



building strong relationships



Vision

Empowering Businesses and Individuals to harness the Power of Converged Communications by providing Appropriate Networking Solutions at the Right Time and Right Value.

building strong
relationships



Mission

To follow our company motto 'Building Networks for People', to continuously meet the global networking and connectivity needs of Digital Home consumers, Small Office Professional, Small and Medium-Sized Business and Enterprise Environments.

The theme of our annual report this year is "Building Strong Relationships". It stems from our drive to build endearing and long lasting associations with our customers, business partners, shareholders as well as the communities in which we operate within society at large.

We are in the networking and communications business. Our networks connect people all over the world. We too aim to connect with our stakeholders, in a way that not only meets but exceeds their expectations. At D-Link 'respect' is at the heart of all our relationships and also the glue that binds us together as a successful team.

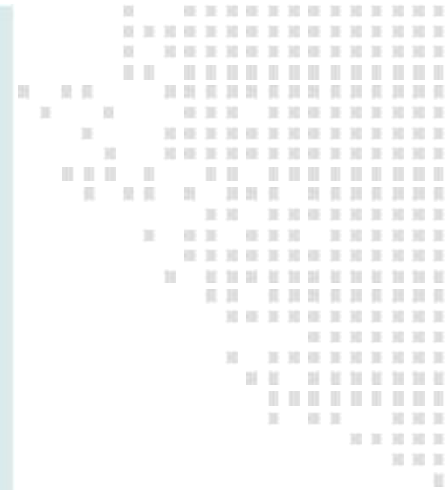
With a more focused approach to our business, the adaptation of our global experience into local needs and by building enduring relationships, we aspire to create new value streams in the years ahead.

Disclaimer/ Forward Looking statement

In this Annual Report we have disclosed forward looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements- written and oral that we periodically make, contains forward looking statements at that set out anticipated results based on the managements plans and assumptions.

We cannot guarantee that these forward- looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks in uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward looking statements, whether as a result of new information, future events or otherwise.



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Chairman's Letter

Dear Shareholders,

Tough times are an acid test to measure the mettle of an organisation. While the gloom and doom surrounding the downturn spared none, the sound fundamentals of sturdier enterprises served as 'shock-absorbers'. Based on steadfast rudiments, we braved the challenges posed by a turbulent scenario. The D-Link brand business recorded a turnover of Rs. 1,324 million, resulting in a profit of Rs. 48.5 million. However, foreign exchange fluctuations and excess inventory resulted in unavoidable losses.

WELL-DIRECTED ZEAL TO CHART GROWTH

I'm pleased to say that sheer focus and advocated forward thinking has administered our course so far. The de-merger of erstwhile D-Link (India) Limited, during the bygone fiscal, is a result of our resolution towards delivering superior shareholder value. With this well-directed development, we are geared to further our focused approach towards the D-Link brand. Effective from 1st April 2008, the de-merger is a move to enhance our brand identity, which is already recognisable in the Indian as well as international marketplace.

At this juncture, I welcome Mr. Gary Yang as the Managing Director to lead this well-established entity. Mr. Yang has been associated with our parent company; D-Link, for more than 15 years and his vast experience will be instrumental in taking D-Link India to new heights.

RELATIONSHIPS THAT MATTER

Driven by the fervour to develop effective products, we are not one-time solution providers, but enduring partners to our customers. Through our excellent distribution as well as services all over India and SAARC, we ensure close proximity and optimum care to our customers. Consequently, we are successfully building lasting relationships with our clients. We are now deploying our valuable over 22-year experience in the Networking industry to develop an all-encompassing product range - from networking NIC to Switches, Wireless, Broadband, SAN and Security - to consistently meet the varying requirements of our customers in times to come.

I would like to thank all our stakeholders and customers for their belief in our capabilities and their support in making our success a reality.

Yours truly,



K. R. Naik
Chairman









Managing Director's Letter

Dear Shareholder,

As I take on the baton of D-Link India, I gladly reveal that handling the reins of a flourishing company, perched on the threshold of an exciting future, is one of the most exciting undertakings of my career. I'm indeed fortunate to embark on a journey of leading a well-established and sound networking solutions business to greater heights of success. As a proud witness to the evolution of the D-Link Group, I aim to blend my learnings into the operations of D-Link India as it continues to chalk out winning strategies.

PRIMED TO RIDE THE IT WAVE

As a developing country, India harbours a ravenous appetite for advanced IT infrastructure. Consequently, the country has emerged as the centripetal force attracting business and investments from across the world.

At D-Link, it is not mere serendipity that we are always at the right place at the right time. We have earned this privilege through our insight, experience and determination. As the Indian IT industry, especially the telecom segment, continues to chart a growth trajectory, we are an integral part of this exhilarating ride. We are honoured to offer to this fast paced Indian market, our value driven, world-class services. Indeed, we aim to replicate the success of our various global business models on the domestic soil of India.

EVERY CONNECTIVITY NEED MET

Supporting our unwavering strides in the lucrative Indian market is our apposite basket of sophisticated, trend-centric offerings. The traditional product line of D-Link continues to remain strong. Our end-to-end solutions exemplify our determination to deliver excellence.

Our innate market understanding has empowered us to identify promising prospects and catalyse value-creation. Consequently, we have devised customised solutions meeting the needs of varied sectors such as Railway, Healthcare, Education, Telecom, Hospital as well as Government. With new and innovative wireless active networking solutions, we are expected to focus more on 3G and Wimax products.

Establishing rural connectivity is also on our radar. With almost sixty percent of Indian population living in the rural areas, we are looking at building a resilient wireless infrastructure backbone to connect the hinterlands to urban India. Leveraging our current standing, we will continue to provide the best price-performance propositions. Overall, I'm truly excited at what lays ahead.

ENDURING RELATIONSHIPS

I'm proud to state that delivering technology with the warmth of a human touch is our forte. This extra edge that our products as well as solutions are packaged with, serves as a tough binding agent between the Company and its stakeholders, be it customers, channel partners, employees and investors. We furnish the best-in-class training to our system integrators to further empower them in a competitive market place.

OUR EMPLOYEES AN INTEGRAL LINK TO OUR GOALS

Being associated with D-Link for 15 long years, I have been mentored by the organisation to emerge as a domain expert. I now have the opportunity to nurture many others within the Company to result in its overall growth. Exposed to work force belonging to diverse backgrounds, I am confident of cultivating a reasonably accommodative organisational culture.

FOCUS - THE GENESIS OF OUR GENIUS

Doubtlessly sky is the limit for success and we have begun our journey on this path. As we evolve with a more focussed approach, our de-merger with SMARTLINK will enable us to deliver progressively on our dedicated promises and objectives. However, we will continue to outsource the distribution and servicing centres from SMARTLINK. We will ensure strong bonds in spirit and substance and look forward to establishing longstanding relations with them.

GLOBAL EXPERTISE, LOCAL APPROACH

Our distinguished legacy has empowered us with global resources to synchronise our directions and drives in India. Leverage our internationally set platform, we are out to create new benchmarks on the domestic soil. Building market expansion, offering value-added services and high-end solutions for building communications infrastructure and standard networking products are key aspects of our localised approach towards garnering sustainable success.

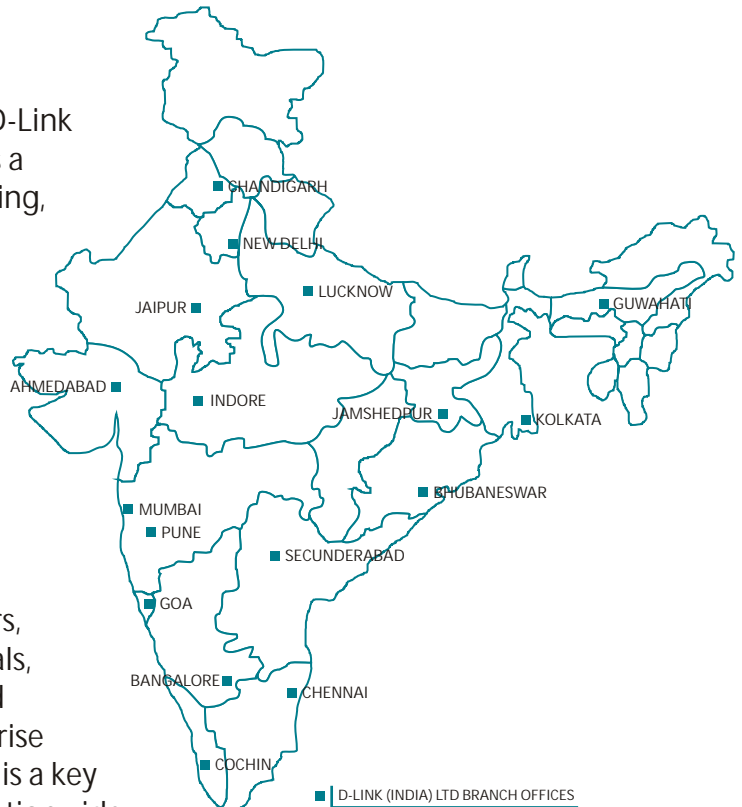
Our stakeholder's continued support and belief in our capability is our inspiration and driving force to deliver the best. I would like to express my gratitude towards my stakeholders for instigating their confidence that drives us to reach uncharted heights.

Yours sincerely,

Gary Yang
Managing Director

About Us

D-Link India, a part of D-Link Corporation (Taiwan) is a global leader in designing, manufacturing and marketing of advanced networking, broadband, digital, voice and data communications solutions. D-Link continually meets the global networking and connectivity needs of digital home consumers, small office professionals, small- to medium-sized businesses, and enterprise environments. Today it is a key market player with a nationwide reach, robust product portfolio and superior services. The Company is firmly committed towards delivering high quality, efficiency and reliability to products, solutions and services.



OUR PRODUCTS AND SERVICES



SWITCHES

BROADBAND

WIRELESS
NETWORKING

NETWORK
SECURITY

ROUTERS



17

BRANCH OFFICES

22

TERRITORY DISTRIBUTORS IN INDIA + 3 IN OTHER SAARC ?

+500

DEALERS

?

+5,000

RESELLERS

?

GROWTH DRIVERS

A wide range of D-Link networking products which meet diverse networking needs, across a multiple market segment.

A strong Channel business with a unique distribution set-up.

A superior services team providing efficient customer and sales support.

Formulating and acting upon innovative strategies to sustain our markets and develop further customer outreach.

SALES NETWORK ACROSS THE COUNTRY

LIMITED LIFE TIME WARRANTY FOR MOST OF THE PRODUCTS

PROVIDING FREE TELEPHONIC & NET BASED TECHNICAL ASSISTANCE

UNIQUE DISTRIBUTION SET UP

STRONG PARTNER RELATIONS

RETAIL PARTNERS



PERIPHERAL SHARING

SURVEILLANCE STORAGE

IP TELEPHONY

DIGITAL HOME

D-LINK TAIWAN -
A GLOBAL PIONEER

NETWORKING
PRODUCTS -
THE WAY AHEAD

D-LINK FURNISHES HIGH-
LEVEL SUPPORT AT A
LOWER COST TO
WASHINGTON'S TOP
HOSPITAL

FURTHERING OUR LONG-
STANDING LINEAGE

D-Link (Taiwan) is a prominent global leader and a master of the local pulse.





EXTENDING OUR
HORIZONS

RESORT & CASINO
SECURES ITS ASSETS,
PREMISES AND

D-LINK PROVIDES
SECURITY SOLUTION TO
ONE OF THE BEST
UNIVERSITIES AT
HOUSTON

OUR ROUTE TO THE
HEARTS OF CUSTOMERS
CONNECTS THROUGH
METICULOUS, END -TO-
END NETWORKING
SOLUTIONS.

D-Link Taiwan- A Global Pioneer



Headquartered in Taiwan, D-Link is a worldwide leading designer, developer and manufacturer of networking and connectivity products for mass consumers, small to medium business and enterprise market segments. Incorporated in 1986, it has grown to gain a strong foothold in over 100 countries. Having consistently recorded double-digit growth for the past 21 years, D-Link was ranked 89 in "100 Companies that are Changing the World" by PC Magazine in 2009.

The company has mastered the recipe of garnering global success with the best local market understanding. It provides up-to-date international resources along with a strong corporate foundation. Today, D-Link is a world leader and an award-winning designer, developer, and manufacturer of Wi-Fi and Ethernet networking, broadband, multimedia, voice and data communications and digital electronics solutions. Confident in the resources of this stalwart to develop and deliver state-of-the-art networking products, each local business unit regardless of its location around the world, aggressively attacks its market.

Brimming with the passion to consistently enhance its products and services, D-Link has become a trusted international brand that

connects people to their lives, their work and to each other.

- Employees - More than 2,094 worldwide
- A leading designer and end-to-end networking solution provider
- Truly global with 127 offices serving over 100 countries
- More Than 4,500 Authorised Resellers
- Over 30 Million Products Shipped
- D-Link = Price vs. Performance Leader



Fountain Valley, USA
Oakville, Canada
Mexico
Sao Paulo, Brazil
Santiago, Chile
Oslo, Norway
Bromma, Sweden
Vanntaa, Finland
Ireland
Glostrup, Denmark
Moscow, Russia
London, UK

Warsaw, Poland
Rotterdam, Netherlands
Brussels, Belgium
Luxembourg
Eschbom, Germany
Switzerland
France
Czech Republic
Romania
Portugal
Milano, Italy
Austria

Hungary
Barcelona, Spain
Athens, Greece
Istanbul, Turkey
Bulgaria
Hertzelia Pituach, Israel
Tehran, Iran
Cairo, Egypt
Karachi, Pakistan
Dubai, UAE
Mumbai, India
Beijing, China

Chengdu, China
Tokyo, Japan
South Korea
Wuhan, China
Shanghai, China
Taipei, Taiwan
The Synergy, Singapore
Centurion, South Africa
Melbourne, Australia
Sydney, Australia
New Zealand

D-LINK TAIWAN - A GLOBAL PIONEER	NETWORKING PRODUCTS - THE WAY AHEAD	D-LINK FURNISHES HIGH-LEVEL SUPPORT AT A LOWER COST TO WASHINGTON'S TOP HOSPITAL	FURTHERING OUR LONG-STANDING LINEAGE
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Furthering our Long-standing Lineage



Our distinguished legacy enables us access to an efficient and experienced management team, along with a diverse global channel presence.

At D-Link, we seal our services and products with an insignia of our enduring legacy of excellence. Our association with the Taiwan-based D-Link Corporation enables access to an efficient and experienced management team, along with a diverse global channel presence to capitalise on. Consequently, our DNA is imbued with proficiency at an international level that goes a long way in delivering greater shareholder value.

Our global expertise is further honed with our exhaustive understanding of local needs. Acknowledging the promise Indian Networking market is our customised basket of relevant local products. We have successfully devised end-to-end networking solutions, suited to the needs of SOHO and SMB markets. We inherit resourcefulness that is concurrent to market trends, enabling us to establish a rapport with our customers across India. As a result, we are crowned with the prestigious sobriquet, 'Dependable' - an identity we cherish.





EXTENDING OUR HORIZONS

RESORT & CASINO SECURES ITS ASSETS, PREMISES AND

D-LINK PROVIDES SECURITY SOLUTION TO ONE OF THE BEST UNIVERSITIES AT HOUSTON

OUR ROUTE TO THE HEARTS OF CUSTOMERS CONNECTS THROUGH METICULOUS, END -TO-END NETWORKING SOLUTIONS.



D-LINK TAIWAN -
A GLOBAL PIONEER

NETWORKING
PRODUCTS -
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D-LINK FURNISHES HIGH-
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FURTHERING OUR LONG-
STANDING LINEAGE

Our Active products
are best priced,
proficient and end-
to-end solution
based.





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The Way Ahead



Our best-suited, economical as well as competent products and services are a consequence of our in-depth understanding of the domestic marketplace. We have developed an end-to-end active product base with a variety of highly efficient and cost-effective networking products and solutions. Our strong basket of offerings includes switches, wireless, network storage and security, IP Telephony, IP Surveillance as well as VoIP products. Our offerings are further designed to optimise productivity, reduce costs and gain a competitive advantage. As an upshot of keen acumen and meticulous product development, we account for the largest market share in the NIC, Hubs and Dial-up Modems arena. Greater visibility and deeper market penetration in the Indian networking segment are the rewards of our sincerity and dedication towards meeting customer requirements.

As disciples of forward thinking, we are always a step ahead in sensing the varying market trends. We plan to launch a new range of advanced switches and converged VoIP products as well as consolidate dual speed businesses. Further, we are also aiming at establishing rural connectivity through our new wireless technology services. We have already devised a focused approach to offer 3G and Wimax enabled services. Going forward, we aspire to provide cost effective, competent and high bandwidth solutions by building wireless backbone infrastructure.

Our ambit of interest encompasses the following processes:

- Privatisation of NLD
- Privatisation of Internet Gateways - More Bandwidth
- Growth of Internet-Routers, RAS, Internet
- Servers, Leased line Modems
- Broadband: XDSL and Cable modems
- Video on Demand over Large LANs
- ICE - Digital Home Products

D-LINK TAIWAN - A GLOBAL PIONEER	NETWORKING PRODUCTS - THE WAY AHEAD	D-LINK FURNISHES HIGH-LEVEL SUPPORT AT A LOWER COST TO WASHINGTON'S TOP HOSPITAL	FURTHERING OUR LONG-STANDING LINEAGE
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Extending Our Horizons

Creating lasting value underpins our very existence. We consistently scout for promising prospects that take us beyond what we have already achieved. With a winning combination of proficiency and experience at our disposal, we are always on a smooth trajectory of opportunities transitioning into veritable business. This explains our move to develop solutions for wide-ranging industries such as education, healthcare, telecom and hospitality as well as government and other public sector bodies.

We are of the firm conviction that access to knowledge that transforms into deeper understanding provides a cutting edge to every business at this age. Feeling the pulse of our customers, we are adept at offering customised project-driven networking solutions. Geared to support progressive expansion and provide flexible network infrastructure, our team at D-Link is always at the forefront to devise complex solutions with the dexterity of an expert.

Today, we have successfully developed customised solutions for:

- Businesses
- Consumers
- Service Providers





EXTENDING OUR HORIZONS

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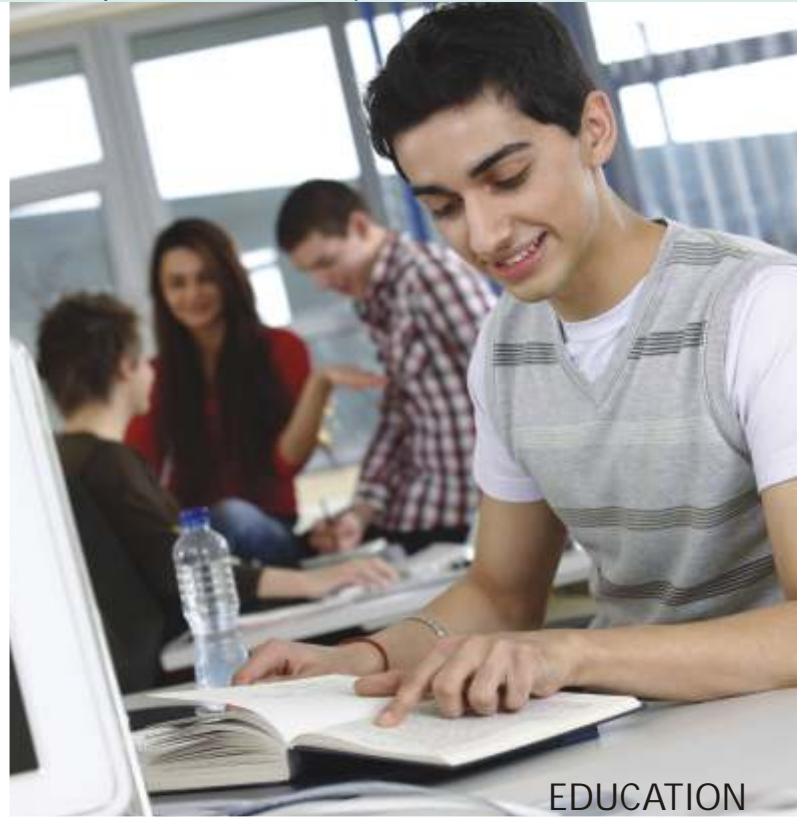
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OUR ROUTE TO THE HEARTS OF CUSTOMERS CONNECTS THROUGH METICULOUS, END -TO-END NETWORKING SOLUTIONS.

We provide comprehensive need-based active networking solutions across industries.



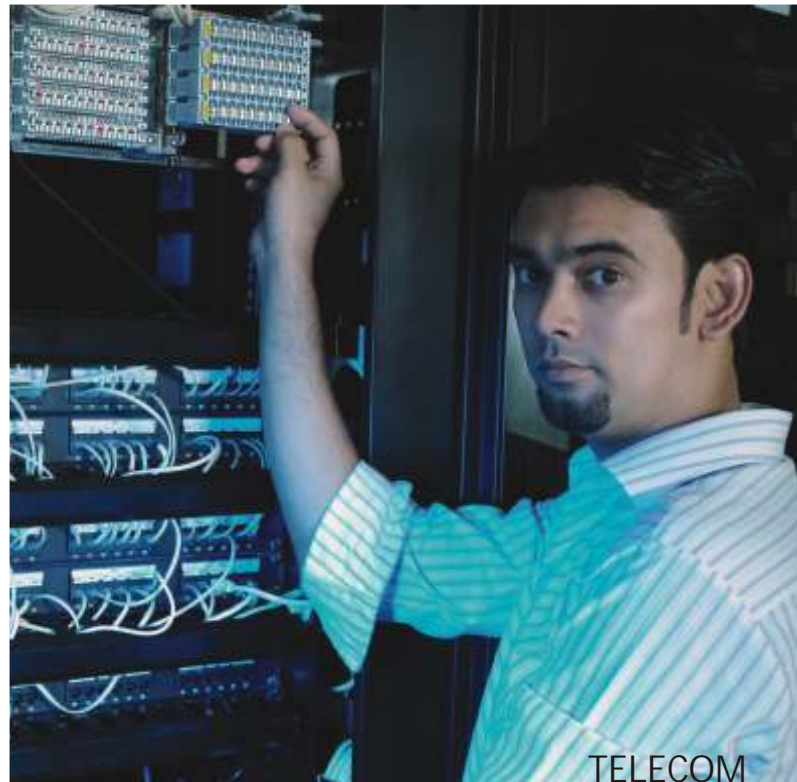
HEALTHCARE



EDUCATION



HOSPITALITY



TELECOM

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Resort & Casino Secures its Assets, Premises and Customer Safety

PRODUCT FEATURES

xStack - DGS-3324SR
24-Port Gigabit Layer 3 Switch with 40Gbps Stacking

Integrated Dual 10-GbE Stacking Ports

Recoverable Ring or Star Stacking Architecture

Stacks up to 12 Units per Stack*

Advanced Standards Based Enterprise Features

DEM-310GT - 1000BASE-LX Mini Gigabit Interface Converter

Gigabit Speeds on Multimode/

Singlemode Fiber

Hot Pluggable

Multi Vendor/Device Support

D-Link Business Class Solutions

NICs

Routing

Security

Network

Switching

IP Cameras

Voice and IP

IP Telephony

Wireless LAN

Management

Firewall / VPN

Communications

Services & Support

THE CHALLENGE

In 2005, Hurricane Katrina devastated a well known resort and casino in Biloxi, Mississippi. The complex re-emerged a year later, however, with upgraded construction, redesigned casinos and improved recreation areas. Part of the change included plans for a new digital video surveillance infrastructure for securing the casino and protecting guests.

The resort and casino needed a highly reliable, safe solution that could handle massive amounts of traffic on the network and as many as 1,536 streams of real-time, high resolution video. The system was expected to deliver 6,144 mbps of video and data to over 40 servers and 20 clients. Further, multiple live shots had to be sent to multiple clients, simultaneously, without any considerable increase in the bandwidth. The nature of its business required 100% uptime. Consequently, scalability and reliability were crucial. Overall, an aging, labor-intensive VHS system with a degrading tape quality, manual review and back-up processes was expected to be replaced by an efficient new one.

THE SOLUTION

D-Link along with its associates offered a proven, end-to-end surveillance solution to the resort

for managing thousands of multicast video streams across a high performance network. Initiated in late June 2006, the project was accomplished in a record time. The resort was re-opened on August 29th 2009, leaving the client impressed with this display of efficient work.

D-Link and its associates designed a method for managing video streams through a standby server, in the event of planned or unplanned server maintenance issues. This efficient design enables video delivery to multiple servers for recording at different retention times and frame rates. The Company devised a way to implement an industry standard multicast routing protocol, without over-engineering the solution or inflating project costs. The new design allows for an easy expansion and is extremely reliable.

The hardware consists of 1,536 analog cameras, 15 D-Link xStack DGS-3324SR switches and D-Link DEM-310GT Gigabit interface converters. Digital encoders sit between the cameras and the D-Link switches. The Company further added enhancements to the switch firmware for this project which eventually became part of the standard D-Link firmware.



EXTENDING OUR HORIZONS

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OUR ROUTE TO THE HEARTS OF CUSTOMERS CONNECTS THROUGH METICULOUS, END -TO- END NETWORKING SOLUTIONS.

We provide wholesome and highly reliable solutions for the hospitality industry.



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Our solutions are
known around the
globe to offer
minimum downtime.





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D-Link furnishes High-Level Support at a Lower Cost to USA's top Hospital

THE CHALLENGE

The network of one of the hospitals in Washington was designed 11 years ago as a flat, address-based network, built on SMC switches that accommodate 1000 IP addresses. A recent hospital expansion doubled the size of the facility. The implementation of Vocera system further increased the demand for IP addresses within the hospital. The Vocera system consisted of wireless communication devices worn by employees as well as the addition of critical medical diagnostic and imaging equipment. Productivity began to suffer when 75 employees needed the Vocera system. To make matters worse, the SMC switches started to fail. It was clear that the hospital needed to replace every switch and add port capacity to the new network.



THE SOLUTION

Availability and price were important but since a hospital needs to be up and running round the clock, reliability and stellar customer support were at the top of its list of requirements. Completing their due diligence, the team evaluated products from several competitors and it became clear that D-Link was the way to go. The Company's switches are considerably less expensive and with a reputation for outstanding customer support.

D-Link installed DXS 3250 switches for the backbone and DXS 3227 POE D-Link switches as the core of its over 50 switch solution. The installation was performed in-house and is designed as a star-type topography with two head end switches. Each data frame is a redundant circuit. Furthermore, a VLAN network is designed for each data frame for enhanced control. The hospital can now isolate precise data frames in case of a virus attack or to perform management tasks. Overall, the client is satisfied with D-Link's after sales services which are quick, prompt and compliant.

PRODUCT DETAILS

DXS-3250 - 48-Port Gigabit Wireless- Ready Switch + (4) Combo SFP Ports + (2) Optional 10-Gig Copper/Fiber Uplinks

- 'Wireless-ready' Layer 2+ Switching for Seamless Roaming and Centralised AP and Wired Network Management
- 48 10/100/1000 Ports with 4 Combo SFP in 1RU Chassis
- Optional Dual 10-Gigabit Stacking/ Uplinks through Fiber XFP or Copper CX-4
- Preconfigured ACLs Protect Against Known Attacks

DXS-3227P - 24-Port PoE Gigabit Wireless-Ready Switch + (4) Combo SFP Ports + (1) Fixed XFP Port + (2) Optional 10-Gig Copper/Fiber Uplinks

- 'Wireless-ready' Switching for Seamless Roaming and Centralised AP Management
- 24 10/100/1000 Ports with 4 Combo SFP in 1RU Chassis
- Built-in XFP Interface and Optional 10-Gigabit Stacking/Uplinks
- Preconfigured ACLs Protect against Trojans, Worms, and More
- 24 Ports of 802.3af PoE

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D-Link provides security solution to some of the best Universities in USA

PRODUCT DETAILS

DES-3828P-Managed 24-Port 10/100 Stackable L3 PoE Switch, 4 Gigabit Ports, 2 Combo SFP

Monitor your home or office over internet from your web browser

PoE support gives you more flexibility for camera installation

Starts recording and sends e-mail alerts upon motion detection

DES-3828P-Managed 24-Port 10/100 Stackable L3 PoE Switch, 4 Gigabit Ports, 2 Combo SFP

DWL-P50 - Power over Ethernet (PoE) Adapter

Deliver Power up to 328 Feet (100m) Away

802.3af Compliant Power over Ethernet

Plug & Play Installation

DCS-5300 - 10/100 Fast Ethernet Internet Camera

View a live camera feed from your compatible 3G mobile phone or PDA

Expand your survey area with motorized pan/tilt and 4x digital zoom

Advanced video motion detection with e-mail alerts

THE CHALLENGE

In 2007, a Houston-based university built a brand new 7,500 square foot data center. Part of their facility design included the need for security cameras to tap the movements within its campus and monitor entrances. A security and surveillance solution was expected to allow the organisation to record activities within the data center, review incidents and monitor the tasks performed within its campus throughout the day.

The university conducted a general survey to evaluate enterprise solutions and consider design issues with respect to writing and camera placement. In order to avoid the addition of power receptacles, the University decided to deploy wired Ethernet cameras based on Power over Ethernet (PoE) technology.

THE SOLUTION

After exploring several IP camera vendors, the university decided to invite a D-Link field engineer to their campus to go over options and look at their building designs. The engineer made some recommendations to accommodate their coverage needs and helped the university decide on the proper cameras for specific applications.

The university eventually purchased 30 D-Link Network PoE cameras - 40% with digital zoom DCS-5300 and 60% with optical zoom DCS-6620. Further, high resolution DCS-6620 cameras were utilised in laces where they needed better pictures. Also, the IP surveillance network was tied with a 24-port PoE switch, the D-Link ES-3828P and D-Link DWL-P50 PoE adapters. This separate network links to their production network via one uplink. By keeping the video network separate it has a higher level of security, and their IT staff can treat it as a distinct entity outside of the production network.

The system is set up to record 90 days of intermittent activity. Further, the cameras record only when there is activity in the rooms. The camera network includes eight simple 1U servers, each with a 500G hard drive. The storage is not fully utilised. The university staff can monitor the cameras via eight 23-inch screens in the operations area of the data center. Each screen shows four cameras. The system is mostly used for security and surveillance purposes, as opposed to monitoring employee productivity. Within weeks of the installation, the university was able to analyse a theft incident with the recordings.



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OUR ROUTE TO THE HEARTS OF CUSTOMERS CONNECTS THROUGH METICULOUS, END -TO- END NETWORKING SOLUTIONS.

We monitor the problem minutely and aptly provide pertinent solutions that maximise customer satisfaction.



Board of Directors



MR. K.R. NAIK

Mr. K. R. Naik is the promoter of erstwhile D-Link (India) Limited. He brings 35 years of experience in IT - most of it in Networking & Communication Products. He holds a P.G. Diploma in Industrial Engineering from Jhunjunwala College, Mumbai. He also possesses a Diploma in Business Management from Jamnalal Bajaj Institute of Management Mumbai. He started his carrier in IBM India, at the manufacturing plant and worked in Product and Parts Design & Development. He is also a former president of MAIT.



MR. GARY YANG

Mr. Gary Yang holds the position of Managing Director in D-Link India Limited. Also, he is in - charge of Middle East and African countries for D-Link. Mr. Yang has contributed 18 years to the IT field of which he has worked for 15 years with D-Link. He possess Bachelors degree in Management from Cheng Kung University



MR. AN-PING CHEN

Mr. A. P. Chen, possesses a Bachelors degree in Electronics Engg. and a Masters Degree in Business Administration from the National Chiao-Tung University in Taiwan. He has over 30 years of industry experience and has held a number of senior positions in Citi Bank, Bank of Boston's Taiwan Branch. Mr. A.P. Chen is presently Director & CFO of D-Link Corporation, Taiwan.

**MS. HUI LIN**

Ms. Hui -Lin Chen Lin, is presently a professor at the Department of Economics and also the Deputy Dean of Social Science, National Taiwan University. She earned PhD from Brown University at USA in May 1991. She has been a professor of economics for 25 years. Her research focuses on econometrics, industrial economics and Economic innovation. Mrs. Chen Lin has published many articles in international journal and 5 books in Taiwan.

**MR. RAJARAM AJGAONKAR**

Mr. Rajaram Ajgaonkar, is a Chartered Accountant in practice with 30 years of post qualification experience. He is also qualified as LLB (Gen) from Government Law College in Mumbai.

**MR. SATISH GODBOLE**

Mr. Satish Godbole is a Chartered Accountant in practice with 28 years of experience. He is specialised in Company Law, Mergers & Amalgamation and FEMA. He is Alternate Director to Ms. Hui Lin.



Financial
Statement
2008-09



Directors' Report

To,
The Members,
The Board of Directors of your Company has pleasure in presenting their 1st Annual Report together with Audited Balance Sheet and Profit & Loss Account for the financial year ended 31st March 2009.

Pursuant to order passed by the High Court of Bombay at Goa sanctioning the Scheme of Arrangement and fresh certificate of incorporation consequent upon change of name issued by the Registrar of Companies, Goa, the name of the Company has been changed from Smartlink Network Systems Limited to D-Link(India) Limited effective from 15th July 2009.

1. FINANCIAL RESULTS AND APPROPRIATION:

(Rs. in million)	
2008-09	
Turnover (Gross)	1324.78
Profit Before Depreciation and Tax	74.21
Less: Depreciation for the year	2.24
Profit Before Tax (PBT)	71.96
Less: Provision for Tax	
a) Current Tax	20.50
b) Deferred Tax	0.96
c) Fringe Benefit Tax	2.00
Profit After Tax	48.51
Amount available for Appropriations	425.72
Transfer to General Reserve	4.86
Proposed Dividend	30.00
Tax on Dividend	5.18
Balance carried forward to Balance Sheet	385.67
Earning per Share (Rs.)	1.62

2. SCHEME OF ARRANGEMENT:

During the year under review, the Hon'ble High Court of Bombay at Goa approved the Scheme of Arrangement between the Company and Smartlink Network Systems Limited (formerly known as D-Link (India) Limited) vide its order dated 27th February, 2009. The scheme of arrangement became effective from 10th June, 2009.

As per the Scheme and in terms of sections 391-394 and other applicable provisions of the Companies Act, 1956, the Demerged undertaking, namely Marketing Business stood vested in the Company from the effective date i.e. 10th June, 2009.

Accordingly, the authorized capital of the Company stood enhanced to Rs. 7,00,00,000/- consisting of 3,50,00,000 equity shares of Rs.2/- each. Further, the company also issued and allotted on 26th June 2009, 3,00,04,850 equity shares of Rs.2/- each fully paid up equity shares to the shareholders in the ratio of one equity share of Rs.2/- each

held by the equity shareholders of Smartlink Network Systems Limited (Formerly known as D-Link (India) Limited) in terms of the Scheme.

In pursuance of the said Scheme, 2,50,000 equity shares of Rs.2/- each of the Company fully paid up stood extinguished and the paid up equity share capital of the Company stood thus reduced accordingly.

3. PERFORMANCE:

The turnover of D-Link branded active networking products of the Company was Rs. 1324.78 million and earned a net profit of Rs. 48.51 million for the period.

4. LISTING OF SHARES:

3,00,04,850 new equity shares of Rs.2/- each of the Company allotted on 26th June, 2009 to the equity shareholders in terms of the Scheme of Arrangement, are required to be listed on the Bombay Stock Exchange and the National Stock Exchange of India Limited.

5. DIVIDEND:

The Board of Directors of the Company, recommended a dividend of Re.1/- per share to be paid if approved by the Members at the Annual General Meeting.

6. AWARDS & RECOGNITION:

Your Company has received the following awards during the year under review:

D-Link retains CRN - Channels Champions Award 2008 for Networking.

DQ Channel - Channel Choice Award - 2008 (Gold for Networking LAN). DQ Channel - Channel Choice Award - 2008 (Gold for Wireless LAN) D-Link won hands down on account of its product quality, product demand, value for money, brand image and after-sales service, in this order.

VAR India - The Best Networking Vendor - D-Link received the best networking vendor award amongst the most deserving vendors from the industry. These awards are the recognitions for the Info Tech vendors, solution providers and partners for their relentless and sincere efforts towards the growth of Indian IT Industry.

7. DIRECTORS:

During the year, Mr. A P Chen, Ms. Hui Lin and Mr. Rajaram Ajgaonkar were appointed as additional directors of the Company w.e.f. 30th March 2009.

Similarly, Mr. Gary Yang was appointed as an additional director of the Company effective 30th March 2009 and as Managing Director w.e.f. 15th July 2009.

Mr. Satish Godbole was appointed as an alternate director to Ms. Hui Lin, the original director, w.e.f. 31st March 2009.

Directors' Report (contd.)

During the year, Mr. Jangoo Dalal and Mr. K. M. Gaonkar directors of the Company resigned from the Board w.e.f. 30th March 2009. The Board of Directors wish to place on record its appreciation of the services rendered by them during their tenure as directors of the Company.

During the year, Mr. K R Naik, Director, will be retiring at this annual general meeting and is eligible for re-appointment in terms of the articles of association of the Company.

Mr. A P Chen, Ms. Hui Lin, Mr. Rajaram Ajgaonkar, and Mr. Gary Yang appointed as additional directors will vacate their office in terms of section 260 of the Companies Act 1956 at the ensuing Annual General Meeting of the Company and are eligible for reappointment. Notices have been received from members of the company signifying their intention to propose the appointment as directors of the Company in terms of section 257 of the Companies Act, 1956.

8. FIXED DEPOSITS:

Your Company has not accepted any fixed deposits during the year under review and, as such, no amount of principal or interest was outstanding as on the date of Balance Sheet.

9. MANAGEMENT DISCUSSION & ANALYSIS:

The Management Discussion & Analysis is appended to this report.

10. AUDITORS:

The Auditors, M/s Deloitte Haskins & Sells, Chartered Accountants, retire at the ensuing Annual General Meeting and are eligible for reappointment.

11. CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

- a) Conservation of Energy, Research and Development and Technology Absorption.

Your Company is primarily engaged in Marketing and Trading activities and has not consumed energy of any significant level and no additional investment is required to be made for reduction of energy consumption. However, the Company will continue with its efforts to conserve the energy. No comment is being made on technology absorption considering the nature of activities undertaken by your company during the year under review.

- b) Foreign Exchange Earnings and Outgo:

Total foreign exchange earnings and outgo is stated in Notes forming part of the Accounts.

12. PARTICULARS OF EMPLOYEES:

Particulars of employees as required under the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, forms part of this report. However, in pursuance of section 219(1) (b) (iv) of the Companies Act, 1956, this report is being sent to all the members of the company excluding the aforesaid information and the said particulars are made available at the registered office of the Company. The members desirous of obtaining such particulars may write to the Company Secretary at the registered office of the Company.

13. DIRECTOR'S RESPONSIBILITY STATEMENT:

Pursuant to the provisions of Section 217(2AA) of the Companies (Amendment) Act, 2000, the Directors hereby state and confirm that

- in the preparation of annual accounts, the applicable accounting standards have been followed.
- the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and a fair view of the state of affairs of the Company as at March 31, 2009 and the profit of the Company for the period ending on March 31, 2009.
- 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.
- the annual accounts have been prepared on a 'going concern' basis.

14. ACKNOWLEDGEMENT:

Your Directors record the appreciation of the goodwill and wholehearted support of the valued customers, shareholders, clients, vendors, dealers, distributors, and bankers throughout the year.

Your Directors wish to express their gratitude and record their sincere appreciation of the dedicated efforts of all the employees, their commitment and professionalism despite the challenging environment.

For and on behalf of the Board

Mumbai
Dated: July 18, 2009

K. R. NAIK
Chairman



Management Discussion and Analysis

INDUSTRY OVERVIEW

The Information Technology (IT) sector has played a vital role in carving a sturdy position for India on the global turf. However, the IT industry was not shielded from the downturn witnessed during the bygone fiscal. The Indian IT & ITeS market recorded growth rate of 10.2% during Financial Year 2008-09.

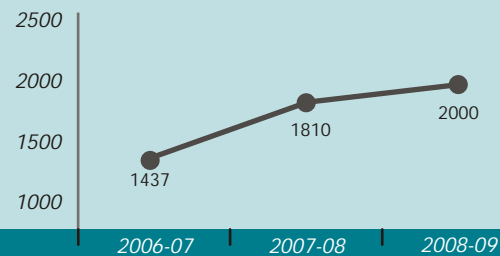
With changing times, the IT industry is demanding high-end, well-featured networking equipments to enhance efficiency. Consequently, the networking market is witnessing unprecedented growth. During the calendar year 2008, the networking segment registered a growth of 15%, to record a market size of US\$ 690 million. Further, the network security services registered a staggering 62% growth, in the bygone fiscal. Wireless technology infrastructure marked a growth rate of 39.9% in terms of revenues. Broadband infrastructure was estimated to be around Rs. 1,510 crore in FY 2007-08 which scaled up to Rs. 2,221 crore in FY 2008-09. The IP Telephony continued on an upward trajectory, registering a growth of 19%, through the fiscal under review. Furthermore, the network storage market also recorded impressive 25% growth, during FY 2008-09.

Despite the financial hiccup witnessed by the year under consideration, the Small and Medium Businesses (SMB) segment spent US\$ 1.04 billion on networking products, in Q1 2009 alone, up by 11% over the calendar year 2008. The India PC market recorded a 7% quarter-on-quarter growth in shipments in Q1 2009, over Q4 2008.

Growth in the enterprise equipment segment declined to reach 15.4% in FY 2008-09, as compared to 27% in FY 2007-08. Routers, modems and switches were the worst hit sectors within the enterprise equipment category. The growth rate of routers was up by 10.5% during FY 2008-09, as compared to 26% in the previous fiscal. The router market size reached Rs. 2,000 crore, up from Rs. 1,810.2 crore in FY 2007-08. Sectors such as, banking, financial services insurance, government and defense, retail, telecom/service providers and educational institutions have contributed consequentially towards the revenues of key players within the router segment of the industry. However, the moderate growth in the enterprise router segment is a result of the dearth of true application integration as well as secure and scalable platforms.

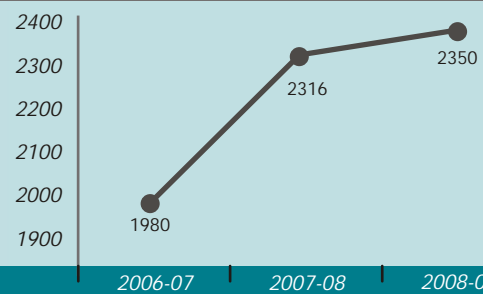
The switch segment of the industry is going through challenging times, in wake of the economic downturn. The sector registered a growth of 1.5%, recording a market size of Rs. 2,350 crore in FY 2008-09, as compared to Rs. 2,316 crore in FY 2007-08. On the other hand, the modem industry recorded a decline of 8.7%, from Rs. 390 crore in FY 2007-08 to Rs. 356 crore in FY 2008-09.

ROUTER MARKET SIZE (RS. IN CRORE)



Source: Voice & Data (2009)

SWITCH MARKET SIZE (RS. IN CRORE)



Source: Voice & Data (2009)

THE D-LINK ADVANTAGE

Equipped with D-Link (India) Limited consistently delivers wide-ranging solutions that have positioned it as a leader in India's networking marketplace. The Company offers a wide range of upmarket products, clearly standing out as a key player in the networking arena.

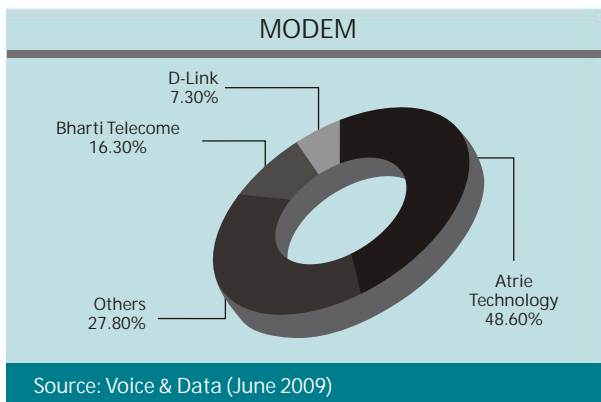
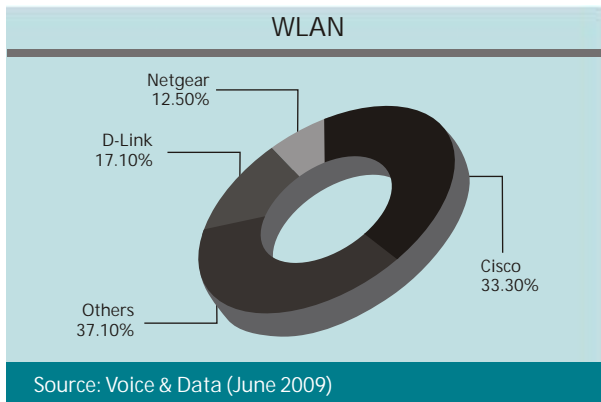
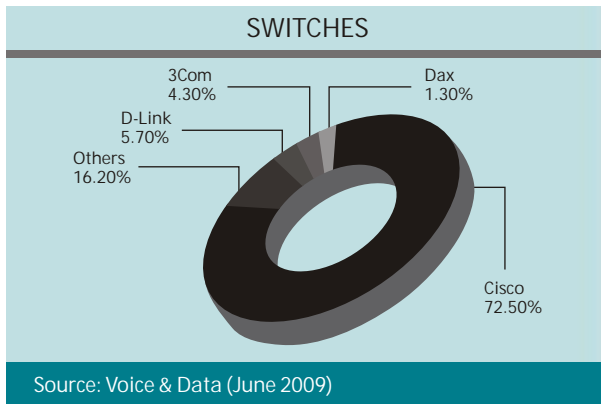
ACTIVE NETWORKING - PROJECT DRIVEN SOLUTIONS

D-Link's comprehensive networking solutions cater to a cross section of industries including education, healthcare, telecom and hospitality as well as government and other public sector bodies. Its solutions are geared towards providing flexible network infrastructure that can support progressive expansion. Secure from Internet and Intranet threats, these solutions help reduce costs without sacrificing performance or functionality. Incorporating these strategic value propositions, D-Link has segregated its market verticals into three focus areas:

Business Solutions

The Company develops need-based, relevant solutions for the Enterprise and SMB segments within the government, hospitality and education sectors. Its offerings under this category encompass green network solutions; secure and effective office networks for the SMBs as well as multi-building networks for scalable enterprises. All its solutions harbour significant energy and cost saving functionalities.

Management Discussion and Analysis (contd.)



Consumer Solutions

D-Link's consumer solutions comprise of digital home, easy portal, home server, security box, IP device integration and wireless routers. New products in the pipeline include ID housing, GiftBox and Wed UI. The Company is fast adapting its network-based products to suit its customer's lifestyle, styling them to be more user-friendly and not just be feature rich.

Service Provider Solutions

Under this category, the Company offers complex, high-

quality solutions such as Metro Network, Access Network, Premises Network and Home Entertainment.

In line with the changing market trends and customer requirements, D-Link is poised to deploy the latest technologies of 3G and Wimax to continue devising total communication solutions in the near future.

A COMPETITIVE PRODUCT PORTFOLIO

Leveraging its market know-how and experience, D-Link has developed an economical, competent and proficient product portfolio. The Company successfully meets the varying customer requirements through its variety of high-quality and effective networking solutions. Its comprehensive basket of products includes:

Switches

Accounting for 43.47% of switch market (port wise), D-Link has the largest market share within the switch space (according to IDC Report CY 08). The Company offers a wide range of products from unmanaged, managed and wireless to web smart switches that offer power, performance and reliability. Its award-winning xStack line of switches offers advanced enterprise-class features with PoE, 10 GB and scalable chassis.

Wireless Products

D-Link is an industry pioneer in the seamless convergence of cost-effective wireless networking. Its product portfolio includes indoor and external wireless as well as wireless switching.

Network Storage

The Company offers reliable advanced network data storage solutions for entry-level and SMB customers, with up to 15 Terabytes of space. Its 2000 and 3000 series of network storage products are ideal for video, e-mail or archived storage needs. Riding high on its technical proficiency, D-Link has successfully devised the award-winning "system on-a-chip" solution on an iSCSI platform.

Network Security

The Company has developed effective security features that cater to multiple platforms. By deploying D-Link products, administrators can

- Filter and block traffic, based on multiple criteria
- Authenticate internal and external user logins
- Safeguard against attacks on the switch CPU

xStack wireless APs offer a vast array of manageable security tools such as, support for advanced wireless encryption, rogue AP detection and centralised management. The Company has also developed NetDefend which are enterprise-class VPN and firewall security solutions.

IP Telephony

D-Link offers robust and expandable phone systems for single offices as well as campuses. The Company's product range includes VoIP, VoIP over Wi-Fi®, and Wi-Fi solutions. Its VoiceCenter provides next generation integrated VoIP and traditional landline services in one, easy-to-use voice activated system.

Management Discussion and Analysis (contd.)

IP Surveillance

Within the IP Surveillance range, D-Link furnishes cutting edge products to build an end-to-end solution for monitoring, managing bandwidth and storing images. The Company's product portfolio includes physical security products with IP camera surveillance systems. It offers remote video and audio monitoring, recording and pan/tilt/zoom features.

IN THE PIPELINE

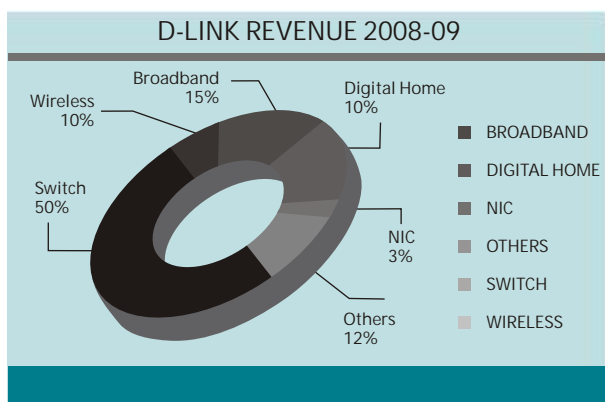
D-Link is planning to widen its product range by launching new technology services to offer rural connectivity. Furthermore, the Company also has plans to focus on 3G and Wimax services to deliver total communication solutions. It aspires to provide cost effective, competent and high bandwidth solutions by building wireless backbone infrastructure.

D-LINK GREEN

D-Link is one of the first companies to develop innovative, power-saving technology that does not sacrifice operational performance or functionality. The Company develops products utilising D-Link Green Technology to help preserve and protect the environment, with energy savings up to 80%.

D-Link has built a strong base for the development of green technology, recognising and delivering on its responsibility for business growth and meeting the needs of both, their customers as well as the environment. It has achieved noteworthy certifications such as ENERGY STAR and Hazardous Substance in Electrical and Electronic Equipment (RoHS) Regulation compliance. D-Link is the first networking company to have registered as ENERGY STAR partners, a global initiative to reduce greenhouse-gas emissions, ensuring that their power adapters now comply with strict energy-efficiency guidelines. Furthermore, the Company is armed with well established recycling facilities, embracing the EU's WEEE initiatives. In fact, D-Link's European Service Centre recycles 90% of its waste onsite.

The Company also has a uniquely designed system to test the resale potential of products which serves the dual purpose of reducing waste and offering cost-effective deals to its customers.



HUMAN RESOURCES

Today, D-Link is witnessing a momentous change in its business model to accelerate its journey towards its vision. Going beyond its traditional sphere of operation, the HR function has aligned itself to enable the Company to achieve its objectives. D-Link's competent HR forms the foundation for building the requisite skill-sets for tomorrow. The Company's focus is to create an agile organisation by accelerating performance across all business streams. Adopting the motto, 'Celebrating Work', its approach is concentrated on facilitating an effective talent shift. Consequently, existing intellectual pool is being groomed to assume higher responsibilities. It has also put in place, a structured framework to carry out an in-depth resource profiling.

The Company fosters a recognition culture through high-touch programs such as 'Appreciate' and 'Whale Done!' that enhance performance. Apart from strengthening its own organisational capability, its HR initiatives encourage continuous improvement and individual development aspirations through the D-Link Academy. Further, it is also leveraging the 'Ivy League' and the 'Rising Stars' as well as customising careers, based on business imperatives. Through programs such as, 'Unleashing the Power of You', the Company encourages its associates to shed limiting beliefs and soar high in this world of change.

The HR team is enhancing cross-functional competencies to ensure that all associates move up the value chain. This is achieved by implementing Threshold Certifications through the D-Link Academy and introducing programs such as "Genesis ... the dawn of a new beginning!". Such measures empower the participants to move outside the habitual thinking style, generate new ideas while resolving complicated issues and consequently, develop a more rounded perspective of any situation.

FINANCIAL REVIEW

During the financial year 2008-09, D-Link reported revenues of Rs. 1324.78 million. The Company grew in line with the industry, during the year. Key drivers for D-Link's top line growth are the focus on core products and strengthening of the channel business. The Company's bottom line growth was hit because of the exchange loss of Rs. 37.21 million.

Operating Profits, comprising Profit before Depreciation, Interest and Tax was at Rs. 76.16 million for the current period. Depreciation stood at Rs. 2.24 million, during the year under consideration.

D-Link recorded a cash profit of Rs. 74.21 million and Profit before Tax stood at Rs. 71.96 million in current period. The Net profit after Tax for the current year is at Rs. 48.51 million.

The name of the Company has been changed to D-Link India Limited from Smartlink Network Systems Limited with effect from 15th July, 2009. Hence, the audit report and financial statements appear in the name of Smartlink Network Systems Limited.

Internal Control Systems

D-Link's internal control systems and processes abide by the

Management Discussion and Analysis (contd.)

various relevant laws and regulations and industry standards. The Independent Chartered Accountants have been appointed, to monitor Internal Audit functions of the organisation.

Armed with a concrete business model, D-Link consistently focuses on deepening its prowess in a competitive marketplace. Consequently, proven risk management measures are an intrinsic part of the Company's functioning process.

TACKLING PRODUCT OBSOLESCENCE

D-Link's business harbours the inherent risk of rapid product obsolescence. The Company relies on its best-in-class R&D expertise of its parent Company to develop innovative solutions as a key to counter this challenge.

MAINTAINING OPTIMUM COSTS

D-Link is not shielded from the pressures of the surging raw commodity prices. As a pioneer in most of the products, the Company has built enviable economies of scale. As a result, it enjoys the purchasing power to counter escalating input costs.

OPPORTUNITIES AND OUTLOOK

With a reliable R&D set-up; state-of-the-art manufacturing capacities and extensive marketing network of D-Link Corporation Taiwan, D-Link is primed to make the most of the opportunities that lay ahead.

Charting a fast paced growth and offering handsome returns, the domestic IT industry appears lucrative. According to IDC reports, Indian IT/ITeS industry is expected to grow at a 13.9% CAGR, while the domestic market is projected to register a slightly higher CAGR at 15.8%, between 2008 and 2013. Export revenues appear impressive at a CAGR of 12.7% during 2008-13. This momentum is signalling the increasing focus of enterprises to build on the capacities in this sector.

According to AMI-Partners, Indian SMBs are gearing to spend US\$ 1.04 billion on networking products and services during FY 2009 which is up by 11% over FY 2008. The number of LAN-based businesses for the SMB sector in India is expected to see the marginal growth of 12% in FY 2009. This sector is also a major contributor to the expansion of the networking market.

EMERGING MARKET TRENDS

Wireless technologies such as 3G and WiMax, within the networking industry, are increasingly gaining popularity. Moreover, the sale of products such as wireless routers and WLAN is also gathering momentum in the marketplace. Today, WAN has grown to become a compelling need for banks, consumer entities, government and IT service companies. The advent of VoIP technology has further fuelled the growth of wireless network, leading to the development of hi-tech products such as, VoWLAN. The fact that wireless processes and products are cost-effective as well as quality-driven, has aided their wide market acceptance. Scoring high on its reliability quotient, wireless security is also gaining attention. Current market trends are IP communications,

wireless and collaborative applications, video network, intelligence and optimisations for web2.0. Ancillary markets such as wireless infrastructure are also reaping the benefits of a buoyant environment. Increased investments in the networking infrastructure segment are proving to be the sun shine for the shrinking switches market.

India's broadband subscriber base reached 6.2 mn by March 2009, as compared to 2.6 mn, during the previous year, indicating higher bandwidth usage growth. The escalating need of connectivity and the emergence of a new breed of high bandwidth intensive services, replacing traditional applications, is an opportunity for the growth of the market.

Swift at gauging market trends, D-Link is primed to milk the opportunity presented by the ever-evolving networking sector. The Company is planning to direct its focus towards the development of industry-based solutions for growing sectors such as government; hospitality and healthcare. Also on the anvil, it aims to tread a strategic path for capitalising on the growth of managed services, virtualisation and adoption of IP applications. The international proficiency of D-Link Corporation is expected to add in new methods, techniques and merge the global technologies to emerge as a leader in the active networking market. The Company's next generation products are focussed to provide core competence and cost-effective solutions to their customers.

CONVERGED COMMUNICATIONS

India has strongly witnessed the increased acceptance of IP technology and architecture. According to IDC reports, the unified communications market is expected to reach US\$ 1,200 mn with a strong CAGR of 25%. A major growth driver that affirms the success of IP technology is the high availability of bandwidth, with reduced costs and affordable VoIP solutions. Most of the multi-location organisations as well as mid-sized enterprises are adopting IP technology. The SMBs and mid-markets are proving to be the major industry drivers, with voice conferencing paving its way successfully. Furthermore, the future lies in 3G-enabled processes and tapping the mobile industry.

The dark shadows of recession have given rise to the acceptance of unified communications as a tool to lower travel expenses and also prove to be an eco-friendly system. Organisations are viewing unified communications as an opportunity to balance work life and freedom to work from home. Converged communication products are easily integrated with business applications and also provide access to mobility. This has enabled improved communication and collaboration across enterprises. D-Link is well-equipped with a robust unified communications portfolio to capitalise on the opportunities the future unfolds.



SMARTLINK NETWORK SYSTEMS LIMITED

Auditors' Report

To, the members of Smartlink Network Systems Limited

1. We have audited the attached Balance sheet of Smartlink Network Systems Limited, as at 31st March, 2009, the Profit and Loss account and the Cash Flow Statement for the period from 26th May, 2008 to 31st March, 2009 annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i. we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. 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 the books;
 - iii. the Balance sheet, Profit and Loss account and Cash-flow statement dealt with by this report are in agreement with the books of account;
 - iv. in our opinion, the Balance sheet, Profit and Loss account and Cash-flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - v. on the basis of written representations received from the directors, as on 31st March, 2009 and taken on record by the Board of Directors, we

report that none of the directors is disqualified as on 31st March, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

- vi. in our opinion and to the best of our information and according to the explanations given to us, the said accounts, read with the significant accounting policies and notes thereon, give the information required by the Companies Act, 1956, 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 31st March, 2009;
 - b) in the case of the Profit and Loss account, of the profit for the period from 26th May, 2008 to 31st March, 2009; and
 - c) in the case of the Cash-flow statement, of the cash-flows for the period from 26th May, 2008 to 31st March, 2009.

For Deloitte Haskins & Sells
Chartered Accountants

A. B. Jani
Partner

Mumbai
Dated: June 27, 2009

Membership no. 46488

SMARTLINK NETWORK SYSTEMS LIMITED

Annexure to the Auditors' Report (contd.)

Re: Smartlink Network Systems Limited

"(Referred to in paragraph 3 of our report of even date)"

- (i) The nature of the Company's activities during the year is such that the requirements of clauses (xiii) and (xiv) of paragraph 4 of the Order are not applicable.
- (ii) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) All the assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification;
- (c) The Company has not disposed off a substantial part of fixed assets during the period.
- (iii) (a) The inventories have been physically verified during the period by the management. In our opinion, the frequency of verification is reasonable;
- (b) The procedures of 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 is maintaining proper records of inventories and no material discrepancies were noticed on physical verification.
- (iv) The Company has not granted or taken any loans, to/ 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) (a) to (iii) (g) of paragraph 4 of the Order are not applicable to the Company.
- (v) 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 purchase of inventory and fixed assets and for sale of goods/services. During the course of our audit, we have not observed any continuing failure, to correct major weakness in such internal control system.
- (vi) (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into 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 or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vii) The Company has not accepted deposits from the public.
- (viii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
- (ix) According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 for any of the products of the Company.
- (x) (a) In our opinion and according to the information and explanations given to us, the Company has generally been regular in depositing 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 material statutory dues, where applicable, with the appropriate authorities;
- (b) According to the information and explanations given to us, there are no cases of non-deposit with the appropriate authorities of disputed dues of income tax/sales tax/ wealth tax/ service tax/ custom duty/ excise duty/ cess.
- (xi) The Company has no accumulated losses at the end of the financial period and it has not incurred cash losses in the financial period under report. This being the first financial period of the Company, the question of reporting on the immediately preceding financial year does not arise.



SMARTLINK NETWORK SYSTEMS LIMITED

Annexure to the Auditors' Report

- (xii) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks. The Company does not have borrowings from any financial institution and has not issued debentures.
- (xiii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xv) According to the information and explanations given to us, the Company has not obtained any term loan during the year and hence the question of commenting on application thereof does not arise.
- (xvi) According to the information and explanations given to us and on an overall examination of the Balance sheet of the Company, funds raised on short term basis have, prima facie, not been used during the year for long term investment.
- (xvii) According to the information and explanations given to us, 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.
- (xviii) The Company has not issued debentures, hence the question of creating security or charge in respect thereof does not arise.
- (xix) During the year, the Company has not raised money by public issue.
- (xx) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the financial year.

For Deloitte Haskins & Sells
Chartered Accountants

A. B. Jani
Partner

Mumbai
Dated: June 27, 2009

Membership no. 46488

SMARTLINK NETWORK SYSTEMS LIMITED

Balance Sheet

As at 31st March, 2009

	Schedule No.	Rupees	Rupees
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	60,009,700	
Reserves and surplus	2	599,470,903	
			659,480,603
Total			659,480,603
APPLICATION OF FUNDS			
Fixed assets	3		
Gross block		13,665,660	
Less: Depreciation		5,366,090	
Net block		8,299,570	
Capital Work-in-progress		698,500	8,998,070
Investments	4		271,574,082
Deferred tax asset (net)			3,322,780
Current assets, loans and advances			
Inventories	5	190,109,595	
Sundry debtors	6	231,966,664	
Cash and bank balances	7	500,000	
Loans and advances	8	91,723,175	
		514,299,434	
Less: Current liabilities and provisions			
Current liabilities	9	99,358,255	
Provisions	10	39,355,508	
		138,713,763	
Net current assets			375,585,671
Total			659,480,603
Significant Accounting Policies and Notes on Accounts	15		

As per our attached report of even date
For Deloitte Haskins & Sells
Chartered Accountants

A. B. Jani
Partner

For and on behalf of the Board

A. P. Chen
Director

K. R. Naik
Director

C. M. Gaonkar
Chief Financial Officer

Shrinivas Adkesar
Company Secretary

Mumbai, dated : June 27, 2009

Mumbai, dated : June 27, 2009



SMARTLINK NETWORK SYSTEMS LIMITED

Profit and Loss Account

For the period from 26th May, 2008 to 31st March, 2009

Schedule No.

Rupees

INCOME

Turnover		1,324,781,401
Other income	11	38,506,732
Increase in stocks of traded goods	12	83,465,429
Total		1,446,753,562

EXPENDITURE

Purchase of traded goods		1,098,261,852
Operating and other expenses	13	272,327,739
Depreciation		2,242,279
Interest and finance charges	14	1,957,652
Total		1,374,789,522

PROFIT BEFORE TAX

71,964,040

Provision for tax

- Current tax		20,500,000
- Deferred tax		956,763
- Fringe benefits tax		2,000,000

23,456,763

PROFIT AFTER TAX

48,507,277

Amount transferred pursuant to Scheme of Arrangement

(Refer Note no.3 of Schedule 15)

377,207,772

Amount available for appropriation

425,715,049

APPROPRIATIONS

Proposed dividend		30,004,850
Corporate dividend tax		5,184,299
Transferred to General reserve		4,860,000
Balance carried to Balance sheet		385,665,900

Earnings per share (Face value of Rs. 2/- per share)

Basic and Diluted

1.62

(Refer Note 10 of Schedule 15)

Significant Accounting Policies and Notes on Accounts

15

As per our attached report of even date
For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the Board

A. B. Jani
Partner

A. P. Chen
Director

K. R. Naik
Director

C. M. Gaonkar
Chief Financial Officer

Shrinivas Adkesar
Company Secretary

Mumbai, dated : June 27, 2009

Mumbai, dated : June 27, 2009

SMARTLINK NETWORK SYSTEMS LIMITED

Cash Flow Statement

For the period from 26th May, 2008 to 31st March, 2009

Rupees

Cash flows from financing activities	
Proceeds from issue of Equity Shares	500,000
Net cash from financing activities	500,000
Net increase in cash and cash equivalents	500,000
Cash and cash equivalents at the beginning of the period	-
Cash and cash equivalents at the end of the period	500,000

Notes:

- Components of cash and cash equivalents include cash, bank balances in current account as disclosed under Schedule 7 of the accounts.
- Pursuant to the Scheme of Arrangement, the business of the Company was carried out by D-Link (India) Limited in trust, till the Scheme became effective. Hence, there are no other cash flows in the Cash Flow Statement.
(Refer Note no.3 of Schedule 15)

As per our attached report of even date
For Deloitte Haskins & Sells
Chartered Accountants

A. B. Jani
Partner

Mumbai, dated : June 27, 2009

For and on behalf of the Board

A. P. Chen
Director

C. M. Gaonkar
Chief Financial Officer

Mumbai, dated : June 27, 2009

K. R. Naik
Director

Shrinivas Adkesar
Company Secretary



SMARTLINK NETWORK SYSTEMS LIMITED

Schedules Forming Part of the Accounts (contd.)

	Rupees	Rupees
SCHEDULE 1		
SHARE CAPITAL		
<u>Authorised</u>		
35,000,000 Equity Shares of Rs.2/- each (Refer Note no. 3 of Schedule 15)		70,000,000
<u>Issued, subscribed and paid-up:</u>		
250,000 Equity Shares of Rs.2/- each fully paid up	500,000	
Less: To be extinguished pursuant to the Scheme of Arrangement (Refer Note no. 3 of Schedule 15)	500,000	-
<u>Share Capital Suspense:</u>		
30,004,850 Equity Shares of Rs.2/- each fully paid-up to be allotted pursuant to the Scheme of Arrangement, by capitalisation of General Reserve (Refer Note no. 3 of Schedule 15)		60,009,700
Total		60,009,700
SCHEDULE 2		
RESERVES AND SURPLUS		
<u>Securities Premium Account</u>		
Amount transferred pursuant to the Scheme of Arrangement (Refer Note no. 3 of Schedule 15)		205,134,440
<u>General Reserve</u>		
Amount transferred pursuant to the Scheme of Arrangement (Refer Note no. 3 of Schedule 15)	63,820,263	
Less: Utilised on issue of Equity Shares pursuant to the Scheme of Arrangement (Refer Note no. 3 of Schedule 15)		60,009,700
Add: Transferred from Profit and Loss Account	4,860,000	
		8,670,563
Surplus in Profit and Loss account		385,665,900
Total		599,470,903

SMARTLINK NETWORK SYSTEMS LIMITED

Schedules Forming Part of the Accounts (contd.)

Nature of assets	Gross block				Depreciation		Net block	
	Transferred pursuant to Scheme of Arrangement	Additions	Deletions	As at 31st March, 2009	Transferred pursuant to Scheme of Arrangement	For the period	As at 31st March, 2009	As at 31st March, 2009
Tangible assets								
Electrical installations	823,810	-	-	823,810	259,564	39,131	298,695	525,115
Furniture, fittings and office equipment	2,719,988	895,738	-	3,615,726	792,106	281,296	1,073,402	2,542,324
Air conditioners	896,408	36,453	-	932,861	211,618	43,931	255,549	677,312
Computers	3,829,238	2,131,570	-	5,960,808	929,489	1,179,583	2,109,072	3,851,736
Vehicles	3,431,020	-	1,768,988	1,662,032	2,207,179	631,296	1,523,930	138,102
	11,700,464	3,063,761	1,768,988	12,995,237	4,399,956	2,175,237	5,260,648	7,734,589
Intangible assets								
Computer Software	670,423	-	-	670,423	38,400	67,042	105,442	564,981
Total	12,370,887	3,063,761	1,768,988	13,665,660	4,438,356	2,242,279	5,366,090	8,299,570
Capital Work-in-progress (including Capital Advances)								698,500
								8,998,070

Note

Refer Note no. 3 of Schedule 15



SMARTLINK NETWORK SYSTEMS LIMITED

Schedules Forming Part of the Accounts (contd.)

Rupees

SCHEDULE 4**INVESTMENTS**

Current investments (non-trade)

(i) In Mutual funds Units (unquoted)

2,571,395.73 units of Rs.10/- each in

HDFC Mutual Fund - Cash Management Fund - Saving Plan - Dividend

27,350,394

10,900,676.84 units of Rs.10/- in

Kotak Mutual Fund-Floater long term -Daily Dividend

109,876,642

13,431,883.95 units of Rs.10/- each in

ICICI Prudential Mutual Fund-Floating rate plan D-Daily Dividend- Reinvest

134,347,046

Total**271,574,082**

Note

Investments transferred pursuant to Scheme of Arrangement and sold during the period (Refer Note no. 3 of Schedule 15)

SCHEDULE 5**INVENTORIES**

Traded goods

190,109,595

Total**190,109,595****SCHEDULE 6****SUNDRY DEBTORS (Unsecured)**

Debts outstanding for a period exceeding six months

11,495,416

Other debts *

229,280,950

240,776,366

Less: Provision

8,809,702

Total**231,966,664**

Notes

(a) Considered good

231,966,664

Considered doubtful

8,809,702

240,776,366

(b) * Includes amounts in respect of which the Company holds deposits

10,515,789

SMARTLINK NETWORK SYSTEMS LIMITED

Schedules Forming Part of the Accounts (contd.)

Rupees

SCHEDULE 7CASH AND BANK BALANCES

Cash on hand	600
Balances with scheduled banks	
- In current accounts	499,400
Total	500,000

SCHEDULE 8LOANS AND ADVANCES

(Unsecured)

Advances recoverable in cash or in kind or for value to be received (Refer Note no. 2 of schedule 15)	85,019,024
Deposits	7,189,400
Advance payment of taxes (net)	-
	92,208,424
Less : Provision	485,249
Total	91,723,175

SCHEDULE 9CURRENT LIABILITIESSundry creditors

- Total outstanding dues of micro enterprises and small enterprises	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	82,206,358
	82,206,358
Other liabilities	17,151,897
Total	99,358,255

SCHEDULE 10PROVISIONS

For Income tax (net of payments)	500,000
For Fringe benefits tax (net of payments)	-
For Proposed dividend	30,004,850
For Corporate dividend tax	5,184,299
For Gratuity	2,406,175
For Leave encashment	1,260,184
Total	39,355,508



SMARTLINK NETWORK SYSTEMS LIMITED

Schedules Forming Part of the Accounts (contd.)

	Rupees	Rupees
SCHEDULE 11		
OTHER INCOME		
Interest on delayed payments, etc.		4,787,056
Duty drawback		12,763,590
Dividend on current investments (non-trade)		9,783,274
Provision for doubtful debts written back		7,720,210
Provision for Diminution in current investment written back		2,457,170
Miscellaneous income		995,432
Total		38,506,732
SCHEDULE 12		
INCREASE IN STOCKS OF TRADED GOODS		
Closing Stock		190,109,595
Less: Transferred pursuant to the Scheme of Arrangement (Refer Note no. 3 of Schedule 15)		106,644,166
Increase		83,465,429
SCHEDULE 13		
OPERATING AND OTHER EXPENSES		
Payments to and provisions for employees :		
Salaries, wages and bonus	79,627,021	
Contribution to provident and other funds	871,345	
Staff welfare expenses	1,802,640	
Gratuity	486,568	
Leave encashment	781,300	
		83,568,874
Logistic support services and management fees		27,013,548
Sales and customer support services		15,101,147
Power and fuel		2,145,021
Rent		10,820,740
Operating lease rentals		222,780
Rates and taxes		137,291
Insurance		1,884,196
Repairs and maintenance		
Office premises	1,307,724	
Others	1,613,641	
		2,921,365

SMARTLINK NETWORK SYSTEMS LIMITED

Schedules Forming Part of the Accounts (contd.)

Rupees

Travelling and conveyance expenses	12,347,770
Communication expenses	5,181,994
Advertisement and sales development expenses	14,797,506
Commission on sales	1,345,015
Servicing expenses	8,655,159
Loss on sale of fixed assets	353,077
Loss on sale of Current investments	948,818
Provision for doubtful debts and advances	4,268,841
Exchange loss (net)	37,209,612
Sundry balances written off	58,715
Legal and professional fees	19,618,924
Bad debts written off	5,563,424
Miscellaneous expenses *	18,163,922
Total	272,327,739

* Includes Printing and stationery, Bank charges, Audit fees etc.

SCHEDULE 14**INTEREST AND FINANCE CHARGES**

On security deposits from dealers	858,925
On short term loans from banks	982,538
On others	116,189
Total	1,957,652

SCHEDULE 15**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS****A SIGNIFICANT ACCOUNTING POLICIES****Basis of preparation of financial statements**

The accounts have been prepared to comply in all material aspect with applicable principles in India, the Accounting Standards notified in the Companies (Accounting Standard) Rules 2006 and the relevant provisions of the Companies Act, 1956.

Use of estimates

The preparation of financial statements, in conformity with the generally accepted accounting principles, requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reported year. Differences between the actual results and estimates are recognised in the year in which the results are known/materialised.

Fixed assets**i) Tangible assets**

Tangible fixed assets are carried at cost of acquisition or construction less accumulated depreciation and impairment loss, if any.



SMARTLINK NETWORK SYSTEMS LIMITED

Schedules Forming Part of the Accounts (contd.)

ii) Intangible assets

Intangible assets are stated at cost less accumulated amortisation. Computer software is amortised over a period of ten years.

Depreciation

Depreciation is provided on the straight line basis at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956, except Motor vehicles and Computers which are depreciated over a period of five and four years respectively.

Impairment loss

At the end of each accounting period, the Company determines whether a provision should be made for impairment loss on fixed assets by considering the indications that an impairment loss may have occurred in accordance with Accounting Standard 28 on "Impairment of Assets". An impairment loss is charged to the Profit and Loss account in the period in which, an asset is identified as impaired, when the carrying value of the asset exceeds its recoverable value. The impairment loss recognised in the prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

Investments

Current investments are carried at lower of cost and fair value. Long term investments are carried at cost. However, when there is a decline, other than temporary, the carrying amount is reduced to recognize the decline.

Inventories

Traded goods are valued at lower of cost and net realisable value, on weighted average basis.

Revenue recognition

Revenue (income) is recognized when no significant uncertainty as to determination/ realization exists.

Employee Benefits

- i. Provident fund liability is determined on the basis of contribution as required under the statute/ rules.
- ii. Provision for Gratuity is made on actuarial valuation done as at the year end.
- iii. Provision for Leave Encashment is made on actuarial valuation done as at the year-end.

Foreign currency transactions

Transactions in foreign currencies are recorded at the original rates of exchange in force at the time the transactions are effected.

In case of forward exchange contracts or other financial instruments that is in substance a forward exchange contract, other than for trading or speculation purposes, the premium or discount arising at the inception of the contract is amortised as expense or income over the life of contract.

Gains / losses on settlement of transactions arising on cancellation / renewal of forward exchange contracts are recognised as income or expense.

At the year-end, monetary items denominated in foreign currency and the relevant foreign exchange contracts are reported using the closing rate of exchange. Exchange difference arising thereon and on realization / payments of foreign exchange are accounted as income or expenses in the relevant year.

Borrowing costs

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

SMARTLINK NETWORK SYSTEMS LIMITED

Schedules Forming Part of the Accounts (contd.)

Taxes on income

Tax expense comprises of current tax, deferred tax and fringe benefits tax. Current tax is measured at the amount expected to be paid to/ recovered from the tax authorities, using the applicable tax rates. Deferred tax assets and liabilities are recognised for future tax consequences attributable to timing differences between taxable income and accounting income that are capable of reversal in one or more subsequent years and are measured using relevant enacted tax rates. The carrying amount of deferred tax assets at each Balance sheet date is reduced to the extent that it is no longer virtually certain that sufficient future taxable income will be available against which the deferred tax asset can be realized. Fringe benefits tax is recognized in accordance with the relevant provisions of the Income-tax Act, 1961 and the Guidance Note on Fringe Benefits Tax issued by the Institute of Chartered Accountants of India.

Contingent Liability

These, if any, are disclosed in the notes on accounts. Provision is made in the accounts if it becomes probable that an out flow of resources embodying economic benefits will be required to settle the obligation.

SCHEDULE 15

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

B. NOTES ON ACCOUNTS

Rupees

- | | | |
|---|--|------------|
| 1 | Estimated amount of contracts remaining to be executed on capital account and not provided for | 1,021,896 |
| 2 | Contingent liabilities, in respect of Custom duty paid under protest. The same is included under advances recoverable in cash or in kind in Schedule 8 pending resolution of the dispute.

The trading material/software imported are subjected to different rates of customs duty based on classification under respective Tariff Head. The Customs department has objected to the classifications adopted for certain items and has demanded additional duty for the same. The differential duty has been paid under protest. | 10,737,136 |
| 3 | The Company was incorporated on 26th May, 2008 with the object of carrying on the business of sales and marketing of active networking products.

Pursuant to the Scheme of Arrangement (Scheme) entered into by D-Link (India) Limited (D-Link) with the Company, the 'Marketing Business' of D-Link, consisting of marketing and selling of "D-Link" branded active networking products etc. was transferred to the Company with effect from 1st April, 2008, the Appointed Date.

The said Scheme, under section 391 to 394 of the Companies Act, 1956, has been approved by the Hon'ble High Court of Judicature of Bombay at Goa, vide its Order dated 27th February, 2009.

The Scheme provides, inter alia, the transfer of the Marketing Business of D-Link on a going concern basis to the Company in consideration for which, each shareholder of D-Link whose name appears in the Register of Members of D-Link on the record date, shall receive one fully-paid Equity Share, of the face value Rs 2/- each in the Company, aggregating to 30,004,850 Equity Shares of Rs.2/- each.

The Scheme provides that it shall become effective upon satisfaction of the conditions set out in the Scheme therein, including receipt of necessary approvals from Government Authorities. Accordingly, upon receipt of the requisite approvals, as aforesaid, the Effective Date of the Scheme was 10th June, 2009.

As an integral part of the scheme, upon the effective date, the Authorised Share Capital of the Company shall stand enhanced to Rs.70,000,000/- divided into 35,000,000 Equity Shares of Rs.2/- each.

As an integral part of the Scheme, upon the Effective Date, 2,50,000 Equity Shares of the face value Rs. 2/- aggregating to Rs.500,000/- held by the existing shareholders in the Company shall be extinguished and the amount paid thereon shall be refunded to each of the said shareholders and the paid up Equity Share Capital of the Company shall stand reduced accordingly.

The reduction of Share Capital shall be undertaken in accordance with provisions of Sections 100 to 103 of the Act and the | |



SMARTLINK NETWORK SYSTEMS LIMITED

Schedules Forming Part of the Accounts (contd.)

Order of the High Court sanctioning the Scheme shall be deemed to be also the Order under Section 102 of the Act for the purpose of confirming the reduction.

In accordance with the Scheme, the following have been given effect to in the books of account of the Company:

Details of Assets, Liabilities and Reserves and Surplus accounted in the books - with effect from 1st April 2008:

	Amount in Rupees
FIXED ASSETS	
Gross block	12,370,887
Less: Depreciation	4,438,356
Net block	7,932,531
Investments	361,465,047
Deferred Tax Assets	4,279,543
Current assets, loans and advances	
Inventories	106,644,166
Sundry debtors	267,313,845
Loans and advances	36,472,489
Total - Current Assets	410,430,500
TOTAL ASSETS (A)	784,107,621
Current liabilities and provisions	
Current liabilities	134,567,311
Provisions	2,630,917
Total - Current Liabilities and Provisions	137,198,228
Loan funds	
Unsecured loans	746,918
TOTAL LIABILITIES (B)	137,945,146
	TOTAL (A - B)
	646,162,475
Reserves and Surplus:	
Securities Premium Account	205,134,440
General Reserve	63,820,263
Surplus in Profit and Loss account	377,207,772
	TOTAL
	646,162,475

D-Link carried on the business of the Company for the period from the Appointed Date to the Effective Date, in trust as per the requirements of the Scheme.

The Scheme further provides that, as an integral part of the Scheme, the foreign promoters of D-Link viz. D-Link Holding Mauritius Inc. shall swap 7,216,166 Equity Shares of Rs. 2/- each in the Company held by Mr. K. R. Naik and his family members, the Indian promoters of D-Link, in exchange for: (i) 10,898,497 Equity shares of Rs. 2/- each held by D-Link Holding Mauritius Inc. in D-Link; and (ii) the payment of an additional cash consideration of USD 5,000,000 by D-Link Holding Mauritius to Mr. K. R. Naik and his family members.

Upon the swap of shares as above, and subject to receipt of necessary approvals, per the Scheme, D-Link shall be re-named as "Smart Link Network Systems Limited" and the Company shall be re-named as "D-Link (India) Limited".

SMARTLINK NETWORK SYSTEMS LIMITED

Schedules Forming Part of the Accounts (contd.)

Rupees

4.	Payment to Auditors	
a.	As Auditors	895,000
b.	As adviser or in any other capacity in respect of:	
(i)	Taxation matters	100,000
c.	For Other matters	325,000
d.	For Expenses	34,872
e.	For Service tax	139,565
	Total	1,494,437
5.	Managerial Remuneration under section 198 of the Companies Act, 1956, paid to a Director	
	Service and Advisory Charges	3,426,400
6.	The disclosure as required under AS-15 regarding the company's defined benefit plan is as follows:	
I.	Reconciliation of opening and closing balances of Defined Benefit obligation	Gratuity (unfunded)
	Defined Benefit obligation transferred pursuant to Scheme of Arrangement (refer note no. 3 of schedule 15)	1,919,607
	Current Service Cost	814,249
	Interest Cost	153,569
	Actuarial (gain) / loss	(481,250)
	Benefits paid	-
	Settlement cost	-
	Defined Benefit obligation at period end	2,406,175
II	Reconciliation of fair value of assets and obligations	Gratuity (unfunded)
	Present value of obligation as at 31st March, 2009	2,406,175
	Fair value of plan assets as at 31st March, 2009	-
	Amount recognized in Balance Sheet	(2,406,175)
III	Expense recognized during the period (Under the head "Payments to and Provisions for Employees" - Refer Schedule 13)	Gratuity (Unfunded)
	Current Service Cost	814,249
	Interest Cost	153,569
	Expected return on plan assets	-
	Actuarial (gain) / loss	(481,250)
	Net Cost	486,568
IV	Actuarial assumptions	Gratuity
	Discount rate (per annum)	7%
	Expected rate of return on plan assets (per annum)	NA
	Rate of escalation in salary (per annum)	6%
	Employee Attrition Rate	5%



SMARTLINK NETWORK SYSTEMS LIMITED

Schedules Forming Part of the Accounts (contd.)

- V The assumptions of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment.
- VI This being the first period of operations of the Company, the question of disclosure pertaining to the amount of the present value of the obligation, experience adjustments arising on plan liabilities for the previous four annual periods does not arise.
- VII The contributions expected to be made by the Company during the financial year 2009-10 have not been ascertained.
- VIII The disclosure as required under AS-15 regarding the Company's defined contribution plans is as follows:
- i) Contribution to provident fund Rs.8,57,199/-.

- 7 Additional information pursuant to the provisions of paragraphs 3, 4C and 4D of part II of schedule VI to the Companies Act, 1956:

	Quantity (nos.)	Value Rupees
a. <u>Turnover</u>		
Networking products	773,010	1,324,781,401
b. <u>Traded goods</u>		
(networking products)		
Transferred pursuant to Scheme of Arrangement (Refer note 3 of schedule 15)	97,504	106,644,166
Closing stock	112,216	190,109,595
Purchases	787,722	1,098,261,852
c. <u>C.I.F. value of goods imported</u>		
Traded goods		794,082,200
d. <u>Expenditure in foreign currency</u>		
Travelling expenses		324,495
Others		108,137
e. <u>Earnings in foreign exchange</u>		
F.O.B. value of exports		92,104,174

- 8 The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosure requirement in this regard as per the Schedule VI of the Companies Act, 1956 is given accordingly.

SMARTLINK NETWORK SYSTEMS LIMITED

Schedules Forming Part of the Accounts (contd.)

9 The tax effect of significant timing differences that has resulted in deferred tax assets and liabilities are given below:

Rupees

a.	Deferred Tax Liability	
	Depreciation	(917,833)
	Total	(917,833)
b.	Deferred Tax Asset	
	Provision for doubtful debts	2,994,417
	Others	1,246,196
	Total	4,240,613
	Deferred Tax Asset (net)	3,322,780
10	Earnings per share is calculated by dividing the profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the period, as under:	
	Profit attributable to equity shareholders (Rupees)	48,507,277
	Number of Equity Shares outstanding at the beginning of the period	250,000
	Number of Equity Shares to be extinguished pursuant to scheme of arrangement	(250,000)
	Number of Equity Shares to be issued pursuant to scheme of arrangement	30,004,850
	Basic/ diluted earnings per share (Rupees)	1.62
	Nominal value per share (Rupees)	2.00

11 a) The Company enters into foreign exchange forward contracts to offset the foreign currency risk arising from the amounts denominated in currencies other than the Indian rupee. The counter party to the Company's foreign currency forward contracts is generally a bank. These contracts are entered into to hedge the foreign currency risks of firm commitments.

The following are the outstanding forward exchange contracts entered into by the company

Currency	Amount Outstanding at year end in Foreign currency	Amount Outstanding at year end in Rupees	Exposure to Buy / Sell
US Dollar	110,000	5,579,200	Buy

b) The period end foreign currency exposures that have not been specifically hedged by a derivative instrument or otherwise are given below:

Amount receivable in foreign currency on account of the following:

		In foreign Currency	In Rupees
Debtors	USD	606,667	30,758,034
Loans and Advances	USD	19,929	851,445



SMARTLINK NETWORK SYSTEMS LIMITED

Schedules Forming Part of the Accounts (contd.)

Amount payable in foreign currency on account of the following:

	In foreign Currency		In Rupees
Creditors	USD	1,148,015	60,250,127
	EUR	29,994	

c) Amount of exchange differences included in the Profit and Loss account

	Rupees
Exchange gain	21,976,050
Exchange loss	59,185,662

12 Investments transferred pursuant to Scheme of Arrangement and sold during the period

	Rupees	
	Units	Amount
Units in Mutual funds		
Units in HSBC Mutual fund		
HSBC Liquid plus-Inst-Daily Dividend	5,312,110.355	53,187,505
Units in Prudential Mutual Fund		
ICICI Prudential -Flexible Income Plan Dividend - Daily Dividend	3,379,241.050	35,730,405
ICICI Prudential IFMP Series 39-Six Months Plan A Retail Dividend -Pay Dividend	1,000,000.000	10,000,000
ICICI Prudential -GILT Fund-Investment Plan-Dividend Reinvest	2,728,252.711	31,857,162
Units in Kotak Mahindra Mutual Fund		
Kotak Flexi Debt Scheme - Daily Dividend	2,369,656.093	23,770,258
Kotak Bond (Short Term) - Monthly Dividend	2,074,019.635	20,789,467
Kotak Bond (Regular) -Qrtly Dividend	2,189,893.416	24,097,839
Units in UTI Mutual Fund		
UTI-Liquid Plus Fund Institutional Plan (Daily Dividend option) - Re-investment	105,087.233	105,107,471
Units in Lotus Mutual Fund		
Lotus India Quarterly Interval Fund - Plan C - Dividend	1,273,682.402	12,738,681
Lotus India Liquid Plus Fund-Institutional Daily Dividend	1,578,701.691	15,811,802
Units in HDFC Mutual Fund		
HDFC FMP 181D December 2007 (VI) Wholesale Plan-Dividend Payout	1,000,000.000	10,000,000
Units in Tempelton Mutual Fund		
Templeton Fixed Horizon Fund Series II-Plan A -Institutional - Growth	2,000,000.000	20,000,000

SMARTLINK NETWORK SYSTEMS LIMITED

Schedules Forming Part of the Accounts (contd.)

13 Lease transactions

Operating leases

The company has taken premises / vehicles on cancellable operating lease basis. The tenure of the agreement ranges from 33/60 months. There are no renewal or purchase options and escalation clauses in these agreements.

The lease rentals for the year charged to revenue are Rs. 222,780/-.

14 Related party disclosures

List of related parties with whom transactions have taken place during the period and nature of relationship

Name of the related parties	Nature of relationship
Mr. Kamalaksha R. Naik	Key management person
Mr. Jangoo Dalal (upto 30th March 2009)	Key management person
D-Link (India) Ltd	Enterprise over which key management person and his relatives are able to exercise significant influence.

<u>Details of Related party transactions</u>	Enterprise over which key management person and his relatives are able to exercise significant influence	In Rupees Key management person
Logistic support services and management fees	27,013,548	-
Sales and customer support services	15,101,147	-
Service and Advisory Charges	-	3,426,600
<u>As at the year end</u>		
Amount due to	-	3,426,600
Amount due from	13,803,065	-

Note

There is no provision for doubtful debts or amount written off or written back for debts due from related parties.

15 Segment information

(A) Segment information for primary reporting (by business segment)

The Company has its operations in marketing and distributing networking products. These networking products are sold to distributors, Original Equipment Manufacturers (OEM's) and System Integrators (SI). The primary reporting segment for the Company, therefore, is the business segment, viz., networking products.



SMARTLINK NETWORK SYSTEMS LIMITED

Schedules Forming Part of the Accounts (contd.)

B) Segment information for secondary segment reporting (by geographical segments)

The secondary reporting segment for the Company is the geographical segment based on location of customers, which is as follows:

- i) Domestic
- ii) Export

Information about secondary segments

Particulars	Domestic	Exports	Unallocated	Total
Revenues from external customers (net)	1,232,837,197	91,944,204	-	1,324,781,401
Segment assets	492,039,470	30,758,034	275,396,862	798,194,366
Additions to fixed assets during the period	3,762,261	-	-	3,762,261

16 The Company was incorporated on 26th May, 2008 and this being the First Financial Period of operations of the Company, there are no figures for the previous year.

Signatures to Schedules 1 to 15

As per our attached report of even date
For Deloitte Haskins & Sells
Chartered Accountants

A. B. Jani
Partner

Mumbai, dated : June 27, 2009

For and on behalf of the Board

A. P. Chen
Director

K. R. Naik
Director

C. M. Gaonkar
Chief Financial Officer

Shrinivas Adkesar
Company Secretary

Mumbai, dated : June 27, 2009

SMARTLINK NETWORK SYSTEMS LIMITED

Schedules Forming Part of the Accounts (contd.)

Schedule 15**Significant accounting policies and notes on accounts****B. Notes on accounts -cont-****Balance sheet abstract and Company's general business profile****I. Registration details**

Registration no.

						5	7	7	5
--	--	--	--	--	--	---	---	---	---

Balance sheet date

						3	1	0	3	0	9
--	--	--	--	--	--	---	---	---	---	---	---

State code

										2	4
--	--	--	--	--	--	--	--	--	--	---	---

II. Capital raised during the year

Public issue

										N	I	L
--	--	--	--	--	--	--	--	--	--	---	---	---

Bonus issue

										N	I	L
--	--	--	--	--	--	--	--	--	--	---	---	---

Other (Pursuant to the Scheme of Arrangement)

						6	0	0	0	9	7	0	0
--	--	--	--	--	--	---	---	---	---	---	---	---	---

Rights issue

										N	I	L
--	--	--	--	--	--	--	--	--	--	---	---	---

Private placement

										N	I	L
--	--	--	--	--	--	--	--	--	--	---	---	---

III. Position of mobilisation and deployment of funds

Total liabilities

						7	9	8	1	9	4	3	6	6
--	--	--	--	--	--	---	---	---	---	---	---	---	---	---

Sources of funds

Paid-up capital

						6	0	0	0	9	7	0	0
--	--	--	--	--	--	---	---	---	---	---	---	---	---

Share application money

														N	I	L
--	--	--	--	--	--	--	--	--	--	--	--	--	--	---	---	---

Unsecured loans

														N	I	L
--	--	--	--	--	--	--	--	--	--	--	--	--	--	---	---	---

Application of funds

Net fixed assets

							8	9	9	8	0	7	0
--	--	--	--	--	--	--	---	---	---	---	---	---	---

Net current assets

						3	7	5	5	8	5	6	7	1
--	--	--	--	--	--	---	---	---	---	---	---	---	---	---

Accumulated losses

																N	I	L
--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	---	---	---

Total assets

						7	9	8	1	9	4	3	6	6
--	--	--	--	--	--	---	---	---	---	---	---	---	---	---

Reserves and surplus

						5	9	9	4	7	0	9	0	3
--	--	--	--	--	--	---	---	---	---	---	---	---	---	---

Secured loans

																N	I	L
--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	---	---	---

Net Deferred tax liability

							3	3	2	2	7	8	0
--	--	--	--	--	--	--	---	---	---	---	---	---	---

Investments

						2	7	1	5	7	4	0	8	2
--	--	--	--	--	--	---	---	---	---	---	---	---	---	---

Miscellaneous expenditure

																	N	I	L
--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	---	---	---

IV. Performance of the Company

Turnover

						1	4	4	6	7	5	3	5	6	2
--	--	--	--	--	--	---	---	---	---	---	---	---	---	---	---

+ (-) Profit/ (loss) before tax

							7	1	9	6	4	0	4	0
--	--	--	--	--	--	--	---	---	---	---	---	---	---	---

Earnings per share (Rupees)

Refer note 10 of schedule 15

Total expenditure

						1	3	7	4	7	8	9	5	2	2
--	--	--	--	--	--	---	---	---	---	---	---	---	---	---	---

+ (-) Profit/ (loss) after tax

							4	8	5	0	7	2	7	7
--	--	--	--	--	--	--	---	---	---	---	---	---	---	---

Dividend %

																		5	0
--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	---	---

V. Generic names of three principal products/ services of the Company (as per monetary terms)

Item code no. (ITC code)

						8	4	7	1	8	0	.	0	0
--	--	--	--	--	--	---	---	---	---	---	---	---	---	---

Product description

N	E	T	W	O	R	R	I	N	G	P	R	O	D	U	C	T	S
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

For and on behalf of the Board

A. P. Chen
Director

C. M. Gaonkar
Chief Financial Officer

K. R. Naik
Director

Shrinivas Adkesar
Company Secretary

Mumbai, dated : June 27, 2009



CORPORATE HEADQUARTERS

Mumbai

SALES/SERVICE OFFICES

Pune
Goa
Ahmedabad
Jaipur
Kochi
Bangalore
Chennai
Hyderabad
Bhubaneswar
Kolkata
Bhopal
Chandigarh
New Delhi
Lucknow
Guwahati
Jamshedpur

DISTRIBUTORS OFFICES

Pune
Mumbai
Nasik
Goa
Ahmedabad
Jaipur
Kochi
Bangalore
Chennai
Hyderabad
Bhubaneswar
Kolkata
Bhopal
Chandigarh
New Delhi
Lucknow
Guwahati
Jamshedpur
Indore
Nagpur
Raipur
Kathmandu
Patna
Colombo
Dhaka
Thimpu

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