



## Smartlink Network Systems Limited

Registered Office: L-7, Verna Industrial Estate, Verna, Salcete, Goa, 403722

Corporate Identification Number (CIN): **L30007GA1993PLC001341**

Telephone: 0832-2885400; Fax: 0832-2783395;

Email: [Company.Secretary@smartlink.co.in](mailto:Company.Secretary@smartlink.co.in) Website: [www.smartlink.co.in](http://www.smartlink.co.in)

### Postal Ballot Notice

#### Pursuant to Section 110 of the Companies Act, 2013 read with Rule 20 and 22 of the Companies (Management and Administration) Rules, 2014

Dear Member(s),

Notice is hereby given pursuant to Section 110 and other applicable provisions of the Companies Act, 2013 (the "**Act**"), read together with Rule 20 and 22 of the Companies (Management and Administration) Rules, 2014 (the "**Management Rules**"), including any statutory modification or re-enactment thereof for the time being in force and any other applicable provisions of the Act and the rules made thereunder, for seeking approval of the members by way of a special resolution for the proposed transfer of its 'Digisol' Sales and Marketing Business, comprising of all its assets and liabilities ("**Digisol Business**") and the Electronic Manufacturing Services Business, comprising of all its assets and liabilities ("**EMS Business**") by way of a slump sale as a 'going concern' to its wholly owned subsidiaries (the "**Slump Sale**").

The Board of Directors of the Company ("**Board of Directors**") at its meeting held on 04<sup>th</sup> August, 2016 has, subject to approval of members of the Company by way of special resolution and of other statutory, regulatory or governmental authorities as may be required under applicable laws, approved the sale and transfer of the Digisol Business and EMS Business by way of a slump sale (as defined under Section 2(42C) of the Income Tax Act, 1961) to wholly owned subsidiaries for a lump sum consideration (without value being assigned to individual assets and liabilities) not less than Rs. 19.00 crores and Rs. 3.30 crore respectively, being the fair value of the businesses subject to terms and conditions in this regard.

Section 180(1)(a) of the Act provides, inter alia, that the consent of the members of the Company by special resolution, would be required for the sale of an undertaking of the Company. Pursuant to Section 188 of the Act and Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**"), the consent of the shareholders of the Company by way of an ordinary resolution is required for any related party transaction. Therefore, pursuant to the provisions of Section 110 of the Act read with Rules 20 and 22 and Listing Regulations, the consent of the shareholders of the Company has to be obtained by way of Postal Ballot/E-Voting ("**Postal Ballot**"). Accordingly, a postal ballot notice is required be sent to the shareholders of the Company. Given that the proposed slump sale is between the Company and its wholly owned subsidiaries, all shareholders can vote on this matter.

The draft resolution proposed to be passed by way of Postal Ballot and the Explanatory Statement pursuant to Section 102 of the Act read with rules, setting out the material facts and reasons for the resolution is set out below for the consideration of the members. The Postal Ballot form ("**Postal Ballot Form**") for exercising the vote is also annexed to this notice.

Pursuant to Rule 22(5) of the Management Rules, the Board of Directors have appointed Mr. Shivaram Bhat, Practicing Company Secretary (Certificate of Practice No. 7853) as the scrutiniser ("**Scrutiniser**") for conducting the Postal Ballot process in a fair and transparent manner.

The members of the Company are requested to carefully read the instructions printed on the Postal Ballot Form, record your assent (for) or dissent (against) therein and return the Postal Ballot Form, in original, duly completed in all respects, in the enclosed self-addressed, postage pre-paid envelope/business reply envelope (if posted in India) so as to reach the Scrutiniser, on or before the close of working hours (05:00 p.m.) on Thursday the 15<sup>th</sup> September, 2016. Please note that any Postal Ballot Form(s) received after the said date and time will be treated as not having been received.

E-Voting facility is also provided to all members to enable them to cast their votes electronically instead of dispatching Postal Ballot Forms. Members desiring to opt for e-voting as per facilities arranged by the Company are requested to follow the procedure as stated in the notes to the Notice and instructions for casting of votes by e-voting on the reverse the Postal Ballot Form. Members of the Company will have both the options of voting i.e. by e-voting and through Postal Ballot Form. Kindly note that while exercising their vote, members of the Company can opt for only one of the modes of voting i.e. either through Postal Ballot Form or e-voting. If you are opting for e-voting, then you are requested not to vote through Postal Ballot Form and *vice versa*. In case member votes through both the modes, voting done by e-voting shall prevail and votes cast through postal ballot will be treated as invalid.

Upon completion of the scrutiny of the Postal Ballot Forms, the Scrutiniser will submit his report to the Chairman of the Company (the "**Chairman**") or to any other Director duly authorised in this regard, in a fair and transparent manner. The result of the Postal Ballot would be announced by the Chairman or any other Director duly authorised, on Friday the 16<sup>th</sup> September, 2016 at 11:00 a.m. at the corporate office of the Company situated at Mumbai. The results declared along with the Scrutinizer's Report shall be placed on the Company's website i.e. [www.smartlink.co.in](http://www.smartlink.co.in) within two (2) days of passing of the resolution and shall also be communicated to the stock exchanges, where the equity shares of the Companies are listed.

The date of declaration of the results of the postal ballot i.e. 16<sup>th</sup> September, 2016 shall be the date on which the resolution would be deemed to have been passed, if approved by the requisite majority.

## **Proposed Special Resolution for approval of shareholders for the sale of “DIGISOL Business”**

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

**“RESOLVED THAT** pursuant to Sections 180 (1) (a), 188 and 110 and all other applicable provisions, if any, of the Companies Act, 2013, and applicable rules made thereunder, including any amendments, statutory modifications or re-enactments thereof, for the time being in force, applicable provisions of the Memorandum and Articles of Association of the Company, and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any government, regulatory or statutory authorities, the consent of the members be and is hereby granted/accorded to the board of directors of the Company (hereinafter referred to as the **“Board of Directors”**, which expression includes any Committee constituted by the Board of Directors to exercise its powers, including the powers conferred by this resolution) to convey, transfer, its **“Digisol Business”** by way of a slump sale on a going concern basis to its wholly owned subsidiary Company along with respective employees, assets and liabilities, pertaining thereto including all licences, permits, approvals, all trademarks, consents, contracts whatsoever for a consideration not less than Rs. 19.00 crores, being the fair value of the business subject to terms and conditions in this regard and with effect from such date as the Board of Directors may deem fit.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above resolution the Board of Directors of the Company be and are hereby authorized to negotiate, finalize, enter into and execute all such, deeds, documents, agreements, letters and to do all such acts, deeds, matters and/or things as may be necessary and/or expedient in their discretion, including through one or more committees that may be constituted by the Board of Directors for this purpose, for giving effect to this resolution including finalizing/ determining the effective date, terms and conditions, finalizing and executing the necessary assignment/ conveyance/ business transfer documents, contracts, agreements and to seek their registration and thereof with the concerned authorities, filing intimations with and/ or obtaining approvals/ consents with the concerned regulatory/ statutory authorities, completing the sale of the Digisol Business to its wholly owned subsidiary, in the interest of the Company.”

## **Proposed Special Resolution for approval of shareholders for the sale of “EMS Business”**

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

**“RESOLVED THAT** pursuant to Sections 180 (1) (a), 188 and 110 and all other applicable provisions, if any, of the Companies Act, 2013, and applicable rules made thereunder, including any amendments, statutory modifications or re-enactments thereof, for the time being in force, applicable provisions of the Memorandum and Articles of Association of the Company, and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any government, regulatory or statutory authorities, the consent of the members be and is hereby granted/accorded to the Board of Directors of the Company (hereinafter referred to as the **“Board of Directors”**, which expression includes any Committee constituted by the Board of Directors to exercise its powers conferred by this resolution) to convey, transfer, its Electronic Manufacturing Services business (the **“EMS Business”**) by way of a slump sale on a going concern basis to its wholly owned subsidiary Company along with respective employees, assets and liabilities, pertaining thereto including all licences, permits, approvals, consents, contracts whatsoever for a consideration not less than Rs. 3.30 crores, being the fair value of the business subject to terms and conditions in this regard and with effect from such date as the Board of Directors may deem fit.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above resolution the Board of Directors of the Company be and are hereby authorized to negotiate, finalize, enter into and execute all such, deeds, documents, agreements, letters and to do all such acts, deeds, matters and/or things as may be necessary and/or expedient in their discretion, including through one or more committees that may be constituted by the Board of Directors for this purpose, for giving effect to this resolution including finalizing/ determining the effective date, terms and conditions, finalizing and executing the necessary assignment/ conveyance/ business transfer documents, contracts, agreements and to seek their registration and thereof with the concerned authorities, filing intimations with and/ or obtaining approvals/ consents with the concerned regulatory/ statutory authorities, completing the sale of the EMS Business to its wholly owned subsidiary, in the interest of the Company.”

**By order of the Board of Directors  
For Smartlink Network Systems Limited**

**Urjita Damle  
Company Secretary**

Goa, 04<sup>th</sup> August, 2016

### **Notes:**

1. The Explanatory Statement pursuant to Section 102 read with Section 110 of the Act setting out material facts pertaining to the resolution is annexed hereto along with the Postal Ballot Form for your consideration.
2. The Notice is being sent to all the shareholders, whose names appear on the Register of Members/list of Beneficial Owners on Friday the 29<sup>th</sup> July, 2016, as received from National Securities Depository Limited (NSDL)/Central Depository Services (India) Limited (CDSL).
3. The Company has appointed Mr. Shivaram Bhat, Practicing Company Secretary (Certificate of Practice No. 7853) as Scrutiniser for conducting the Postal Ballot process in a fair and transparent manner. After completion of their scrutiny of the Postal Ballot Forms, they will submit their report to the Chairman or to any other Director duly authorised in this regard, in a fair and transparent manner. The results of the Postal Ballot would be announced by the Chairman or any other Director, duly authorized on Friday the 16<sup>th</sup> September, 2016, at 11:00 a.m. at the corporate office of the Company. The results declared along with the Scrutinizer's Report

- shall be placed on the Company's website i.e. [www.smartlink.co.in](http://www.smartlink.co.in) within two (2) days of passing of the resolution and shall also be communicated to the stock exchanges where the Equity Shares of the Company are listed.
4. Shareholders who have registered their e-mail IDs for receipt of documents in electronic mode under the Green Initiative of Ministry of Corporate Affairs are being sent Notice of Postal Ballot by e-mail and others are sent through permitted mode of dispatch along with Postal Ballot Form. Shareholders who have received Postal Ballot Notice by e-mail and who wish to vote through Physical Postal Ballot Form can download the same from the website of the Company [www.smartlink.co.in](http://www.smartlink.co.in). To seek duplicate Postal Ballot Form please contact our Registrar and Share Transfer Agent M/s Karvy Computer Share Private Limited and request you to fill in the details and send the same to the Scrutiniser.
  5. In compliance with Regulation 44 of the Listing Regulations and Section 110 and other applicable provisions of the Act read with the related rules, the Company is pleased to provide e- voting facility to all its members, to enable them to cast their votes electronically instead of dispatching the physical Postal Ballot Form by post. The Company has availed the e-voting services of Karvy Computer share Private Limited (“**Karvy**”).
  6. Shareholders desiring to exercise vote by Postal Ballot Form are requested to carefully read the instructions printed on the reverse of the Postal Ballot Form and return the Postal Ballot Form duly completed, in all respects and signed in the enclosed self-addressed postage pre-paid business reply envelope to the Scrutiniser. The postage cost will be borne by the Company. However, envelopes containing Postal Ballot Forms, if sent in person, by courier or registered/speed post at the expense of the shareholders will also be accepted.
  7. The Postal Ballot Form should be completed and signed by the member.
  8. The voting rights of the shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on Friday the 29<sup>th</sup> July, 2016, being the cut-off date. A person who is not a member as on the cut-off date should treat this Notice for information purpose only.
  9. **Facility to exercise vote by postal ballot including voting through electronic means will be available during the following period:**  
**Commencement of voting: From 10.00 a.m. on Tuesday, 16<sup>th</sup> August, 2016**  
**End of voting: At 05.00 p.m. on 15<sup>th</sup> September, 2016 (both days inclusive)**  
**(The facility for voting through electronic means will be disabled for voting by KARVY upon expiry of the aforesaid voting period)**
  10. Incomplete, unsigned or incorrect Postal Ballot Forms will be rejected. The Scrutinizer's decisions on the validity of a Postal Ballot Form shall be final and binding.
  11. Votes will be considered invalid on the following grounds:
    - if the member's signature does not tally.
    - if the member has marked all his shares both in favour and also against the resolution.
    - if the Postal Ballot Form is unsigned.
    - if the Postal Ballot Form is received torn or defaced or mutilated to an extent that it is difficult for the Scrutinizer to identify either the member or the number of votes or as to whether the votes are in favor or against or if the signature could not be checked or on one or more of the above grounds.
    - if the information filled in the Postal Ballot Form is incomplete.
    - if any other form or photocopy of the Postal Ballot Form is used.
    - if any direction given by competent authority in writing to the Company to freeze the voting rights of the member.
  12. Name, Designation, Address, E-mail ID and Phone Number of person responsible to address grievances connected with E-voting
 

Name	:	Urjita Damle
Designation	:	Company Secretary
Address	:	L-7, Verna Industrial Estate, Verna, Salcete, Goa, 403722
Tel	:	0832 – 2885400
Email id	:	<a href="mailto:Company.Secretary@smartlink.co.in">Company.Secretary@smartlink.co.in</a>
  13. The instructions for e-voting are given at the reverse of the Postal Ballot Form.

#### **EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 FORMING PART OF THE NOTICE FOR ITEM 1 AND 2 OF THE NOTICE**

Your Company's current business operations comprise mainly of the Digisol Business which comprises of Selling and Marketing of various categories of Networking and Information Technology (IT) Products sold under brand name “DIGISOL” and EMS Business comprising mainly of manufacture of various categories of electronic and IT products. Both the above businesses are distinct and independent and it is felt that giving separate legal and independent status to both the businesses by way of independent companies would assist the respective business to serve their customers better. The Shareholders interest in the Company will not be affected as both the companies will be wholly owned subsidiaries and the Company will publish the consolidated results to the Shareholders.

The Company proposes to transfer the DIGISOL Business and EMS Business to separate wholly owned subsidiaries subject to the consent of the shareholders as required under Sections 180(1)(a) and 188 of the Companies Act, 2013 and Listing Regulation.

The Board of Directors of the Company, at its meeting held on 04<sup>th</sup> August, 2016, subject to approval by the shareholders and other requisite approvals, approved the sale of the Digisol Business and EMS Business to wholly owned subsidiary companies of the Company (“**Subsidiaries**”). The Subsidiaries are in the process of being incorporated.

The Board of Directors considers that both the Subsidiaries will be able to focus on their core businesses and acting as separate independent companies will help to pursue opportunities in their respective businesses. The Board feels that there is a need for bringing accountability by separating the main business operations from the Treasury operations into separate legal entities i.e. respective Subsidiaries. This will also bring focus in the businesses of both the Subsidiaries and they will be able to leverage the strengths of their individual operations.

For the purposes of affecting the transfer of both the businesses, the Company proposes to execute a Business Transfer Agreement with respective Subsidiaries along with other related agreements, such as assignment deeds, conveyance deeds, applications to governmental authorities, etc.

The transfer of Digisol Business and EMS Business to the Subsidiaries will be undertaken based on the fair valuation done by Deloitte Touche Tohmatsu India LLP.

After the sale of the Digisol Business and EMS Business, the Company will become a holding company.

The Slump Sale has been approved by the Audit Committee of the Company at their meeting held on 04<sup>th</sup> August, 2016.

Section 180(1)(a) of the Companies Act, 2013, inter alia, provides that sale, lease or otherwise dispose of the whole or substantially the whole of an undertaking of a Company requires approval of the shareholders by way of a special resolution, hence, the Company is seeking your consent for such proposal contained in the Special Resolution. Accordingly, the Notice of the proposed special resolution is being sent to the shareholders for their consideration and approval.

As required under Section 110 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules 2014, consent of its shareholders is required by passing the resolution through Postal Ballot for the said transfer.

In the light of the provisions of Section 188 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014, the Board of Directors have approved the transaction as set above for the approval of the shareholders by an ordinary resolution.

Detailed information as required to be disclosed in terms of Section 188 of the Companies Act, 2013 read with Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014 are given below: -

Sr. No.	Information required to be disclosed	Particulars	Particulars
1.	Name of the related party	Digisol Systems Limited	Synegra EMS Limited
2.	Name of the director or Key Managerial Personnel who is related, if any	None	None
3.	Nature of relationship	Wholly Owned Subsidiary	Wholly Owned Subsidiary
4.	Nature, material terms, monetary value and particulars of the contract or arrangement	Sale of Sale and Marketing of Networking Products business by Slump Sale on 'arms length' basis. The consideration will be Rs. 19.00 crores, which has been determined taking into consideration the valuation report submitted by Deloitte Touche Tohmastu India LLP	Sale of Electronic Goods Manufacturing Services business by Slump Sale on 'arms length' basis. The consideration will be Rs. 3.30 crores, which has been determined taking into consideration valuation report submitted by Deloitte Touche Tohmastu India LLP
5.	Any other information relevant or important for the members to take a decision on the proposed resolution	None	None

All relevant documents referred in the Explanatory Statement shall be open for inspection at the Registered Office of the Company on all working days between 11:00 hrs. to 13:00 hrs. up to the date of declaration of the result of Postal Ballot.

The Board of Directors recommends the resolution set forth above for your approval as Special Resolution.

None of the Directors or Key Managerial Personnel of the Company and/or their relatives are in anyway, concerned or interested, either directly or indirectly in passing of the said resolution, save and except to the extent of their shareholding in the Company.

**By Order of the Board of Directors  
For Smartlink Network Systems Limited**

**Urjita Damle**  
**Company Secretary**  
Goa, 04<sup>th</sup> August, 2016