



21st



**Annual Report
2013 - 2014**

NETTLINX LIMITED

Your Power to Communicate

NETTLINX LIMITED



**21st
ANNUAL REPORT
2013-2014**



NETTLINX LIMITED

NETTLINX LIMITED

BOARD OF DIRECTORS

- | | |
|------------------------------|--|
| 1. Dr. Manohar Loka Reddy | - Chairman, Promoter and Non-Executive |
| 2. Dr. Loka Narayan Reddy | - Promoter and Non-Executive Director |
| 3. Sri K. Kameswara Rao | - Independent and Non-Executive Director |
| 4. Sri J.V. Hanumanth Rao | - Independent and Non-Executive Director |
| 5. Sri M. Vijay Kumar | - Independent and Non-Executive Director |
| 6. Dr. M. Appa Rao | - Independent and Non-Executive Director |
| 7. Sri Chandra Sekhar Pogula | - Whole Time Director & CEO |

REGISTERED OFFICE:

Corporate Identity No. : L67120TG1994PLC016930

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

Ph: 91-040-23232200/23231621.

Fax: 23231610 E – Mail: secretarial@nettlinx.org,
website:www.netttlinox.com

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.

PHYSICAL & DEMAT REGISTRARS

M/s Venture Capital and Corporate Investments Pvt. Ltd.,

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

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

Fax : 040-23868024

E-mail:info@vccilindia.com

BANKERS

M/s HDFC Bank Limited

1st Floor 6-3-249/5/1, ANR Center Road No.1,
Besides Taj Krishna Hotel, BanjaraHills,
Hyderabad-500034, Telangana

NOTICE

NOTICE is hereby given that the 21st Annual General Meeting of the Members of M/s. Nettlinx Limited will be held on Monday, the 29th September, 2014 at 10.30 AM, at ICWAI Bhavan, beside Dena Bank, Post Office Road, Sanath Nagar, Hyderabad-500018, Telangana to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited financial statements of the Company for the Financial Year ended 31st March, 2014, the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Dr. Manohar Loka Reddy who retires by rotation and being eligible offers himself for re-appointment
3. To re-appoint Auditors of the Company to hold office for a period of three years from the conclusion of this Annual General Meeting and to fix their remuneration.

To consider and if thought fit to pass the following resolution as an ordinary resolution.

“RESOLVED THAT pursuant to the provisions of Section 139 of the Companies Act, 2013 and the rules made there under and pursuant to the recommendations of the Audit Committee of the Board of Directors, M/s. Deva & Co, Chartered Accountants (Firm Registration No. 000722S), Hyderabad, be and are hereby re-appointed as the Statutory Auditors of the company, to hold office for a period of three years from the conclusion of this Annual General Meeting to the conclusion of the 24th Annual General Meeting (subject to ratification of the appointment by the members at every AGM held after this AGM) at such remuneration as shall be fixed by the Board of Directors of the Company.”

SPECIAL BUSINESS

4. Appointment of Sri. K.Kameswara Rao as an Independent Director

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions, if any, of the Companies Act, 2013 (“Act”) and the Rules framed there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and Clause 49 of the Listing Agreement, Sri. K.Kameswara Rao (holding DIN 00271944), a non-executive Independent Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company to hold office for five (5) consecutive years commencing from 29.09.2014, not liable to retire by rotation.”

5. Appointment of Sri. J.V. Hanumanth Rao as an Independent Director

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions, if any, of the Companies Act, 2013 (“Act”) and the Rules framed there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and Clause 49 of the Listing Agreement, Sri. J.V. Hanumanth Rao (holding DIN 02682027), a non-executive Independent Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company to hold office for five (5) consecutive years commencing from 29.09.2014, not liable to retire by rotation.”

6. Appointment of Sri. M. Vijay Kumar as an Independent Director

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and any other applicable provisions, if any, of the Companies Act, 2013 (“Act”) and the Rules framed there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and Clause 49 of the Listing Agreement, Sri. M. Vijay Kumar (holding DIN 02060345), a non-executive Independent Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company to hold office for five (5) consecutive years commencing from 29.09.2014, not liable to retire by rotation.”

7. Appointment of Sri. M. Appa Rao as an Independent Director

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and any other applicable provisions, if any, of the Companies Act, 2013 (“Act”) and the Rules framed there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and Clause 49 of the Listing Agreement, Dr. M. Appa Rao (holding DIN 02683503), a non-executive Independent Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company to hold office for five (5) consecutive years commencing from 29.09.2014, not liable to retire by rotation.”

8. Increase in remuneration and Change of in designation of Sri. Chandra Sekhar Pogula from Chief Operating Officer to Chief Executive Officer

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

“**RESOLVED THAT** approval of the Company be and is hereby granted to re-designate Sri Chandra Sekhar Pogula, Whole-time Director, as CEO of the Company with effect from 1st November, 2013 till the remaining tenure of his appointment.”

“**FURTHER RESOLVED THAT** in accordance with the provisions of Sections 197 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), and on recommendation of the Nomination and Remuneration Committee, approval of the Company be and is hereby accorded to enhance the total managerial remuneration of Sri. Chandra Sekhar Pogula Whole –Time Director & CEO (holding DIN 00007536) to the extent of ₹ 24,00,000 (Rupees Twenty Four Lakhs only) per annum w.e.f 1st November 2013 and to be reviewed by committee year on year within the maximum limit.”

“**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

By Order of the Board

for **Nettlinx Limited**

Sd/-

Dr. Manohar Loka Reddy
Chairman
DIN: 00140229

Date : 06-08-2014

Place: Hyderabad

NOTES:

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to the Special Businesses to be transacted at the Annual General Meeting (AGM) is annexed hereto

2. A member entitled to attend and vote at this Annual General Meeting may appoint a proxy to attend and vote on his/her behalf. A proxy need not be a member of the Company. Proxies, in order to be effective, must be received at the Company's Registered Office not less than 48 hours before the meeting. Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolutions/authority, as applicable.

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the company carrying voting rights may appoint a single person as a proxy and such person shall not act as a proxy for any other person or shareholder.

3. Corporate Member(s) are requested to send to the Registered Office of the Company, a duly certified copy of the Board Resolution, pursuant to Section 113 of the Companies Act, 2013, authorising their representative to attend and vote at the Annual General Meeting.

4. Members/proxies should bring duly filled Attendance Slip sent herewith, to attend the meeting.

5. The Register of Members and Share Transfer Books of the Company will remain closed from 27th September 2014 to 29th September 2014 (both days inclusive) for the purpose of Annual General Meeting.

6. Members holding shares in dematerialized form are requested to intimate all changes

pertaining to their bank details, National Electronic Clearing Service (NECS), Electronic Clearing Service (ECS), mandates, nominations, power of attorney, change of address, change of name and e-mail address, etc., to the Company. Such Changes intimated will then be reflected in the Company's records which will help the Company to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to the Company.

7. Members are requested to intimate their Permanent Account Number allotted to them by the Income Tax Department.

8. Pursuant to Section 72(1) of the Companies Act, 2013, read with Rule 19(1) of Companies (Share Capital and Debentures) Rules, 2014, facility for making nominations is now available to INDIVIDUALS holding shares in the Company. The prescribed nomination Form-SH-13 can be obtained from the Share Transfer Agent or may be downloaded from the website of the Company.

9. The Ministry of Corporate Affairs ("MCA"), Government of India, through its Circular No. 17/2011 dated 21st April, 2011 and Circular No. 18/2011 dated 29th April, 2011, has allowed companies to send Annual Report comprising of Balance Sheet, Profit & Loss Account, Directors' Report, Auditors' Report and Explanatory Statement etc., through electronic mode to the registered e-mail address of the members. Keeping in view the underlying theme and the circulars issued by MCA, we propose to send future communications in electronic mode to the e-mail address provided by you to the depositories and made available by them being the registered address. By opting to receive communication through electronic mode you have the benefit of receiving communications promptly and avoiding loss in postal transit. Members who hold shares in physical form and

desire to receive the documents in electronic mode are requested to please promptly provide their details (name, folio no., e-mail id) to the Registrar and Transfer Agent of the company. Members who hold shares in electronic form are requested to get their details updated with the respective Depositories. The annual report and other communications/documents sent electronically would also be displayed on the Company's website: [http:// www.nettlinx.com/](http://www.nettlinx.com/). As a Member of the Company, you will be furnished, free of cost, a printed copy of the Annual Report of the Company, upon receipt of a requisition from you. We request you to support this initiative and opt for the electronic mode of communication by submitting your e-mail address to your DP or to the Company's Registrar, in the interest of the environment.

10. Members intending to seek clarification at the Annual General Meeting concerning the accounts and any aspect of operations of the company are requested their questions in writing to the secretarial department so as to reach the company atleast 10(ten)days in advance before the date of the Annual General Meeting, specifying the points.
11. Members holding shares in physical form are requested to intimate any change in their respective addresses, bank mandates, etc., immediately to the Company's Registrar & Share Transfer Agent. Members holding shares in electronic form must send the intimation about the change of their respective addresses, bank mandates, etc., to their respective Depository Participants (DPs) and not to the Company. Non-resident Indian shareholders are requested to inform us immediately the change in the residential status on return to India for permanent settlement.
12. 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.
13. 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 Lakhs).
14. All documents referred to in the notices and annexures thereto along with other mandatory registers/documents are open for inspection at the registered office of the Company on all working days (except Saturdays and Sundays) between 11.00 AM to 1.00 PM, prior to the date of 21st Annual General Meeting.
15. Members may also note that the Annual Report for FY 2013-14 will also be available on the Company's website www.nettlinx.com for their download.
16. Details under Clause 49 of the Listing Agreement with the Stock Exchanges in respect of the Directors seeking appointment /re-appointment at the Annual General Meeting, forms an integral part of the notice. The Directors have furnished the requisite declarations for their appointment/re-appointment.
17. **Voting through electronic means:**
 - a. 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 facility to the members to exercise their right to vote at the 21st Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting platform Provided by CDSL.
 - a. The instructions for e-voting are as under: The instructions for members for voting electronically are as under:-

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In case of members receiving e-mail:

- (i) Log on to the e-voting website www.evotingindia.com during the voting period.
- (ii) Click on "Shareholders" tab.
- (iii) Now, select the "COMPANY NAME" from the drop down menu and click on "SUBMIT"
- (iv) Now enter your User ID (For CDSL: 16 digits beneficiary ID, For NSDL: 8 Character DP ID followed by 8 Digits Client ID, Members holding shares in Physical Form should

enter Folio Number registered with the Company and then enter the Captcha Code as displayed and Click on Login.

- (v) If you are holding shares in Demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used. If you are a first time user follow the steps given below.
- (vi) Now, fill up the following details in the appropriate boxes:

	For Members holding shares in Physical Form	For Members holding shares in Demat Form
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)	
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.	
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account Bank or in the company records for the said demat account or folio.	

* Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of your name and the Folio Number in the PAN field. Eg. If your name is Ramesh Kumar with Folio Number 1 then enter RA00000001 in the PAN field.

Please enter any one of the details in order to login. In case both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field.

- (vii) After entering these details appropriately, click on "SUBMIT" tab.
- (viii) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL

platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on <Company Name> on which you choose to vote.
- (xi) On the voting page, you will see Resolution Description and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xii) Click on the "Resolutions File Link" if you wish to view the entire Resolutions.
- (xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

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- (xiv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xvi) If Demat account holder has forgotten the changed password then Enter the User ID and Captcha Code click on Forgot Password & enter the details as prompted by the system.
- (xvii) Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates. After receiving the login details they have to link the account(s) which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

In case of members receiving the physical copy:

- (A) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
- (B) The voting period begins on 24th September, 2014 (9:00 am) to (6:00 pm) and ends on 25th September, 2014 (9:00 am) to (6:00 pm). During this period shareholders’ of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of <Record Date>, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.

The e-voting period commences on 24th September, 2014 (9:00 am) to (6:00 pm) and ends on 25th September, 2014 (9:00 am) to (6:00 pm)..During this period

shareholders’ of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of August 29, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of 29th August 2014.

Mr. Manoj Kumar Koyalkar, of M/s AGR Reddy & Co., Company Secretaries, Hyderabad has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

The Scrutinizer shall within a period not exceeding three(3) working days from the conclusion of three-voting period unblock the votes in the presence of at least two(2) witnesses not in the employment of the Company and make a Scrutinizer’s Report of the votes cast in favor or against, if any, forthwith to the Chairman of the Company.

The results declared along with the Scrutinizer’s Report shall be placed on the Company’s website www.nettlinx.com and on the website of CDSL www.evotingindia.cdsl.com within two days of the passing of the resolutions at the 21st AGM of the Company to be held on September 30, 2014 and communicated to the BSE Limited, where the shares of the Company are listed.

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

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

Date: 06-08-2014
Place: Hyderabad

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013**Item No.4 to 7**

Sri K. Kameswara Rao, Sri J.V. Hanumanth Rao, Sri. M. Vijay Kumar and Sri. M. Appa Rao are the Non-Executive Independent Directors of the Company, whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of Companies Act, 2013, the independent directors shall be appointed for not more than two terms of five years each and shall not be liable to retire by rotation at every AGM.

The Board of Directors of the Company has decided to adopt the provisions with respect to appointment and tenure of Independent Directors which is consistent with the Companies Act, 2013 and the amended Listing Agreement. Accordingly, the Independent Directors will serve for not more than two terms of five years each on the Board of the Company.

The above said Directors, being eligible and offering themselves for appointment, are proposed to be appointed as Independent Directors for five (5) consecutive years commencing from 29.09.2014.

The Company has received from the above said directors:

- (i) Consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment and Qualification of Directors) Rules, 2014,
- (ii) Intimation in Form DIR-8 in terms of Companies (Appointment and Qualification of Directors) Rules, 2014, to the effect that they are not disqualified under Sub-section (2) of Section 164 of the Companies Act, 2013; and
- (iii) a declaration to the effect that he meets the criteria of independence as provided in Sub-section (6) of Section 149 of the Companies Act, 2013.

Brief profile of the said Directors, nature of his experience in specific functional areas and

names of companies in which he holds directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange, are provided in the Corporate Governance Report forming part of the Annual Report.

In the opinion of the Board, the above said Directors fulfill the conditions specified in the Companies Act, 2013 and rules made thereunder for appointment as Independent Directors of the Company. Copy of the draft letter for appointment of Independent Directors setting out the terms and conditions is available for inspection by members at the Registered Office of the Company.

The Board considers that their continued association would be of immense benefit to the Company and it is desirable to avail the services of the above said Directors. Accordingly, the Board recommends the resolutions under Item no. 4 to 7 for approval by the shareholders of the Company.

None of the Directors or Key Managerial Personnel of the Company and their relatives, other than Independent Directors i.e. Sri. K Kameswara Rao, Sri. J V Hanumanth Rao, Sri. M Vijay Kumar and Dr. M Appa Rao for their respective appointment, is concerned or interested, financially or otherwise, in these Resolutions. The Board commends the Ordinary Resolutions as set out at Item no. 4 to 7 for approval of the Members.

Item No, 8

Members to note that the Nomination and Remuneration Committee has recommended the increase in existing limits of remuneration payable to Sri. Chandra Sekhar Pogula, Whole Time Director & CEO of the Company to the extent of ₹ 24,00,000 (Rupees Twenty Four Lakhs) per annum.

Thus, approval of members by way of Special 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

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members, remuneration not exceeding ₹ 24,00,000 (Rupees Twenty Four Lacs) per annum as per Table A of Section II of Part II of Schedule V under the Companies Act, 2013.

Sri. Chandra Sekhar Pogula is also proposed to be re-designated as Chief Executive Officer of the Company.

Except Sri Chandra Sekhar Pogula, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions.

The Board commends the Special Resolution set out at Item No. 8 of the Notice for approval by the shareholders.

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

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

Date: 06-08-2014

Place: Hyderabad

Important Communication to Members

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

**DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AT THE ANNUAL
GENERAL MEETING
(Pursuant to Clause 49 of the Listing Agreement)**

Particulars	Sri K. Kameswara Rao	Sri J.V. Hanumanth Rao	Sri. M. Vijay Kumar	Dr. M. Appa Rao	Dr. Manohar Loka Reddy
Date of Birth	13/04/1943	20/01/1963	10/10/1968	14/07/1945	20/11/1962
Date of Appointment	22/05/2006	25/04/2009	27/10/2011	25/04/2009	07/11/2005
Qualifications	M.Sc Geology	M.B.A	MDBA	M.B.BS,M.D	M.B.B.S
Expertise in specific functional areas	Total 38 years banking experience	Total 28 Years Team Management skills	Total 25 years real estate and marketing experience	Total 32 years Medical experience	Total 28 Years experience Share Broking& IT
Chairmanships/ Directorships of other Companies (excluding Foreign Companies and Section 25 Companies)	1	Nil	6	5	7
Chairmanships/ Memberships of Committees of other Public Companies (includes only Audit Committee; and Shareholders/ Investors Grievance Committee)	Nil	Nil	Nil	Nil	Nil
Number of shares held in the Company	Nil	Nil	Nil	Nil	1645810

DIRECTORS REPORT

To

The Members

M/s. Nettlinx Limited

Your Directors have pleasure in presenting their 21st Annual Report on the business and operations of your Company for the financial year ended March 31, 2014.

1. FINANCIAL RESULTS

The financial performance of the Company for the financial year ended March 31, 2014 is summarized below:

Particulars	₹ in lakhs	
	For the Year ended 31.03.2014	For the year ended 31.03.2013
Income from operations	682.78	553.24
And other income		
Total Expenditure	616.00	490.80
Interest	14.23	32.34
Depreciation	48.52	54.67
Profit / (Loss) Before Taxation	3.19	(24.57)
Mat Tax Credit	0.6	
Current Tax		
Deferred Tax Asset	5.35	4.32
Profit / (Loss) after Tax	8.55	(19.73)

2. OPERATIONS OF THE COMPANY

The Turnover of the company for 2013-2014 was ₹ 500.45 (operations) compared to ₹ 466 lakhs (Operations) of the previous year, a growth of 7.36%. The profit after tax of ₹ 8.55 for the year under review is against a net loss of ₹ 24.57 lakhs in the previous year ended 31st March 2013.

Overall performance, based on the consolidated accounts of your company has registered a nett loss of ₹ (19.28) lakhs against of net profit of 58.33 lakhs in the previous year ended 31st March 2013.

3. SHARE CAPITAL :

During the year under review the Authorised Share Capital of the Company is ₹ 20,00,00,000/- .The Issued, Subscribed and Paid up Share Capital of the Company as on March 31, 2014 is ₹114,633,120/- divided into 11,463,312 equity shares of ₹ 10/- (Rupees Ten) each.

4. DIVIDEND:

As there are no adequate profits in this financial year, hence no dividend is recommended.

5. TRANSFER TO RESERVES:

The Company proposes not to transfer any amount to Reserves.

6. DIRECTORS :

Approval of the shareholders is being sought for re-appointment of Dr. Manohar Loka Reddy, who retires by rotation at forthcoming Annual General Meeting of the Company and being eligible, offer themselves for reappointment in accordance with the Articles of Association and Companies Act, 2013.

The Company has, pursuant to the provisions of Clause 49 of the Listing Agreements entered into with Stock Exchange appointed Sri K. Kameswara Rao, Sri J.V. Hanumanth Rao, Sri. M. Vijay Kumar and Sri. M. Appa Rao as Independent Directors of the Company. The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed both under subsection (6) of Section 149 of the Companies Act, 2013 and under Clause 49. In accordance with the provisions of Section 149(4) and proviso to Section 152(5) of the Companies Act, 2013, these Directors are being appointed as Independent Directors to hold office as per their tenure of appointment mentioned in the Notice of the forthcoming AGM of the Company.

During the year under review, the Board proposed to re-designate Sri Chandra Sekhar Pogula, as CEO wef November 1, 2013, till his remaining tenure of appointment. Further the Board also proposes to approve increase the total remuneration from ₹ 15,75,000 (Rupees Fifteen Lakhs Seventy Five Thousand only) per annum to ₹ 24,00,000 (Rupees Twenty Four

Lacs) per annum. The Board recommends this resolution to be passed as special resolution.

7. STATUTORY AUDITORS :

The Statutory Auditors of the Company M/s Deva & Co, Chartered Accountants, Hyderabad, retire at this AGM, have signified their willingness for their re-appointment and have confirmed their eligibility under section 139(1) of the Companies Act, 2013. Members are requested to re-appoint them for a period of three years and to authorize the Board to fix their remuneration.

8. COST AUDITORS

Mr. PLN Sarma, Cost Accountants, Hyderabad have been appointed as Cost Auditors of the Company to conduct Audit of Cost Accounts records to be maintained by the Company for the year ended 31.03.2015.

9. REPLIES TO AUDITORS' REPORT:

The observations of the auditors are explained, wherever necessary, in appropriate notes to the accounts

10. LISTING :

Details of Listing are annexed to the Corporate Governance Report.

Listing at Stock Exchanges:

The Equity Shares of the company are listed on Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001.

Listing fees to the Bombay Stock Exchange Limited has been paid up-to-date.

11. REQUIREMENTS UNDER CLAUSE 49 OF LISTING AGREEMENT

Corporate Governance :

The Company has been in full compliance with the norms of Corporate Governance as outlined in Clause 49 of the Listing Agreement with the Bombay Stock Exchange, Mumbai. A separate report on Corporate Governance is produced as a part of the Annual Report along with the Auditor's Certificate on its compliance.

Management's Discussion And Analysis : As required by Clause 49 of the Listing Agreement with the Stock Exchanges, the Management's

discussion and Analysis Report is enclosed as a part of this Report as **Annexure -I**

12.DIRECTORS' RESPONSIBILITY STATEMENT

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

- a) That in the preparation of the accounts for the financial year ended 31st March, 2014 the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the company for the year under review;
- c) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities and
- d) That the Directors have prepared the accounts for the financial year ended 31st March 2014 on a going concern basis.

13. FIXED DEPOSITS :

Your Company has not raised any Fixed Deposits as on 31st March, 2014 so as to attract the provisions of Section 58A of the Companies Act, 1956, read with the Companies (Acceptance of Deposits) Rules, 1975 as amended from time to time.

There is no amount outstanding or due to any deposit holder

14. INTERNAL CONTROL SYSTEMS

Your Company has well established procedures for internal control commensurate with its size and operations. The internal audit function is adequately resourced commensurate with the operations of the Company and reports to the Audit Committee of the Board.

NETTLINX LIMITED

15. SUBSIDIARIES :

Company has three wholly owned subsidiaries namely Nettlinx Inc., Nettlinx Realty Private Limited, Nettlinx Aquaculture Private Limited (formerly Nettlinx Chanel Private Limited) and as at 28th March, 2014 Nettlinx Limited has sold 100% stake in its subsidiary company Host Department LLC.

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

A statement containing brief financial details of the subsidiaries for the financial year ended March 31, 2014 is annexed. The annual accounts of these subsidiaries and the related detailed information will be made available to any member of the Company/its subsidiaries seeking such information at any point of time and are also available for inspection by any member of the Company/its subsidiaries at the registered office of the Company. The annual accounts of the subsidiaries will also be available for inspection, as above, at registered office of the respective subsidiary companies.

16. STATUTORY INFORMATION

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

Your Directors are pleased to record their sincere appreciation of the contribution by the staff.

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

Details of Energy Conservation, Research & Development, Technology Absorption, Foreign Exchange Earnings and Outgo as required under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors')

Rules, 1988, are given in Annexure III, to the Directors Report.

18. EMPLOYEE STOCK OPTION PLANS

Company has earlier offered Stock Options under Nettlinx Stock Option Plan 2007 aggregating to 800000 (Eight Lakhs only) Equity Shares of face value ₹ 10.00 each . Out of which , initially 5,75,000 options at a price of ₹ 11.20 were offered with 50 % vesting at end of year 1 and year 2 respectively. Balance 2, 25,000 stock options were outstanding. However , owing to market conditions and preference of the employees, no one vested any shares even after 5 years cut off time from the year of issuance 2007-08. Under the circumstances Stock Option Plan 2007 aggregating to a total of 800000 Shares stands void and cancelled as at end 31.03.2104. Should there be a new Employee Stock Option Plan in future, The company may spell out a new ESOP scheme accordingly after obtaining necessary approvals.

19. AUDIT COMMITTEE:

The Company has constituted an Audit Committee, pursuant to the provisions of Companies Act, 1956 and listing agreement requirements. The roles, powers, independence and competency of the audit committee and other details are given under the Corporate Governance Report.

ACKNOWLEDGEMENTS:

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

for and on behalf of the Board

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

Date : 06-08-2014
Place : Hyderabad

ANNEXURE-I**MANAGEMENT DISCUSSION & ANALYSIS REPORT:**

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

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

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

A. INDUSTRY OVERVIEW:

The Company has a proper and adequate system of internal control to ensure all the assets are safeguarded and protected against loss from unauthorized use or disposition and the transactions are authorized, regarded and reported correctly.

The internal control is supplemented by an extensive program of internal audits, review by management and procedures. The internal control is designed to ensure that the financial and other records are reliable for preparing financial statements and other data, and for maintaining accountability of assets.

The Company's Internal Audit Department is regularly carrying out the Audit in all areas. Additionally the Audit committee is reviewing all Audit Reports with significant control, all issues raised by internal and external auditing regularly, reports on the business development, all the past and the future plans are given to the Board of Directors, Internal Auditor's reports are regularly circulated to all the senior management to comply with the findings.

Normal forcible risks of the Company's Assets are adequately covered by comprehensive insurances.

B) OVERVIEW

Nettlinx is an Internet Infrastructure initiative of the Nettlinx group. The company started its ISP operations in the year 1999 and has been catering to the networking requirements of the domestic enterprise market since then. It has a Class B license to operate as an Internet Service Provider (ISP), NLD, ITSP and Call Centre (OSP) Services Provider. Nettlinx offers state-of-the-art Managed Network Services to enterprises across the States of Telangana and Andhra Pradesh. Nettlinx operates through a direct presence in 51 + locations. It has proved to be a best ISP in providing fully converged network platform (Data, Voice and Video application support) to Enterprises across both the States of Telangana and Andhra Pradesh.

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

Nettlinx operates through a network which is built on world class technology and 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 is 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 and Value Added Services like Internet Telephony and Enterprise Mailing Solutions etc. with a proven track record of offering robust network connectivity solutions. With multi-homing, fully automated the company has created a reliable network infrastructure which is trusted by customers for supporting various applications. With years of experience and a long list of satisfied customer base, the company is set to surge new heights emerge as a best ISP in both the States of Telangana and Andhra Pradesh.

Our connectivity services have been fulfilling the need to run applications like Live Video Streaming, Mailing, Web services etc across multi-location enterprises in various verticals such as Electronic Media, Financial Institutions , manufacturing companies, Educational Institutions, Hospitality & Real estate sectors apart from healthcare Institutions

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

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

As on 31st March'2014, the company has around 70 employees.

D) CAUTIONARY STATEMENT:

Statement in the Management's Discussions and Analysis describing the company's projections, estimates, expectations or predictions may be 'forward looking predictions' within the meaning of applicable securities laws and regulations.

ANNEXURE II

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

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

2) Board of Directors

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

a) Composition and Category of directors as on March 31, 2014

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

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

b) Attendance of each director at the Board meetings held during the year 2013-14 and at the last Annual General Meeting

Sl. No.	Name of the Director	Category	Designation	No. of Board Meetings attended	Attendance in last AGM held on 30.09.2013
1	Dr. Manohar Loka Reddy	Promoter, Non – Executive	Chairman	4	YES
2	Dr. Loka Narayan Reddy	Promoter, Non – Executive	Director	1	NO
3	Sri. K. Kameswara Rao	Independent	Director	4	YES
4	Sri. J.V. Hanumanth Rao	Independent	Director	4	YES
5.	Sri. Chandra Sekhar Pogula	Independent Executive	Whole Time Director	5	YES
6.	Sri. M. Vijay Kumar	Independent	Director	5	YES
7.	Dr. M. Appa Rao	Independent	Director	0	NO

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- c) No. of other Boards/Board Committees in which the Directors are either Member or Chairman as at March 31, 2014

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

- d) No. of Board Meetings held and dates on which they were held during the year 2013-14

Quarter	No. of Meetings	Dates on which held
April – June 2013	1	30 th May2013
July – September 2013	1	31 st July2013
October – December 2013	1	5 th Nov2013
January – March 2014	2	31 st Jan-2014 & 28 th Feb2014
Total	5	

The Board meets at least once every quarter inter alia to review the quarterly results. Additional Meetings are held when necessary and the Minutes of the proceedings of the Meetings of the Board of Directors are noted and draft minutes are circulated amongst the Members of the Board for their perusal.

3. Pecuniary relationship or transactions of Non-Executive Directors:

Non-Executive directors do not have any material pecuniary relationship or transactions with the company, its promoters or its management which in the judgment of the board may affect independence of judgment of the director.

4. Code of Conduct

The Board of Directors of the Company laid a Code of Conduct for Directors and senior management personnel. All Directors affirmed compliance with the Code for the year under review. A declaration to this effect duly signed by the Director of the Company is annexed to this report.

5. Board Committees

The Board currently has 3 Committees: 1) Audit Committee, 2) Nomination and Remuneration Committee and 3) Stakeholders Relationship Committee (earlier known as Shareholders'/Investors' Grievance 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.

A) Audit Committee

The Audit Committee consists of 3 (three) Non-Executive Directors viz., Sri. K. Kameswara Rao, Chairman, Sri J. V. Hanumanth Rao and Sri. M. Vijay Kumar. (The constitution of Audit Committee also meets with the requirements under Section 292 A of the Companies Act, 1956).

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

The terms of reference as stipulated by the Board to the Audit Committee include:

- a. Oversight of the Company's financial reporting process and the disclosure of its financial information
- b. Recommending the appointment and removal of external auditor's fixation of audit fee and also approval for payment for any other services.
- c. Reviewing with the management, the annual financial statements prior to the submission to the Board, with key focus on :
 - Changes in accounting policies and practices
 - Major accounting entries based on exercise on judgment by management
 - Qualifications, if any in the draft audit report
 - Significant adjustments arising out of audit
 - Going concern assumption
 - Compliance with Accounting Standards
 - Compliance with stock exchange and legal requirements concerning financial statements
 - Disclosure of any related party transactions
- d. Reviewing with the management, external and internal auditors, and the adequacy of internal control systems
- e. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
- f. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- g. Carrying out any other function as mentioned in the terms of reference of the Audit Committee

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

Sl.No.	Name of Member	Status	No: of Meetings
1.	Sri. K. Kameswara Rao	Chairman	4
2	Sri. J.V. Hanumanth Rao	Member	4
3	Sri. M. Vijay Kumar	Member	4

B) Nomination and Remuneration Committee

The Company has re-constituted its existing Remuneration Committee as Nomination and Remuneration Committee

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

The Nomination and Remuneration committee has been constituted to recommend / review the

Remuneration packages of the Executive Directors. The remuneration policy is in consonance with the existing

Industry practices and also with the provisions of the Companies Act, 1956.

Details of remuneration including the salary and perquisites paid, if any, to the following category of Directors, for the year ending 31.03.2014 is as follows:

- a) Executive Directors : Managing Director and CEO & Director
 - i. Dr. Manohar Loka Reddy – Chairman – Nil
 - ii. Sri Chandra Sekhar Pogula – CEO & Director – ₹ 24,00,000.00 PA (Rupees Twenty Four Lakhs) w.e.f November 1st, 2013
- b) Non Executive Directors : Nil
- c) No remuneration is paid to Non Executive Directors except sitting fees for attending the meeting of the Board and committees thereof.

C) Stakeholders Relationship Committee

As a measure of Good Corporate Governance, to focus on the Shareholder's grievances and towards strengthening investor relations, the Investor's Grievance Committee has been re-constituted as sub-committee of the Board, under the name Stakeholders Relationship Committee.

Stakeholders Relationship Committee consist of Sri. Chandra Sekhar Pogula, and Sri K. Kameswara Rao.

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

- i) **Name and Designation of Compliance Officer** : Sri. Chandrasekhar Pogula,
Address: Secretarial Officer, 5-9-22, 3rd Floor, My Home Sarovar Plaza, Secretariat Road, Saifabad, Hyderabad 500 063.
Contact Details: Ph: 91-040-23232200 / 23231621 Fax: 040-23231610
 E-Mail: secretarial@nettlinx.org

ii) Details of complaints for the year 2013-14 : Nil

iii) Details of requests received for the year 2013-14 is as follows :

S.No:	Nature	Number	
1.	Transfer of Shares	0	0
2.	Dematerialization / Dematerialization	0	0
3.	Loss of Shares / Duplicate Shares	0	0
4.	Others	0	0
5.	Total	0	0

All the requests were approved and dealt with and there were no pending valid requests as on 31st March 2014

6. General Body Meeting:

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

Date	Venue	Time	No. of Special Resolutions
30.09.2013	ICWAI Bhavan, Sanath Nagar, Hyderabad - 500 018	3.30 P.M	Nil
27.09.2012	ICWAI Bhavan, Sanath Nagar, Hyderabad - 500 018	3.30 P.M	Nil
28.09.2011	ICWAI Bhavan, Sanath Nagar, Hyderabad - 500 018	3.30 P.M.	Nil

No Special Resolutions were put through postal ballot last year.

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

7) Disclosures

- a) Disclosure on materially significant related party transactions i.e., transactions of the Company of material nature, with its promoters, the Directors or the Management, their Subsidiaries or Relatives, etc., that may have potential conflict with the interest of the Company at large -

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

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

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

8) Means of Communication

The main channel of communication to the shareholders is through the Annual Report which inter alia includes the Directors' Report, the Report of the Board of Directors on Corporate Governance, Management Discussion and Analysis Report, along with the Auditors Report, and Shareholders Information.

The Quarterly Unaudited results are sent to the Bombay Stock Exchange where shares are listed. The quarterly results and other official news release are also displayed on Company's website www.nettlinx.com

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

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

9) General Shareholders information

1. As indicated in the Notice to our shareholders, the Annual General Meeting of the Company will be held at ICWAI Bhavan, Beside Dena Bank, Post Office Road, Sanath Nagar, Industrial Estate, Hyderabad – 500 018 on Monday, the 29th September, 2014 at 10.30 A M.

10. Profile of Director re-appointed/appointed at the AGM

As required under Clause 49(IV)(G)(i) of the Listing Agreements with the Stock Exchange, particulars of Directors seeking appointment/re-appointment at the forthcoming AGM are given in the Annexure to the Notice of the AGM to be held on September 29, 2014.

11. Nomination Facility

Pursuant to Section 72(1) of the Act, read with Rule 19(1) of Companies (Share Capital and Debentures) Rules, 2014, facility for making nominations is now available to INDIVIDUALS holding shares in the Company. The prescribed Nomination Form SH-13 can be obtained from the Share Transfer Agent or may be down loaded from the website of the Company.

12. Company's Policy on prevention of Insider Trading

Pursuant to the requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended, the Company had framed a Code of Conduct for prevention of insider trading.

Sri. Chandra Sekhar Pogula, Whole Time Director & CEO had been appointed as the Compliance Officer for the purpose. The code is applicable to all such employees of the Company who are expected to have access to the unpublished price sensitive information relating to the Company and the same is being implemented as a self-regulatory mechanism.

13. Compliance with Clause 49 Mandatory Requirements

The Company complied with all the applicable mandatory requirements of Clause 49 of the listing agreement and is also submitting a quarterly compliance report duly certified by compliance officer of the company to the stock exchanges within the time frame prescribed under regulations.

14. General Information for Shareholders

a. Annual General Meeting Day, date, time and venue	Monday, 29 th September, 2014 at 10:30 AM at ICWAI Bhavan, beside Dena Bank, Post Office Road, Sanath Nagar, Hyderabad-500018, Telangana
b. Book closure dates	From 27/09/2014 to 29/09/2014 (both days inclusive) for the purpose of Annual General Meeting.
c. Tentative Calendar of events for the financial year April, 2014 – March, 2015 is as under: Un-audited Financial Results for -First Quarter -Second Quarter -Third Quarter -Fourth Quarter	by 2 nd Week of August 2014 by 2 nd Week of November 2014 by 2 nd week of February 2015 by 4 th week of May 2015
d. Financial Year	From April 1, 2013 to March 31, 2014
e. Listing of equity shares is at	Bombay Stock Exchange Limited. Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001 As Securities Exchange Board of India, Mumbai has De-recognized The Hyderabad Stock Exchange Limited your Company Shares are not listed / traded on the Hyderabad Stock Exchange Limited.

f. Stock Code	511658 (BSE) Trading Symbol: Nettlinx
g. Share Transfer System	<p>Share transfer requests, which are received in physical form are processed and the share certificates returned within a period of 15 (fifteen) days from the date of receipt, subject to the documents being in order and complete in all respects.</p> <p>Pursuant to Clause 47 (c) of the Listing Agreement with the Stock Exchanges, certificates, on half-yearly basis, have been issued by M/s AGR Reddy & Co., Company Secretaries, Hyderabad for due compliance of share transfer formalities by the Company.</p>
h. Reconciliation of Share Capital Audit	<p>Reconciliation of Share Capital Audit is being carried out every quarter by M/s AGR Reddy & Co., Company Secretaries, Hyderabad, and their audit report is placed before the Board for its perusal and filed with the Stock Exchange. The audit confirms that the total listed and paid-up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialized form (held with NSDL and CDSL).</p>
i. Location	<p>Registered Office: CIN: L67120TG1994PLC016930 5-9-22, 3rd Floor, My Home Sarovar Plaza, Secretariat Road, Saifabad, Hyderabad-500 063, Telangana Ph: 91-040-23232200/23231621 Fax: 23231610 E-Mail: secretarial@nettlinx.org Website:www.nettlinx.com</p>
j. Registrar & Share Transfer Agents	<p>M/s Venture Capital & Corporate Investments Pri vate Limited Regd. Off: 12-10-167, Bharat Nagar, Hyderabad 500 018, Telangana Tel: 91-040-23818475/23818476, Fax: 040-23868023, E-mail:info@vccilindia.com</p>

15. a) Stock Market Data
High / Low during each month of 2013-14 on the BSE

Month & Year	High (₹)	Low (₹)	Close (₹)	Volume (₹)
April,2013	4.95	4.71	4.94	Nil
May,2013	4.70	4.47	4.69	641
June,2013	6.45	4.92	6.40	12,338
July,2013	8.13	6.72	8.13	2,250
August,2013	8.75	8.10	8.75	1400
September,2013	12.00	9.10	11.49	1480
October,2013	12.60	11.41	11.50	1105
November,2013	10.93	10.25	10.25	4,900
December,2013	10.60	9.74	10.60	1651
January,2014	11.13	10.85	10.85	160
February,2014	10.85	10.85	10.85	Nil
March,2014	10.85	9.32	9.32	156

- b) The listing fee for the year 2013-2014 has been paid to the Stock Exchange, Mumbai.
- c) The Company has appointed **M/s Venture Capital & Corporate Investments Private Limited** for Physical and Demat shares and for redressal of related grievances and in this regard, shareholders may contact M/s. Venture Capital & Corporate Investment Private Limited at Regd. Off: 12-10-167, Bharat Nagar, Hyderabad - 500 018, Tel: 91-040-23818475 / 23818476, Fax: 040-23868024, Email: info@vccilindia.com for their requirements.
- d) The Company's shares are covered under the Compulsory dematerialization list and are transferable through the depository system. As per the internal quality standards, the Company has put in processes for physical share transfers and the same have been reviewed by the Investors Grievance Committee. Shares received for physical transfer are generally registered within a period of 30 days from the date of receipt, if the documents are clear in all respects. As regards shares held in Electronics form, the credit being given as per guidelines issued by SEBI/NSDL/CDSL.

16. (a) Shareholding Pattern as on 31st March 2014.

Sl. No.	Category	No. of shares	Percentage
1	Promoters and promoter group	6561702	57.24%
2	Indian Financial Institutions, Banks, Mutual funds	800	0.01%
3	Foreign Institutional Investors/NRI's	26130	0.22%
4	Others	4874680	42.52%
	Total	11463312	100%

(b) Distribution of Shareholding as on March 31, 2014 :

Category	No. of shareholders	Total Shares	% of holding
Promoter & Promoter Groups	7	6561702	57.24
Mutual Funds			
Banks/FI	1	800	0.06
Body Corporate	58	1238377	10.80
Public	2335	3662433	31.90
NRIs/OCBs			
Total	2401	11463312	100%

Distribution of Shareholding Pattern: as on 31st March 2014

No. of shares held	No. of shareholders	% of shareholders	No. of Shares(Issued Equity)	% of Shareholding
UPTO - 500	1705	70.95	282202	2.46
501 - 1000	291	12.11	260476	2.27
1001 - 2000	146	6.08	239631	2.09
2001 - 3000	75	3.12	195122	1.7
3001 - 4000	34	1.41	121519	1.06
4001 - 5000	39	1.62	186351	1.63
5001 -10000	49	2.04	367761	3.21
10001- Above	64	2.66	9810250	85.58
Total	2403	100	11463312	100

17. Dematerialization of Shares and Liquidity:

The Company appointed M/s. Venture Capital and Corporate Investments Private Limited as a Depository Transfer Agent (DTA) and signed tripartite agreements with NSDL/CDSL and Venture Capital & Corporate Investments Private Limited to facilitate dematerialization of shares. Shares received for dematerialization are generally confirmed, within a period of 10 days from the date of receipt, if the documents are clear in all respects. As on 31.03.2014, 92.00% of Companies Share Capital was dematerialized.

Liquidity of Shares:

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

18. E-voting

E-voting is a common internet infrastructure that enables investors to vote electronically on resolutions of companies. Investors can now vote on resolutions requiring voting through Postal Ballot as per the applicable rules and regulations without sending their votes through post. The Company will also have the E-voting facility for the items to be transacted at this AGM. The MCA has authorised NSDL and CDSL for setting up electronic platform to facilitate casting of votes in electronic form. The Company has entered into an agreement with CDSL for availing e-voting facility.

19. International Securities Identification Number (ISIN)

Under the Depository system, the ISIN allotted to the Company's shares in dematerialised form is INE027D01019. The Annual Custodial Fees for the Financial Year 2013-14 were paid to NSDL and CDSL.

20. Investor correspondence:

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

M/s. Venture Capital and Corporate Investments Private Limited,
 Regd.off:12-10-167, Bharat Nagar,
 Hyderabad 500 018, Telangana.
 Tel: 91-040-3818475, 23818476,
 Fax: 040-23868024,
 Email: info@vccilindia.com

NETTLINX LIMITED

b) Any query on Annual Report
Secretarial Department,
M/s.Nettlinx Limited,
5-9-22, 3rd Floor, My Home Sarovar Plaza,
Secretariat Road, Saifabad,
Hyderabad - 500 063, Telangana.
Ph: 91-040-23232200; Fax: 23231610
Email: secretarial@nettlinx.org
Website : www.nettlinx.com

Depository Services:

For guidance on depository services, Shareholders may write to the Company or to the respective Depositories:

National Securities Depository Ltd.
Trade World, 4th Floor
Kamala Mills Compound,
Senapati Bapat Marg, Lower Parel,
Mumbai-400013.
Tel : 091-022-24994200
Fax: 091-022-24972993/24976351
Email : info@nsdl.co.in

Central Depository Services (India) Ltd.
Phiroze Jeejeebhoy Towers,
17th Floor, Dalal Street,
Mumbai - 400023.
Tel : 091-022-22723333
Fax : 091-022-22723199
Email : investors@cdslindia.com
Website : cdslindia.com

DECLARATION UNDER CODE OF CONDUCT

As required under Clause 49(ID) of the Listing Agreement, it is hereby declared that the Company has obtained confirmation from all the Board Members and Senior Management Personnel of the Company for the compliance of the Code of Conduct of the Company for the year 2013-14.

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

Place : Hyderabad
Date : 06-08-2014

CERTIFICATION BY CEO/ CFO OF THE COMPANY

To
The Board of Directors
Nettlinx Limited

I Chandra Sekhar Pogula, Whole Time Director & CEO of Nettlinx Limited, to the best of my knowledge and belief certify that:

1. I have reviewed the Balance Sheet, Profit and Loss Account, its schedule & notes to the accounts and cash flow statement for the year ended 31st March 2014 and that to the best of our knowledge and belief:
 - a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b) These statements together present a true and fair views of the Company's and are in compliance with existing accounting standards, applicable laws and regulations
2. I also certify, that based on our knowledge and the information provided to us, there are no transactions entered into by the Company during the year which are fraudulent, illegal or violate the Company's code of conduct.
3. I accept the responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or propose to take to rectify these deficiencies.
4. I have indicated to the Auditors and the Audit Committee:
 - a) Significant changes in internal control during the year;
 - b) Significant changes in accounting policies during the year and that the same have been disclosed in notes to the financial statements; and
 - c) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system.

Sd/-

Chandra Sekhar Pogula
Whole Time Director & CEO
DIN: 00007536

Place: Hyderabad
Date: 06-08-2014

ANNEXURE III

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

A. ENERGY CONSERVATION

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

Adequate measures have been taken to reduce energy consumption.

B. TECHNOLOGY ABSORPTION

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

C. RESEARCH AND DEVELOPMENT.

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

D. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Foreign exchange outflow: ₹ 1,17,897/-

Foreign Exchange Inflow: ₹ 16,94,700/-

(E) Diluted EPS as per Accounting Standard-20 ₹ **0.07**

NETTLINX LIMITED

Auditors' Certificate on compliance of conditions of Corporate Governance as per Clause 49 of the Listing Agreement with the Stock Exchanges

To,
The Members,
Nettlinx Limited

We have reviewed the implementation of Corporate Governance procedures by Nettlinx Limited during the year ended 31st March, 2014 with the relevant records and documents maintained by the Company, furnished to us for review and the report on Corporate Governance as approved by the Board of Directors.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

On the basis of the above and according to the information and explanations given to us, in our opinion, the company has complied with Clause 49 of the Listing Agreement with Stock Exchanges, in all material respects and that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/Investors Grievance Committee.

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

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

Sd/-
(M.DEVARAJA REDDY)
Partner
Membership No.026202

Place: Hyderabad
Date : 26.05.2014

INDEPENDENT AUDITOR'S REPORT

To the Members of

Nettlinx Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **Nettlinx Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with general circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of section 133 of Companies Act, 2013 in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amount and disclosures in the financial statements. The procedures selected depend on the auditor's judgment including the assessment of the risks

of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) order, 2003 ("the order") issued by the Central Government of India in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the order.
2. As required by Section 227(3) of the Act, We report that:

NETTLINX LIMITED

- a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- c. The Balance Sheet, the Statement of Profit and Loss, and the cash Flow Statement dealt with by this report are in agreement with the books of account.
- d. In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the accounting standards notified under the act read with general circular 15/2013 dated September 13,2013 of the Ministry of Corporate Affairs in respect of section 133 of Companies Act,2013 in accordance with the accounting principles generally accepted in India
- e. On the basis of the written representations received from Directors as on March 31,2014, taken on record by the board of directors, none of the directors is disqualified as on March 31, 2014 from being appointed as a director in terms of Section 274(1) (g) of the Act.

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

Sd/-
(M.DEVARAJA REDDY)
Partner
Membership No.026202

Place: Hyderabad
Date : 26.05.2014

Annexure to Independent Auditor's Report

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

1. In respect of its fixed assets
 - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
 - b) As explained to us, all the fixed assets have been physically verified by the management in phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
 - c) In our opinion, the Company has not disposed off a substantial part of its fixed assets during the year and the going concern status of the Company is not affected.
2. In respect of its inventories:
 - a) The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - b) In our opinion and according to the information physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) The Company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventories as compared to the book records.
3. In respect of loans, secured or unsecured, granted or taken by the Company to / from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956:
 - a) The Company has given loans to subsidiaries. In respect of the said loans, the outstanding amount as at the year – end is ₹ 364.08 lakhs
 - b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of the loans given by the Company, are not prima facie prejudicial to the interest of the Company.
 - c) In respect of the said loans, interest amounting to ₹ 35.14 lakhs is overdue as at March 31, 2014.
 - d) The Company has not taken any loans during the year from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Consequently, the requirements of Clauses (iii) (f) and (iii) (g) of paragraph 4 of the Order are not applicable.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchases of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5. In respect of the contracts or arrangements referred to in Section 301 of the Companies Act, 1956.
 - (a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.

- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts / arrangements entered in the Register maintained under section 301 of the Companies Act, 1956 and exceeding the value of ₹ 5,00,000 in respect of each party during the year have been made at prices which appear reasonable as per information available with the Company.
6. According to the information and explanations given to us, the Company has not accepted any deposit from the public. Therefore, the provisions of Clause (vi) of paragraph 4 of the Order are not applicable to the Company.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the cost records maintained by the Company pursuant to the Company's (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
9. In respect of statutory dues:
According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess, and other statutory dues have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2014 for a period of more than six months from the date of becoming payable.
10. The Company does not have accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year covered by the audit and in the immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayments of dues to financial institutions and banks.
12. In our opinion and according to the explanations given to us and based on the information available, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund / nidhi / mutual benefit fund / society. Therefore, the provisions of clause (xiii) of paragraph 4 of the Order are not applicable to the Company.
14. The Company has maintained proper records of the transactions and contracts in respect of dealing or trading in shares, securities, debentures and other investments and timely entries have been made therein. All shares, securities and other investments have been held by the Company in its own name.
15. The Company has not given any guarantees for loans taken by others from banks and financial institutions.
16. The Company has not raised new term loans during the year. The term loans outstanding at the beginning of the year have been applied for the purposes for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that there are no funds raised on short-term basis that have been used for long-term investment.

NETTLINX LIMITED

18. The company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the companies Act, 1956.
19. The company does not have any debentures and hence the applicability of the clause regarding the creation of security or charge in respect of debentures issued does not arise.
20. The company has not raised any monies by way of public issues during the year.
21. In our opinion and according to the information and explanations given to us,

no material fraud on or by the company has been noticed or reported during the year.

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

Sd/-

(M. DEVARAJA REDDY)
Partner
Membership No.No.026202

Place: Hyderabad
Date : 26.05.2014

BALANCE SHEET AS AT MARCH 31st 2014

S.No	Particulars	Note No.	As at	As at
			31 st March, 2014 ₹	31 st March, 2013 ₹
EQUITY AND LIABILITIES:				
A. Share Holders' Funds:				
	(a) Share Capital	2	11,46,33,120	11,46,33,120
	(b) Reserves & Surplus	3	4,72,63,954	4,64,08,891
B. Non Current Liabilities				
	(a) Long Term Borrowings	4	-	10,32,379
	(b) Other Long Term Liabilities	5	51,22,981	45,06,718
	(c) Long Term Provisions	6	20,55,565	9,41,478
C Current Liabilities				
	(a) Short Term Borrowings	7	1,00,32,379	1,24,33,832
	(b) Trade Payables	8	53,66,177	35,24,400
	(c) Other Current Liabilities	9	34,40,310	48,76,213
			18,79,14,486	18,83,57,032
ASSETS:				
A. Non Current Assets				
	(a) Fixed Assets: Tangible Assets	10	2,58,80,528	2,94,84,094
	(b) Non Current Investments	11	5,14,17,460	8,70,71,246
	(c) Deferred Tax Assets (Net)	28	49,53,145	44,17,859
	(d) Long Term Loans & Advances	12	85,96,106	66,00,788
	(e) Other Non Current Assets	13	79,33,111	76,42,085
B. Current Assets				
	(a) Current Investments		-	-
	(b) Inventories-Traded Finished Goods	14	6,92,008	7,19,988
	(c) Trade Receivables	15	85,93,535	1,11,94,510
	(d) Cash & Cash Equivalents	16	4,01,612	4,22,394
	(e) Short Term Loans & Advances	17	5,24,64,760	3,47,91,449
	(f) Other Current Assets	18	2,69,82,222	60,12,619
			18,79,14,486	18,83,57,032
	Significant Accounting Policies	1		
	Notes on Financial Statements	2 to 30		

As per our report of even date

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

Sd/-
(M. DEVARAJA REDDY)
Partner
Membership No.026202

for and on behalf of the Board of Directors

Sd/-
(MANOHAR LOKA REDDY)
Chairman

Sd/-
(VIJAY KUMAR MAISTRY)
Director

Place: Hyderabad
Date : 26-05-2014

Sd/-
(CHANDRA SEKHAR POGULA)
CEO & Director and Compliance Officer

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31st 2014

S.No.	Particulars	Note No.	Current Year ₹	Previous Year ₹
I.	Revenue from Operations	19	5,00,45,581	4,66,14,530
II.	Other Income	20	1,82,33,103	87,10,132
III.	Total Revenue (I + II)		<u>6,82,78,684</u>	<u>5,53,24,662</u>
IV.	Expenses:			
	(a) Changes in inventories of stock in trade	21	27,980	40,844
	(b) Employee Benefits expense	22	1,48,42,482	1,40,10,748
	(c) Finance Costs	23	14,23,688	32,34,370
	(d) Depreciation and amortization Expenses	10	48,52,378	54,67,543
	(e) Operation and other expenses	24	4,68,12,379	3,50,28,574
	Total Expenses		<u>6,79,58,907</u>	<u>5,77,82,079</u>
V.	Profit /(Loss) Before Tax (III-IV)		3,19,777	(24,57,417)
VI.	Tax Expense:			
	(1) Current Tax	60,934		
	Less: MAT Credit	<u>60,934</u>	-	-
	(2) Deferred Tax - Asset	28	5,35,286	4,84,119
VII.	Profit /(Loss) for the year		8,55,063	(19,73,298)
VIII.	Earning/(Loss) Per Share	27		
	Basic		0.07	(0.17)
	Diluted		0.07	(0.17)
	Significant Accounting Policies	1		
	Notes on Financial Statements	2 to 30		

As per our report of even date
for **DEVA & CO.**,
Chartered Accountants
Firm Reg. No.000722S

for and on behalf of the Board of Directors

Sd/-
(M. DEVARAJA REDDY)
Partner
Membership No.026202

Sd/-
(MANOHAR LOKA REDDY)
Chairman

Sd/-
(VIJAY KUMAR MAISTRY)
Director

Place: Hyderabad
Date : 26-05-2014

Sd/-
(CHANDRA SEKHAR POGULA)
CEO & Director and Compliance Officer

CASH FLOW STATEMENT FOR THE YEAR 2013-2014

	(₹. In lakhs)	
	Current Year	Previous Year
A. CASH FLOW FROM OPERATING ACTIVITIES		
<i>Net Profit/(loss) before tax as per Statement of Profit and Loss</i>	3.19	(24.57)
<i>Adjusted For:</i>		
Depreciation and Amortisation Expense	48.52	54.67
Profit on sale of building	(97.87)	0.00
Provision for diminution in the value of investment	0.00	51.50
Loss on sale of Investment	119.50	0.00
Interest Income	(52.86)	(53.27)
Bad Debt written off	7.25	-
Effect of Exchange Rate Change	(4.14)	(0.96)
Operating profit before working capital changes	23.58	27.36
<i>Adjusted For:</i>		
Interest Expense	11.30	0.00
Trade and Other Receivables	89.72	(15.62)
Inventories	0.28	0.41
Trade and Other Payables	(35.21)	(170.89)
Net Cash from Operating Activities	89.68	(158.74)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(25.95)	(5.37)
Sale of Fixed Assets	111.30	24.40
Sale of Investments	70.00	7.95
Movement in Loans and Advances	(196.69)	155.48
Net Cash Flow from Investing Activities	(41.34)	182.46
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Repayment of Long term Borrowings	(14.20)	(14.20)
Short Term Borrowings (net)	(34.34)	(8.76)
Net cash Flow from/(used) in Financing Activities	(48.54)	(22.96)
Net (Decrease)/ Increase in Cash and Cash equivalents	(0.20)	0.76
Opening Balance of Cash and Cash Equivalents	4.22	3.46
Closing Balance of Cash and Cash Equivalents	4.02	4.22

As per our report of even date

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

for and on behalf of the Board of Directors

Sd/-
(M. DEVARAJA REDDY)
Partner
Membership No.026202

Sd/-
(MANOHAR LOKA REDDY)
Chairman

Sd/-
(VIJAY KUMAR MAISTRY)
Director

Place: Hyderabad
Date : 26-05-2014

Sd/-
(CHANDRA SEKHAR POGULA)
CEO & Director and Compliance Officer

NETTLINX LIMITED

COMPANY BACKGROUND:

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

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

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

1. SIGNIFICANT ACCOUNTING POLICIES:

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

(a) USE OF ESTIMATES

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

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

(b) FIXED ASSETS

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

(c) DEPRECIATION ON FIXED ASSETS

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

(d) INVESTMENTS

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

(e) EMPLOYEE BENEFITS

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

(f) FOREIGN CURRENCY TRANSACTIONS

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

(g) REVENUE RECOGNITION

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

(h) 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.

(i) 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.

(j) LEASE RENTALS

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

(k) 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

(l) TAXES ON INCOME

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

(m) PROVISIONS AND CONTINGENT LIABILITIES

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

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

	As at 31 st March, 2014	As at 31 st March, 2013
	₹	₹
Note 2 Share Capital		
Authorised Capital		
2,00,00,000 Equity Shares of ₹ 10/- each	20,00,00,000	20,00,00,000
Issued, Subscribed & Paid up Capital		
1,14,63,312 Equity Shares of		
₹ 10/- each fully paid up	11,46,33,120	11,46,33,120

(a) Reconciliation of Shares outstanding at the beginning and the end of the year
There is no change in Equity Share Capital during the year ended March 31, 2014 and March 31, 2013.

(b) Terms/rights attached to Equity Shares

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

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

Name of Share Holder	As at 31 st March, 2014		As at 31 st March, 2013	
	No.of Shares	% Holding	No.of Shares	% Holding
Loka Narayan Reddy	39,23,224	34.22	39,23,224	34.22
Dr. Loka Manohar Reddy	16,43,392	14.34	16,43,392	14.34
Saranya Loka Reddy	5,99,386	5.23	5,99,386	5.23

Note 3 Reserves and Surplus

	As at 31 st March, 2014	As at 31 st March, 2013
	₹	₹
(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:	(61,90,684)	(42,17,387)
(Loss) for the Year	8,55,063 (53,35,621)	(19,73,297) (61,90,684)
	4,72,63,954	4,64,08,891

Note 4 Long Term Borrowings

	As at 31 st March, 2014	As at 31 st March, 2013
	₹	₹
Secured		
Vehicle Loan	Nil	10,32,379
	Nil	10,32,379

Terms and Conditions of Long Term Borrowings

Vehicle Loan is taken from BMW Financial Services secured under hypothecation of the assets purchased and this loan will be closed in Nov-2014 so now it mentioned under short term Borrowings

NETTLINX LIMITED

Note 5 Other Long Term Liabilities	As at 31st March, 2014	As at 31st March, 2013
	₹	₹
Trade Payables		
- to Related Party (Refer Note No.27)	14,53,091	14,53,091
- to Others	<u>20,34,601</u>	<u>17,88,616</u>
Rental Deposit	5,50,000	2,50,000
Trade Deposit Received	71,427	Nil
Service Tax Payable	<u>10,13,862</u>	<u>10,15,012</u>
	<u>51,22,981</u>	<u>45,06,718</u>
Note 6 Long Term Provisions	As at 31st March, 2014	As at 31st March, 2013
	₹	₹
Provision for Employee Benefits		
Gratuity	10,92,000	6,47,901
Leave Encashment	<u>9,63,565</u>	<u>2,93,577</u>
	<u>20,55,565</u>	<u>9,41,478</u>
Note 7 Short Term Borrowings	As at 31st March, 2014	As at 31st March, 2013
	₹	₹
Secured		
- HDFC Bank - CC Account	70,00,000	70,00,000
- Vehicle Loan	10,32,379	Nil
Unsecured		
- from Director (Refer Note No.26)	Nil	54,33,832
- Loans (Refer Note No.26 and the note (iii) below)	<u>20,00,000</u>	<u>Nil</u>
	<u>1,00,32,379</u>	<u>1,24,33,832</u>
Terms and Conditions of Short Term Borrowings		
(i) CC is secured by hypothecation of book debts, outstanding monies, receivables, claims, bills etc.		
(ii) Vehicle loan is taken from BMW financial services secured under hypothecation of the assets purchased and this loan will be closed in Nov-2014.		
(iii) During the year the Company has taken loan from M/s. Sai Roshini Capital Pvt Ltd @ annual rate of interest of 15% .		
Note 8 Trade Payables	As at 31st March, 2014	As at 31st March, 2013
	₹	₹
Trade Payables	<u>53,66,177</u>	<u>35,24,400</u>
	<u>53,66,177</u>	<u>35,24,400</u>
Dues to Micro, Small and medium enterprises is Nil as per the records of the Company		
Note 9 Other Current Liabilities	As at 31st March, 2014	As at 31st March, 2013
	₹	₹
Current maturities of long-term debt		
- Vehicle Loan	-	14,19,688
Interest accrued and due on borrowings and CC A/c	1,28,377	73,964
Trade Deposit Received	-	71,427
Advance received from Customers	12,15,656	6,09,524
Other Statutory Liabilities	3,38,638	3,38,746
Liability for Expenses	3,77,282	4,27,504
Employee related liabilities	11,65,701	15,32,220
Others	1,53,723	4,03,141
Provision for Tax	<u>60,934</u>	<u>-</u>
	<u>34,40,310</u>	<u>48,76,213</u>
Vehicle Loans are secured under hypothecation of the assets purchased		

Note 10 STATEMENT OF FIXED ASSETS & DEPRECIATION (Amount in ₹)

Particulars	GROSS BLOCK			ACCUMULATED DEPRECIATION			NET BLOCK			
	AS AT 01.04.13	ADDITIONS DURING THE YEAR	DELETIONS DURING THE YEAR	AS AT 31.03.14	AS AT 01.04.13	DURING THE YEAR	DELETIONS DURING THE YEAR	TOTAL 31.03.14	AS AT 31.03.14	AS AT 31.03.13
A) Tangible Assets										
Land	-	-	-	-	-	-	-	-	-	-
Buildings	1,20,17,910	-	18,55,000	1,01,62,910	19,52,187	1,76,089	5,21,958	16,06,318	85,56,592	1,00,66,723
Plant & Machinery	12,02,10,372	6,95,762	-	12,09,06,134	10,99,35,277	31,98,667	-	11,31,33,944	77,72,190	1,02,75,095
Office Equipment	43,75,320	4,90,080	-	48,65,400	31,04,524	2,12,257	-	33,16,781	15,48,619	12,70,796
Furniture & Fixtures	75,36,711	1,07,700	-	76,44,411	64,61,549	3,06,614	-	67,88,163	8,76,248	10,75,162
Vehicles	1,10,30,477	13,01,856	40,420	1,22,91,913	42,33,161	9,58,754	26,879	51,65,036	71,26,877	67,97,316
TOTAL	15,51,70,790	25,95,398	18,95,420	15,58,70,768	12,56,86,698	48,52,380	5,48,837	12,99,90,241	2,58,80,528	2,94,84,094
31st March, 2013	15,70,74,168	5,36,727	24,40,105	15,51,70,790	12,02,19,155	54,67,543	-	12,56,86,698	2,94,84,094	3,68,55,015

NETTLINX LIMITED

Note 11 Non Current Investments	As at 31st March, 2014	As at 31st March, 2013
	₹	₹

Investment in unquoted equity instruments

(a) of subsidiaries

Trade Investments:

i. Nettlinx Inc, USA (6,867 shares of \$15 each fully paidup)	50,01,560	50,01,560
ii. Host Department, LLC USA	5,19,64,299	5,19,64,299
Less: Provision for Diminution	2,33,10,513	2,33,10,513
Less: loss on sale	11,945,986	
Less: Sales consideration	16,707,800	2,86,53,786

Non-Trade Investments:

i. Nettlinx Reality Private Limited (3,09,990 Equity Shares of ₹ 10 each fully paid up)	30,99,900	30,99,900
ii. Nettlinx Aquaculture Private Limited (42,00,000 Equity Shares of ₹10 each fully paid up)	4,20,00,000	4,20,00,000

(b) of Associates

i. Northeast Broking Services Ltd (11,600 Equity Shares of ₹ 10 each fully paid up)	1,16,000	1,16,000
ii. Northeast Commodities Private Ltd (1,20,000 Equity Shares of ₹ 10 each fully paid up)	12,00,000	12,00,000

(c) of other entities

LGI IT Solutions Private Limited (See note below) (70,000 shares of ₹10/- each fully paid up with ₹ 90/-premium)	-	70,00,000
	<u>5,14,17,460</u>	<u>8,70,71,246</u>

i. During the year the Company has entered into an agreement with Interserver, Inc of New Jersey to sell the 100% Foreign subsidiary-Host department LLC at the terms as mentioned in the agreement dated 28th March, 2014.

ii. During the year company has sold LGI IT solutions pvt ltd's shares to its 100% subsidiary Nettlinx Aquaculture Pvt Ltd

iii. During the year the name of the subsidiary company Nettlinx Channels Private limited has been changed to Nettlinx Aquaculture Private Limited effective from 20/03/2014

	As at 31st March, 2014	As at 31st March, 2013
	₹	₹

Note 12 Long Term Loans and Advances

Refund Receivable		9,22,954
Refund Receivable - 2011-2012	13,46,030	66,00,788
- 2012-2013	<u>16,18,963</u>	29,64,993
TDS Adjustment Account		28,62,989
Refund for the year 2013-2014		18,45,170
	<u>5,14,17,460</u>	<u>66,00,788</u>

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

Note 13 Other Non Current Assets	As at 31st March, 2014	As at 31st March, 2013
	₹	₹
- In Fixed Deposits with more than 12 months maturity (100% against Bank Guarantees)	19,52,211	21,22,765
- Other Deposits	10,12,048	6,11,402
Long Term Trade Receivables Unsecured, Considered Good	49,07,918	49,07,918
MAT Credit Entitlement	60,934	-
	<u>79,33,111</u>	<u>76,42,085</u>

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

Note 14 Inventories	As at 31st March, 2014	As at 31st March, 2013
	₹	₹
i. Traded Goods - Valued at Cost or NRV which ever is lower	6,92,008	7,19,988
	<u>6,92,008</u>	<u>7,19,988</u>

Note 15 Trade Receivables	As at 31st March, 2014	As at 31st March, 2013
	₹	₹
a) Outstanding for a period exceeding Six Months		
- from Related Parties (Refer Note No.26)	-	23,25,901
- from Others	20,93,140	19,49,420
Less -Bad Debts Written Off	<u>7,24,637</u>	13,68,504
b) Others		
- from Related Parties (Refer Note No.27)	-	9,28,360
- from Others	72,25,031	59,90,829
	<u>85,93,535</u>	<u>1,11,94,510</u>

Note16 Cash and Cash Equivalents	As at 31st March, 2014	As at 31st March, 2013
	₹	₹
a) Balances with Banks- In Current Accounts	2,45,483	4,05,414
b) Cash on hand	1,56,129	16,980
	<u>4,01,612</u>	<u>4,22,394</u>

Note 17 Short Term Loans and Advances	As at 31st March, 2014	As at 31st March, 2013
	₹	₹
Loans and Advances to Related Parties (Refer Note No.26)	3,64,08,691	1,87,57,917
Advances to Suppliers	29,004	Nil
Staff Advances	34,899	33,681
Balance with Government Authority - Servicetax Credit receivable	10,188	9,270

- VAT Credit Receivable	1,376	1,91,480
Rental Deposits	9,94,350	9,37,850
Other Loans and Advances	1,49,86,253	1,48,61,252
	<u>5,24,64,760</u>	<u>3,47,91,449</u>

Note 18 Other Current Assets	As at 31st March, 2014	As at 31st March, 2013
	₹	₹
Interest Accrued but not due on FDRs	4,99,439	3,15,077
Interest Accrued and Due	95,79,110	50,09,694
Prepaid Expenses	1,95,873	3,38,098
Other Deposits/Receivables (See note below)	1,67,07,800	3,49,750
	<u>2,69,82,222</u>	<u>60,12,619</u>

Note: During the year the Company has entered into an agreement with Interserver, Inc of New Jersey to sell the 100% Foreign subsidiary - Host department LLC at the terms as mentioned in the agreement dated 28th March, 2014 and ₹ 1,67,07,800 is yet to be received as on 31.3.14

Note 19 Revenue from Operations	As at 31st March, 2014	As at 31st March, 2013
	₹	₹
a) Sale of Products		
Sale of VOIP Telephones - VAT Sales	30,476	52,807
b) Sale of Services		
Income from Bandwidth Services	4,69,87,323	4,01,08,132
Income from Web Solutions	13,33,082	14,86,072
Income from VOIP Sales	-	43,877
Income from ITES (export)		
- Related Parties (Refer Note No.26)	-	35,64,142
- Others	16,94,700	13,59,500
	<u>5,00,45,581</u>	<u>49,23,642</u>
		<u>4,66,14,530</u>

Note 20 Other Income	Current Year	Previous Year
	₹	₹
Interest Income		
- from Related Parties (Refer Note No.26)	35,14,484	31,47,267
- from Others	<u>17,71,967</u>	<u>21,79,719</u>
Rental Income		
- from Related Parties (Refer Note No.26)	19,90,998	19,24,668
- from Others	<u>4,51,177</u>	<u>4,94,120</u>
Foreign Exchange Gain	4,13,961	96,023
Profit on sale of building	97,86,939	-
Other Misc.Incomes	3,03,577	8,68,335
	<u>1,82,33,103</u>	<u>87,10,132</u>

Note 21 Changes in inventories of stock-in-trade	Current Year	Previous Year
	₹	₹
Inventories at the end of the year -		
Stock in Trade	6,92,008	7,19,988
Inventories at the beginning of the year		
- Stock in Trade	<u>7,19,988</u>	<u>7,60,832</u>
Net (increase)/ decrease	<u>27,980</u>	<u>40,844</u>

NETTLINX LIMITED

Note 22 Employee Benefit Expenses	Current Year	Previous Year
	₹	₹
Salaries	1,19,54,018	1,19,27,832
Contribution to Provident and Other funds	21,61,677	13,26,015
Staff Welfare	7,26,787	7,56,901
	<u>1,48,42,482</u>	<u>1,40,10,748</u>
Note 23 Finance Cost	Current Year	Previous Year
	₹	₹
Interest	11,30,265	28,02,515
Finance charges	1,89,704	3,19,693
Bank Charges	1,03,719	1,12,162
	<u>14,23,688</u>	<u>32,34,370</u>
Note 24 Operation and Other Expenses	Current Year	Previous Year
	₹	₹
Bandwidth, leased circuit charges & service chargs	1,75,27,444	1,65,35,235
Rent & Maintenance	32,48,383	31,01,323
Domain Registration expenses	1,39,407	1,72,201
Power and Electricity	26,24,656	21,86,069
Postage & Telegram expenses	73,741	92,788
Advertisement & Publicity	1,16,703	81,943
Telephone expenses	2,75,324	4,37,919
Computers & Networking Maintenance	42,87,606	30,53,700
Watch & Ward expenses	6,04,000	8,12,181
Traveling expenses	15,67,288	1,02,054
Local Conveyance	6,83,061	5,67,244
Vehicle Maintenance	6,05,541	5,82,222
Rates & Taxes	2,34,489	1,81,049
Insurance-Others	1,75,705	87,773
Annual Membership Fee(APNIC)	1,21,461	2,51,281
Demat Charges(NSL)	1,32,175	1,05,650
Legal & Professional Charges	2,34,820	3,02,295
Office Maintenance Expenses	5,40,528	3,53,521
Printing & Stationary Expenses	2,80,612	1,74,211
Loss on Sale of Investments	1,19,49,527	3,50,550
Other Adminstrative Expenses	5,90,273	2,72,075
Provision for diminution in value of long term investment	-	51,50,290
Bad Debts Written Off	7,24,636	-
Audit Fees	75,000	75,000
for Statutory Audit	25,000	25,000
for Taxation Matters	20,000	20,000
for Management & Other Services	20,000	20,000
for Re-imbursement of expenses	<u>10,000</u>	<u>10,000</u>
	<u>4,68,12,379</u>	<u>3,50,28,574</u>

NETTLINX LIMITED

Note 25 Foreign Exchange Acitivity	Current Year ₹	Previous Year ₹
Expenditure in Foreign Currency		
Licence fee and domain registration charges	1,17,897	3,72,665
Earnings in Foreign Exchange		
Software Services(ITES)	16,94,700	49,23,642
Note 26 Related party disclosures:	Current Year ₹	Previous Year ₹

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. Host Department, LLC, USA	
iv. Nettlinx Inc, USA	
i. M/s. Sai Roshini Capital Pvt Ltd	One of the Directors is Chairman's Son
i. North East Broking Services Ltd	Associates
ii. North East Commodities Private Ltd	
i. Dr. Loka Manohar Reddy - Chairman	Key Management Personnel
ii. Chandra Sekhar Pogula - CEO & Director and Compliance Officer	
(ii) Details of transaction between the Company and Related Parties	

As at 31 st March, 2014 ₹	As at 31 st March, 2013 ₹
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Sale of Services:		
Host Department, LLC, USA - Software Services(ITES)	-	35,64,142
Other Income - Rent Received		
- Northeast Broking Services Limited	13,74,742	11,01,972
- Northeast Commodities Services Limited	6,16,256	8,22,696
Other Income - Interest		
Nettlinx Reality Private Limited	35,14,484	31,47,267
Trade Payables:		
Nettlinx Inc, USA	14,53,091	14,53,091
Trade Receivables:		
Host Department, LLC, USA	-	32,54,261
Short Term Loans & Advances:		
Nettlinx Reality Private Limited	3,64,08,691	1,87,57,917
Unsecured Loan :		
Dr. Loka Manohar Reddy - Chairman	Nil	54,33,832
M/s. Sai Roshini Capital Pvt Ltd - One of the Directors is Chairman's (Mr. Manohar Reddy) Son	20,00,000	-
Managerial Remuneration :		
Chandra Sekhar Pogula - CEO & Director and Compliance Officer	24,00,000	15,00,000

NETTLINX LIMITED

Note 27 Earnings per share	Current Year ₹	Previous Year ₹
i) Profit /(Loss) for the year	8,55,063	(19,73,297)
ii) Weighted average number of Equity Shares	1,14,63,312	1,14,63,312
iii) Weight average number of equity shares in computing diluted earnings per share	1,14,63,312	1,14,63,312
iv) Face value of each Equity Share	10	10
v) Earning/(Loss) per share		
- Basic	0.07	(0.17)
- Diluted	0.07	(0.17)

Note 28 Deferred Tax (Asset)	As at 31 st March, 2014 ₹	As at 31 st March, 2013 ₹
Tax effect of items constituting deferred tax assets		
Arising on Account of timing difference in Depreciation	5,35,286	4,84,119
Add: Opening Balance of Deferred Tax Asset	44,17,859	39,33,740
	<u>49,53,145</u>	<u>44,17,859</u>

Note 29 Contingent Liabilities and Commitments

	As at 31 st March, 2014 ₹	As at 31 st March, 2013 ₹
Contingent Liabilities :		
Unexpired Bank Guarantees	21,22,765	21,22,765
Provisional License fee Assessment	<u>43,30,195</u>	<u>43,30,195</u>

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

Note 30

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

for and on behalf of the Board of Directors

Sd/-	Sd/-
(MANOHAR LOKA REDDY) (VIJAY KUMAR MAISTRY)	(CHANDRA SEKHAR POGULA)
Chairman	Director

Place : Hyderabad.
Date : 26-05-2014

Sd/-
(CHANDRA SEKHAR POGULA)
CEO & Director and Compliance Officer

INDEPENDENT AUDITOR'S REPORT

To The Board of Directors of

NETTLINX LIMITED

Report on the Financial Statements

1. We have audited the accompanying consolidated financial statements of **NETTLINX LIMITED** ("the Company"), and its subsidiaries (collectively referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2014, the Consolidated Statement of Profit & Loss and the Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

2. Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting Standards notified under the Companies Act, 1956 (the Act) (which continue to be applicable in respect of section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those standards

require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatements.

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

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

Opinion

5. In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of the reports of the other auditors on the financial statements / consolidated financial statements of the subsidiaries as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India.

(a) In the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2014;

NETTLINX LIMITED

- (b) In the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date and
- (c) In the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Other Matters

1. We did not audit the financial statements of four subsidiaries whose financial statements reflect total assets (net) of ₹ 295.56 lakhs as at March 31, 2014, total revenues of ₹ 862.69 lakhs and net cash flows amounting to ₹ 49.04 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose report has been furnished to us for the purpose of the

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

Our opinion is not qualified in respect of this matter.

M/s. DEVA & CO

Chartered Accountants
Firm Reg.No.000722S

Sd/-

(M. DEVARAJA REDDY)

Partner
Membership No.026202

Place: Hyderabad

Date: 26.05.2014

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2014

S.No.	Particulars	Note No.	As at	As at
			31 st March, 2014	31 st March, 2013
			₹	₹
EQUITY AND LIABILITIES:				
A. Share Holders' Funds:				
	(a) Share Capital	2	11,46,33,120	11,46,33,120
	(b) Reserves & Surplus	3	6,15,50,977	6,38,16,571
	(c) Minority Interest		100	100
B. Non Current Liabilities				
	(a) Long Term Borrowings	4	-	17,25,500
	(b) Other Long Term Liabilities	5	36,70,713	95,55,953
	(c) Long Term Provisions	6	20,55,565	9,41,478
C Current Liabilities				
	(a) Short Term Borrowings	7	1,82,86,971	2,78,00,714
	(b) Trade Payables	8	58,82,556	1,44,05,992
	(c) Other Current Liabilities	9	7,91,33,030	78,236,331
			<u>28,52,13,031</u>	<u>31,11,15,759</u>
ASSETS:				
A. Non Current Assets				
	(a) Fixed Assets:			
	(i) Tangible Assets	10	2,95,56,041	4,16,48,295
	(ii) Intangible Assets	10	-	3,00,51,034
	(b) Non Current Investments	11	83,16,000	83,16,000
	(c) Deferred Tax Assets (Net)	28	46,81,116	42,92,820
	(d) Long Term Loans & Advances	12	99,88,531	82,43,008
	(e) Other Non Current Assets	13	78,72,177	93,48,405
B. Current Assets				
	(a) Current Investments	14	4,85,17,216	4,64,30,120
	(b) Inventories-Traded Finished Goods	15	8,08,32,456	8,35,72,986
	(c) Trade Receivables	16	2,52,62,473	2,54,39,350
	(d) Cash & Cash Equivalents	17	49,18,749	44,26,089
	(e) Short Term Loans & Advances	18	3,58,43,137	2,87,74,768
	(f) Other Current Assets	19	2,94,25,135	2,05,72,884
			<u>28,52,13,031</u>	<u>31,11,15,759</u>
	Significant Accounting Policies	1		
	Notes on Financial Statements	2 to 30		

As per our report of even date

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

for and on behalf of the Board of Directors

Sd/-
(M. DEVARAJA REDDY)
Partner
Membership No.026202

Sd/-
(MANOHAR LOKA REDDY)
Chairman

Sd/-
(VIJAY KUMAR MAISTRY)
Director

Place: Hyderabad
Date : 26-05-2014

Sd/-
(CHANDRA SEKHAR POGULA)
CEO & Director and Compliance Officer

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014

S.No.	Particulars	Note No.	As at	As at
			31 st March, 2014 ₹	31 st March, 2013 ₹
I.	Revenue from Operations	20	8,62,69,727	11,46,09,348
II.	Other Income	21	3,28,79,012	1,54,15,201
III.	Total Revenue (I + II)		<u>11,91,48,739</u>	<u>13,00,24,549</u>
IV.	Expenses:			
	(a) Changes in inventories of stock in trade	22	27,40,530	13,934,231
	(b) Employee Benefits expense	23	3,13,74,330	3,00,53,865
	(c) Finance Costs	24	78,01,662	11,909,668
	(d) Depreciation and amortization Expenses	10	53,21,146	67,00,394
	(e) Operation and other expenses	25	7,40,80,855	6,07,06,765
	Total Expenses		<u>12,13,18,523</u>	<u>12,33,04,924</u>
V.	Profit/(Loss) Before Tax (III-IV)		(21,69,784)	6,719,625
VI.	Tax Expense:			
	(1) Current Tax		220,952	22,55,228
	(Less): MAT credit		60,934	(9,28,067)
	(2) Deferred Tax - Asset	28	388,295	4,41,284
VII.	Profit/(Loss) for the year		(19,41,507)	58,33,748
VIII.	Earning/(Loss) Per Share	27		
	Basic		(0.17)	0.51
	Diluted		(0.17)	0.51
	Significant Accounting Policies	1		
	Notes on Financial Statements	2 to 30		

As per our report of even date

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

for and on behalf of the Board of Directors

Sd/-
(M. DEVARAJA REDDY)
Partner
Membership No.026202

Sd/-
(MANOHAR LOKA REDDY)
Chairman

Sd/-
(VIJAY KUMAR MAISTRY)
Director

Place: Hyderabad
Date : 26-05-2014

Sd/-
(CHANDRA SEKHAR POGULA)
CEO & Director and Compliance Officer

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR 2013-2014

(₹. In lakhs)

31st March, 2014 31st March, 2013**A. CASH FLOW FROM OPERATING ACTIVITIES****Net Profit/(loss) before tax as per Statement of Profit and Loss**

(21.70) 67.20

Adjusted For:

Depreciation and Amortisation Expense

53.21 67.00

Effect of Exchange Rate Change

0.95 (9.08)

Interest Income

69.77 (101.31)

Operating profit before working capital changes102.24 23.81**Adjusted For:**

Trade and Other Receivables

(71.99) (188.26)

Inventories

27.41 133.78

Trade and Other Payables

129.34 (73.54)

Net Cash from Operating Activities

186.99 (104.21)**B. CASH FLOW FROM INVESTING ACTIVITIES**

Purchase of Fixed Assets

(25.95) (9.27)

Movement in Investments

(20.87) (20.48)

Sale of Fixed Assets

18.95 24.40

Movement in Loans and Advances

(88.14) 91.37

Interest Income

28.94 74.65

Net Cash Flow from Investing Activities

(87.07) 160.67**C. CASH FLOW FROM FINANCING ACTIVITIES:**

Long term Borrowings (net)

0.00 (22.93)

Short Term Borrowings (net)

(95.14) (13.59)

Net cash Flow from/(used) in Financing Activities

(95.14) (36.52)**Net (Decrease)/ Increase in Cash and Cash equivalents**

4.78 19.94

Opening Balance of Cash and Cash Equivalents

44.26 24.32

Closing Balance of Cash and Cash Equivalents

49.04 44.26

As per our report of even date

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

for and on behalf of the Board of Directors

Sd/-
(M. DEVARAJA REDDY)
Partner
Membership No.026202Sd/-
(MANOHAR LOKA REDDY)
ChairmanSd/-
(VIJAY KUMAR MAISTRY)
DirectorPlace: Hyderabad
Date : 26-05-2014Sd/-
(CHANDRA SEKHAR POGULA)
CEO & Director and Compliance Officer

PRINCIPLES OF CONSOLIDATION:

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

Name of the Company	Country of Incorporation	Percentage of ownership interest as at 31 st March 2014	Percentage of ownership interest as at 31 st March 2013
Nettlinx Inc	USA	100.00	100.00
Nettlinx Realty Private Limited	India	99.90	99.90
Nettlinx Channel Private Limited	India	100.00	100.00
Host Department LLC	USA	NIL	100.00

The financial statements of all the subsidiaries considered in the consolidated accounts are drawn up to 31st March, 2014.

Note 1. SIGNIFICANT ACCOUNTING POLICIES:

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

(a) USE OF ESTIMATES

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

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

(b) FIXED ASSETS AND GOODWILL

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

(c) DEPRECIATION ON FIXED ASSETS

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

(d) INVESTMENTS

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

(e) EMPLOYEE BENEFITS

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

(f) BORROWING COSTS

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

(g) FOREIGN CURRENCY TRANSACTIONS

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

(h) REVENUE RECOGNITION

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

(i) CASH FLOW STATEMENT

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

(j) INVENTORIES

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

(k) LEASE RENTALS

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

(l) EARNINGS PER SHARE

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

(m) TAXES ON INCOME

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

(n) PROVISIONS AND CONTINGENT LIABILITIES

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

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

	As at 31 st March, 2014 ₹	As at 31 st March, 2013 ₹
Note 2 Share Capital		
Authorised Capital		
2,00,00,000 Equity Shares of ₹ 10/- each	<u>20,00,00,000</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, 2014 and March 31, 2013.

(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

Name of Share Holder	As at 31 st March, 2014		As at 31 st March, 2013	
	No. of Shares	% Holding	No. of Shares	% Holding
Loka Narayan Reddy	39,23,224	34.22	39,23,224	34.22
Dr. Loka Manohar Reddy	16,43,392	14.34	16,43,392	14.34
Saranya Loka Reddy	5,99,386	5.23	5,99,386	5.23

Note 3 Reserves and Surplus

	As at 31 st March, 2014 ₹	As at 31 st March, 2013 ₹
(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)	-	324,087
(e) Surplus/deficit in the Statement of Profit and Loss		
Opening Balance	10,892,909	50,59,161
Profit / (Loss) for the Year	(19,41,507)	58,33,748
	<u>6,15,50,977</u>	<u>6,38,16,571</u>

Note 4 Long Term Borrowings

	As at 31 st March, 2014 Current ₹	As at 31 st March, 2013 Non-Current ₹
Secured		
Vehicle Loan	-	17,25,500
	-	<u>17,25,500</u>

Terms and Conditions of Long Term Borrowings

(i) Vehicle Loan is taken from BMW Financial Services secure under Hypothecation of the assets purchased.

Note 5 Other Long Term Liabilities	As at 31st March, 2014	As at 31st March, 2013
	₹	₹
Trade Payables	20,35,424	82,90,942
Rental Deposit	5,50,000	2,50,000
Trade Deposit Received	71,427	-
Service Tax Payable	10,13,862	10,15,012
	<u>36,70,713</u>	<u>95,55,953</u>

Note 6 Long Term Provisions	As at 31st March, 2014	As at 31st March, 2013
	₹	₹
Provision for Employee Benefits		
(a) Gratuity	10,92,000	6,47,901
(b) Leave Encashment	9,63,565	2,93,577
	<u>20,55,565</u>	<u>9,41,478</u>

Note 7 Short Term Borrowings	As at 31st March, 2014	As at 31st March, 2013
	₹	₹
Secured		
- HDFC Bank - CC Account	126,46,063	70,00,000
- Vehicle Loan Account	17,27,158	-
Unsecured		
- ICICI Bank - Temporary Over Draft	-	-
- from Directors	1,00,000	1,47,41,714
- Others	18,13,750	60,59,000
- Loans	20,00,000	-
	<u>1,82,86,971</u>	<u>2,78,00,714</u>

Terms and Conditions of Short Term Borrowings

- (i) CC is secured by hypothecation of book debts, outstanding monies, receivables, claims, bills etc.
- (ii) Vehicle loan is taken from BMW financial services secured under hypothecation of the assets purchased and this loan will be closed in Nov-2014.
- (iii) During the year the Company has taken loan from M/s. Sai Roshini Capital Pvt Ltd @ **annual rate of interest of 15%** .

Note 8 Trade Payables	As at 31st March, 2014	As at 31st March, 2013
	₹	₹
Trade Payables	58,82,556	1,44,05,992
	<u>58,82,556</u>	<u>1,44,05,992</u>

Dues to Micro, Small and medium enterprises is Nil as per the records of the Company

Note 9 Other Current Liabilities	As at 31st March, 2014	As at 31st March, 2013
	₹	₹
Current maturities of long-term debt		
- ICICI Bank - Term Loan	-	-
- Vehicle Loan	-	22,92,695
Interest accrued but not due on borrowings	1,28,377	11,480
Interest accrued and due on borrowings	-	73,964
Others		
Trade Deposit Received	-	71,427
Advance received from Customers	6,10,85,656	6,29,79,524
Bank - Book OD	3,89,667	-
Other Statutory Liabilities	13,79,099	38,96,622
Liability for Expenses	3,44,548	19,56,322
Employee related liabilities	68,89,152	65,51,157
Provision For Income Tax	60,934	-
Others	88,55,598	4,03,141
	<u>7,91,33,030</u>	<u>7,82,36,331</u>

Vehicle Loans are secured under hypothecation of the assets purchased

(Amount in ₹)

STATEMENT OF FIXED ASSETS & DEPRECIATION

Note 10

Particulars	GROSS BLOCK			ACCUMULATED DEPRECIATION			NET BLOCK			
	AS AT 01.04.13	ADDITIONS DURING THE YEAR	DELETIONS DURING THE YEAR	AS AT 31.03.14	AS AT 01.04.13	DURING THE YEAR	DELETIONS DURING THE YEAR	TOTAL 31.03.14	AS AT 31.03.14	AS AT 31.03.13
Tangible Assets										
Land	-	-	-	-	-	-	-	-	-	-
Buildings	1,20,17,910	-	1,855,000	1,01,62,910	19,52,187	1,76,089	521,958	16,06,318	85,56,592	1,00,66,723
Plant and Machinery	15,09,92,288	6,95,762	30,469,339	12,12,18,711	13,26,06,625	32,10,232	22,449,419	11,33,67,438	78,51,273	1,83,85,665
Office Equipment	47,72,670	4,90,080	-	52,62,750	31,06,366	2,12,577	-	33,18,943	19,43,807	16,66,305
Furniture and Fixtures	76,47,890	107,700	-	77,55,590	65,13,844	3,15,080	-	68,28,924	9,26,666	11,34,046
Vehicles	1,57,50,631	1,301,856	40,420	1,70,12,067	53,54,075	14,07,170	26,879	67,34,366	1,02,77,700	1,03,96,556
Total	19,11,81,389	25,95,398	323,64,759	16,14,12,028	14,95,33,097	53,21,149	22,998,256	13,18,55,989	2,95,56,041	4,16,48,295
Intangible Assets										
Goodwill	3,00,51,034	-	30,051,034	-	-	-	-	-	-	3,00,51,034
Total	3,00,51,034	-	30,051,034	-	-	-	-	-	-	3,00,51,034
G. TOTAL	22,12,32,423	25,95,398	6,24,15,793	16,14,12,028	14,95,33,097	53,21,149	22,998,256	13,18,55,989	2,95,56,041	7,16,99,329
31st March, 2013	22,27,45,201	9,27,327	24,40,105	22,12,32,423	14,28,32,703	67,00,394		14,95,33,087	7,16,99,329	7,99,12,501

NETTLINX LIMITED

Note 11 Non Current Investments	As at 31st March, 2014	As at 31st March, 2013
	₹	₹
Investment in unquoted equity instruments		
(a) of Associates		
i. Northeast Broking Services Ltd (11,600 Equity Share of ₹ 10 each fully paid up)	1,16,000	1,16,000
ii. Northeast Commodities Private Ltd (1,20,000 Equity Share of ₹ 10 each fully paid up)	12,00,000	12,00,000
(b) of other entities		
LGI IT Solutions Private Limited (70,000 shares of ₹ 10/- each fully paid up with Rs.90/-premium)	70,00,000	70,00,000
	<u>83,16,000</u>	<u>83,16,000</u>
i. During the year company has sold LGI IT solutions pvt ltd's shares to its 100% subsidiary Nettlinx Aquaculture pvt ltd		
ii. During the year the name of the subsidiary company Nettlinx Channels Private limited has been changed to Nettlinx Aquaculture Private Limited effective from 20/03/2014		

Note 12 Long Term Loans and Advances	As at 31st March, 2014	As at 31st March, 2013
	₹	₹
(a) Advance Taxes net of provisions	87,65,807	70,81,218
(b) MAT credit entitlement	12,22,724	11,61,790
	<u>99,88,531</u>	<u>82,43,008</u>

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

Note 13 Other Non Current Assets	As at 31st March, 2014	As at 31st March, 2013
	₹	₹
- In Fixed Deposits with more than 12 months maturity (100% against Bank Guarantees)	19,52,211	21,22,765
- Other Deposits	10,12,048	23,17,722
Long Term Trade Receivables		
Unsecured, Considered Good	49,07,918	49,07,918
Others	-	-
	<u>78,72,177</u>	<u>93,48,405</u>

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

Note 14 Current Investments	As at 31st March, 2014	As at 31st March, 2013
	₹	₹
Quoted - Investments		
i. Ybrant Digital Limited (Formely LGS Global Ltd)	4,85,17,216	4,64,30,120
(5,46,512 Equity shares of ₹ 10/-each fully paid up)	<u>4,85,17,216</u>	<u>4,64,30,120</u>
(Market Value of Ybrant Digital Limited (Formely LGS Global Ltd) Shares is ₹ 90,06,517.76/-)		

Note 15 Inventories	As at 31st March, 2014	As at 31st March, 2013
	₹	₹
(Valued at lower of Cost or net realisable value , as physically verified and certified by Management)		
i. Traded Goods	6,92,008	7,19,988
ii. Stock In Process	80,140,448	8,28,52,998
	<u>8,08,32,456</u>	<u>8,35,72,986</u>
Note 16 Trade Receivables	As at 31st March, 2014	As at 31st March, 2013
	₹	₹
a) Outstanding for a period exceeding Six Months		
Unsecured, Considered Good	13,68,504	19,49,420
b) Others		
Considered Good	2,38,93,969	2,34,89,930
	<u>2,52,62,473</u>	<u>2,54,39,350</u>
Note 17 Cash and Cash Equivalents	As at 31st March, 2014	As at 31st March, 2013
	₹	₹
a) Balances with Banks		
- In Current Accounts	35,32,027	34,64,581
b) Cash on hand	13,86,722	9,61,508
	<u>49,18,749</u>	<u>44,26,089</u>
Note 18 Short Term Loans and Advances	As at 31st March, 2014	As at 31st March, 2013
	₹	₹
Advances to Suppliers	9,760,634	-
Staff Advances	36,257	33,681
Balance with Government Authority	-	-
Service Tax credit receivable	10,188	9,270
- VAT Credit Receivable	1,376	1,91,480
Others Loans and advances	2,60,34,682	2,85,40,337
	<u>3,58,43,137</u>	<u>2,87,74,768</u>
Note 19 Other Current Assets	As at 31st March, 2014	As at 31st March, 2013
	₹	₹
Interest Accrued but not due on FDRs	4,99,439	3,15,077
Interest Accrued and Due	35,83,534	21,77,154
Prepaid Expenses	2,29,392	1,01,97,928
Rental Deposits	9,94,350	9,37,850
Other Deposits/Receivables	2,41,18,420	69,44,875
	<u>2,94,25,135</u>	<u>2,05,72,884</u>
Note 20 Revenue from Operations	Current Year	Previous Year
	₹	₹
a) Sale of Products		
Sale of VOIP Telephones - VAT Sales	30,476	52,807
b) Sale of Services		
Income from Bandwidth Services	4,69,87,323	4,01,08,132
Income from Web Solutions	13,33,082	14,86,072
Income from VOIP Sales	-	43,877
Income from Other Operations	3,62,24,146	6,79,94,818
Income from Software Exports(ITES)	16,94,700	49,23,642
Revenue from Operations	<u>8,62,69,727</u>	<u>11,46,09,348</u>

NETTLINX LIMITED

Note 21 Other Income	Current Year	Previous Year
	₹	₹
Interest on Bank Deposits, ICD's and Loans	69,77,379	1,01,31,287
Rental Income	24,42,175	24,18,788
Dividend Income from Current Investments	-	-
Net gain on sale of Current Investments	1,16,04,559	-
Net gain on foreign currency transactions and translation	27,38,257	907,768
Other Misc.Incomes	91,16,642	19,57,358
	<u>3,28,79,012</u>	<u>1,54,15,201</u>
Note 22 Changes in inventories of finished goods, work-in-progress and stock-in-trade	Current Year	Previous Year
	₹	₹
Inventories at the end of the year - Stock in Trade	6,92,008	7,19,988
Inventories at the beginning of the year - Stock in Trade	7,19,988	1,46,54,219
Net (increase)/ decrease	<u>27,40,530</u>	<u>1,39,34,231</u>
Note 23 Employee Benefit Expenses	Current Year	Previous Year
	₹	₹
Salaries	2,80,68,933	2,68,10,182
Contribution to PF, ESI & Group Insurance	23,67,075	24,74,475
Staff Welfare	9,35,822	7,69,209
Staff Recruitment & Training	2,500	-
	<u>3,13,74,330</u>	<u>3,00,53,865</u>
Note 24 Finance Cost	Current Year	Previous Year
	₹	₹
Interest	68,71,946	1,10,72,757
Finance charges	6,13,350	5,53,273
Bank Charges	3,16,366	2,83,638
	<u>78,01,662</u>	<u>11,909,668</u>
Note 25 Operation and Other Expenses	Current Year	Previous Year
	₹	₹
Bandwidth, Leased Circuit Charges & Service Chargs	1,75,96,414	1,65,35,235
Rent & Maintenance	33,19,471	31,01,323
Domain Registration Expenses	23,08,020	23,77,302
Power and Electricity	26,59,084	22,15,608
Postage & Telegram Expenses	3,18,191	2,81,190
Advertisement & Publicity	1,16,703	3,38,748
Telephone Expenses	3,60,512	5,09,611
Computers & Networking Maintenance	42,87,606	33,84,927
Watch & Ward Expenses	6,04,000	8,12,181
Travelling Expenses	22,17,473	8,60,525
Local Conveyance	7,81,997	7,02,340
Loss on Sale of Shares	6,05,541	3,73,228
Vehicle Maintenance	3,84,599	6,79,714

Rates & Taxes	2,28,705	2,01,213
Insurance-Others	2,04,065	3,72,258
Annual Membership Fee(APNIC)	1,32,175	2,51,281
Demat Charges(NSL)	2,35,527	1,05,739
Legal & Professional Charges	38,41,553	11,74,069
Office Maintenance Expenses	1,27,810	4,00,159
Printing & Stationary Expenses	2,90,612	1,74,211
Loss on Sale of Investments A/c	1,19,49,527	-
Other Administrative Expenses	22,93,336	25,54,112
USCIS Fees	5,45,105	4,71,730
Payment Gateway Fees	1,210,823	11,89,138
Data Center Expenses	7,078,500	65,45,030
H-Sphere Expenses	-	7,94,660
Management Fees	45,40,525	74,94,278
Other technical & operational expenses	10,20,590	14,91,989
System admin fees	3,630,000	32,67,070
Virtual Office fee	63,525	2,58,119
Miscellaneous Expenditure Written Off	2,73,230	16,71,769
Bad Debts written off	7,24,637	-
Audit Fees	1,31,000	1,18,009
	<u>7,40,80,855</u>	<u>6,07,06,765</u>

Additional Information to the Financial Statements
Note 26 Foreign Exchange Activity

	Current Year ₹	Previous Year ₹
Expenditure in Foreign Currency		
Licence fee and domain registration charges	<u>1,17,897</u>	<u>3,72,665</u>
Earnings in Foreign Exchange		
Software Exports(ITES)	<u>16,94,700</u>	<u>49,23,642</u>

Note 27 Earnings per share

	Current Year ₹	Previous Year ₹
i) Profit/(Loss) after Tax	(19,41,507)	5,833,748
ii) Weighted average number of Equity Shares	1,14,63,312	1,14,63,312
iii) Weight average number of equity shares in computing diluted earnings per share	1,14,63,312	1,14,63,312
iv) Face value of each Equity Share	10	10
v) Earnings per share		
- Basic	(0.17)	0.51
- Diluted	(0.17)	0.51

NETTLINX LIMITED

Note 28 Deferred Tax Asset(Net)	As at 31st March, 2014	As at 31st March, 2013
	₹	₹
Deferred Tax Asset		
Arising on Account of timing difference in Depreciation	3,88,295	4,84,119
Deferred Tax Liability		
Arising on Account of timing difference in Depreciation	-	(42,835)
Opening Balance of Deferred Tax Asset	<u>42,92,820</u>	<u>38,51,536</u>
	<u>46,81,116</u>	<u>42,92,820</u>

Note 29 Contingent Liabilities and Commitments	As at 31st March, 2014	As at 31st March, 2013
	₹	₹
Contingent Liabilities:		
Unexpired Bank Guarantees	21,22,765	21,22,765
Provisional License fee Assessment	<u>43,30,195</u>	<u>43,30,195</u>

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

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

As per our report of even date
for **DEVA & CO.,**
Chartered Accountants
Firm Reg. No.000722S

for and on behalf of the Board of Directors

Sd/-
(M. DEVARAJA REDDY)
Partner
Membership No.026202

Sd/-
(MANOHAR LOKA REDDY)
Chairman

Sd/-
(VIJAY KUMAR MAISTRY)
Director

Place: Hyderabad
Date : 26-05-2014

Sd/-
(CHANDRA SEKHAR POGULA)
CEO & Director and Compliance Officer

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

S.No	Particulars	Nettlinx Inc	Nettlinx Realty Private Limited	Nettlinx Channel Private Limited	Host Department LLC
1	Financial period ended	March 31, 2014	March 31, 2014	March 31, 2014	March 31, 2014
2	Holding company's intrest as of March 31, 2014	100.00% in capital	99.90% in equity shares	100.00% in capital	100.00% in capital
3	Net aggregate amount of profits/(losses) of the subsidiary for the above financial year so far as they concern members of Nettlinx Limited. i) Dealt within the accounts of Nettlinx Limited. ii) Not dealt within the accounts of Nettlinx Limited.	Nil ₹ 756428	Nil ₹ (8213409)	Nil ₹ 683098	Nil ₹ 1656203
4	Net aggregate amount of profits/(losses) of the subsidiary for the previous financial years so far as they concern members of Nettlinx Limited. i) Dealt within the accounts of Nettlinx Limited. ii) Not dealt within the accounts of Nettlinx Limited.	Nil ₹ 2276407	Nil ₹ 7957607	Nil ₹ 977782	Nil ₹ (48,13,972)

For and on behalf of the Board of Directors

Sd/- **(MANOHAR LOKA REDDY)** Chairman
Sd/- **(VIJAY KUMAR MAISTRY)** Director

Sd/- **(CHANDRA SEKHAR POGULA)** CEO & Director and Compliance Officer

Place: Hyderabad
Date : 26-05-2014

FORM No. MGT-11

PROXY FORM

[Pursuant to section 105(6) of the Act and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN No. : L67120TG1994PLC016930

Registered Folio

No./Client ID

Name of the Company : **NETTLINX LIMITED**

Registered Office :
5-9-22, 3rd Floor,
My Home Sarovar Plaza, Secretariat Road,
Saifabad, Hyderabad – 500 063, Telangana.
Ph: 91-040-23232200/23231621
Fax: 23231610 E – Mail: secretarial@nettlinx.org
Website: www.nettlinx.com

Name of the member(s) :

Registered address :

E-mail Id :

Folio No./Client Id :

DP ID:

I / We, being the members of _____ shares of the above named company, hereby appoint

1. Name :

Address :

E-mail Id :

Signature : _____ or failing him

NETTLINX LIMITED

2. Name : _____
- Address : _____
- E-mail Id : _____
- Signature : _____ or failing him
3. Name : _____
- Address : _____
- E-mail Id : _____
- Signature : _____ or failing him

as my proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 21nd Annual General Meeting of the Company, to be held on Monday, the 29th September, 2014 at 10.30 AM, at ICWAI Bhavan, beside Dena Bank, Post Office Road, Sanath Nagar, Hyderabad-500018, Telangana and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended March 31, 2014 and the Balance Sheet as at that date together with the Reports of the Board of Directors and Auditors there on.
2. To appoint a Director in place of Dr. Manohar Loka Reddy (holding DIN 00140229), who retires by rotation and being eligible offers himself for re-appointment.
3. To re-appoint Auditors of the Company to hold office for a period of three years from the conclusion of this Annual General Meeting and to fix their remuneration.
4. Appointment of Sri. K. Kameswara Rao as an Independent Director
5. Appointment of Sri. J.V. Hanumanth Rao as an Independent Director
6. Appointment of Sri. M. Vijay Kumar as an Independent Director
7. Appointment of Sri. M. Appa Rao as an Independent Director
8. Increase in remuneration and Change in designation of Sri. Chandra Sekhar Pogula from Chief Operating Officer to Chief Executive Officer

NETTLINX LIMITED

Signed this _____ day of _____ 2014

Signature of shareholder

Affix 1 ₹ revenue stamp

Signature of Proxy holder(s)

Note: 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.

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ATTENDANCE SLIP

Registered Folio No. /DP ID*/ Client ID*

Number of equity shares held _____

Name of the Member/Proxy _____

I/We hereby accord my/our presence at the 21st Annual General Meeting of the members of Nettlinx Limited held on on Monday, the 29th September, 2014 at 10.30 AM, at ICWAI Bhavan, beside Dena Bank, Post Office Road, Sanath Nagar, Hyderabad-500018, Telangana, and at any adjournment thereof.

Signature of the Member/Proxy attending the Meeting

Note: Please fill up this attendance slip and hand it over at the entrance of the meeting hall. Members are requested to bring their copies of the Annual Report to the meeting

**applicable for members holding shares in Demat mode*

NETTLINX LIMITED**FORM FOR REGISTRATION OF EMAIL ADDRESS FOR RECEIVING DOCUMENTS / NOTICES BY ELECTRONIC MODE**

To
M/s.Venture Capital and Corporate Investments Private Limited
12-10-167, Bharat Nagar,
Hyderabad-500018
Telangana, India

Company/Unit: Nettlinx Limited

I agree to receive all documents / notices including the Annual Report from the Company in electronic mode. Please register my email address given below in your records for sending communication through email.

Name of Sole / First Holder :

DP ID / Client ID / Regd. Folio No.:

PAN No.:

E-mail Address:

Date:

Place:

(Signature of Member)

BOOK - POST

TO

If undelivered please return to:

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