P KALPANA REDDY	228100	—	228100	1.99	238100	—	238100	2.08	+0.09
5.	SHILPALOKA REDDY	98200	—	98200	0.86	98200	—	0.86	0.86	—
6.	NITHYALOKA REDDY	58819	—	58819	0.51	58819	—	58819	0.51	-

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7.	ROHITH LOKA REDDY	44800	—	44800	0.39	—	—	—	—	-0.39
8.	JAYA REDDY	25000	—	25000	0.22	25000	—	25000	0.22	—
9.	DR MANOHAR LOKA REDDY (HUF)	10300	—	10300	0.09	72973	—	72973	0.64	+0.55

**(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 No. year		Share holding at the end of the year	
		No. of shares	% of total shares ompanyy	No. of of the shares	% of total shares of the company
	As per Note-I				

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

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

Sl. No.	For Each of the Directorsand 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
	As per Note-III				

## 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
i) Principal Amount	2,41,87,401	—	—	2,41,87,401
ii) Interest due but not paid	1,02,040	—	—	1,02,040
iii) Interest accrued but not due				
<b>Total (i+ii+iii)</b>	2,42,89,441	—	—	2,42,89,441
Change in Indebtedness during the financial year				
Addition :				
i) Principal Amount	3,67,81,367	2,45,00,000	—	6,12,81,367

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Reduction:				
ii) Principal Amount	19,28,299	1,45,00,000		1,64,28,299
iii) Interest paid	25,40,618			25,40,618
Net Change	3,23,12,450	1,45,00,000	—	4,68,12,450
<b>Indebtedness at the end of the financial year</b>				
iv) Principal Amount	5,83,36,829	1,00,00,000	—	6,83,36,829
v) Interest due but not paid	1,01,711	—	—	1,01,711
iii) Interest accrued but not due				
<b>Total (i+ii+iii)</b>	<b>5,84,38,540</b>	<b>1,00,00,000</b>	<b>—</b>	<b>6,84,38,540</b>

## 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 Amount
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	36,00,000
2.	Stock Option	—	—
3.	Sweat Equity	—	—
4.	Commission- as % of profit- Others, specify...	—	—
5.	Others, please specify)	—	—
6.	Total (A)	36,00,000	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 Kakarla	Venkata Hanu-mantha Rao Jogina pally	Subraman yeswara Rao Kakarala	Dr. Erwin Leopold Dieck	
	Fee for attending board / committee meetings	NA	27500	22500	10000	17500	10000	5000	92500

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	Commission · Others, please specify	NA	NA	NA		NA		NA	
	Total (1)	—	27500	22500	10000	17500	10000	5000	92500
2.	Other Non-Executive Directors	Dr.Mano-har Loka Reddy	—	—	—	Abraham Joy	Radhika Kundur	—	—
	Fee for attending board / committee meetings	NA	NA	NA	—	5000	10000	—	15000
	commission	NA	NA	NA		NA	NA		—
	Others, please specify	NA	NA	NA		NA	NA		—
	Total (2)	—		—		—	—		—
	Total (B)=(1+2)	NA	NA	NA		5000	10000		15000
	Total Managerial Remuneration	—	27500	22500	10000	22500	20000	5000	107500
	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		—

### C. Remuneration to key managerial personnel other than MD/Manager/Wtd: Not Applicable

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	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/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)	3,60,000 P.A	6,60,000 P.A	46,20,000 P.A
2.	Stock Option				
3.	Sweat Equity				
4.	Commission- as % of profit- others, specify...				
5.	Others, please specify				
6.	Total	36,00,000	3,60,000	6,60,000	46,20,000 P.A

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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]	Appealmade, if any(give Details)
<b>A. COMPANY</b>					
Penalty	—	—	—	—	—
Punishment	—	—	—	—	—
Compounding	—	—	—	—	—
<b>B. DIRECTORS</b>					
Penalty	—	—	—	—	—
Punishment	—	—	—	—	—
Compounding	—	—	—	—	—
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	—	—	—	—	—
Punishment	—	—	—	—	—
Compounding	—	—	—	—	—

Not Applicable

**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 01-04-16 to 31-03-17)	
		No. of shares at the beginning (01-04-16)/ end of the year (31- 03-17)	% of total shares of the Company				No. of shares	% of total shares of the company
1	LOKA NARAYAN REDDY	3,923,224	34.22	01.04.2016				
				07.06.2016	-3,923,224	Transfer (Inter se Transfer)	Nil	Nil
		Nil	Nil	31.03.2017			Nil	Nil
2	DR. MANOHAR LOKAREDDY	1,598,823	13.95	01.04.2016				
				31.05.2016	10,000	Increase/ Bought	1,608,823	14.03
				07.06.2016	3,923,224	Transfer (Inter se Transfer)	5,532,047	48.26
				01.08.2016	8,800	Increase/ Bought	5,540,847	48.34
				01.08.2016	1,200	Increase/ Bought	5,542,047	48.35
				01.08.2016	2,000	Increase/ Bought	5,544,047	48.36
				14.09.2016	232	Increase/ Bought	5,544,279	48.37
				16.12.2016	2,016	Increase/ Bought	5,546,295	48.38
				20.12.2016	4,000	Increase/ Bought	5,550,295	48.42

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				17.03.2017	3,376	Increase/ Bought	5,553,671	48.45
		5,553,671	48.45	31.03.2017				
3	SARANYA LOKA REDDY	599,386	5.23	01.04.2016				
				07.05.2016	44,800	Transfer (Inter se Transfer)	644,186	5.62
		644,186		31.03.2017				
4	P KALPANA REDDY	228,100	1.99	01.04.2016				
				17.06.2016	10,000	Increase/ Bought	238,100	2.08
				18.10.2016	-1,000	Decrease/ Sold	237,100	2.07
				20.10.2016	1000	Increase/ Bought	238,100	2.08
		238,100	2.08	31.03.2017				
5	SHILPALOKA REDDY	98,200	0.86	01.04.2016				
		98,200	0.86	31.03.2017				
6	NITHYALOKA REDDY	58,819	0.51	01.04.2016				
		58,819	0.51	31.03.2017				
7	ROHITHLOKA REDDY	44,800	0.39	01.04.2016				
				07.05.2016	44,800	Transfer (Inter se Transfer)	Nil	Nil
		Nil	Nil	31.03.2017				
8	JAYA REDDY	25,000	0.22	01.04.2016				
		25,000	0.22	31.03.2017				
9	Dr. MANOHAR LOKA REDDY (HUF)	10,300	0.09	01.04.2016				
				17.06.2016	62,673	Increase/ Bought	72,973	0.64
		72,973		31.03.2017				

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**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 01-04-16 to 31-03-17)	
		No. of shares at the beginning (01-04-16)/ end of the year (31- 03-17)	% of total shares of the Company				No. of shares	% of total shares of the company
1	Northeast Broking Services Ltd.	3,97,810	3.47	01.04.2016				
				10.06.2016	2,500	Increase/ Bought	4,00,310	3.50
				17.06.2016	99,783	Increase/ Bought	5,00,093	4.36
				17.06.2016	21,260	Increase/ Bought	5,21,353	4.55
				25.11.2016	1,87,900	Increase/ Bought	7,09,253	6.19
				17.03.2017	2,490	Increase/ Bought	7,11,743	6.21
		7,11,743	6.21	31.03.2017				
2	P PRAMEELA REDDY	202,564	1.77	01.04.2016				
				17.06.2016	8,186	Increase/ Bought	210,750	1.84
				17.03.2017	3,855	Increase/ Bought	214,605	1.87
		214,605	1.87	31.03.2017				
3	KUNINTE MANIMALA	184,193	1.61	01.04.2016				
				03.03.2017	10,500	Increase/ Bought	194,693	1.7
				03.03.2017	10,500	Increase/ Bought	205,193	1.79
				03.03.2017	-10,500	Decrease/ Sold	194,693	1.7
		194,693	1.7	31.03.2017				
4	SASIDHAR POSIM REDDY	134,700	1.18	01.04.2016				
		134,700	1.18	31.03.2017				



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5	Vijaya Lakshmi Pogula	1,50,000	1.31	01.04.2016				
				29.04.2016	10,000	Decrease/ Sold	140,000	1.22
				06.05.2016	5,000	Decrease/ Sold	135,000	1.18
				29.07.2016	11,000	Decrease/ Sold	124,000	1.08
		124,000	1.08	31.03.2017				
6	Dr. Sarat Surapaneni	37,387	0.33	01.04.2016				
				04.05.2016	156	Increase/ Bought	37,543	0.33
				05.05.2016	1,175	Increase/ Bought	38,718	0.34
				31.05.2016	34,960	Increase/ Bought	73,678	0.64
				07.06.2016	221	Increase/ Bought	73,899	0.65
				05.07.2016	-5,000	Decrease/ Sold	68,899	0.6
				21.07.2016	2,600	Increase/ Bought	71,499	0.63
				25.07.2016	554	Increase/ Bought	72,053	0.63
				27.07.2016	1,000	Increase/ Bought	73,053	0.64
				29.07.2016	1,000	Increase/ Bought	74,053	0.65
				14.09.2016	5,000	Increase/ Bought	79,053	0.69
				14.10.2016	100	Increase/ Bought	79,153	0.69
				17.03.2017	9,918	Increase/ Bought	89,071	0.78
		89,071	0.78	31.03.2017				
7	Musuku Amit Kumar	55,819	0.49	01.04.2016				
				28.04.2016	15,701	Increase/ Bought	71,520	0.62
				03.06.2016	3,040	Increase/ Bought	74,560	0.65
				08.06.2016	320	Increase/ Bought	74,880	0.65

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			09.08.2016	200	Increase/ Bought	75,080	0.66
			10.08.2016	220	Increase/ Bought	75,300	0.66
			27.09.2016	2,999	Increase/ Bought	78,299	0.68
			05.10.2016	1	Increase/ Bought	78,300	0.68
			01.12.2016	-30	Decrease/ Sold	78,270	0.68
			05.12.2016	-70	Decrease/ Sold	78,200	0.68
			21.02.2017	-2,861	Decrease/ Sold	75,339	0.66
			23.02.2017	-250	Decrease/ Sold	75,089	0.66
			28.02.2017	-350	Decrease/ Sold	74,739	0.65
			03.03.2017	-50	Decrease/ Sold	74,689	0.65
	74,689	0.65	31.03.2017				
8	Dinesh Reddy Yelti	82,938	0.72	01.04.2016			
			18.06.2016	-150	Decrease/ Sold	82,788	0.72
			23.05.2016	-10,000	Decrease/ Sold	72,788	0.64
			24.05.2016	-173	Decrease/ Sold	72,615	0.63
			25.05.2016	-5000	Decrease/ Sold	67,615	0.59
			25.05.2016	-2875	Decrease/ Sold	64,740	0.57
			11.07.2016	2,800	Increase/ Bought	67,540	0.59
			01.08.2016	1,000	Increase/ Bought	68,540	0.6
			22.09.2016	1,900	Increase/ Bought	70,440	0.62
			23.09.2016	453	Increase/ Bought	70,893	0.62
			05.10.2016	3,650	Increase/ Bought	74,543	0.65
			06.10.2016	1,395	Increase/ Bought	75,938	0.66

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				16.02.2017	-2,500	Decrease/ Sold	73,438	0.64
				20.03.2017	-606	Decrease/ Sold	72,832	0.64
				27.03.2017	1,057	Increase/ Bought	73,889	0.65
				30.03.2017	1,005	Increase/ Bought	74,894	0.65
		74,894	0.65	31.03.2017				
09	B. Ranjith Rao	0	0	01.04.2016				
				30.06.2016	8400	Increase/ Bought	8400	0.07
				08/07/2016	4941	Increase/ Bought	13341	0.12
				15/07/2016	29396	Increase/ Bought	42737	0.37
				22/07/2016	5673	Increase/ Bought	48410	0.42
				29/07/2016	8425	Increase/ Bought	56835	0.50
				05/08/2016	3805	Increase/ Bought	60640	0.53
				12/08/2016	2525	Increase/ Bought	63165	0.55
				19/08/2016	3100	Increase/ Bought	66265	0.58
				26/08/2016	6200	Increase/ Bought	72465	0.63
				02/09/016	1100	Increase/ Bought	73565	0.64
				11/11/2016	1565	Decrease/ Sold	72000	0.63
		72000	0.63	31.03.2017				
10	Sreekanth Reddy Puthalapat	64505	0.56	01.04.2016				
				10/06/2016	1000	Decrease/ Sold	63505	0.55
				17/06/2016	6400	Increase/ Bought	69905	0.61
		69905	0.61	31/03/2017				

**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 01-04-16 to 31-03-17)	
		No. of shares at the beginning (01-04-16)/ end of the year (31- 03-17)	% of total shares of the Company				No. of shares	% of total shares of the company
1	Dr Manohar Loka Reddy	1,598,823	13.95	01.04.2016				
				31.05.2016	10,000	Transfer	1,608,823	14.03
				07.06.2016	3,923,224	Transfer (Inter se Transfer)	5,532,047	48.26
				01.08.2016	8,800	Transfer	5,540,847	48.34
				01.08.2016	1,200	Transfer	5,542,047	48.35
				01.08.2016	2,000	Transfer	5,544,047	48.36
				14.09.2016	232	Transfer	5,544,279	48.37
				16.12.2016	2,016	Transfer	5,546,295	48.38
				20.12.2016	4,000	Transfer	5,550,295	48.42
				17.03.2017	3,376	Transfer	5,553,671	48.45
		5,553,671	48.45	31.03.2017				
2	ROHITH LOKA REDDY	44,800	0.39	01.04.2016				
				07.05.2016	44,800	Transfer (Inter se Transfer)	NIL	Nil
		Nil	Nil	31.03.2017				
3	CHANDRA SEKHAR POGULA	115,000	1.00	01.04.2016				
		115,000	1.00	31.03.2017				
4	KOTHURI KAMESWARA RAO	Nil		01.04.2016				
		Nil		31.03.2017				
5	JOY ABRAHAM	Nil		01.04.2016				

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		Nil		31.03.2017				
6	VIJAY KUMAR MAISTRY	30,000	0.26	01.04.2016				
		30,000	0.26	31.03.2017				
7	VENKATA HANUMANTHA RAO JOGINAPALLY	Nil		01.04.2016				
		Nil		31.03.2017				
8	RADHIKA KUNDUR	Nil	Negligible	01.04.2016				
		Nil	Negligible	31.03.2017				
9	SUBRAMANY ESWARA RAO KAKARALA	Nil		01.04.2016				
		Nil		31.03.2017				
10	KAKARLA KIRAN VENKATASIVA	13365		01.04.2016				
		13365		31.03.2017				
11	ERWIN LEOPOLD DIECK	Nil		01.04.2016				
		Nil		31.03.2017				
12	SANKU MAHAGANESH	610	Negligible	01.04.2016				
		610	Negligible	31.03.2017				
13	SAI RAM GANDIKOTA	Nil		01.04.2016				
		Nil		31.03.2017				

**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	3158%

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	Not Applicable
Mr.Sai Ram Gandikota, Company Secretary	Not Applicable

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

(iv) the number of permanent employees on the rolls of company: 56

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

The Employee liability has gone up by 6.34% up from 1.73 Crores to 1.83 crores. No Annual incremental during the year. 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 2016-2017 (₹. In Lakhs)	₹. 46.20 Lakhs
Remuneration of KMP's (as % of Revenue)	4.33%
Profit before tax(PBT) (₹. Lakhs)	372.18 Lakhs
Remuneration of KMP (as % of PBT)	12.41%

(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, 2017	31 <sup>st</sup> march, 2016	% change
Market Capitalisation (₹. Lakhs)	12328	3760	227.87
Price Earnings Ratio (Basic)	43.02	30.65	40.34

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, 2017	1999	% change
Market Price (BSE)	107.54	10	1075.4
MSEI	106.85	10	1068.5

(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, the Total increase was approximately 0.96 %, 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.Mahaganesh, Chief Financial Officer	Mr.Sai Ram Gandikota, Company Secretary & Compliance Officer
Remuneration in FY 15-16	36,00,000/-	6,60,000/-	3,60,000/-
Total Revenue (₹. Lakhs)	1066.21	1066.21	1066.21
Remuneration as (as % of Revenue)	3.38%	0.62%	0.34%
Profit before tax(PBT) (₹. Lakhs)	372.18	372.18	372.18
Remuneration (as % of PBT)	9.6%	1.77%	0.97%

(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, 2017****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 and Mr. Abraham Joy are the Non-Executive Directors of your company.

The remaining Directors on the Board of your Company comprises six Independent Directors as on March 31, 2017 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

## NETTLINX LIMITED

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 Eleven Directors as on March 31, 2017. 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	Total Number of Directorships, Committee Chairmanships and Memberships of public limited companies*, as on March 31, 2017		
			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. Vijay Kumar Maistry	Independent	02060345	1	0	1
Mr. Venkata Hanumantha Rao Joginapally	Independent	02682027	1	0	1
Subramanyeswara Rao Kakarala	Independent	07587769	1	0	0
Kakarla Kiran Venkatasiva	Independent	07592337	1	0	0
Dr. Erwin Leopold Dieck	Independent	07614028	1	0	0
Ms. Radhika Kundur	Non-Executive	07135444	1	0	0
Joy Abraham	Non-Executive	01993517	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.

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@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”):

During the year April 01, 2016 to March 31, 2017, Six Board meetings were held on the following dates – May 30, 2016, August 11, 2016, September 29, 2016 and November 09, 2016, December 21, 2016, February 14, 2017. 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 23<sup>rd</sup> AGM of your Company was held on September 28, 2016. Two Extra-ordinary General Meetings were held during the year on April 18, 2016 and October 28, 2016.

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

Directors	No. of Board meetings held during FY 16-17	No. of Board meetings attended	Attendance at the 23 <sup>rd</sup> AGM	EGM on April 18, 2016	EGM on October 28, 2016
Dr. Manohar Loka Reddy	06	06	Yes	Yes	Yes
Mr. Rohith Loka Reddy	06	05	Yes	NA	No
Mr. Chandra Sekhar Pogula	06	06	Yes	Yes	No
Mr. Kothuri Kameswara Rao	06	06	Yes	No	Yes
Mr. Vijay Kumar Maistry	06	05	No	Yes	No
Mr. Venkata Hanumantha Rao Joginapally	06	04	No	Yes	No
Subramanyeswara Rao Kakarala	06	02	No	NA	Yes
KakaralaKiran venkatasiva	06	02	Yes	NA	No
Dr.Erwin leopoldDieck	06	01	NA	NA	No
Ms. Radhika Kundur	06	02	NA	No	No
Joy Abraham	06	01	NA	NA	No

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

The details of Company’s shares held by Non - Executive Directors as on March 31, 2017 are as below:

Directors	No. of shares held as on March 31, 2017
Mr. Kothuri Kameswara Rao	NIL
Mr. Vijay Kumar Maistry	30000
Mr. Venkata Hanumantha Rao Joginapally	NIL
Subramanyeswara Rao Kakarala*	7000
Kakarala Kiran venkatasiva*	13841
Dr.Erwin leopoldDieck	Nil
Ms. Radhika Kundur	Nil
Joy Abraham	Nil

\*Shares Held with Spouse

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

Independent Directors met on 31<sup>st</sup> March, 2017 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 2016-17.

#### **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. Hanumanth Rao and Mr. M. Vijay Kumar as co-members. During the year, the sub-committee met on four occasions with full attendance of all the members.

There were four (4) Audit Committee Meetings held during the year on 30.05.2016, 11.08.2016, 09.11.2016 and 14.02.2017.

The composition of the Audit Committee as at March 31, 2017 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			
		30/05/2016	11/08/2016	09/11/2016	14/02/2017
Sri.K.Kameswara Rao	Chairman	Yes	Yes	Yes	Yes
Sri.J.V.Hanumantha Rao	Member	Yes	Yes	Yes	Yes
Sri. M. Vijay Kumar	Member	Yes	Yes	Yes	Yes

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	No of Meetings held	No of Meetings attended
Sri.K.Kameswara Rao	Chairman	NED(I)	2	2
Sri.J.V.Hanumantha Rao	Member	NED(I)	2	2
Sri.M. Vijay Kumar	Member	NED(I)	2	2

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.

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### 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 2016-17:

##### INVESTOR COMPLAINTS

Particulars	Year ended 31.03.2017
Pending at the beginning of the year	0
Received during the year	1
Disposed of during the year	1
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. During the year, the remuneration paid to the Directors exceeded the limits prescribed under section 197 of the Companies Act, 2013 i.e., 11% of Net Profits of the Company. Hence the company has the paid the remuneration pursuant to the resolution passed by the shareholders of the company as per Schedule V of the Companies Act, 2013.
- 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.

**C. REMUNERATION TO DIRECTORS PAID DURING THE FINANCIAL YEAR 2016-17 AND OTHER DISCLOSURES**

Name of the Director	Salary	Perks & other Benefits	Performance Bonus/ Commission	Sitting Fee/Each Meeting	Total
Mr.Chandra Sekhar Pogula	₹.36,00,000/-	Nil	Nil	Nil	₹.36,00,000/-
Dr. Manohar Loka Reddy	Nil	Nil	Nil	Nil	Nil
Mr. Rohith Loka Reddy	Nil	Nil	Nil	Nil	Nil
Mr. Kothuri Kameswara Rao	Nil	Nil	Nil	5000	₹. 27,500/-
Mr. Vijay Kumar Maistry	Nil	Nil	Nil	5000	₹.22,500/-
Mr. Venkata Hanumantha Rao Joginapally	Nil	Nil	Nil	5000	₹.17,500/-
Ms. Radhika Kundur	Nil	Nil	Nil	5000	₹.10,000/-
Kiran Venkatasiva Kakarla	Nil	Nil	Nil	5000	₹.10,000/-
Subramanyeswara Rao Kakarala	Nil	Nil	Nil	5000	₹.10,000/-
Abraham Joy	Nil	Nil	Nil	5000	₹. 5,000/-
Dr.Erwin Leopold Dieck	Nil	Nil	Nil	5000	₹.5,000/-

\* Sitting fees has increased from ₹. 2500 to ₹. 5000 w.e.f 11th August, 2016.

**D. 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 31.03.2017, 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)

**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 shouldered 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 Officer or the managing director or the manager;
  - (ii) The company secretary;
  - (iii) The whole-time director;
  - (iv) The chief finance 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 31/03/2017 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) Dr. Manohar Loka Reddy – Chairman
- ii) Mr. Rohith Loka Reddy – Managing Director
- iii) Mr. Chandra Sekhar Pogula – Whole-time Director & CEO
- iv) Ms. Radhika Kundur
- v) Mr. Abraham joy

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.

## **5. RISK MANAGEMENT COMMITTEE**

### **A) COMPOSITION**

The Details of composition of the Committee are given below:

<b>Name</b>	<b>Designation</b>	<b>Category</b>
Mr. Kothuri Kameswara Rao	Chairman	NED(1)
Mr. Chandra Sekhar Pogula	Member	ED
Mr. M. Vijay Kumar	Member	NED(1)

NED (I) : Non Executive Independent Director

ED : Executive Director

### **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.

#### 6. 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	Chairperson	NED
Sri. Chandra Sekhar Pogula	Member	WTD
Sri. J. V. Hanumantha Rao	Member	NED (I)

#### 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
2015-2016	28.09.2016	11.00 A.M	5-9-22, 3 <sup>rd</sup> 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 ₹.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: (b) To amend the memorandum of association:</li> <li>7. Increase in size of issue of <b>GDRS</b> from ₹.20 crores to ₹.100 crores</li> </ol>

2014-15	28.09.2015	10.30 A.M	ICWAI Bhavan, beside Dena Bank, Post Office Road, Sanath Nagar, Hyderabad-500018, Telangana	<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>
2013-14	29.09.2014	10.30 A.M	ICWAI Bhavan, beside Dena Bank, Post Office Road, Sanath Nagar, Hyderabad-500018, Telangana.	<ol style="list-style-type: none"> <li>1. Appointment of Mr. Kothuri Kameswara Rao as an Independent director of the company.</li> <li>2. Appointment of Mr. Venkata Hanumantha Rao Joginapally as an Independent director of the company.</li> <li>3. Appointment of Mr. Vijay Kumar Maistry as an Independent director of the company.</li> <li>4. Appointment of Mr. Appa Rao Makkamala as Independent director of the company.</li> <li>5. Increase in Remuneration and change in designation of Mr. Chandra Sekhar Pogula from COO to CEO</li> </ol>

**B. Extra-ordinary General Meetings**

Two Extraordinary General Meeting of the members was held during the financial year 2016-17.

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
18.04.2016	02.30 P.M	5-9-22, 3rd Floor, My Home Sarovar Plaza, Secretariat Road, Saifabad, Hyd - 500063. Telangana State, India.	1. Issue of <b>GDR'S</b>
28.10.2016	11.00 A.M	5-9-22, 3rd Floor, My Home Sarovar Plaza, Secretariat Road, Saifabad, Hyd - 500063. Telangana State, India.	1. Preferential issue of share warrants

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

During the financial year 2016-17, 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://nettlinx.com/company/Policies/Nettlinx\\_VIGIL\\_MECHANISM.pdf](http://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://nettlinx.com/company/MATERIALITY%20OF%20EVENT%20OR%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://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://nettlinx.com/company/Code%20of%20Conduct%20to%20Regulate-%20Monitor-%20Report%20Trading%20by%20Insiders.pdf>

**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, 3 <sup>rd</sup> 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	27 <sup>th</sup> September, 2017, 10.30 A.M. at Registered Office address
Tentative Calendar of Events for the Financial Year 2017-18	First Quarter- August 2017 Second Quarter- November, 2017 Third Quarter- February 2018 Financial Year- May 2018
Shareholders Services, Enquiries, Complaints Financial Year	Mr.Chandra Sekhar Pogula Email: <a href="mailto:csp@nettlinx.org">csp@nettlinx.org</a> 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>

# NETTLINX LIMITED

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 – 23868024E – Mail: info@vccilindia.com
Book Closure for AGM	21 <sup>st</sup> September, 2017 to 27 <sup>th</sup> September, 2017 (Both Days Inclusive)
Stock Code	511658
Listing on Stock Exchange of Trading of Equity Shares	Bombay Stock Exchange Ltd & MSEI Limited Equity Shares are traded through a. National Securities Depository Ltd (NSDL) and b. Central Depository Services Ltd (CDSL)
ISIN	INE027D01019

## L. ADDRESS FOR CORRESPONDENCE:

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: info@vccilindia.com
Investor Correspondence/Query on Annual Report	M/s. Nettlinx Limited 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

Custodial fees to Depositories: The custodial fee has been paid to NSDL and CDSL up-to 31<sup>st</sup> March, 2017.

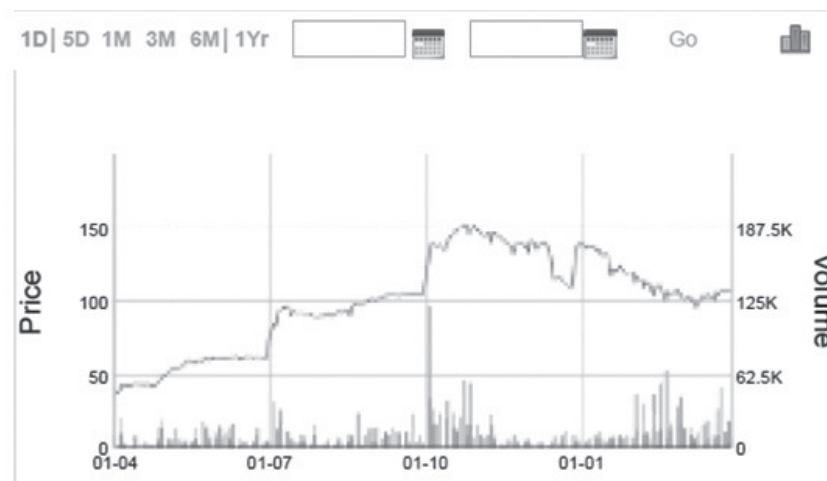
The Listing Fees has been paid to BSE Ltd and NSE Ltd. up-to 31<sup>st</sup> March, 2017.

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

BSE LIMITED			
Month	High Price	Low Price	Close Price
April 2016	48.85	34.5	48.85
May 2016	62.8	48.05	61.65
June 2016	63	59	61.65
July 2016	100.5	62.85	89.4
August 2016	102.85	87.05	101.75
September 2016	105	97	105
October 2016	156	116	151.55
November 2016	153	128	137.4
December 2016	148	105	138.3
January 2017	146	117	119.85
February 2017	124	98	104
March 2017	118	93	106.85

# NETTLINX LIMITED

Nettlinx share price with BSE Sensex during the Financial Year 2016-17:



## N) Distribution of shareholding as on March 31, 2017

Holders			Shares	
Range	Number	% To Total Shareholders	No of Shares	% To Total shareholding
Upto - 500	1663	73.26	246494	2.15
501 - 1000	236	10.4	207321	1.81
1001 - 2000	117	5.15	188567	1.64
2001 - 3000	65	2.86	169573	1.48
3001 - 4000	30	1.32	107342	0.94
4001 - 5000	32	1.41	152267	1.33
5001 - 10000	57	2.51	425942	3.72
10001 and above	70	3.08	9965806	86.94
<b>Total</b>	<b>2270</b>	<b>100</b>	<b>11463312</b>	<b>100</b>

## O) Shareholding pattern as on March 31, 2017:

Particulars	No. of shares held	Percentage to Total issued Shares
Promoters, Directors and relatives	6980790	60.89
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	22195	0.1936
I.Public and Others	4459527	38.90
<b>Total</b>	<b>11463312</b>	<b>100.00</b>

## NETTLINX LIMITED

### P) Dematerialisation of shares and liquidity as on March 31, 2017

The break-up of equity shares held in Physical and Dematerialised form as on March 31, 2017, is given below:

Particulars	No. of Shares	Percentage
Demat Segment		
NSDL	9278529	80.94
CDSL	1562546	13.63
<b>Sub-total</b>	<b>10841075</b>	<b>94.57</b>
Physical Segment	622237	5.43
<b>Total</b>	<b>1,14,63,312</b>	<b>100</b>

### Q) 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
	<b>Total</b>	<b>17,95,127</b>

### R) Commodity price risk or foreign exchange risk and hedging activities:

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

### S) Plant Locations

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

### T) 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, 2016	Received during the year	Redressed during the year	Pending as on March 31, 2017
1	Transfer	Nil	64	64	Nil
2	Transmission	Nil	7	7	Nil
3	Duplicate Share Certificate	Nil	40	40	Nil
4	Non-receipt of Dividend	Nil	Nil	Nil	Nil
5	Dematerialisation/	Nil	60	60	Nil
6	Rematerialisation of Shares	Nil	1	1	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	40	40	No
	<b>Grand Total</b>	<b>Nil</b>	<b>212</b>	<b>212</b>	<b>Nil</b>

#### U) 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.

#### V) 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.

#### Statement showing Shareholding of more than 1% of the Capital as on March 31, 2017

Sl. No.	Name of the shareholders	No. of Shares	Percentage of Capital
1	NORTHEAST BROKING SERVICES LIMITED	711743	6.21
2	P PRAMEELLA REDDY	214605	1.87
3	KUNINTE MANIMALA	194693	1.70
4	SASIDHAR POSIM REDDY	134700	1.18
5	VIJAYA LAKSHMI POGULA	124000	1.08
6	CHANDRA SEKHAR POGULA	115000	1.00
	<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:

**NETTLINX LIMITED**

Quarter	Date of Board Meeting
1 <sup>st</sup> Quarter	11/08/2016
2 <sup>nd</sup> Quarter	09/11/2016
3 <sup>rd</sup> Quarter	14/02/2017
4 <sup>th</sup> Quarter	30/05/2017

**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 24<sup>th</sup> Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by National Securities Depositories Limited (NSDL) Pursuant to regulation 44 of SEBI (Listing obligations and disclosure requirements) Regulations, 2015 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

Date : 08.08.2017  
Place: Hyderabad

Sd/-  
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 . New players launching their services will further boost the market although margins in the next few years may shrink to a little extent owing to raising other 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 startwith , 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.

## NETTLINX LIMITED

### 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 2016-17 are as under:

Sales for the year 2016-2017	1066.21
Current tax	88.09
Profit after tax	286.54
Paid up equity share capital as on 31 <sup>st</sup> March, 2017	11463312

The financial performance of the Company has been explained in the Directors' Report of the Company for the year 2016-17 appearing separately.

### 8. HUMAN RESOURCES

During the year under review, the Company has undertaken extensive steps in optimizing the man power at the 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/-

Date: 08-08-2017  
Place: Hyderabad

Chandra Sekhar Pogula  
CEO & WTD  
DIN: 00007536

## 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, 2017, 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, 2017.

For Nettlinx Limited

Sd/-

Chandra Sekhar Po gula  
CEO & Whole Time Director  
DIN: 00007536

Place: Hyderabad  
Date: 08-08-2017

**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

**Sd/-**

Chandra Sekhar Pogula  
CEO & Whole Time Director

**Sd/-**

S.Mahaganesh  
CFO

Date: 08-08-2017  
Place: Hyderabad

**Independent Auditor's Report**

To the Members of

**Nettlinx Limited**

**Report on 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 31 March, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

The Management and Board of Directors of the Company are responsible for the matters stated in section 134(5) of the Companies Act, 2013("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards referred to in section 133 of the Act, read with rule 7 of companies (Accounts) Rules, 2014.

This responsibility 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; 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.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amount and disclosures in the financial statements. The procedures selected depend on the auditor's judgment including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion whether the Company has in place an adequate internal Financial control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

**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

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2017;
- b) in the case of the Profit and Loss statement, of the Profit for the year ended on that date;
- c) in the case of the cash flow statement, of the cash flows for the year ended on that date

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) order, 2016("the order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the order.
2. As required by Section 143(3) of the Act, We further 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 purpose of our audit;



## NETTLINX LIMITED

- b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d. In our opinion, the aforesaid standalone financial statements comply with the accounting standards referred to in Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014;
- e. On the basis of the written representations received from the directors as on 31 March, 2017, taken on record by the board of directors, none of the directors is disqualified as on 31 March, 2017 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. In our opinion and to the best of our information and according to the explanations given to us, we report as under with respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014::
- i. The Company has, in accordance with the generally accepted accounting practice, disclosed the impact of pending litigations on its financial position in its financial statements.
- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
- iii. There has not been an occasion in case of the Company during the year under report to transfer any sums to the Investor Education and Protection Fund. The question of delay in transferring such sums does not arise
- iv. The company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the company.

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

(Jainik M Soni)  
Partner  
Membership No. 149967

Place: Hyderabad  
Date :30.05.2017

## NETTLINX LIMITED

### Annexure to the independent Auditors Report

The Annexure referred to in our report to the members of Nettlinx Limited ('The Company') for the year ended 31<sup>st</sup> March 2017. We report that:

- i. In respect of the fixed assets of the Company:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) These Fixed assets have been physically verified by the management at reasonable intervals, no material discrepancies were noticed on such verification.
  - (c) The title deeds of immovable properties are held in the name of the company.
- ii. In respect of the inventory of the Company:
  - (a) The management has conducted the physical verification of inventory at reasonable intervals.
  - (b) No material discrepancies were noticed on such verification.
- iii. In respect of loans, secured or unsecured, garanted or taken by the company to / from companies, firms or other parties covered by the clause 76 of section 2 of the Companies Act,2013:
  - (a) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of the loans given by the company, are not prima facie prejudicial to the interest of the company.
  - (b) The company is regular in receipt of interest on such loans.
  - (c) There is no overdue for more than 5 lakhs rupees.
- iv. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees, and security.
- v. In our opinion and according to the information given to us, the Company has not accepted deposits. Therefore, the provisions of the clause (v) of paragraph 3 of the Order are not applicable to the Company.
- vi. As per the notification No.G.S.R.425 (E) dated 30<sup>th</sup> June 2014 issued by Ministry of corporate affairs, as per clause 3(B) (iii) of the Companies (Cost Records and Audit) Rules,2014 company is falling under the category for maintaining the cost records but company's turnover is less than the threshold limit prescribed under the rule. And as per notification G.S.R. 425 (E) dated 30<sup>th</sup> June 2014 issued by Ministry of corporate affairs, as per clause 4 of the companies (Cost Records and Audit) Rules,2014 cost audit is not mandatory for the company.
- vii. According to the information and explanations given to us, in respect of statutory dues:
  - (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has been regular in depositing the undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues where ever applicable to it with the appropriate authorities and there were no arrears of outstanding statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable.
  - (b) According to the information and explanations given to us, there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess which have not been deposited on account of any dispute.
- viii. In our opinion and on verification of records, the company has not defaulted in repayment of dues to its bankers and financial institutions.
- ix. In our opinion, the term loans have been applied for the purpose for which they were raised.
- x. In our opinion, Based upon audit procedures performed and the information and explanations given by the management, we report that no fraud by the company or on the company by its officers or employees has been noticed or reported during the year.
- xi. In our opinion, based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals

## NETTLINX LIMITED

mandated by the provisions of section 197 read with Schedule V to the Companies Act.

- xii. In our opinion, the company is not a Nidhi Company. Therefore, the provisions of clause 4(xii) of the Order are not applicable to the Company.
- xiii. Based upon the audit procedures performed and according to the information and explanations given to us, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. In our opinion, based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company.
- xv. In our opinion, based upon the audit procedures performed and information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected by him. Accordingly, the provisions of clause 3(xv) of the Order are not applicable to the Company.
- xvi. In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3(xvi) of the Order are not applicable to the Company.

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

Place : Hyderabad  
Date : 30.05.2017

Sd/-  
(Jainik M Soni)  
Partner  
Membership No. 149967

## NETTLINX LIMITED

### **Annexure – “B” to the Auditors’ 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 31 March 2017 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 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 31 March 2016, 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 M/s. DEVA & CO  
Chartered Accountants  
Firm Reg.No.000722S

Place: Hyderabad  
Date : 30.05.2017

Sd/-  
(Jainik M Soni)  
Partner  
Membership No. 149967

**BALANCE SHEET AS AT MARCH 31, 2017**

S.No	Particulars	Note No.	As at 31 <sup>st</sup> March, 2017 ₹	As at 31 <sup>st</sup> March, 2016 ₹
<b>EQUITY AND LIABILITIES:</b>				
<b>A. Share Holders' Funds:</b>				
	(a) Share Capital	2	11,46,33,120	11,46,33,120
	(b) Reserves & Surplus	3	8,92,09,918	6,05,55,728
	(c) Money received against Share Warrants	4	4,71,22,090	-
<b>B. Non Current Liabilities</b>				
	(a) Long Term Borrowings	5	4,71,04,620	1,35,60,886
	(b) Other Long Term Liabilities	6	41,29,154	51,65,671
	(c) Long Term Provisions	7	19,46,005	18,89,717
<b>C Current Liabilities</b>				
	(a) Short Term Borrowings	8	2,12,32,209	1,06,26,517
	(b) Trade Payables	9	53,05,710	64,48,746
	(c) Other Current Liabilities	10	1,11,40,568	72,06,143
			<u>34,18,23,394</u>	<u>22,00,86,528</u>
<b>ASSETS:</b>				
<b>A. Non Current Assets</b>				
	(a) Fixed Assets:			
	1. Tangible Assets	11	29,135,568	2,56,03,952
	2. Capital work in Progress	12	2,32,94,438	-
	(b) Non Current Investments	13	6,81,25,260	6,81,25,260
	(c) Deferred Tax Assets (Net)	39	56,15,038	53,69,868
	(d) Long Term Loans & Advances	14	1,07,00,847	1,17,86,518
	(e) Other Non Current Assets	15	68,85,979	82,09,031
<b>B. Current Assets</b>				
	(a) Current Investments		-	-
	(b) Inventories-Traded Finished Goods	16	6,06,589	6,06,589
	(c) Trade Receivables	17	4,12,91,530	1,38,73,234
	(d) Cash & Cash Equivalents	18	115,45,418	6,62,603
	(e) Short Term Loans & Advances	19	12,01,14,463	6,56,28,482
	(f) Other Current Assets	20	2,45,08,263	2,02,20,991
			<u>34,18,23,394</u>	<u>22,00,86,528</u>
	Significant Accounting Policies	1		
	Notes on Financial Statements	2 to 44		

As per our report of even date

For M/s. DEVA & Co.,

Chartered Accountants

Firm Regn.No.000722S

For and on behalf of the Board of Directors

Sd/-  
(JAINIK M SONI)  
Partner  
Membership No.149967

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

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

Place : Hyderabad.  
Datet : 30-05-2017

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

Sd/-  
(S.MAHAGANESH)  
Chief Financial Officer

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017**

S.No.	Particulars	Note	Current Year ₹	Previous Year ₹
I.	Revenue from Operations	21	9,34,49,426	6,82,25,125
II.	Other Income	22	1,31,71,666	84,32,729
III.	<b>Total Revenue (I + II)</b>		<u>10,66,21,092</u>	<u>7,66,57,854</u>
IV.	<b>Expenses:</b>			
	(a) Changes in inventories of stock in trade	23	-	62,227
	(b) Employee Benefits expense	24	1,84,26,425	1,73,40,682
	(c) Finance Costs	25	42,19,922	20,39,291
	(d) Depreciation and amortization Expenses	11	37,14,464	34,91,265
	(e) Operation and other expenses	26	4,30,41,811	4,14,20,922
	<b>Total Expenses</b>		<u>6,94,02,622</u>	<u>6,43,54,388</u>
V.	<b>Profit /(Loss) Before Tax (III-IV)</b>		3,72,18,470	1,23,03,466
VI.	<b>Tax Expense:</b>			
	(1) Current Tax		88,09,449	25,08,535
	Less: MAT Credit	-		(22,90,178)
	(2) Deferred Tax - Asset	39	2,45,170	1,60,507
VII.	<b>Profit /(Loss) for the year</b>		2,86,54,191	1,22,45,616
VIII.	<b>Earning/(Loss) Per Share</b>			
	Basic		2.50	1.07
	Diluted		2.16	1.07
	Significant Accounting Policies	1		
	Notes on Financial Statements	2 to 44		

As per our report of even date  
For M/s. DEVA & Co.  
Chartered Accountants  
Firm Regn.No.000722S

For and on behalf of the Board of Directors

Sd/-  
(JAINIK M SONI)  
Partner  
Membership No.149967

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

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

Place : Hyderabad.  
Datet : 30-05-2017

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

Sd/-  
(S.MAHAGANESH)  
Chief Financial Officer



**CASH FLOW STATEMENT FOR THE YEAR 2016-2017**

(₹. in lakhs)

	Current Year	Previous Year
	₹	₹
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<i>Net Profit/(loss) before tax as per Statement of Profit and Loss</i>	372.18	123.03
<b>Adjusted For:</b>		
Depreciation and Amortisation Expense	37.14	34.91
Bad Debt written off	19.51	14.74
Interest Income	(80.81)	(50.58)
<b>Operating profit before working capital changes</b>	<u>348.03</u>	<u>122.10</u>
<b>Adjusted For:</b>		
Trade and Other Receivables	(317.06)	92.61
Inventories	0.00	0.62
Trade and Other Payables	(11.43)	(39.74)
Interest Expenses	8.48	12.03
<b>Net Cash from Operating Activities</b>	<u>28.02</u>	<u>81.89</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(72.49)	(63.30)
Sale of Fixed Assets	03.25	-
Increase in Capital Work in Progress	(232.94)	-
Movement in Loans and Advances	(520.04)	(157.60)
<b>Net Cash Flow from Investing Activities</b>	<u>(822.22)</u>	<u>(220.90)</u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Long term Borrowings	325.63	135.61
Short Term Borrowings (net)	106.06	6.50
Money received against share warranats	471.22	-
<b>Net cash Flow from/(used) in Financing Activities</b>	<u>902.91</u>	<u>142.11</u>
<b>Net (Decrease)/ Increase in Cash and Cash equivalents</b>	108.71	3.10
Opening Balance of Cash and Cash Equivalents	6.63	3.53
<b>Closing Balance of Cash and Cash Equivalents</b>	115.45	6.63

As per our report of even date  
For M/s. DEVA & Co.,  
Chartered Accountants  
Firm Regn.No.000722S

For and on behalf of the Board of Directors

Sd/-  
(JAINIK M SONI )  
Partner  
Membership No.149967

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

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

Place : Hyderabad.  
Datet : 30-05-2017

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

Sd/-  
(S.MAHAGANESH)  
Chief Financial Officer

**COMPANY BACKGROUND**

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

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

The Company is backed by over 17 years of experience, not to mention an uncompromising standard in the provision of best-in-class products and uninterrupted services. The Company delivers maximum uptime, expertise and specialist knowledge to assist both individuals and businesses in harnessing the benefits of Internet technology for real business productivity.

**1. SIGNIFICANT ACCOUNTING POLICIES:**

The accounts have been prepared primarily on the historical cost convention and in accordance with the relevant provisions of the Companies Act, 2013 and the Accounting Standards notified under the relevant provisions of the Companies Act, 2013. The significant accounting policies followed by the company are stated below.

**(a) USE OF ESTIMATES**

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

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

**(b) FIXED ASSETS**

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

**(c) DEPRECIATION ON FIXED ASSETS**

The Depreciation has been provided based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013 on all the assets.

**(d) 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.

**(e) IMPAIRMENT**

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charges to the profit and loss statement in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is revised if there has been a change in estimate of recoverable amount.

**(f) INVESTMENTS**

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

**(g) INVENTORIES**

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

**(h) 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.

**(i) TAXES ON INCOME**

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

**(j) FOREIGN CURRENCY TRANSACTIONS**

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

**(k) LEASE RENTALS**

Rental Income under operating lease is recognized

on accrual basis over the lease term in the statement of profit and loss.

**(l) EARNINGS PER SHARE**

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

**(m) CASH FLOW STATEMENT**

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

**(n) PROVISIONS AND CONTINGENT LIABILITIES**

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

**(o) BORROWING COST**

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.

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017**

	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
	₹.	₹.
<b>Note 2 Share Capital</b>		
Authorised Capital		
3,00,00,000 Equity Shares of ₹.10/- each	30,00,00,000	20,00,00,000
Issued, Subscribed & Paid up Capital		
1,14,63,312 Equity Shares of ₹.10/- each fully paid up	11,46,33,120	11,46,33,120
(a) Reconciliation of Shares outstanding at the beginning and the end of the year		
There is no change in Equity Share Capital during the year ended March 31, 2017 and March 31, 2016		
(b) <b>Terms/rights attached to Equity Shares</b>		
The Company has only one class of Equity share having a par value of ₹.10/- each. Each holder of equity share is entitled to one vote per share.		
(c) Details of share holders holding more than 5% of equity shares in the Company		
	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
Name of Share Holder	No.of Shares	% Holding
	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
	No.of Shares	% Holding
Dr.Loka Narayan Reddy	Nil	Nil
Dr. Manohar Loka Reddy	55,53,671	48.45
Northeast Broking Services ltd	7,11,743	6.21
Saranya Loka Reddy	6,44,186	5.61
	39,23,224	34.22
	15,98,823	13.95
	Nil	Nil
	5,99,386	5.23
<b>Note 3 Reserves and Surplus</b>		
	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
	₹.	₹.
(a) Capital Reserve	1,50,00,000	1,50,00,000
(b) Securities Premium Account	2,45,99,575	2,45,99,575
(c) General Reserve	1,30,00,000	1,30,00,000
(d) Surplus/deficit in the Statement of Profit and Loss		
Opening Balance:	79,56,152	(42,89,464)
Profit for the Year	2,86,54,191	3,66,10,343
	8,92,09,918	1,22,45,616
	6,05,55,727	79,56,152
<b>Note 4 Money received against Share Warrants</b>	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
(Refer Note No - 27)	₹.	₹.
Money received against Share Warrants	4,71,22,090	
	4,71,22,090	
<b>Note 5 Long Term Borrowings Secured</b>	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
	₹.	₹.
- HDFC Bank - Term Loan Account- (Refer Note - 29)	4,71,04,620	1,35,60,886
	4,71,04,620	1,35,60,886
<b>Note 6 Other Long Term Liabilities</b>	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
	₹.	₹.
Trade Payables		
- to Related Party (Refer Note No.30)	17,60,840	17,60,840
- to Others	9,29,146	26,89,986
Rental Deposit	5,50,000	12,60,063
Service Tax Payable (Refer Note No 31)	8,89,168	30,20,903
	41,29,154	5,50,000
	51,65,671	15,94,768

**NETTLINX LIMITED**

<b>Note 7 Long Term Provisions</b>	<b>As at 31<sup>st</sup> March, 2017</b>	<b>As at 31<sup>st</sup> March, 2016</b>
	<u>₹.</u>	<u>₹.</u>
Provision for Employee Benefits		
Gratuity	15,88,000	14,41,000
Leave Encashment	3,58,005	4,48,717
	<u>19,46,005</u>	<u>18,89,717</u>
<b>Note 8 Short Term Borrowings</b>	<b>As at 31<sup>st</sup> March, 2017</b>	<b>As at 31<sup>st</sup> March, 2016</b>
	<u>₹.</u>	<u>₹.</u>
<b>Secured</b>		
- HDFC Bank - CC Account- (Refer Note 32)	92,86,704	99,90,345
- Vehicle Loan- ( Refer Note -33)	19,45,505	6,36,172
<b>Un Secured Loan</b>		
From Related Parties	1,00,00,000	-
	<u>2,12,32,209</u>	<u>1,06,26,517</u>
<b>Note 9 Trade Payables</b>	<b>As at 31<sup>st</sup> March, 2017</b>	<b>As at 31<sup>st</sup> March, 2016</b>
	<u>₹.</u>	<u>₹.</u>
Trade Payables (Refer Note No 34)	53,05,710	64,48,746
	<u>53,05,710</u>	<u>64,48,746</u>
<b>Note 10 Other Current Liabilities</b>	<b>As at 31<sup>st</sup> March, 2017</b>	<b>As at 31<sup>st</sup> March, 2016</b>
	<u>₹.</u>	<u>₹.</u>
Interest accrued and due on borrowings and CC A/c	1,01,711	1,02,038
Advance received from Customers	9,70,820	9,23,410
Other Statutory Liabilities	4,48,628	11,65,171
Liability for Expenses	6,96,713	6,72,379
Employee related liabilities	13,16,181	18,34,610
Provision for Tax	76,06,515	25,08,535
	<u>1,11,40,568</u>	<u>72,06,143</u>
<b>Note 12 Capital Work In Progress</b>	<b>As at 31<sup>st</sup> March, 2017</b>	<b>As at 31<sup>st</sup> March, 2016</b>
	<u>₹.</u>	<u>₹.</u>
	2,32,94,438	-
	<u>2,32,94,438</u>	<u>-</u>
<b>Note 13 Non Current Investments</b>	<b>As at 31<sup>st</sup> March, 2017</b>	<b>As at 31<sup>st</sup> March, 2016</b>
	<u>₹.</u>	<u>₹.</u>
Investment in unquoted equity instruments		
(a) of subsidiaries		
<b>Non - Trade Investments:</b>		
i. Nettlinx Inc, USA	2,17,09,360	2,17,09,360
(24,663 shares of \$15 each fully paidup)		
<b>Non-Trade Investments:</b>		
i. Nettlinx Reality Private Limited	30,99,900	30,99,900
(3,09,990 Equity Shares of ₹.10 each fully paid up)		
ii. Nettlinx Aqua Culture Private Limited	4,20,00,000	4,20,00,000
(42,00,000 Equity Shares of ₹.10 each fully paid up)		
(b) <b>Inter - Corporate investments</b>		
iii. Northeast Broking Services Ltd	1,16,000	1,16,000
(11,600 Equity Shares of ₹.10 each fully paid up)		
iv. Northeast Commodities Private Ltd	12,00,000	12,00,000
(1,20,000 Equity Shares of ₹.10 each fully paid up)		
	<u>6,81,25,260</u>	<u>6,81,25,260</u>

**Note 11**

**STATEMENT OF FIXED ASSETS & DEPRECIATION**

(Amount in ₹)

Sl. No.	Particulars	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
		As At 01.04.16	Additions During The Year	Deletions During The Year	As At 31.03.17	As At 01.04.16	During The Year	Deletions During The Year	Total 31.03.17	As At 31.03.17	As At 31.03.16
(A)	Tangible										
1	Buildings	1,01,62,910	-		1,01,62,910	19,50,748	1,72,215		21,22,963	80,39,947	82,12,162
2	Plant & Machinery	12,52,66,271	46,36,042	2,46,64,111	10,52,38,202	11,69,71,388	13,15,531	2,46,64,111	9,36,22,809	1,16,15,394	82,94,881
3	Office Equipment	87,59,134	3,88,166	24,79,936	66,67,363	47,81,834	6,91,759	24,76,921	29,96,672	36,70,691	39,77,300
4	Furniture & Fixtures	76,77,411	129,000		78,06,411	71,06,946	1,27,884		72,34,830	5,71,580	5,70,465
5	Vehicles	1,23,80,175	20,95,888	32,27,213	1,12,48,850	78,31,034	14,07,074	32,27,213	60,10,894	52,37,955	45,49,145
	<b>TOTAL</b>	16,42,45,900	72,49,096	3,03,71,260	14,11,23,735	13,86,41,949	37,14,463	3,03,68,244	11,19,88,168	2,91,35,568	2,56,03,953
	31st March, 2016	15,79,15,537	63,30,363	-	16,42,45,900	13,51,50,683	34,91,265	-	13,86,41,947	2,56,03,952	2,27,64,852

Place: Hyderabad.

Date: 30-05-2017

# NETTLINX LIMITED

<b>Note 14 Long Term Loans and Advances</b>	<b>As at 31<sup>st</sup> March, 2017</b>	<b>As at 31<sup>st</sup> March, 2016</b>
	<u>₹.</u>	<u>₹.</u>
Refund Receivable	9,22,954	9,22,954
Refund Receivable - 2011-2012	13,46,030	13,46,030
- 2012-2013	- 13,46,030	16,18,963
TDS Adjustment Account (Refer Note No. 35)	28,62,989	28,62,989
Refund for the year 2013-2014	18,01,351	18,01,351
Refund for the year 2014-2015	11,31,476	11,31,476
Refund for the year 2015-2016	1,14,230	2,102,755
Refund for the year 2016-2017	25,21,817	-
	<u>107,00,847</u>	<u>117,86,518</u>
<b>Note 15 Other Non Current Assets</b>	<b>As at 31<sup>st</sup> March, 2017</b>	<b>As at 31<sup>st</sup> March, 2016</b>
	<u>₹.</u>	<u>₹.</u>
- In Fixed Deposits with more than 12 months maturity (100% against Bank Guarantees)	19,22,211	19,22,211
- Other Deposits Long Term Trade Receivables Unsecured, Considered Good ( Refer Note 36)	32,62,164	33,82,283
MAT Credit Entitlement	17,01,604	29,04,537
	<u>68,85,979</u>	<u>82,09,031</u>
<b>Note 16 Inventories-Traded Finished Goods</b>	<b>As at 31<sup>st</sup> March, 2017</b>	<b>As at 31<sup>st</sup> March, 2016</b>
	<u>₹.</u>	<u>₹.</u>
Traded Goods - Valued at Cost or NRV which ever is lower	6,06,589	6,06,589
	<u>6,06,589</u>	<u>6,06,589</u>
<b>Note 17 Trade Receivables</b>	<b>As at 31<sup>st</sup> March, 2017</b>	<b>As at 31<sup>st</sup> March, 2016</b>
	<u>₹.</u>	<u>₹.</u>
a) Outstanding for a period exceeding Six Months	82,07,040	38,51,577
Less -Bad Debts Written Off	<u>19,51,361</u>	<u>14,73,662</u>
b) Outstanding for a period less than Six Months	3,50,35,851	1,14,95,320
	<u>4,12,91,530</u>	<u>1,38,73,234</u>
<b>Note 18 Cash and Cash Equivalents</b>	<b>As at 31<sup>st</sup> March, 2017</b>	<b>As at 31<sup>st</sup> March, 2016</b>
	<u>₹.</u>	<u>₹.</u>
a) Balances with Banks - In Current Accounts	1,09,49,220	4,01,712
b) Cash on hand	5,96,197	2,60,892
	<u>1,15,45,418</u>	<u>6,62,603</u>



# NETTLINX LIMITED

<b>Note 19 Short Term Loans and Advances</b>	<b>As at 31<sup>st</sup> March, 2017</b>	<b>As at 31<sup>st</sup> March, 2016</b>
	<b>₹.</b>	<b>₹.</b>
Loans and Advances to Related Parties (Refer Note No.30)	10,90,48,088	6,20,98,518
Advances to Suppliers	73,030	88,850
Staff Advances	25,755	26,395
Balance with Government Authority		
- Servicetax Credit receivable	16,416	32,576
- VAT Credit Receivable	2,64,248	61,041
Rental Deposits	11,28,850	11,01,850
Other Loans and Advances	95,58,076	22,19,252
	<u>12,01,14,463</u>	<u>6,56,28,482</u>
<b>Note 20 Other Current Assets</b>	<b>As at 31<sup>st</sup> March, 2017</b>	<b>As at 31<sup>st</sup> March, 2016</b>
	<b>₹.</b>	<b>₹.</b>
Interest Accrued but not due on FDRs	11,44,075	9,42,654
Interest Accrued and Due	2,19,97,690	1,78,01,129
Prepaid Expenses	1,28,265	2,53,972
Other Deposits/Receivables	12,38,235	12,23,235
	<u>2,45,08,265</u>	<u>2,02,20,990</u>
<b>Note 21 Revenue from Operations</b>	<b>Current Year</b>	<b>Previous Year</b>
	<b>₹.</b>	<b>₹.</b>
a) Sale of Products		
Sale of VOIP Telephones - VAT Sales	-	68,025
b) Sale of Services		
Income from Bandwidth Services	5,57,96,581	5,71,55,900
Income from Web Solutions	18,32,043	19,10,931
Income from ITES (export)	3,58,20,802	90,90,269
	<u>9,34,49,426</u>	<u>6,82,25,125</u>
<b>Note 22 Other Income</b>	<b>Current Year</b>	<b>Previous Year</b>
	<b>₹.</b>	<b>₹.</b>
Interest Income		
- from Related Parties (Refer Note No.30)	80,81,283	50,57,956
- from Others	-	-
Rental Income		
- from Related Parties (Refer Note No.30)	20,63,412	19,65,156
- from Others	12,30,141	32,93,553
Other Misc.Incomes	17,96,830	5,01,927
	<u>1,31,71,666</u>	<u>84,32,729</u>
<b>Note 23 Changes in inventories of stock-in-trade</b>	<b>Current Year</b>	<b>Previous Year</b>
	<b>₹.</b>	<b>₹.</b>
Inventories at the end of the year - Stock in Trade	6,06,589	6,06,589
Inventories at the beginning of the year - Stock in Trade	6,06,589	6,68,816
Net (increase)/ decrease	<u>-</u>	<u>62,227</u>

## NETTLINX LIMITED

<b>Note 24 Employee Benefit Expenses</b>	<b>Current Year</b> ₹.	<b>Previous Year</b> ₹.
Salaries	1,47,68,431	1,44,62,583
Contribution to Provident and Other funds	17,65,330	15,74,036
Staff Welfare	18,92,664	13,04,063
	<u>1,84,26,425</u>	<u>1,73,40,682</u>
<b>Note 25 Finance Cost</b>	<b>Current Year</b> ₹.	<b>Previous Year</b> ₹.
Interest	8,47,874	12,03,026
Finance charges	31,60,486	514,971
Bank Charges	2,11,562	3,21,294
	<u>42,19,922</u>	<u>20,39,291</u>
<b>Note 26 Operation and Other Expenses</b>	<b>Current Year</b> ₹.	<b>Previous Year</b> ₹.
Bandwidth, leased circuit charges & service charges	2,27,17,717	2,46,05,468
Rent & Maintenance	40,05,045	36,24,627
Domain Registration expenses	1,77,759	1,68,442
Power and Electricity	26,95,726	23,16,991
Postage & Telegram expenses	97,783	76,823
Advertisement & Publicity	7,31,096	1,00,202
Telephone expenses	5,18,352	3,94,179
Computers & Networking Maintenance	18,21,404	20,31,009
Watch & Ward expenses	6,93,968	6,96,000
Traveling expenses	13,44,736	9,29,790
Local Conveyance	11,64,948	9,19,153
Foreign exchange loss	1,11,668	-
Vehicle Maintenance	9,25,519	7,47,196
Rates & Taxes	52,239	2,04,469
Insurance-Others	1,54,579	2,10,846
Annual Membership Fee	84,072	68,280
Demat Charges(NSL)	64,399	1,37,630
Legal & Professional Charges	7,84,970	1,90,025
Office Maintenance Expenses	13,74,913	7,77,702
Printing & Stationary Expenses	3,97,710	2,99,738
Other Administrative Expenses	10,44,076	13,43,689
Bad Debts Written Off	19,51,361	14,73,662
Audit Fees ( Refer Note No-37)	1,27,770	1,05,000
	<u><b>4,30,41,811</b></u>	<u><b>4,14,20,922</b></u>

### Additional Information to the Financial Statements

#### Note 27 Money received against Share Warrants

During the year, the Company has allotted 17,95,127 warrants convertible into equal number of equity shares of ₹. 10 each (exercisable in one or more tranches) at the option of the holder thereof at any time within 18 (eighteen) months after the allotment at an issue price of ₹. 105 (Including a premium of ₹. 95) each on preferential basis to persons other than the Promoters and Promoter group. In this regard, the Company had received ₹. 4,71,22,090 in December, 2016 being 25% of the subscription amount as per the SEBI (ICDR) Regulations, 2009. The said warrants are to be converted into equity shares on the exercise of the conversion rights by the allottees at the time of payment of remaining 75% subscription amount.

# NETTLINX LIMITED

Note 28	Current Year ₹.	Previous Year ₹.
<b>Expenditure in Foreign Currency</b>		
Licence fee and domain registration charges	1,52,759	1,38,442
<b>Earnings in Foreign Exchange</b>		
Software Services(ITES)	<u>358,20,802</u>	<u>90,90,269</u>

## Note 29 Term Loan

HDFC Term Loan is secured against Property at 5-9-22,3<sup>rd</sup> floor My Home Sarovar Plaza,Secretariat road,Saifabad,Hyderabad

## Note 30 Related party disclosures:

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

Transactions during the Year with Related Parties:

Name of the Related Party	Relationship
i. Nettlinx Reality Private Limited	Wholly Owned Subsidiaries
ii. Nettlinx Aquaculture Private Limited	
iii. Nettlinx Inc, USA	
iv. Sailon Se (subsidiary of Nettlinx Aquaculture Private Limited)	
i. North East Broking Services Ltd	Associates
ii. North East Commodities Private Ltd	
iii. Networld Technologies Private Limited	
iv. Sai Roshni capital Pvt Ltd	
i. Rohith Lokareddy - Managing Director	Key Management Personnel
ii. Chandra Sekhar Pogula - Whole time Director & CEO	
iii. G Sai Ram-Company Secretary and Compliance Officer	
iv. S Mahaganesh - Chief Financial Officer	

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

	As at 31 <sup>st</sup> March, 2017 ₹.	As at 31 <sup>st</sup> March, 2016 ₹.
<b>Sale of Services:</b>		
<b>Other Income - Rent Received</b>		
- Northeast Broking Services Limited	18,06,204	14,53,913
- Northeast Commodities Services Limited	1,84,956	433,490
- Sai Roshni capital Pvt Ltd	72,252	77,753
<b>Other Income - Interest</b>		
Nettlinx Reality Private Limited	80,81,283	50,57,956
<b>Trade Payables:</b>		
Nettlinx Inc, USA	17,60,841	17,60,841
<b>Short Term Loans &amp; Advances:</b>		
Nettlinx Reality Private Limited	10,90,48,088	6,20,98,518
Nettlinx Aqua Culture Pvt Ltd	1,58,78,520	Nil
<b>Managerial Remuneration :</b>		
Chandra Sekhar Pogula - CEO & Director and Compliance Officer	36,00,000	36,00,000

**Note 31 Service tax payable**

Liability for Service Tax Payable of ₹. 8,89,168/- is pending and till now the company has not received the outstanding amount from debtors.

**Note 32 Terms and Conditions of Short Term Borrowings**

Cash Credit facility is secured by hypothecation of book debts, outstanding monies, receivables, claims, bills etc.

**Note 33 Terms and Conditions of Vehicle Loan**

Vehicle Loan Secured by hypothecation of the vehicle

**Note 34 Dues to Micro, Small and Medium Enterprises**

Dues to Micro, Small and Medium Enterprises is NIL as per the records of the company

**Note 35 TDS Adjustment Account**

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

**Note 36 Long Term Receivables**

Long term trade receivables includes the balance debt of ₹. 32,62,164/-receivable from M/s.Integrated Broadcasting Private Limited which was in arbitration proceedings.The Company has recovered an amount of ₹. 33,35,914/- out of outstanding debt of ₹. 65,98,028/-(as at 31<sup>st</sup> March,2012) by withdrawing the winding up petition and entering into arbitration proceedings. As on 24<sup>th</sup> January 2015, The arbitral tribunal of sole arbitrator, Hyderabad has passed the decision in favour of the company and arbitral has ordered the respondent party i.e M/s Integrated broadcasting company private limited to pay an amount of ₹. 29,08,037 with interest at 10% p.a from the date of 05<sup>th</sup> April 2014 till the date of payment. The respondent party i.e M/s Integrated broadcasting company private limited has filled the petition in the city civil court against above order. The case is active although getting delayed owing to counters from respondent.

**Note 37 Audit Fees**

	Current Year	Previous Year
	₹.	₹.
for Statutory Audit	25,000	25,000
for Taxation Matters	20,000	20,000
for Management & Other Services	20,000	20,000
for Re-imburement of expenses	10,000	10,000
	75,000	75,000

(Audit fees is exclusive of service tax)

**Note 38 Earnings per share**

	Current Year	Previous Year
	₹.	₹.
i) Profit /(Loss) for the year	2,86,54,191	122,45,616
ii) Weighted average number of Equity Shares	1,14,63,312	1,14,63,312
iii) Weight average number of equity shares in computing diluted earnings per share	1,14,63,312	1,14,63,312
iv) Face value of each Equity Share	10	10
v) Earning/(Loss) per share		
- Basic	2.50	1.07
- Diluted	2.16	1.07

# NETTLINX LIMITED

## Note 39 Deferred Tax (Asset)

	As at 31 <sup>st</sup> March, 2017 ₹.	As at 31 <sup>st</sup> March, 2016 ₹.
Tax effect of items constituting deferred tax assets		
Arising on Account of timing difference in Depreciation	2,45,170	1,60,507
Add: Opening Balance of Deferred Tax Asset	53,69,868	52,09,361
	<u>56,15,038</u>	<u>53,69,868</u>

## Note 40 Contingent Liabilities and Commitments

	As at 31 <sup>st</sup> March, 2017 ₹.	As at 31 <sup>st</sup> March, 2016 ₹.
Contingent Liabilities :		
Unexpired Bank Guarantees	23,00,000	23,00,000
Provisional License fee Assessment	43,30,195	43,30,195

**Note 41** Company has received **Revised** provisional license fee assessment notice from Department of Telecommunications-AP circle for the years 2005-06, 2006-07, 2007-08 and 2008-09 w.r.t ISP(IT) License for ₹.43,30,195/- which is disclosed as contingent liability for the year ended 31<sup>st</sup> March 2012. However the management feels that even this demand is not tenable and hence liability is not provided in the books of accounts.

## Note 42 Details of Specified Bank Notes Held and Transacted

Description	SBNs	Other Denomination Notes	Total
Closing cash in hand as on 08-11-2016	21,18,000	1,20,742	22,38,742
(+) Permitted receipts	-	6,69,384	6,69,384
(-) Permitted payments	-	3,11,545	3,11,545
(-) Amount deposited in Banks	21,18,000	-	21,18,000
Closing cash in hand as on 30-12-2016	-	4,78,581	4,78,581

## Note 43: Employee benefits

### A) Gratuity

The Company has a defined gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days last drawn salary for each completed years of services.

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and balance sheet positions:

### 1 Assumptions

	31.03.2017	31.03.2016
Discount Rate	7.00 %	8.00 %
Rate of increase in Compensation levels	5 % p.a.	5 % p.a.
Rate of Return on Plan Assets	0%	0%
Expected Average remaining working lives of employees (years)	29 years	29 years

### 2 Table Showing Changes in Present Value of Obligations (₹ 000's)

	31.03.2017	31.03.2016
Present Value of Obligation as at the beginning of the year	1440	1299
Acquisition adjustment		

Interest Cost	104	104
Past Service Cost	-	-
Current Service Cost	173	66
Curtailment Cost / (Credit)	-	-
Settlement Cost / (Credit)	-	-
Benefits paid	(18)	(208)
Actuarial (gain)/ loss on obligations	(122)	179
Present Value of Obligation as at the end of the year	1588	1298

**3. Table Showing changes in the value Plan Assets(₹ 000's)**

	31.03.2017	31.03.2016
Value of Provision at the beginning of the year	-	-
Acquisition Adjustments	-	-
Expected Return on Plan Assets	-	-
Contributions	-	-
Benefits Paid	(18)	(208)
Actuarial Gain /( loss) on Plan Assets	-	-
Value of Provision at the end of the year	-	-

**4. Tables showing Fair Value of Plan Assets(₹ 000's)**

	31.03.2017	31.03.2016
Value of Provision at the beginning of year	-	-
Acquisition Adjustments	-	-
Actual return on plan assets	-	-
Contributions	-	-
Benefits Paid	(18)	(208)
Value of Provision at the end of year	1588	1440
Funded Status	(1588)	(1440)
Excess of actual over estimated return on plan assets	-	-

**5 Actuarial Gain/Loss recognized (₹ 000's)**

	31.03.2017	31.03.2016
Actuarial (gain)/loss for the year – Obligation	122	(179)
Actuarial (gain)/loss for the year - Plan Assets	-	-
Total (gain) / loss for the year	122	(179)
Actuarial (gain) / loss recognized in the year	122	(179)
Unrecognized actuarial (gains) / losses at the end of year	-	-

**6. THE AMOUNTS TO BE RECOGNIZED IN BALANCE SHEET AND STATEMENTS OF PROFIT AND LOSS (₹ 000's)**

	31.03.2017	31.03.2016
Present Value of Obligation as at the end of the year	1588	1440
Value of provision as at the end of the year	-	-
Funded Status	(1588)	(1440)
Unrecognized Actuarial (gains) / losses	-	-
Net Asset/(Liability) Recognized in Balance Sheet	(1588)	(1440)

**7. EXPENSE RECOGNIZED IN THE STATEMENT OF PROFIT AND LOSS (₹ 000's)**

	31.03.2017	31.03.2016
Current Service Cost	173	66
Past Service Cost	-	-
Interest Cost	115	104
Expected Return on Plan Assets	-	-
Curtailement Cost / (Credit)	-	-
Settlement Cost / (Credit)	-	-
Net actuarial (gain)/ loss recognized in the year	(122)	179
Expenses Recognized in the statement of Profit & Loss	166	349

**8. Movement in Balance Sheet (₹ 000's)**

	31.03.2017
Opening Liability	1440
Expenses as above	166
Contribution Paid	(18)
Current Liabilities	(33)
Closing Liability	1588

**B) Leave Encashment:**

The Company has a defined policy for Leave Encashment.

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and balance sheet positions:

**1 Assumptions**

	31.03.2017	31.03.2016
Discount Rate	7 %	8 %
Rate of increase in Compensation levels	5% p.a.	5% p.a.
Rate of Return on Plan Assets	0	0
Expected Average remaining working lives of employees (years)	29 Y	29 Y

**2 Table Showing Changes in Present Value of Obligations (₹ 000's)**

	31.03.2017	31.03.2016
Present Value of Obligation as at the beginning of the year	(128)	362
Acquisition adjustment		
Interest Cost	25	23
Past Service Cost	-	-
Current Service Cost	68	153
Curtailement Cost / (Credit)	-	-
Settlement Cost / (Credit)	-	-
Benefits paid	(449)	(437)
Actuarial (gain)/ loss on obligations	374	(151)
Present Value of Obligation as at the end of the year	(110)	(128)



## NETTLINX LIMITED

### 3. Table Showing changes in the value Plan Assets (₹ 000's)

	31.03.2017	31.03.2016
Value of Provision at the beginning of the year	-	-
Acquisition Adjustments	-	-
Expected Return on Plan Assets	-	-
Contributions	-	-
Benefits Paid	(449)	(437)
Actuarial Gain /( loss) on Plan Assets	-	-
Value of Provision at the end of the year	-	-

### 4. Tables showing Fair Value of Plan Assets (₹ 000's)

	31.03.2017	31.03.2016
Value of Provision at the beginning of year	-	-
Acquisition Adjustments	-	-
Actual return on plan assets	-	-
Contributions	-	-
Benefits Paid	(449)	(437)
Value of Provision at the end of year	(110)	(128)
Funded Status	110	128
Excess of actual over estimated return on plan assets	-	-

### 5 Actuarial Gain/Loss recognized (₹ 000's)

	31.03.2017	31.03.2016
Actuarial (gain)/loss for the year – Obligation	(374)	151
Actuarial (gain)/loss for the year - Plan Assets	-	-
Total (gain) / loss for the year	(374)	151
Actuarial (gain) / loss recognized in the year	(374)	151
Unrecognized actuarial (gains) / losses at the end of year	-	-

### 6. THE AMOUNTS TO BE RECOGNIZED IN BALANCE SHEET AND STATEMENTS OF PROFIT AND LOSS (₹ 000's)

	31.03.2017	31.03.2016
Present Value of Obligation as at the end of the year	327	309
Value of provision as at the end of the year	327	309
Funded Status	(327)	(309)
Unrecognized Actuarial (gains) / losses	-	-
Net Asset/(Liability) Recognized in Balance Sheet	(327)	(309)

### 7. EXPENSE RECOGNIZED IN THE STATEMENT OF PROFIT AND LOSS (₹ 000's)

	31.03.2017	31.03.2016
Current Service Cost	68	153
Past Service Cost	-	-
Interest Cost	25	23
Expected Return on Plan Assets	-	-

Curtailment Cost / (Credit)	-	-
Settlement Cost / (Credit)	-	-
Net actuarial (gain)/ loss recognized in the year	374	(151)
Expenses Recognized in the statement of Profit & Loss	467	25

**8. Movement in Balance Sheet. (₹ 000's)**

	31.03.2017
Opening Liability	309
Expenses as above	467
Benefits paid	(449)
Current Liabilities	(3)
Closing Liability	327

**Note 44** Figures for the previous year have been regrouped, recast and rearranged.

For and on behalf of the Board of Directors

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

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

Sd/-  
(G SAIRAM)  
Company Secretary and  
Compliance Officer

Sd/-  
( S MAHAGANESH)  
Chief Financial officer

Date : 30.05.2017  
Place : Hyderabad.

# NETTLINX LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF NETTLINX LIMITED

#### Report on the Consolidated Financial Statements

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 31<sup>st</sup> March, 2017, 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").

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

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Associates and Jointly controlled entities in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 financial statements by the Directors of

the Holding Company, as aforesaid.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken in to 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 there under.

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 consolidated 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 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 to the Holding Company's preparation of the consolidated 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 Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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 consolidated state of affairs of the Group, its associates and jointly controlled entities as at 31st March, 2017, and their consolidated profit and their consolidated cash flows for the year ended on that date. Our opinion is not modified in respect of this matter.

**Other Matters**

- (a) We did not audit the financial statements of three subsidiaries, whose financial statements reflect total assets of ₹. 932.87 lakhs as at 31<sup>st</sup> March, 2017 and total revenues of ₹. 965.50 lakhs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of ₹. 248.73 lakhs for the year ended 31<sup>st</sup> March, 2017, as considered in the consolidated financial statements, in respect of 3 subsidiaries, whose financial statements have not been audited by us. 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 these subsidiaries and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.
- (b) Our opinion on the consolidated 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**

1. As required by Section 143(3) of the Act, we report, to the extent applicable, 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 of the aforesaid consolidated financial statements.

- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and there ports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, none of the directors of the Group companies are disqualified as on 31st March, 2017 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 and the operating effectiveness of such controls, refer to our Report in "Annexure A", which is based on the auditor's reports of the Holding company and subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Holding company's and subsidiary company's incorporated in India internal financial controls over financial reporting.
- (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 Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

## NETTLINX LIMITED

- (h) The Company has, in accordance with the generally accepted accounting practice, disclosed the impact of pending litigations on its financial position in its financial statements.
- (i) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
- (j) There has not been an occasion in case of the Company during the year under report to transfer any sums to the Investor Education and Protection Fund. The question of delay in transferring such sums does not arise

- (k) The company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the company.

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

Sd/-  
(JAINIK M SONI)  
Partner  
Membership No. 149967

Place : Hyderabad  
Date : 30-05-2017

**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. Nettlinx Limited (“the Holding Company”)**, and its subsidiary companies, which are incorporated in India as of 31 March 2017 in conjunction with our audit of the consolidated 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, which are companies incorporated in India 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 auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

**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. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary companies, which are companies incorporated in India, in terms of their reports referred to in the other matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over 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

## NETTLINX LIMITED

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 to the best of our information and according to the explanations given to us, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, 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, 2017, 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 M/s. DEVA & CO  
Chartered Accountants  
Firm Reg.No.000722S

Place: Hyderabad  
Date: 30-05-2017

Sd/-  
(JAINIK M SONI)  
Partner  
Membership No. 149967



**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2017**

S.No	Particulars	Note No.	As at 31st March, 2017 ₹	As at 31st March, 2016 ₹
<b>EQUITY AND LIABILITIES:</b>				
<b>A. Share Holders' Funds:</b>				
	(a) Share Capital	2	11,46,33,120	11,46,33,120
	(b) Reserves & Surplus	3	9,90,19,229	7,41,45,605
	(c) Money received against Share Warrants	4	4,71,22,090	—
	(d) Minority Interest		100	100
<b>B. Non Current Liabilities</b>				
	(a) Long Term Borrowings	5	4,71,04,620	158,45,643
	(b) Other Long Term Liabilities	6	41,29,154	51,65,671
	(c) Long Term Provisions	7	19,46,005	18,89,717
<b>C Current Liabilities</b>				
	(a) Short Term Borrowings	8	3,91,72,190	3,16,74,940
	(b) Trade Payables	9	54,96,879	64,48,746
	(c) Other Current Liabilities	10	7,64,86,545	7,37,99,053
			<u>43,51,09,932</u>	<u>32,36,02,595</u>
<b>ASSETS:</b>				
<b>A. Non Current Assets</b>				
	(a) Fixed Assets:			
	(i) Tangible Assets	11	3,88,90,336	3,63,06,520
	(ii) Capital work in Progress	12	2,32,94,438	—
	(b) Non Current Investments	13	4,26,61,036	4,26,61,036
	(c) Deferred Tax Assets (Net)	35	53,92,250	50,82,893
	(d) Long Term Loans & Advances	14	1,35,64,241	158,60,788
	(e) Other Non Current Assets	15	51,84,375	53,04,494
<b>B. Current Assets</b>				
	(a) Current Investments			
	(b) Inventories-Traded Finished Goods	16	8,58,15,387	8,76,72,394
	(c) Trade Receivables	17	8,14,91,522	4,20,04,622
	(d) Cash & Cash Equivalents	18	4,91,22,624	39,96,796
	(e) Short Term Loans & Advances	19	6,92,37,684	4,93,69,949
	(f) Other Current Assets	20	2,04,56,040	3,53,43,103
			<u>43,51,09,932</u>	<u>32,36,02,595</u>
	Significant Accounting Policies	1		
	Notes on Financial Statements	2 to 40		

As per our report of even date

For M/s. DEVA & Co.,  
Chartered Accountants  
Firm Regn.No.000722S

For and on behalf of the Board of Directors

Sd/-  
(JAINIK M SONI)  
Partner  
Membership No.149967

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

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

Place: Hyderabad.  
Date : 30.05.2017

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

Sd/-  
(S.MAHAGANESH)  
Chief Financial Officer

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017**

S.No	Particulars	Note	Current Year ₹	Previous Year ₹
I.	Revenue from Operations	21	18,99,99,517	21,38,78,596
II.	Other Income	22	132,07,559	86,85,521
III.	<b>Total Revenue (I + II)</b>		<u>20,32,07,076</u>	<u>22,25,64,117</u>
IV.	<b>Expenses:</b>			
	(a) Changes in inventories of stock in trade	23	-	62,227
	(b) Employee Benefits expense	24	4,02,97,569	3,65,24,570
	(c) Finance Costs	25	1,28,02,619	77,91,955
	(d) Depreciation and amortization Expenses	11	42,99,288	41,98,197
	(e) Operation and other expenses	26	11,24,33,884	15,73,87,176
	<b>Total Expenses</b>		<u>16,98,33,360</u>	<u>20,59,64,126</u>
V.	<b>Profit/(Loss) Before Tax (III-IV)</b>		3,33,73,716	16,599,992
VI.	<b>Tax Expense:</b>			
	(1) Current Tax	88,09,449	88,09,449	2,508,535
	(Less): MAT credit	-		(2,290,178)
				(218,357)
	(2) Deferred Tax - Asset	35	3,09,357	2,42,414
VII.	<b>Profit/(Loss) for the year</b>		2,48,73,624	16,624,049
VIII.	<b>Earning/(Loss) Per Share</b>	37		
	Basic		2.17	1.45
	Diluted		1.88	1.45
	Significant Accounting Policies	1		
	Notes on Financial Statements	2 to 40		

As per our report of even date  
For M/s. DEVA & Co.,  
Chartered Accountants  
Firm Regn.No.000722S

For and on behalf of the Board of Directors

Sd/-  
(JAINIK M SONI)  
Partner  
Membership No.149967

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

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

Place: Hyderabad.  
Date : 30.05.2017

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

Sd/-  
(S.MAHAGANESH)  
Chief Financial Officer

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR 2016-2017**

(₹ In lakhs)

	Current Year	Previous Year
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<i>Net Profit/(loss) before tax as per Statement of Profit and Loss</i>	333.74	166.00
<b>Adjusted For:</b>		
Depreciation and Amortisation Expense	42.99	41.98
Interest Income	(80.81)	(50.58)
<b>Operating profit before working capital changes</b>	<u>296.92</u>	<u>157.40</u>
<b>Adjusted For:</b>		
Trade and Other Receivables	(393.67)	(83.09)
Inventories	22.20	(142.12)
Trade and Other Payables	(34.28)	130.14
Net Cash from Operating Activities	<u>(109.83)</u>	<u>62.33</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(72.49)	(73.37)
Sale of Fixed Assets	03.25	
Increase in Capital Work in Progress	(232.94)	
Movement in Investments	0	140.00
Movement in Loans and Advances	(49.81)	(268.93)
Interest Income	64.12	5.33
Net Cash Flow from Investing Activities	<u>(287.87)</u>	<u>196.96</u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Long term Borrowings (net)	302.79	138.23
Money received against share warranats	471.22	
Short Term Borrowings (net)	74.97	14.79
Net cash Flow from/(used) in Financing Activities	<u>848.88</u>	<u>123.43</u>
<b>Net (Decrease)/ Increase in Cash and Cash equivalents</b>	451.18	(11.20)
Opening Balance of Cash and Cash Equivalents	39.96	51.16
<b>Closing Balance of Cash and Cash Equivalents</b>	491.14	39.96

As per our report of even date  
For M/s. DEVA & Co.,  
Chartered Accountants  
Firm Regn.No.000722S

For and on behalf of the Board of Directors

Sd/-  
(JAINIK M SONI )  
Partner  
Membership No.149967

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(MANOHAR LOKA REDDY)  
Chairman  
DIN:00140229

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

Place: Hyderabad.  
Date : 30.05.2017

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

Sd/-  
(S.MAHAGANESH)  
Chief Financial Officer

**PRINCIPLES OF CONSOLIDATION:**

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

Name of the Company	Country of Incorporation	Percentage of ownership interest as at 31 <sup>st</sup> March 2017	Percentage of ownership interest as at 31 <sup>st</sup> March 2016
Nettlinx Inc	USA	100.00	100.00
Nettlinx Realty Private Limited	India	99.90	99.90
Nettlinx Aqua Culture Private Limited	India	100.00	100.00
Sailon SE (Subsidiary of Nettlinx Aqua Culture Private Limited)	Germany	95.00	NIL

The financial statements of all the subsidiaries considered in the consolidated accounts are drawn up to 31<sup>st</sup> March, 2017.

**Note 1. SIGNIFICANT ACCOUNTING POLICIES:**

The accounts have been prepared primarily on the historical cost convention and in accordance with the relevant provisions of the Companies Act, 2013 and the Accounting Standards notified under the relevant provisions of the Companies Act, 2013. The significant accounting policies followed by the company are stated below.

**(a) USE OF ESTIMATES**

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

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

**(b) FIXED ASSETS**

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

**(c) DEPRECIATION ON FIXED ASSETS**

The Depreciation has been provided based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013 on all the assets.

**(d) 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.

**(e) IMPAIRMENT**

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charges to the profit and loss statement in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is revised if there has been a change in estimate of recoverable amount.

**(f) INVESTMENTS**

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

**(g) INVENTORIES**

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

**(h) 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.

**(i) TAXES ON INCOME**

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

**(j) FOREIGN CURRENCY TRANSACTIONS**

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

**(k) LEASE RENTALS**

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

**(l) EARNINGS PER SHARE**

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

**(m) CASH FLOW STATEMENT**

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

**(n) PROVISIONS AND CONTINGENT LIABILITIES**

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

**(o) BORROWING COST**

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.

**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2017**

	<u>As at 31<sup>st</sup> March, 2017</u>	<u>As at 31<sup>st</sup> March, 2016</u>
	₹	₹
<b>Note 2 Share Capital</b>		
Authorised Capital		
3,00,00,000 Equity Shares of ₹.10/- each	<u>30,00,00,000</u>	<u>20,00,00,000</u>
Issued, Subscribed & Paid up Capital		
1,14,63,312 Equity Shares of ₹.10/- each fully paid up	<u>11,46,33,120</u>	<u>11,46,33,120</u>

(a) Reconciliation of Shares outstanding at the beginning and the end of the year

There is no change in Equity Share Capital during the year ended March 31, 2017 and March 31, 2016.

(b) **Terms/rights attached to Equity Shares**

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

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

	<u>As at 31<sup>st</sup> March, 2017</u>		<u>As at 31<sup>st</sup> March, 2016</u>	
	₹		₹	
Name of Share Holder	No.of Shares	% Holding	No.of Shares	% Holding
Loka Narayan Reddy	Nil	Nil	39,23,224	34.22
Dr. Loka Manohar Reddy	55,53,671	48.45	16,43,392	14.34
	7,11,743	6.21	Nil	Nil
Saranya Loka Reddy	<u>6,44,186</u>	<u>5.61</u>	<u>5,99,386</u>	<u>5.23</u>

**Note 3 Reserves and Surplus**

	<u>As at 31<sup>st</sup> March, 2017</u>		<u>As at 31<sup>st</sup> March, 2016</u>	
	₹		₹	
(a) Capital Reserve				
At the beginning and at the end of the year		1,50,00,000		1,50,00,000
(b) Securities Premium Account				
At the beginning and at the end of the year		2,45,99,575		2,45,99,575
(c) General Reserve				
At the beginning and at the end of the year		1,30,00,000		1,30,00,000
(d) Foreign Currency Translation Reserve (Net)				
(e) Surplus/deficit in the Statement of Profit and Loss				
Opening Balance	2,15,46,030		49,21,981	
Profit / (Loss) for the Year	2,48,73,624	4,64,19,654	1,66,24,049	2,15,46,030
		<u>9,90,19,229</u>		<u>7,41,45,605</u>

**Note 4 Money received against Share Warrants**  
(Refer Note No - 27)

	<u>As at 31<sup>st</sup> March, 2017</u>		<u>As at 31<sup>st</sup> March, 2016</u>	
	₹		₹	
		4,71,22,090		-
		<u>4,71,22,090</u>		<u>-</u>

**NETTLINX LIMITED**

<b>Note 5 Long Term Borrowings</b>	<b>As at 31<sup>st</sup> March, 2017</b>	<b>As at 31<sup>st</sup> March, 2016</b>
	<u>₹</u>	<u>₹</u>
<b>Secured</b>		
- HDFC Bank - Term Loan Account- (Refer Note - 29)	4,71,04,620	1,58,45,643
	<u>4,71,04,620</u>	<u>1,58,45,643</u>
<b>Note 6 Other Long Term Liabilities</b>	<b>As at 31<sup>st</sup> March, 2017</b>	<b>As at 31<sup>st</sup> March, 2016</b>
	<u>₹</u>	<u>₹</u>
Trade Payables	26,89,986	30,20,903
Rental Deposit	5,50,000	5,50,000
Service Tax Payable ( Refer Note No 30)	8,89,168	15,94,768
	<u>41,29,154</u>	<u>51,65,671</u>
<b>Note 7 Long Term Provisions</b>	<b>As at 31<sup>st</sup> March, 2017</b>	<b>As at 31<sup>st</sup> March, 2016</b>
	<u>₹</u>	<u>₹</u>
Provision for Employee Benefits		
(a) Gratuity	15,88,000	14,41,000
(b) Leave Encashment	3,58,005	4,48,717
	<u>19,46,005</u>	<u>18,89,717</u>
<b>Note 8 Short Term Borrowings</b>	<b>As at 31<sup>st</sup> March, 2017</b>	<b>As at 31<sup>st</sup> March, 2016</b>
	<u>₹</u>	<u>₹</u>
<b>Secured</b>		
- HDFC Bank - CC Account- (Refer Note 31)	1,04,01,261	99,90,345
- Vehicle Loan- ( Refer Note -32)	25,47,021	19,67,585
<b>Unsecured</b>		
- Related Party	2,55,23,908	1,25,72,235
- Others	7,00,000	71,44,775
	<u>3,91,72,190</u>	<u>3,16,74,940</u>
<b>Note 9 Trade Payable</b>	<b>As at 31<sup>st</sup> March, 2017</b>	<b>As at 31<sup>st</sup> March, 2016</b>
	<u>₹</u>	<u>₹</u>
Trade Payables (Refer Note No - 33)	54,96,879	64,48,746
	<u>54,96,879</u>	<u>64,48,746</u>
<b>Note 10 Other Current Liabilities</b>	<b>As at 31<sup>st</sup> March, 2017</b>	<b>As at 31<sup>st</sup> March, 2016</b>
	<u>₹</u>	<u>₹</u>
Current maturities of long-term debt		
Interest accrued but not due on borrowings	19,88,579	1,02,038
Advance received from Customers	5,61,84,692	5,99,49,381
Other Statutory Liabilities	22,02,218	21,54,546
Liability for Expenses	9,84,158	69,62,921
Employee related liabilities	75,20,383	21,21,633
Provision For Income tax	76,06,515	25,08,535
	<u>7,64,86,545</u>	<u>7,37,99,053</u>



(Amount in ₹)

11 CONSOLIDATED STATEMENT OF FIXED ASSETS & DEPRECIATION

PARTICULARS	GROSS BLOCK			ACCUMULATED DEPRECIATION			NET BLOCK			
	AS AT 01.04.16	ADDITIONS DURING THE YEAR	DELETIONS DURING THE YEAR	AS AT 31.03.17	AS AT 01.04.16	DURING THE YEAR	DELETIONS DURING THE YEAR	TOTAL 31.03.17	AS AT 31.03.17	AS AT 31.03.16
<b>Tangible Assets</b>										
Land	80,44,122	-	-	80,44,122	-	-	-	-	80,44,122	80,44,122
Buildings	1,01,62,910	-	-	1,01,62,910	19,50,748	1,72,215	-	21,22,963	80,39,947	82,12,162
Plant and Machinery	12,52,66,288	46,36,042	2,46,64,111	10,52,38,2198	11,69,71,391	13,15,531	2,46,64,111	9,36,22,811	1,16,15,410	86,07,456
Office Equipment	91,56,484	3,88,166	2,479,936	70,64,714	51,79,184	6,91,759	24,76,921	33,94,022	36,70,692	39,77,300
Furniture and Fixtures	76,77,411	1,29,000	-	78,06,411	71,67,707	1,27,884	-	72,34,830	5,71,581	6,20,883
Vehicles	1,74,20,154	20,95,888	32,27,213	1,62,88,829	1,05,75,557	19,91,899	32,27,213	93,40,239	69,48,586	68,44,597
<b>Total</b>	17,77,27,366	7,249,096	30,371,260	15,46,05,202	14,18,44,587	42,99,288	3,03,68,245	11,57,75,630	3,88,90,336	3,63,06,520
31st March, 2016	17,08,14,277	73,36,830	-	17,81,51,107	13,76,46,390	41,98,197	-	14,18,44,587	3,63,06,520	3,28,04,892

Pursuant to the provisions of Companies Act 2013, the company has applied the estimated useful lives as specified in schedule - II. Accordingly the unamortised carrying value is being depreciated / amortised over the revised/ remaining useful lives. The written down value of Fixed assets whose lives have expired as at 1st April, 2014 have been adjusted in the opening balance of Profit & Loss account amounting to ₹.24.67 lakhs.

**NETTLINX LIMITED**

	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
	₹.	₹.
<b>Note 12 Capital Work In Progress</b>	<u>2,32,94,438</u>	<u>-</u>
	<u>2,32,94,438</u>	<u>-</u>
<b>Note 13 Non Current Investments</b>	<u>As at 31<sup>st</sup> March, 2017</u>	<u>As at 31<sup>st</sup> March, 2016</u>
	₹	₹
Investment in unquoted equity instruments		
(a) Inter Corporate Investments		
i. Northeast Broking Services Ltd	1,16,000	1,16,000
(11,600 Equity Share of ₹.10 each fully paid up)		
ii. Northeast Commodities Private Ltd	12,00,000	12,00,000
(1,20,000 Equity Share of ₹.10 each fully paid up)		
(b) Other entities		
LG IT Solutions	70,00,000	70,00,000
(70,000 shares of ₹.10/- each fully paid up		
with ₹. 90/-premium)		
Quoted - Investments		
i. LYCOS INTERNET LIMITED	3,43,45,036	3,43,45,036
(314912 Equity shares of ₹.10/-each fully paid up)		
	<u>4,26,61,036</u>	<u>4,26,61,036</u>
<b>Note 14 Long Term Loans and Advances</b>	<u>As at 31<sup>st</sup> March, 2017</u>	<u>As at 31<sup>st</sup> March, 2016</u>
	₹.	₹.
(a) Advance Taxes net of provisions	1,07,00,847	1,17,94,461
(b) MAT credit entitlement	28,63,394	40,66,327
	<u>1,35,64,241</u>	<u>1,58,60,788</u>
<b>Note 15 Other Non Current Assets</b>	<u>As at 31<sup>st</sup> March, 2017</u>	<u>As at 31<sup>st</sup> March, 2016</u>
	₹	₹
- In Fixed Deposits with more than 12 months maturity		
(100% against Bank Guarantees)	19,22,211	19,22,211
- Other Deposits	-	-
Long Term Trade Receivables		
Unsecured, Considered Good	32,62,164	33,82,283
	<u>51,84,375</u>	<u>53,04,494</u>
<b>Note 16 Inventories</b>	<u>As at 31<sup>st</sup> March, 2017</u>	<u>As at 31<sup>st</sup> March, 2016</u>
	₹	₹
(Valued at lower of Cost or net realisable value,		
as physically verified and certified by Management)		
i. Traded Goods	6,06,589	6,06,589
ii. Stock In Process	8,52,08,799	8,70,65,805
	<u>8,58,15,387</u>	<u>8,76,72,394</u>
<b>Note 17 Trade Receivables</b>	<u>As at 31<sup>st</sup> March, 2017</u>	<u>As at 31<sup>st</sup> March, 2016</u>
	₹	₹
b) Outstanding for a period exceeding Six Months		
Unsecured, Considered Good	2,06,45,766	93,77,915
a) Others		
Considered Good	6,08,45,756	3,26,26,708
	<u>8,14,91,522</u>	<u>4,20,04,622</u>

# NETTLINX LIMITED

<b>Note 18 Cash and Cash Equivalents</b>	<b>As at 31<sup>st</sup> March, 2017</b>	<b>As at 31<sup>st</sup> March, 2016</b>
	<b>₹</b>	<b>₹</b>
a) Balances with Banks		
- In Current Accounts	4,83,02,235	36,64,549
b) Cash on hand	8,20,388	3,32,248
	<u>4,91,22,624</u>	<u>39,96,796</u>
<b>Note 19 Short Term Loans and Advances</b>	<b>As at 31<sup>st</sup> March, 2017</b>	<b>As at 31<sup>st</sup> March, 2016</b>
	<b>₹</b>	<b>₹</b>
Advances to Suppliers	4,80,17,501	2,47,70,557
Staff Advances	25,755	26,395
Balance with Government Authority		
- Service Tax credit receivable	16,416	32,576
- VAT Credit Receivable	2,64,248	61,041
Others Loans and advances	2,09,13,764	2,44,79,380
	<u>6,92,37,684</u>	<u>4,93,69,949</u>
<b>Note 20 Other Current Assets</b>	<b>As at 31<sup>st</sup> March, 2017</b>	<b>As at 31<sup>st</sup> March, 2016</b>
	<b>₹</b>	<b>₹</b>
Interest Accrued but not due on FDRs	11,44,075	9,42,654
Interest Accrued and Due	5,05,262	35,81,857
Prepaid Expenses	1,63,495	3,01,142
Rental Deposits	11,28,850	11,01,850
Other Deposits/Receivables	1,75,14,358	2,94,15,596
	<u>2,04,56,040</u>	<u>3,53,43,099</u>
<b>Note 21 Revenue from Operations</b>	<b>Current Year</b>	<b>Previous Year</b>
	<b>₹</b>	<b>₹</b>
a) Sale of Products		
Sale of VOIP Telephones - VAT Sales	-	68,025
b) Sale of Services	-	-
Income from Bandwidth Services	5,57,96,581	5,71,55,900
Income from Web Solutions	18,32,043	19,10,931
Income from Other Operations	9,65,50,091	14,56,53,472
Income from Software Exports(ITES)	3,58,20,802	90,90,269
	<u>18,99,99,517</u>	<u>21,38,78,596</u>
<b>Note 22 Other Income</b>	<b>Current Year</b>	<b>Previous Year</b>
	<b>₹</b>	<b>₹</b>
Interest on Bank Deposits, ICD's and Loans	80,81,283	50,57,956
Rental Income	32,93,553	28,72,846
Other Misc.Incomes	18,32,723	7,54,719
	<u>1,32,07,559</u>	<u>86,85,521</u>

# NETTLINX LIMITED

## Note 23 Changes in inventories of finished goods, work-in-progress and stock-in-trade

	<u>Current Year</u>	<u>Previous Year</u>
	₹	₹
Inventories at the end of the year - Stock in Trade	6,06,589	6,06,589
Inventories at the beginning of the year - Stock in Trade	6,06,589	6,68,816
Net (increase)/ decrease	<u>-</u>	<u>62,227</u>

## Note 24 Employee Benefit Expenses

	<u>Current Year</u>	<u>Previous Year</u>
	₹	₹
Salaries	3,66,22,342	3,36,27,586
Contribution to PF, ESI & Group Insurance	17,65,330	15,74,036
Staff Welfare	19,09,897	13,22,948
	<u>4,02,97,569</u>	<u>3,65,24,570</u>

## Note 25 Finance Cost

	<u>Current Year</u>	<u>Previous Year</u>
	₹	₹
Interest	90,22,633	65,46,156
Finance charges	33,12,438	6,85,024
Bank Charges	4,67,548	5,60,775
	<u>1,28,02,619</u>	<u>77,91,955</u>

## Note 26 Operation and Other Expenses

	<u>Current Year</u>	<u>Previous Year</u>
	₹	₹
Bandwidth, Leased Circuit Charges & Service Charges	2,27,17,717	2,46,05,468
Rent & Maintenance	40,05,045	36,24,627
Domain Registration Expenses	1,77,759	1,68,442
Power and Electricity	27,13,385	23,73,139
Postage & Telegram Expenses	98,373	77,464
Advertisement & Publicity	7,31,096	100,202
Telephone Expenses	5,96,930	4,12,500
Computers & Networking Maintenance	18,21,404	27,09,212
Watch & Ward Expenses	9,60,405	7,86,978
Travelling Expenses	16,21,926	9,81,662
Local Conveyance	11,98,034	10,65,565
Vehicle Maintenance	9,25,519	8,27,439
Foreign exchange loss	1,11,668	-
Rates & Taxes	64,339	2,07,599
Insurance-Others	5,88,892	4,21,164
Annual Membership Fee(APNIC)	84,072	87,488
Demat Charges	68,399	1,37,630
Legal & Professional Charges	150,16,853	3,99,574
Office Maintenance Expenses	15,85,089	10,07,284
Printing & Stationary Expenses	3,97,710	3,13,252
Other Administrative Expenses	10,56,286	35,60,779
USCIS Fees	44,27,591	15,14,070

Payment Gateway Fees	72,150	70,366
Data Center Expenses	42,391	1,298,580
Other technical & operational expenses	3,05,75,174	1,99,99,512
System admin fees	186,35,313	890,01,017
Bad Debts written off	19,54,343	14,73,662
Audit Fees	1,86,020	1,62,500
	<u>11,24,33,884</u>	<u>15,73,87,176</u>

**Additional Information to the Financial Statements**
**Note 27 Money received against Share Warrants**

During the year, the Holding Company has allotted 17,95,127 warrants convertible into equal number of equity shares of ₹. 10each (exercisable in one or more tranches) at the option of the holder thereof at any time within 18 (eighteen) months after the allotment at an issue price of ₹. 105 (Including a premium of ₹. 95) each on preferential basis to persons other than the Promoters and Promoter group. In this regard, the Holding Company had received ₹. 4,71,22,090 in December, 2016 being 25% of the subscription amount as per the SEBI (ICDR) Regulations, 2009. The said warrants are to be converted into equity shares on the exercise of the conversion rights by the allottees at the time of payment of remaining 75% subscription amount.

**Note 28 Foreign Exchange Activity**

	Current Year	Previous Year
	₹	₹
<b>Expenditure in Foreign Currency</b>		
Licence fee and domain registration charges	<u>1,52,759</u>	<u>1,38,442</u>
<b>Earnings in Foreign Exchange</b>		
Software Exports(ITES)	<u>3,58,20,802</u>	<u>90,90,269</u>

**Note 29 Term Loan**

HDFC Term Loan is secured against Property at 5-9-22,3rd floor My Home Sarovar Plaza,Secretariat road,saifabad,Hyderabad.

**Note 30 Service tax payable**

Liability for Service Tax Payable of ₹. 8,85,217/- is pending and till now the company has not received the outstanding amount from debtors.

**Note 31 Terms and Conditions of Short Term Borrowings**

Cash Credit facility is secured by hypothecation of book debts, outstanding monies, receivables, claims, bills etc.

**Note 32 Terms and Conditions of Vehicle Loan**

Vehicle Loan Secured by hypothecation of the vehicle

**Note 33 Dues to Micro, Small and Medium Enterprises**

Dues to Micro, Small and Medium Enterprises is NIL as per the records of the company

**Note 34 TDS Adjustment Account**

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

# NETTLINX LIMITED

Note 35 Deferred Tax Asset(Net)	Current Year ₹	Previous Year ₹
<b>Deferred Tax Asset</b>		
Arising on Account of timing difference in Depreciation		
<b>Deferred Tax Liability</b>		
Arising on Account of timing difference in Depreciation	3,09,357	2,42,414
<b>Opening Balance of Deferred Tax Asset</b>	50,82,893	48,40,479
	<u>53,92,250</u>	<u>50,82,893</u>

## Note 36 De-reconginsation of Income

₹. 6,35,25,000/- is being de-recognised as revenue in the books of Nettlinx Reality Private limited, as critical approvals to start the construction were not obtained as on March 31, 2017 and same is in line with IND AS 11.

Note 37 Earnings per share	Current Year ₹	Previous Year ₹
i) Profit/(Loss) after Tax	2,48,73,624	1,66,24,049
ii) Weighted average number of Equity Shares	1,14,63,312	1,14,63,312
iii) Weight average number of equity shares in computing diluted earnings per share	1,14,63,312	1,14,63,312
iv) Face value of each Equity Share	10	10
v) Earnings per share		
- Basic	2.17	1.45
- Diluted	1.87	1.45

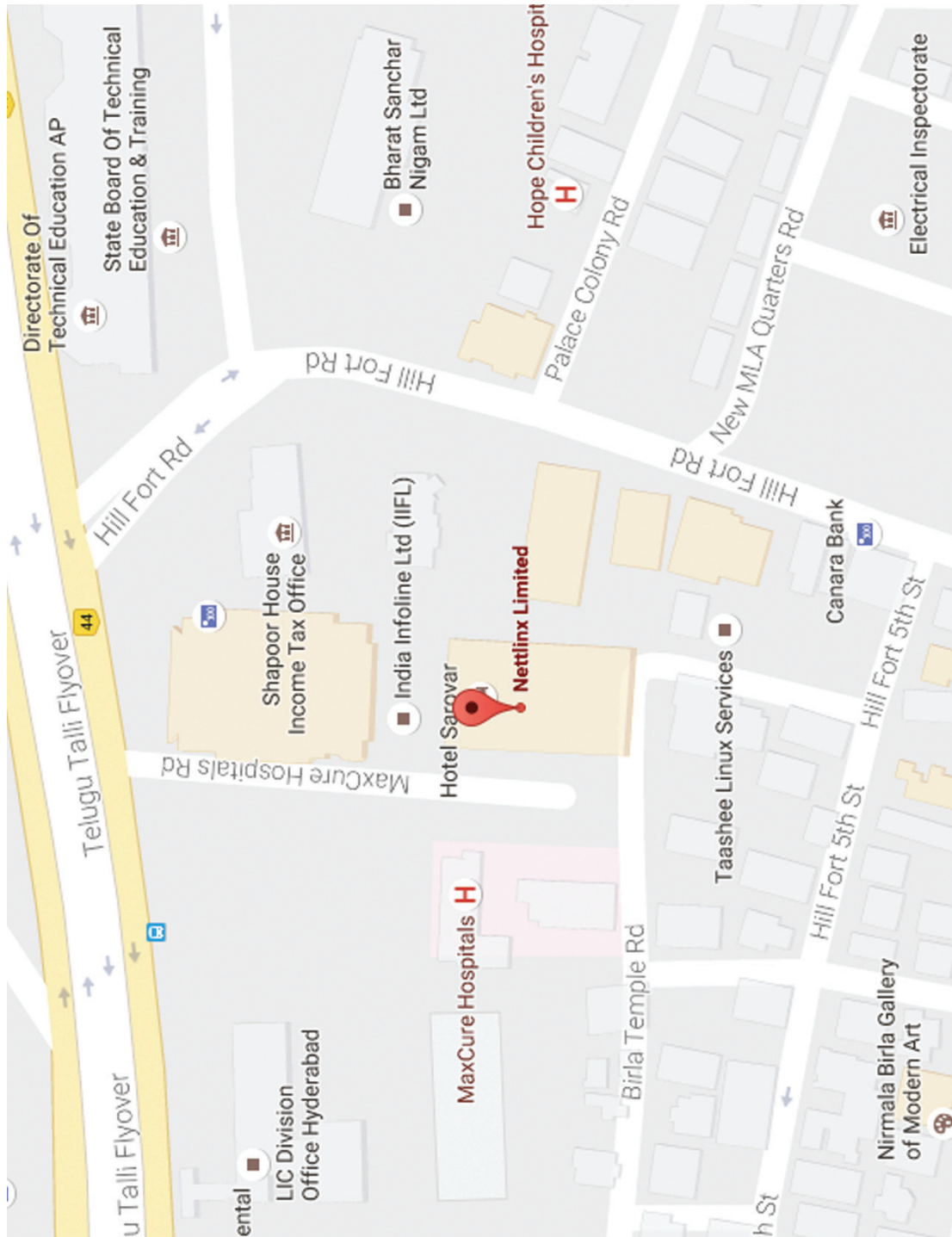
Note 38 Contingent Liabilities and Commitments	As at 31 <sup>st</sup> March, 2017 ₹	As at 31 <sup>st</sup> March, 2016 ₹
Contingent Liabilities:		
Unexpired Bank Guarantees	23,00,000	21,22,765
Provisional License fee Assessment	43,30,195	43,30,195

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

## Note 39 Details of Specified Bank Notes Held and Transacted

Description	SBNs	Other Denomination Notes	Total
Closing cash in hand as on 08-11-2016	21,18,000	1,20,742	22,38,742
(+) Permitted receipts	-	6,69,384	6,69,384
(-) Permitted payments	-	3,11,545	3,11,545
(-) Amount deposited in Banks	21,18,000	-	21,18,000
Closing cash in hand as on 30-12-2016	-	4,78,581	4,78,581

**Note 40** Figures for the previous year have been regrouped, recast and rearranged.





**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	DPID

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 24<sup>th</sup>Annual General Meeting of the company, to be held on the Wednesday, the 27<sup>th</sup> September, 2017 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:

# NETTLINX LIMITED

## Resolution No.

Sl. No.	Resolution(S)	Vote	
		For	Against
1.	To receive, consider and adopt the audited financial statements of the Company for the financial year ended 31 <sup>st</sup> March 2017, the Reports of the Board of Directors and the Auditors thereon		
2.	To appoint a Director in place of Ms. Radhika Kundur (holding DIN: 07135444), who retires by rotation and, being eligible, offers herself for re-appointment		
3.	To appoint a Director in place of Mr. Rohith Loka Reddy (holding DIN: 06464331), who retires by rotation and, being eligible, offers himself for re-appointment		
4.	Appointment of C.Ramachandram & Co as Statutory Auditors of the Company		
5.	Regularization of Additional Director, Mr. Joy Abraham (DIN: 01993517) as Non-Executive Director		
6.	Appointment of Dr. Erwin Leopold Dieck (DIN: 07614028) as an Independent director of the company		
7.	Reappointment and fixing of remuneration of Mr. Chandra Sekhar Pogula (DIN: 00007536) as Whole Time Director cum CEO of the company		
8.	Approval of the Limits for the Loans and Investment by the Company in terms of the Provisions Section 186 of the Companies Act, 2013		

\* Applicable for investors holding shares in Electronic form. Affix Revenue Stamps

Affix Revenue Stamps

Signed this \_\_\_\_ day of Sep-2017

Signature of Shareholder

Signature of Proxy holder

Signature of the shareholder across Revenue Stamp

### 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)

24<sup>th</sup> Annual General Meeting of the company held on the Wednesday, the 27<sup>th</sup> September, 2017 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 24<sup>th</sup> Annual General Meeting of the Nettlinx Limited held on Wednesday, the 27<sup>th</sup> September, 2017 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@nettlinx.org](mailto:secretarial@nettlinx.org)  
Website: [www.nettlinx.com](http://www.nettlinx.com)