

**D-Link (India) Limited**

Annual Report 2010-11



**D-Link<sup>®</sup>**  
Building Networks for People



## **D-Link Corporation Celebrates 25<sup>th</sup> Years of Technology and Innovation**

Founded in 1986, over the past 25 years, D-Link Corporation has grown and evolved as a major player in the networking industry. D-Link networking technology now surrounds us, enriching our homes and businesses, connecting us to the most important people in our lives. Today, D-Link stands ready to meet the demands of consumers and businesses with a broad range of products that are reliable, affordable and easy to use. D-Link is proud to offer advanced technology and practical innovations for the future.

D-Link (India) Limited is a part of D-Link Corporation engaged in Marketing and Distribution of D-Link branded Networking products in India and SAARC Countries.



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#### 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 realized, 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 materialize 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.

## Letter from Chairman



**A.P. Chen**, *Chairman*

### **Dear Fellow Stakeholders,**

Two years ago, we had taken a bold step by de-merging our former joint venture company and embarking on a solitary journey.

In these two years, the Indian networking market has been challenging and intensely competitive nevertheless, we have shown our determination and are indeed committed to going all the way to being all that we can be in this most promising of geographies. In that endeavour, we have the power of the multinational D-Link Corporation behind us, with its global footprint across more than 130 countries, and the established equity of this world-class brand in networking and communications.

## The fast track to recovery

In India's speedy ongoing recovery from the global recessionary slump, the IT sector has played a key role. In particular, the networking products segment has been in the forefront of renewed growth. This growth continues to gain momentum, driven by increasing broadband deployment, rising PC populations, and new product innovation.

Enterprise networking in particular is increasingly being recognized as a critical enabler of productivity and cost-control; more and more companies are accordingly making significant budgetary allocations for networking solutions, with the prospect of generating growth at CAGR as high as 15%, to reach US\$ 1.7 billion in 2012.

Another positive dynamic is the Indian Government's mission to bring the benefits of IT to all strata of society, across various population demographics. Coupled with that, we observe renewed growth in the key verticals of a growing global economy: namely Telecom, Infrastructure, Manufacturing, Banking, Financial Services, Insurance, Education, Retail, Hospitality and Aviation. Networking forms an integral part of their development, auguring well for the future of major players in the industry.

## End-to-end in meeting all ends

On this journey, we are excellently equipped with exactly the right mix of technologies, offerings, market presence, and repute both global and local. With our established status as a trusted end-to-end solutions provider, our acceptance cuts across all verticals. Just as importantly, our inherent design-and-development capability makes us uniquely responsive to the changing needs and expectations of our diverse customers, in a variety of application areas – Networking, Broadband, Digital Electronics, Voice/Data/Video Communications solutions. These capabilities are at the service of a broad market base, from individuals through Small

Office/Home Office set-ups, all the way to SMBs and large enterprises.

We are just as innovative in making our presence felt in the marketplace. With a year-round schedule of advertising, promotions, road shows, special programs and news events, we are constantly in the public eye. Our channel partners too play an invaluable role in extending our reach and visibility across the market.

## Present needs and distant horizons

Our growth strategy, as always, is two-fold: serving the needs of our varied market constituencies with ever-improving products and ever-widening choice; and developing solutions with an eye to distant trends and future scenarios, so as to be well prepared. For example, given the immense potential of Wi-Fi and 3G, we are putting together a portfolio of offerings for their eventual dominance in networking. We also have a number of products in our global line-up which are poised for launch in India.

In other words, we are well prepared for whatever may lie ahead along the road. Taking pleasure in new scenarios and circumstances is one of the delights of traveling, for those of an adventurous spirit: as indeed we have shown ourselves to be the world over, in our role of not only welcoming change, but stimulating and enabling it.

I would like to thank all our shareholders, customers, bankers, channel partners, vendors and employees and look forward to their continued support to take D-Link (India) to new heights of success.

Thank you,

Yours Sincerely,

**A.P. Chen**  
Chairman

## D-Link Corporation

It is D-Link's strength as a true designer and planner of networking equipment that makes it a worldwide leader.

### Company Overview

Founded in 1986, D-Link is a global leader in the design, manufacture and marketing of advanced networking, Broadband, Digital, Voice and Data Communications solutions.

Following our company motto, "Building Networks for People", 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.

D-Link's core competency is in Ethernet connectivity. In fact, we are the global leader in providing network connectivity solutions to small and medium-sized business. From the beginning, D-Link engineers have researched, designed and manufactured innovative, standards-based networking solutions. We sell our state-of-the-art hardware at the best prices. Price may be the deciding factor for many new customers, but D-Link innovation, reliability and service keeps them loyal year after year.

A major contributor to our success is our established and expanding network of global distribution and delivery channels that brings products to more than 70 countries every day. We do more than meeting the growing demand for computer networking and communications solutions - we fuel it. Our development of global distribution channels in more than 130 countries has resulted in double-digit growth every year for 20 years.



## D-Link Corporation

## Global Presence

D-Link Corporation headquarter is located in Taipei, Taiwan, Republic of China. More than 90 global offices serve North America, Asia and Europe, including the North American headquarters in Fountain Valley, California. D-Link maintains strategic operations in Canada, the United Kingdom, Germany, France, Spain, Italy, Greece, Turkey, Sweden, Norway, the Netherlands, Denmark, Finland, Russia, Israel, the Middle East, South Africa, Chile, Australia, Japan, Vietnam, Singapore, China, India and other countries on five continents.

## Innovation Leader

Our engineers have been key contributors to the development of the rapidly expanding home and business networking environment. D-Link has been awarded patents and copyrights on a variety of technology platforms - including Application Specific Integrated Circuit (ASIC) computer chips, hardware technology designs, software applications and other intellectual properties. D-Link product solutions are high-performance and feature-rich by design.

As a key contributor to the Digital Home Working Group (DHWG), D-Link embraces industry standards as criterion for the development of new and innovative connectivity and communications solutions for home and business. D-Link products are certified by the FCC, the Wi-Fi Alliance and CableLabs.

## Local market understanding; International resources

D-Link has systematically expanded its market share by penetrating geographic targets through a strategy of establishing local business units supported by a strong corporate foundation.

Being operated as a global brand, customers view D-Link products as being promoted and distributed by people they know, whether they are in South Africa, Brazil, the Czech Republic, or any of the 160 offices around the world. This means that there is coordinated teamwork to produce cutting-edge products distributed to every corner of the world. Local teams communicate their needs that D-Link headquarters fills from its own state-of-the-art manufacturing facilities within timeframes that its competitors cannot match.

Confident in the resources of D-Link headquarters to develop and deliver state-of-the-art networking products, each local

business unit – regardless of its location around the world – attacks its market aggressively. The Company's innovative technology products provide solutions for home and business, built with standards-based reliability. D-Link has become a trusted international brand that connects people to their lives, their work, and to each other.

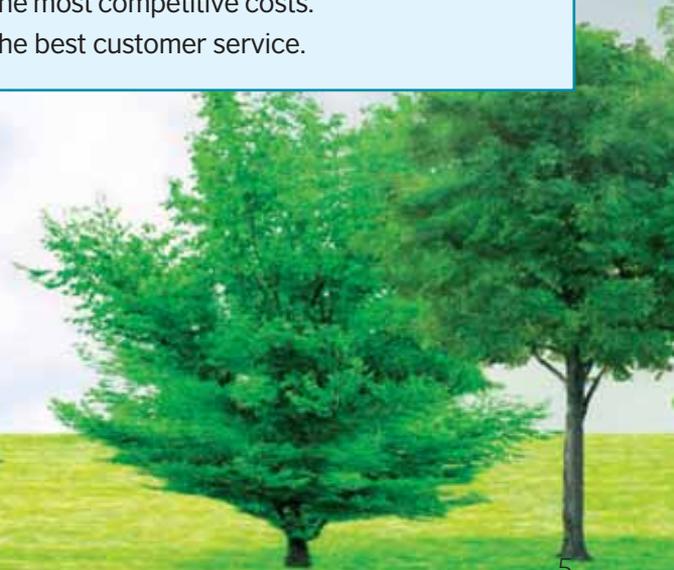
## The spirit of building connectivity for people is applied throughout all of D-Link.

### Principles:

- To introduce convenience, reliability and savings to SoHo/workgroup/enterprise networking.
- To deliver high-performance solutions that reflect the commitment of a team aimed at building connectivity for people.
- To meet people's demands for easier communication with a fair investment.
- To design valuable, high-quality, user-friendly products to reach out to all kinds of people.
- To believe in the desire of individuals to easily access information, entertainment and communication at home, at school or at work.
- To find ways to connect business partners with new markets and opportunities, helping them to attain success and growth objectives.

### Values:

- World-class quality.
- Fastest response time on the market.
- The most competitive costs.
- The best customer service.



## D-Link Corporation

D-Link has made a significant contribution to what world perceives networking to be, both in business and in home.

### Business Solutions

D-Link delivers a wide range of powerful networking and connectivity solutions designed to bring exceptional value to business at the enterprise, workgroup and departmental processing levels.

D-Link switching and connectivity products are a dominant force in business environments, delivering increased network performance and scalability, while decreasing costs over time for the information technology (IT) manager and decision maker. ( D-Link delivers powerful solutions for deploying or upgrading to Gigabit Ethernet throughout an entire network including server farms, ISP backbone and campus-wide connectivity.

### Consumers & the Digital Home

D-Link remains a worldwide leader and award-winning designer, developer, and manufacturer of connectivity solutions for consumers in the digital home.

D-Link has successfully extended its Digital Home campaign with numerous product introductions that deliver next-generation networking, storage, multimedia, gaming, VoIP and security solutions for the mass market consumer. The D-Link Digital Home strategy looks to where the consumer market is heading to deliver new entertainment and communication devices that are easy to use and of exceptional value.

### Broadband

D-Link offers robust distribution, access and value-added solutions for the telecommunications market.

As broadband provides rapidly growing numbers of consumers with high-speed access to the Internet, D-Link continues to offer core connectivity devices and next-generation interactive media solutions. Internet service providers know their future depends on the ability to increase revenue from customer subscriptions and value-added services. D-Link utilizes its wide range of relationships with major service providers, presenting an extensive set of viable network extension and connectivity options for the service provider. These options include home networking, media streaming, content delivery, IP-based remote security monitoring, firewall protection, VoIP and video conferencing technology.

### Product Design & Distribution

D-Link has mastered these activities with increased agility and introduced the right product to the right market at the right time with increased consistency and success for Consumer, Business and Broadband market segments.

D-Link continues to be a global leader in the design, development and manufacturing of network, broadband and communication technology. D-Link's fundamental strategy is its commitment to develop high-quality product and achieve manufacturing excellence.

### Building Networks for People

The "Building Networks for People" tagline is based on the idea and mission to make technology affordable for the mass market consumer and small to medium business so that everyone can realize the benefits of technology. The company founders strive to empower consumers and businesses to share files, data and access, but more importantly... ideas. Since 1986, D-Link defines leading edge technology. From a true designer, developer and manufacturer D-Link delivers products that are standards-based, value priced and reliable.

## D-Link Green™



### A long journey begins with a single step.

Together, through small, individual steps, we can make a big difference for the environment. Choosing **D-Link Green™** technology is one step you can take when considering your networking needs.

**D-Link Green** devices are about providing eco-friendly alternatives without compromising performance. They are designed to help conserve energy, protect our environment from harmful substances and reduce waste by using recyclable packaging.

D-Link is a global leader in the networking industry, and does business in countries around the world. Our customers, employees and investors are increasingly concerned about “green computing.” We recognize our corporate responsibilities as an international entity, and we are committed to protecting the environment. It is our hope that through our company-wide “green computing” initiatives, we will help ensure a more beneficial future for generations to come.

We are proud of the fact that D-Link has led the green computing initiative since our company’s founding in 1986, and is on the forefront of developing environmentally and socially responsible products.

- D-Link Green is a direct reflection of the foundation of values and trust our company is built upon.
- To fulfill our social responsibilities, we have created an ISO 14001 certified environmental management system that allows our company as a whole to reduce our operations’ impact on the environment.
- D-Link is also an ENERGY STAR partner, and works to create energy-efficient products and practices.
- We design our products to be free of toxic chemicals in line with the RoHS directive and have set up recycling programs that meet WEEE guidelines.

D-link Green also includes our creation of the world’s first green networking technology, which allows our products to drastically reduce power consumption. We envision that products like these will help preserve the environment through waste reduction and energy savings.

Sustaining a better tomorrow is one that starts with protecting the environment. This philosophy has served D-Link well for over 20 years, and will continue to remain one of our guiding principles as our company continues to grow and achieve even more historic milestones.

## Managing Director's Letter



**Gary Yang**, *Managing Director*

“ We intend to shape D-Link India’s future with undiminished entrepreneurial courage, dedication, far-sightedness and energy.

Our goal is to achieve long term sustainable increase in value, which will benefit all our stakeholders. ”

D-Link India today is ideally positioned for growth as a Company enjoying leadership status in a vital and critical Networking domain in a rapidly growing economy. As one of the world's premier developing economies, India is growing by leaps and bounds in many verticals. In parallel, the nation is very thoroughly laying down the infrastructural foundation so vital for sustaining that growth. IT is perhaps the most essential of those enablers, and networking particularly so. This is the appetite that D-Link India is so well-equipped to feed, with all the resources of its global parentage behind it.

The Company is in a 'knowledge' business, and its key equity is therefore in the people who are its repositories. It takes people to gauge the needs and wishes of our customers to sense the currents of the marketplace to perceive trends and directions and to shape solutions based on these insights. And because people are D-Link's strength, they in turn need to be nurtured and supported. This is the cornerstone of D-Link India's human relations – encompassing not just employees, but associates, partners, dealers, distributors, and all others with whom we make common cause.

At one end of our world lies the technology with which we shape our offerings. This is a cold, orderly and abstract domain, with complex and often baffling realms of expertise at work. At the other end we have the people who use our offerings, and integrate them into their lives, to achieve their very human ends. As a solutions provider, we bridge that distance. Finally, our success depends on transforming technology into a living, breathing force in the day-to-day lives of people, of institutions, and of the nation.

One of the primary ways in which we bridge that chasm is through marketing. At D-Link, that activity is much more than merely organized selling. It is rather a multi-threaded outreach to multiple sectors and segments and niches, to Partners and Associates, Dealers and System Integrators, with richly varied streams of communication issuing forth to engage with their diverse

audiences on their terms, and in their language, addressing their needs.

As an Indian company with a Global lineage, we are in tune with Global issues and concerns – key among which is, of course, the Globe itself. We operate in the spirit of the triple bottom line, committed to results in terms of the Planet just as much as in Profits and People. That commitment is reflected in our Green technologies, which ensure upto 80% savings in energy costs in our avoidance of the use of materials that are in any way hazardous in our TUV 5-Star rating, as well as our being registered Energy Star partners, strictly following their global standards and directives and even in day-to-day work practices, and the ecological awareness of every employee. For our parent global group, the entire planet is, in a way, the primary stakeholder that role is reflected in everything we do here at D-Link India.

Clearly, D-Link India is well placed for continued success and growth in a dynamic and growing industry.

I'm also pleased to share with you the introduction of D-Link Structured Cabling Solution. With this D-Link is now able to offer an enhanced and augmented End-to-End Networking solutions for our partners as well as customers.

We shall strive to find genuine market needs and satisfy those needs with innovative world-class products and marketing. And, we intend to shape D-Link India's future with undiminished entrepreneurial courage, dedication, far-sightedness and energy.

Our goal is to achieve long term sustainable increase in value, which will benefit all our stakeholders. I take this opportunity to thank them for their trust and assure them that all our efforts are directed towards meeting their expectations and the challenges that lie ahead.

Yours Sincerely,

**Gary Yang**  
Managing Director

## D-Link (India) Limited: Leveraging our strengths and capitalising on emerging opportunities.

D-Link (India) Limited is part of D-Link Corporation of Taiwan and one of the largest networking companies in India. The Company is engaged in D-Link branded Marketing and Distribution of Networking products in India and SAARC Countries. D-Link Holding Mauritius Inc., a 100% subsidiary of D-Link Corporation, holds 60.37% shareholding in D-Link (India) Limited.

Today, D-Link (India) Limited is a key market player with a nationwide reach, robust product portfolio and superior services in India. The Company is firmly committed towards delivering high quality, efficiency and reliability to Networking products, solutions and services.

D-Link serves homes and home offices, small and medium businesses, large businesses as well as Government and education sectors.

As we renew our commitment to achieving and sustaining dominance in the Indian arena, it is vital to keep a clear focus on the opportunities on the road ahead as well as the obstacles in our way; and to clearly define the outcomes that we seek.

For the Networking segment overall, the field for growth is increasingly fertile. Networking is without question a key element in any infrastructural project, as well as in numerous industrial, governmental and social verticals. With our position strongly staked out within this domain, we are excellently placed to leverage our strengths and capitalize on emerging opportunities.

### Demand Drivers and End-user Trends

#### Wireless access and IP Security:

Across the varied application areas and user spaces of networking, across both consumer and enterprise landscapes, certain common criteria have emerged: namely mobility, flexibility and speed. This is the impetus behind the rapid spread

of wireless computing and 3G products, which offer the added benefit of great ease and convenience in operation. Wireless connectivity is increasingly being seen as a basic utility, while 3G is gaining traction for its more steady and speedy access to the Internet and wireless networks. These phenomena are also fed by the growing penetration and popularity of wireless consumption devices like laptops, pads, smartphones, gaming consoles and streaming video players. In parallel, there is also an emerging market for IP surveillance solutions, a demand that we are well placed to satisfy.

#### Buying Patterns:

Our portfolio of offerings is being developed to meet the customer's growing awareness of TCO (total cost of ownership) and ROI (return on investment); our customers seek solutions which are reliably cost-efficient, while also offering significant value additions. These have become principal determinants of customer choice, which we are committed to addressing.

#### Product Portfolio Planning:

With the above drivers in mind, D-Link has already shaped its offerings accordingly; this effort will continue to gain momentum. Over the year, we introduced a number of innovative Wi-Fi enabled devices, 3G devices, high-end enterprise switching products, and high-end security solutions.

### Marketing and Distribution Focus

#### Domain Definition:

The key words defining the solutions we offer – and the segments we serve – are Networking Switching, Network Security, IP Surveillance, Wireless Network, Network Storage & 3G Devices in which we are sharpening our focus and strengthening our entrenchment. This calls for engagement with new System Integrators (SIs) and renewed ties with existing ones, because they form our principal channel of Enterprise penetration.

#### Partner Engagement:

Supporting our partners and helping them grow their business constitutes a vital marketing thrust for us. We do that in many ways including innovative events, schemes and promotions, training programmes, incentive programmes and reward structures, long-term profitability-building initiatives, structured occasions and platforms for interaction, partner training and expertise-building, regular sending of bulletins, literature, notifications, news and updates.

The effort is spread over all population clusters, from metropolises to the smallest cities, making D-Link one of the nation's most extensively distributed networking brands. Such widespread reach is essential, if we are to realize the enormous untapped market potential of the nation. Just as one example, around 7% of the population has Internet access, leaving open a vast unfulfilled market for broadband access. Our market reach has to be in place for such eventualities.

**Distribution Revamp:**

D-Link today is achieving significant success with its new distribution pyramid, consisting of 2 National Distributors, 14 Regional Distributors and 66 Business Distributors. This

structure is kept performing at its peak through constant interaction and close working relationships, yielding mutual benefits. We are also working in collaboration with leading retail chains to create Large Format Retail outlets, which are expected to account for substantial volumes of sales in the future.

**Internal Initiatives for Tomorrow:**

Over the longer term, we have identified key areas of resource-building and restructuring to serve our future business initiatives. These include process initiative in the area of CRM and ERP to streamline the entire supply chain and transactional process, and integrate pre and post-sales support.

**Awards & Accolades**

 <p>Winner of DQ Channels-Cybermedia Research Channel Satisfaction survey in Networking category</p>	 <p>Editor's choice award – Best Router category</p>	 <p>No.1 in SMB Networking No.1 in Home Networking</p>	 <p>Best Network Solution Products' category for 2011</p>
 <p>The Best Routing Company' for 2011</p>	 <p>Best Networking Company in North East</p>	 <p>Best Networking Switch Company Best layer Two Switches</p>	 <p>The Winner of 'Readers Choice Awards 2010' in Wi-Fi category</p>
 <p>D-Link DIR- 600 &amp; D-Link DIR-615 with 'Best Buy' 2010</p>	 <p>D-Link DIR- 600 as 'Computer Active – Best on Test'</p>	 <p>Best Networking Brand</p>	 <p>D-Link as the Best Networking Products – Consumer category 2010</p>
 <p>The 'Most Valued Principal - Bronze' in Wireless Networking category</p>	 <p>The 'Channels Choice' in LAN &amp; WLAN for fourth consecutive time</p>	 <p>The Most Happening Networking Vendor. This has been D-Link's 6th straight wins in the Northeast Market</p>	

## Our Products

D-Link (India) Limited has a complete range of networking solutions through innovative products.

### LAN Switches

D-Link offers a comprehensive range of high-performance managed and unmanaged switches. The managed switches provide for Workgroup (upto around 50 seats), Departmental (upto around 200 seats) and Enterprise (200 plus seats) networks. The unmanaged desktop and rackmount switches provide plug-and-play 10/100Mbps or Gigabit network connections that are ideal for SOHO and SMB environments. The range includes Layer 2/3, Fast Ethernet, Gigabit, 10 Gigabit and Chassis - based solution and wireless switching.



### Network Security

The D-Link family of hardware Firewalls and VPN Security Appliances offer powerful hardware-based SMB and Enterprise class network security solutions. With the growing concerns over network security, denial of Service attacks, virus damage, and privacy demands, D-Link NETDEFEND family provides the assurance of a dedicated network security in a single device.



### IP Surveillance

D-Link offers every piece of the IP surveillance solution. With an eye to the future, D-Link's end-to-end IP video solution has the highest degree of scalability and can adapt to existing IP infrastructure. The solution's advanced features – such as high security encryption, superb image quality, digital zoom, and remote accessibility – leverage the most cutting edge technologies available today.



### Network Peripherals

Print servers from D-Link gives you efficient print handling and reduces the workload for servers and work stations. The various models come with USB or parallel port for connection to the printer. D-Link print servers support protocols such as: TCP/IP, NetBEUI, Apple Talk and HPPJL protocol for Bi-directional communication. The Keyboard, Video, Mouse (KVM) switch allows users to control several computers or servers through a single keyboard, monitor and mouse.



## Wireless Networking

D-Link has one of the industry's widest wireless portfolio, ranging from USB, CardBus and PCI adapters to Routers and Access Points. Satisfying requirements for Indoor and Outdoor use as



well as solutions adapted to any environment - from the home to the enterprise, D-Link utilizes the industry's leading chipsets to develop state of the art products that enables customers to choose from technologies based on either IEEE 802.11a/g or IEEE 802.11n.

## Routers

D-Link Routers offers a flexible answer to evolving business needs. By supporting many WAN access technologies, it delivers fast, reliable and secure Internet and network access. It has a modular design, integrates data/voice/fax, supports many network/voice interface cards, and provides rich application combinations. Its carefully designed architecture gives the edge over competitors to offer higher performance, more modules, and lower price. Overall, ideal series for distant nodes of medium- and large-sized businesses, or central access points of small and medium-sized businesses (SMB's), where leased lines, Internet access, dial-up services, VPN, VoIP applications, etc., are needed.



## Network Storage

The D-Link Network Storage Enclosures addresses the ever-growing data storage requirement for multimedia and large data files for small business users. The need for data consolidation and data sharing makes these enclosures



an ideal solution. Various advanced levels RAID support offers advance data protection. These enclosures supports the latest SATA technology and Gigabit Ethernet connectivity for best-in-class performance.

## Broadband

D-Link provides a complete range of DSL Modems and modem/routers for simple and quick connection to an ADSL broadband line. DSL remains the most used data transfer technology and with new standards such as ADSL. 2+, high speed takes on a new meaning with increased down load and upload speeds.



## Board of Directors



**A.P. Chen**  
*Chairman*

A.P. Chen possesses a Bachelor degree in Electronics Engg, and a Masters Degree in Business Administration from the National Chiao-Tung University in Taiwan. He has over 31 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.



**Gary Yang**  
*Managing Director*

Gary Yang is in-charge of India, Middle East and African countries for D-Link. Mr. Yang has contributed 20 years to the IT field of which he has worked for 17 years with D-Link. He possesses Bachelors degree in Management from Cheng Kung University.



**Hui-Lin Chen Lin**  
*Director*

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 27 years. Her research focuses on econometrics, industrial economics and Economic innovation. Ms. Chen Lin has published many articles in international journal and 5 books in Taiwan.





**C.M. Gaonkar**  
*Executive Director  
& CFO*

C.M. Gaonkar is a Chartered Accountant and has over 26 years of industry experience. He has been instrumental in the successful launch of IPO for erstwhile D-Link (India) Limited in 2001.



**Rajaram Ajgaonkar**  
*Director*

Rajaram Ajgaonkar is a Chartered Accountant in practice with 32 years of post qualification experience. He is also qualified as LLB (Gen) from Government Law College in Mumbai.



**Satish Godbole**  
*Director*

Satish Godbole is a Chartered Accountant in practice with 30 years of experience. He has specialized in Company Law, Mergers & Amalgamation and FEMA.

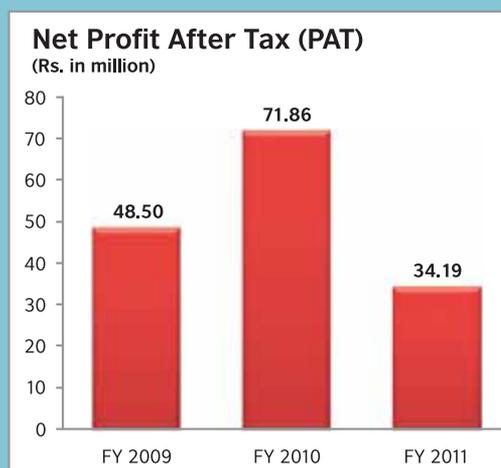
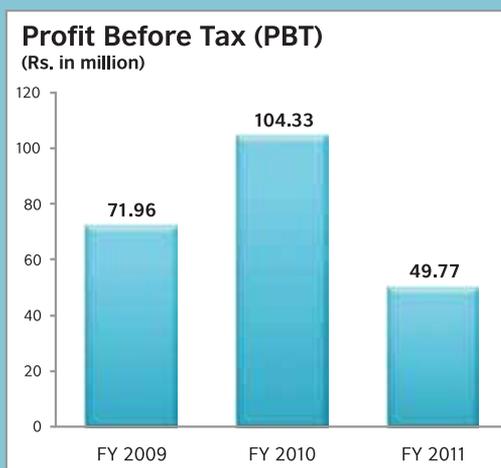
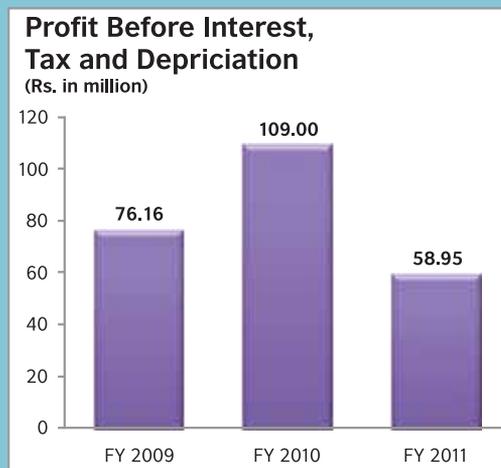
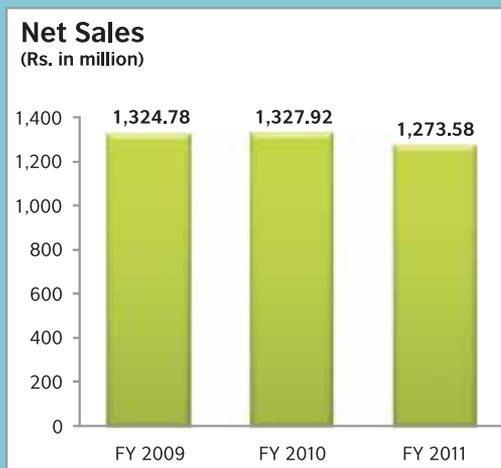


**Anil Bakshi**  
*Director*

Anil Bakshi is appointed as an Alternate Director to Ms. Hui Lin with effect from 29<sup>th</sup> May 2010. Mr. Bakshi is a qualified Chartered Accountant and Company Secretary. He is an Industrialist and has over 26 years of experience in the overall business management.



Financial Performance



## Directors' Report

To,

**The Members,**

The Board of Directors of your Company presenting the Third Annual Report together with Audited Balance Sheet and Profit & Loss Account for the financial year ended 31st March 2011.

### 1. Financial Results and Appropriations:

(Rs. in million)

	2010-11	2009-10
Turnover	1,273.58	1,327.92
Profit Before Depreciation and Tax	58.95	108.10
Less: Depreciation for the year	9.18	3.76
Profit Before Tax (PBT)	49.77	104.33
Less: Provision for Tax		
a) Current Tax	12.50	29.00
b) Deferred Tax	3.08	3.47
Profit After Tax	34.19	71.86
Balance brought forward from previous year	415.35	385.67
Amount available for Appropriations	449.54	457.53
Transfer to General Reserve	3.42	7.19
Proposed Dividend	9.00	30.00
Tax on Dividend	1.50	4.98
Balance carried forward to Balance Sheet	435.62	415.35
Earnings per Share (Rs.)	1.14	2.39

### 2. Operations Review:

The turnover of the Company stood at Rs.1,273.58 million, which is marginally lower as compared to the previous year turnover of Rs. 1,327.92 million. The decline in revenue has been on account of severe competition and entry of a number of new players in the market. The revenue contribution from Small and Medium Enterprise (SME) segment, which constitutes a large part of the company's revenue was lower since, the SME segment lagged behind in recovery in the post-recession period.

The Company had earned a net profit after tax of Rs. 34.19 million as compared to Rs. 71.86 million in the previous year. The decline in profit was due to lower profit margins.

### 3. Dividend:

The Board of Directors of the Company recommended a dividend of Re.0.30 per share (i.e. 15% on paid up capital) on 30,004,850 Equity Shares of Rs. 2/- each for the financial year 2010-11 to be paid, if approved by the Members at the ensuing Annual General Meeting.

### 4. Awards & Recognition:

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

- CRN Magazine Channel Champion Award 2010: SMB Networking.
- CRN Magazine Channel Champion Award 2010: Home & SOHO Networking.
- DQ Channels Magazine: Channel Choice Award for Wireless Networking.
- ICT Award for Best Network Solution Products' category.
- NCN Editor's choice award – Best Router category.
- Computer Active Magazine – Best Routing Company.
- 'Best Networking Vendor in North-East' by ITPV Elite regional Channel Awards.
- Best Networking Switch Company & Best layer Two Switches by VAR India.
- Winner of 'Readers Choice Awards 2010' in Wi-Fi category by IC Chip.

### 5. Directors:

During the year under review, Mr. Anil Bakshi has been appointed as an Alternate Director to Ms. Hui Lin Chen Lin effective from May 29, 2010.

Mr. Rajaram Ajgaonkar, Director, will be retiring at the ensuing Annual General Meeting and is eligible for re-appointment. The Board recommends his re-appointment as Director of the Company.

### 6. 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.

## 7. Management Discussion and Analysis:

The Management Discussion & Analysis including the result of operations of the Company for the year under review, as required under Clause 49 of the listing agreement with the stock exchanges, is appended to this report.

## 8. Corporate Governance:

The Report on Corporate Governance of the Listing Agreement and the requisite Certificate from the Auditors of the Company confirming compliance with the conditions of Corporate Governance as stipulated under the aforesaid Clause 49, is attached to this Report.

Voluntary Corporate Governance Guidelines of the Ministry of Corporate Affairs, Government of India broadly outline a framework for corporate sector on important parameters like appointment of directors, guiding principles to remunerate directors, responsibilities of the Board, risk management, the enhanced role of Audit Committee, rotation of audit partners and firms and conduct of secretarial audit and all these are receiving attention of the Board of Directors of your Company.

## 9. Auditors:

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

## 10. 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.

## 11. Particulars of Employees:

The 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 is not given as there were no employees employed for whole or part of the year, who were in receipt of remuneration for the year amounting to Rs. 60,00,000/- per year or Rs.5,00,000/- per month, as the case may be.

## 12. 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 a true and fair view of the state of affairs of the Company as at March 31, 2011 and the profit of the Company for the year ending on March 31, 2011;
- 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.

## 13. Acknowledgements:

Your Directors record the appreciation of 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**

**Gary Yang**

Managing Director

**C. M. Gaonkar**

Executive Director & CFO

Mumbai, Dated: May 24, 2011

## Management Discussion and Analysis Report

### INDUSTRY STRUCTURE & DEVELOPMENTS

#### GLOBAL SCENARIO

The Global IT spending stood at US\$ 3.4 trillion in 2010 & is expected to reach US\$ 3.6 trillion in 2011, thereby representing a 5.1 per cent increase from 2010 aided improving global economic situation & favourable U.S. dollar exchange rates. The growth surge is expected to continue with renewed momentum, especially in the emerging markets.

#### INDIAN IT INDUSTRY

In India it is believed that the domestic spending on IT & ITeS grew from US\$ 27 billion in 2010 to US\$ 32 billion in 2011 with a growth of over 18%. Reports suggest that the overall Indian domestic IT services and Products markets is expected to touch Rs.1,71,697 crore in 2012. Growing at a CAGR of 17.3% over 2010-2014, the aggregate market size of the domestic IT services and IT products sector will touch Rs.2,33,930 Crore by 2014. Thereby presenting huge opportunity for IT infrastructure & enterprise networking products.

The fast growth is evident across a string of verticals- telecom, retail, aviation, hospitality, government, manufacturing and education which are increasingly deploying sophisticated networking infrastructure and consider investment in networking as extremely strategic. This along with increasing PC penetration has made India the fastest growing IT networking product market in Asia pacific region. Increasing investment in infrastructure projects and the surge in 3G investments has further accelerated the growth of networking system & devices.

The Indian government is clearly focused on taking development to the masses. This opens up the opportunity to extend the ICT revolution beyond the major metropolises to the Tier II and Tier III cities, which will give a further boost to the networking industry.

Further with the renewed growth in the India economy, there is expected to be a corresponding upscaling of businesses, especially in terms of personnel strength. In such a scenario, networking will be of prime importance in yielding both efficiencies and economies and thus offering D-Link (India) Limited with expanded scope and opportunity. As more and more networking vendors jockey to make their presence felt in India and adopt cut-throat pricing to garner some market share, products are increasingly becoming commoditized.

#### THE INDIAN NETWORKING INDUSTRY

Another key observation from the rapidly changing market dynamics is that while growth in many verticals has held to vast increase in the market for Voice solutions, Routers, Switches, Wireless LAN, Storage, Modem, Network Management and Integration, Network Security and Surveillance, growth has been more pronounced in larger enterprise (500+ nodes network) and has remained comparatively sluggish in the Small and Medium (SMB) segment.

During the year Enterprise Networking Equipment market was estimated to be at Rs.23,815 crores displaying a marginal growth of 0.87%. Though segment was somehow able to bear the pressure of the security regulations fallout.

For this year Router market stood at Rs 3,405 Cr with a growth of about 8% and Switching segment grew to Rs. 5,118 crore, riding on low value but high-volume purchases by SMBs and high-value, low-volume purchases by large enterprises and service providers with a growth of 12.5%. It was seen that modem market stood at Rs.378 Cr. at a growth rate of 11% and the WLAN market grew by 28.7% to Rs.435 Cr.

With more & more people availing internet connections, increase in popularity and usage of mobile devices like Laptop, Smart phone, gaming consoles etc, has also resulted in increased demand of networking products in Consumer space. Similarly companies these days are making huge investments in creating safe, secure & reliable networking Infrastructure, leading to growing demand for networking products/ solution form enterprise segment. Therefore increase in demand for networking products is not a phenomenon restricted to foreign shores alone, as it is clearly evident in India also. It is believed that India adds more than 15 million wireless subscribers a month and is the second-largest market after China for wireless services with more than 771 million users. Hence there is absolutely no doubt that India holds huge opportunities.

#### Switch

D-Link (India) Limited commands 1.3%\* of the Total Indian Switch market revenues, offering the complete range of switching solutions: including Chassis, L3/L2 Managed, Web-Smart and Un-Managed switches.

**Wireless Products**

D-Link (India) Limited continues to play a pioneering and driving role in the cost-effective convergence of wired and wireless networking with a market share of 6.9 %\* of the total Wireless market revenues in India. Its product portfolio includes Business Class Access Points, Unified Switching Solutions, and Long Distance Wireless.

**Network Storage**

D-Link (India) Limited offers a range of Network Attached Storage and Storage Area Network solutions. Network Security The company has developed Unified Threat Management Solutions, and a host of effective security features that meet the needs of multiple platforms. With the growing amount of digital content and demand for Network Storage devices, this segment is expected to grow and play a substantial role in D-Link growth in India.

**Network Security**

The company has developed Unified Threat Management Solutions, and a host of effective security features that meet the needs of multiple platforms.

**IP Surveillance**

D-Link (India) Limited offers a range of IP-based Surveillance Cameras with Wired and Wireless options; these can be integrated with NVR (Network Video Recorder) solutions for archiving. The cameras span the spectrum of possibilities, including Stand-Alone Network Cameras, Pan Tilt Zoom Cameras, Dome Cameras (Day & Night), Box Cameras and Outdoor Cameras.

**Structured Cabling Products**

The Indian structured cabling market is expected to grow steadily with increasing investments in IT infrastructure and verticals like telecom, BFSI, education, IT/ITeS, etc. Keeping this in view, D-Link has launched an entire range of structured cabling products comprising of copper and fiber cabling solutions. This entry into passive networking will add another stream to D-Link's growth since these products go hand in hand with active networking products in all LAN projects.

**D-Link Green Products**

With the global rise in environmental concerns as well as the threat of depletion of non-renewable energy, there is growing corporate participation in 'Green' initiatives.

D-Link (India) Limited is very much at the forefront of this movement, catering to the growing market for eco-friendly and energy-saving products that nevertheless do not compromise on high-quality computing. This is exemplified by D-Link's DGS-3200-24, introduced as the world's very first Managed Green Switch, part of a more broad-ranging technology which facilitates reduction in power usage. Infact D-Link continues to add more & more product categories under D-Link Green standards.

D-Link is also an ENERGY STAR partner, working to develop energy-efficient products and practices. The company ensures that its products are free from toxic chemicals, compliant with RoHS directives; it has also set up recycling programs that meet WEEE guidelines. The 'Green' imperative manifests itself not just in D-Link's business, but even in its conduct of its business: in terms of a paperless office regimen, and high employee awareness of practices that enhance sustainability, such as water and energy conservation.

*\*Source Voice & Data, June 2011.*

**GEARED FOR A RESURGENT TOMORROW:**

The year under review has been a period of fundamental structural transformation at D-Link (India) Limited through conscious design and intention. This deep-seated change has been driven by the fundamentally altered business landscape, which poses its own demands and challenges.

The company has responded by dedicating the year primarily to strengthening the infrastructure. Principally, this has been in the area of its market relationships, with a move to supplement its direct market engagement through third-party distributorships. Ingram and Redington have been appointed as its primary distributors; their well-established market strengths are expected to yield excellent results in terms of reach and penetration in coming years.

Meanwhile, the company has also extended its outreach with distributors, dealers, resellers, system integrators and end-users, through a multi-tier – multi level relationship building exercise to fortify its market presence.

There have been several significant investments in infrastructure. These include:

- New contemporary and spacious office premises in Mumbai which serves as the corporate headquarters as well as a centralized hub for all divisions, departments

## Management Discussion and Analysis Report

and functions to ensure efficient inter-disciplinary arrangement with the responsiveness, support and efficiencies that the times demand of the Sales function

- New office premise in Delhi and Bangalore to cater to these two high priority markets
- Well equipped 22 RMA centers to provide unmatched service and support
- A modern and state-of-the-art warehouse at Goa. The new warehouse is equipped with dedicated loading bays with Docker Leveler for inward and outwards shipments to ease material movement. Further deployment of material handling equipments at the warehouse will help optimize the turnaround time leading to increased efficiencies

In many ways, this has been an appropriate year for strengthening the infrastructure, since the company's focus markets were not at their peak.

The strategic investments made in strengthening the infrastructure will greatly help to marshal the company's inbuilt strengths to face the challenges of the future.

### OPPORTUNITIES AND THREATS:

D-Link (India) Limited follows a strategy of meeting the needs – both real and potential – of key industry verticals, by forging solutions based on new and innovative technologies. For customers, such end-to-end solutions are means to their ends, i.e. enablers of their own missions and objectives, aligned to the prevailing technologies of the day. One such technology is broadband access, whose penetration is rapidly growing, and building its own burgeoning subscriber base. That translates into a customer base for CPE (Customer Premise Equipment), in which the company already has a strong presence serving the SOHO/SMB segment, and is therefore excellently placed to seize the growing opportunities.

D-Link (India) Limited is also a principal player in the Enterprise segment, primarily as an application service provider closely aligned with System Integrators. In parallel, the company also targets other key verticals, including Government, Education, BFSI and Manufacturing, among others.

There are also significant opportunities in the switching business, especially for cross-selling through integration with IP surveillance systems, further strengthening the company's presence in the surveillance and security market.

The surveillance segment is also rapidly gaining importance and in many organizations, migrating from administration to IT functions. This logical new generation surveillance systems have to be effectively integrated into the company's overall network infrastructure. In such a scenario, D-Link India enjoys significant competitive advantage with products and capabilities to provide solutions spanning the entire networking infrastructure.

In line with its techno-centric orientation, D-Link (India) Limited continually seeks to add new dimensions to its offerings by incorporating new technologies, especially in the Telecom sector. By introducing 3G CPEs, the company could leverage its entrenched placement in the SOHO/SMB segment, thus creating a promising new revenue stream.

e-governance, too, is an promising avenue for D-Link (India) Limited, especially given the accelerated pace of implementation being seen in several States under the National e-Governance Plan (NeGP).

Education, too, is an area of Government prioritization which affords opportunities for the company. For this purpose, D-Link (India) Limited has aligned itself with the D-Link Corporation's global thrust on Education Vertical Focus, to offer end-to-end Network Infrastructure Solutions. To propagate its highly relevant solutions, and raise customer awareness along these lines, the company has produced case study materials illustrating the unique advantages on offer, and also conducted education-themed seminars and other events.

### HUMAN RESOURCE DEVELOPMENT:

D-Link operates in an industry in which value and differentiation are defined by the Company's most precious assets – human resources.

People are vital to D-Link's growth and the company continues to invest in people, development and skill enhancement to empower them to perform their best. There is constant endeavor to create a work environment where every employee is given an opportunity to learn and grow; and is motivated to take leads, explore new ideas and voice their opinion.

HR is integrated within the business framework to provide foundation for building the skill sets required. The company

has several innovative online learning initiatives and certification courses to provide an array of blended learning opportunity for each employee.

iAppreciate programme recognizes employees for their accomplishments and acknowledges outstanding work.

While employees pursue their individual career goals, talent management activities strengthen the bonds within the D-Link family through regular get-togethers, shared celebration of all festivals, unified employee campaigns towards healthy living, environment conservation and various social causes.

The company's HR initiatives supports transformation and growth of business through innovation, people, practices, policies, systems and processes that empower and engage people.

#### **OPERATIONAL REVIEW:**

During the year under review, the SOHO and SME segments lagged behind in their post-recession recovery and since these constitute a large part of the company's market, business performance has been at a lower level. This condition has been aggravated by growing multi-level competition from global players eager to establish themselves in one of the world's few remaining high-growth markets. Faced with their no-holds-barred approach, and their willingness to resort to unthinkable levels of pricing for the sake of an entrenched market presence, D-Link (India) Limited too has had to make compromises and match their lower-price policies, putting its own margins under even more severe pressure rather than lose its market share and leadership.

During the fiscal year 2010-11, the company reported revenues of Rs. 1,273.58 million. The company has since had decline in revenue on account of severe competition resulting from entry of large number of new players.

During the year under review, the company posted Profit before Depreciation, Interest and Tax of Rs. 59.07 million. Depreciation for the year stood at Rs. 9.18 million. Profit Before Tax for the year stood at Rs. 49.77 million while Net Profit for the year stood at Rs. 34.19 million.

#### **BUSINESS RISKS:**

##### **Technological obsolescence**

D-Link operates in business that is characterized by rapid technological changes and obsolescence constitutes common risk. The company addresses this by a strong focus on R&D so that it stays ahead of the curve in technology and continuously sets a new benchmark with cutting edge innovation.

##### **Competition**

As mentioned earlier in this report, the networking equipment industry in India is highly competitive with almost every major global player fighting to get a pie of the growing Indian networking equipment market. D-Link lays great emphasis on marketing efforts through well defined strategy of brand building exercises. It has created a distinct identity for its brand. The company derives its competitive edge from strong R&D and innovation, as well as aggressive marketing strategies and brand building initiatives.

##### **Rising Costs**

The company ranks among the leaders in the networking space and enjoys dominant and significant market share in many of its product lines. This gives the company economies of scale; thereby enabling it to maintain a certain degree of control over input costs.

#### **RISK MITIGATION THROUGH INTERNAL CONTROL SYSTEMS:**

D-Link has a well defined risk management framework to track and evaluate all risks associated with its business. It covers identification, analyzing, planning, monitoring, controlling and prevention of risk across the enterprise covering all business divisions and support functions.

The internal audit process is designed to review adequacy of internal control check in the system and covers all significant areas of the company's operations including accounting and finance, procurement, employee engagement, travel, insurance, IT processes, safe guarding of assets and their protection against unauthorized use, among others.

## Management Discussion and Analysis Report

The internal audit function is monitored by an independent chartered accountant firm to oversee implementation and strict adherence to the various systems. The internal auditors report directly to the company's audit committee ensuring independency of audit.

Suggestions are considered by the management and an audit committee follows up on the implementation of corrective actions.

**DISCLAIMER:**

Certain statements made in this report relating to the Company's objectives, projections, outlook, estimates, etc. may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ from such estimates or projections etc., whether

expressed or implied. Several factors including but not limited to economic conditions affecting demand and supply, government regulations and taxation, input prices, exchange rate fluctuation, etc., over which the Company does not have any direct control, could make a significant difference to the Company operations. The Company undertakes no obligation to publicly update or revise any forward looking statements, whether as a result of new information, future events, or otherwise. Readers are cautioned not to place undue reliance on any forward looking statements. The MD&A should be read in conjunction with the Company's financial statements included herein and the notes thereto. Information provided in this MD&A pertain to D-Link (India) Limited unless otherwise stated.



## Report on Corporate Governance

The detailed report on Corporate Governance as per the format prescribed by SEBI and incorporated in Clause 49 of the Listing Agreement is set out below:

### 1. Statement on Company's philosophy on Code of Governance:

The Company's philosophy on Corporate Governance is about promoting corporate fairness, transparency and accountability in the functioning of the Company and in its relationship with employees, shareholders, creditors, consumers, dealers, and ensuring regulatory compliances.

The Board of Directors believes that adherence to sound corporate governance policies and practices is important in ensuring that the Company is governed and managed with the highest standards of responsibility, ethics and integrity and in the best interests of its stakeholders.

### 2. Board of Directors:

#### a) Composition and Category of Directors:

The composition of the Board of Directors is in conformity with the Corporate Governance norms as on March 31, 2011. The Company at present has six Directors on its Board (excluding the alternate director), comprising of two Executive Directors and four Non Executive Directors out of which three are Independent Directors. The name and category of each Director is given below:

Name of the Director	Category
Mr. A. P. Chen	Non Executive Director and Chairman
Mr. Gary Yang	Executive Director
Mr. C. M. Gaonkar	Executive Director and Chief Finance Officer
Mr. Rajaram Ajgaonkar	Non-Executive and Independent
Ms. Hui Lin Chen Lin	Non-Executive and Independent
Mr. Satish Godbole	Non-Executive and Independent
Mr. Anil Bakshi*	Alternate Director to Ms. Hui Lin Chen Lin

\* Mr. Anil Bakshi has been appointed as an Alternate Director to Ms. Hui Lin Chen Lin with effect from May 29, 2010.

#### b) Attendance of each Director at the Board Meetings and the last Annual General Meeting (AGM):

Name of the Director	No. of Board Meetings Held	No. of Board Meetings attended	Attendance at last AGM
Mr. A. P. Chen	5	2	Present
Mr. Gary Yang.	5	5	Present
Mr. C. M. Gaonkar	5	5	Present
Mr. Rajaram Ajgaonkar	5	4	Present
Ms. Hui Lin Chen Lin*	5	1	Absent
Mr. Satish Godbole	5	5	Present
Mr. Anil Bakshi*	5	4	Present

\* Mr. Anil Bakshi has been appointed as an Alternate Director to Ms. Hui Lin Chen Lin effective from May 29, 2010 and attended four Board Meetings held during his tenure as Alternate Director.

#### c) Number of other Directorship and Chairmanship/ Membership of Committees of each Director in other Companies:

Name of the Director	No. of Directorships held in other Companies (excluding private / foreign Companies)	No. of Chairmanship / Membership in other Board Committees •
Mr. A. P. Chen	Nil	Nil
Mr. Gary Yang	Nil	Nil
Mr. C. M. Gaonkar	1	Nil
Mr. Rajaram Ajgaonkar	1	Nil
Ms. Hui Lin Chen Lin*	Nil	Nil
Mr. Satish Godbole	Nil	Nil
Mr. Anil Bakshi*	2	Nil

• Committees considered are Audit Committee and Shareholders / Investors Grievance Committee.

\* Mr. Anil Bakshi has been appointed as an Alternate Director to Ms. Hui Lin Chen Lin effective from May 29, 2010.

#### d) Number of Board Meetings held and the dates of the Board Meeting:

The gap between two Board Meetings did not exceed four months. Five Board Meetings were held during the Financial Year 2010-11 on the following dates:

May 28, 2010
August 06, 2010
September 03, 2010
October 28, 2010
January 21, 2011

## Report on Corporate Governance

**3. Audit Committee:****a) Terms of Reference:**

The terms of reference stipulated by the Board to the Audit Committee and as contained under Clause 49 of the Listing Agreement, are as follows:

**A. Powers of Audit Committee:**

- a. To investigate any activity within its terms of reference.
- b. To seek information from any employee
- c. To obtain outside legal or other professional advice
- d. To secure attendance of outsiders with relevant expertise, if it considers necessary.

**B. Role of Audit Committee:**

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending the appointment, re-appointment and, if required, the replacement or removal of the Statutory Auditor and the fixation of audit fees.
3. Approval of payment to Statutory Auditors for payment of any other services rendered by the Statutory Auditors.
4. Reviewing, with the management, the Annual Financial Statements before submission to the Board for approval, with particular reference to:
  - a) Matters required to be included in the Director's Responsibility Statement to be included in the Boards report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956.
  - b) Changes, if any, in accounting policies and practices and the reasons for the same.
  - c) Major accounting entries involving estimates based on exercise of judgment by management.
  - d) Significant adjustments made in the financial statements arising out of audit findings.
  - e) Compliance with Listing and other Legal Requirements relating to financial statements.
  - f) Disclosure of any related party transactions.
  - g) Qualifications in draft Audit Report.
5. Reviewing, with the Management, the quarterly financial statements before submission to the board for approval.
6. Reviewing, with the Management, performance of the Statutory and internal auditors, and the adequacy of internal control systems.

7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure and frequency of the internal audit.
8. Discussion with internal auditors any significant findings and follow up thereon.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
10. Discussion with Statutory Auditors before the audit commences, on the nature and scope of audit as well as, have post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
12. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

**b) Composition:**

The composition of the Audit Committee is as under:

Mr. Rajaram Ajgaonkar - Chairman
Mr. A. P. Chen
Mr. Satish Godbole
Ms. Hui Lin Chen Lin*
Mr. Anil Bakshi*

\* Mr. Anil Bakshi has been appointed as an Alternate Director to Ms. Hui Lin Chen Lin effective from May 29, 2010.

The Company Secretary of the Company acts as the Secretary to the Audit Committee. All the Directors on the Committee are financially literate and have expertise in Finance.

**c) Meetings and Attendance during the year:**

During the year under review, the Company held four Audit Committee meetings and the gap between two meetings did not exceed four months. The attendance of each member at these Committee Meetings is given below:

Report on Corporate Governance

Name of the Director	Meetings held	Meetings attended
Mr. Rajaram Ajgaonkar - Chairman	4	3
Mr. A.P. Chen	4	1
Ms. Hui Lin Chen Lin*	4	1
Mr. Satish Godbole	4	4
Mr. Anil Bakshi *	4	3

\* Mr. Anil Bakshi has been appointed as an Additional Director to Ms. Hui Lin Chen Lin effective from May 29, 2010. He has attended all three Audit Committee Meetings held during his tenure as Alternate Director.

The necessary quorum was present at each of above Audit Committee meetings. The Chairman of the Audit Committee Mr. Rajaram Ajgaonkar was present at the Annual General Meeting of the Company held on September 3, 2010.

**4. Remuneration Committee:**

The Company has not set up any Remuneration Committee till date. The remuneration paid to the Directors for the year ended March 31, 2011 is given below:

**A) Remuneration to Directors:**

**a) Executive Directors:**

Executive Directors	Salary, contribution to P.F, Perquisites & Commission
Mr. C. M. Gaonkar	2,286,400/-

**Salient features of terms of appointment of Executive Directors:**

Name of the Directors	Mr. C.M. Gaonkar	Mr. Gary Yang
Salary	Rs. 52,200/- per month subject to the ceiling of Rs. 100,000/- per month.	Nil
Special Allowances	Rs. 99,670/- per month subject to the ceiling of Rs. 150,000/- per month	Nil
Performance linked variable pay	Performance linked variable pay and / or any other compensation of Rs. 2,32,000/- per annum and as may be decided by the Board from time to time and the same may be made on a pro-rata basis every month or on an annual basis at the discretion of the Board subject to maximum of Rs. 4,00,000/- per annum.	Nil
House Rent Allowances	Housing Rent Allowance equivalent to 40 % of the Basic Salary	Nil
Perquisites	<ul style="list-style-type: none"> <li>a) Company car for official use.</li> <li>b) Reimbursement of medical expenses incurred for self and family subject to the ceiling of Rs. 15,000/- p.a.</li> <li>c) Use of telephone/internet/mobile.</li> <li>d) Entitled to Provident Fund and Gratuity, Encashment of earned leave as per the rules of the Company.</li> <li>e) Medical, Life Insurance and group personal accident insurance coverage as per the company policy.</li> <li>f) All the payments in the nature of perquisites and allowance agreed by the Board from time to time.</li> </ul>	Nil
Terms of appointment	Appointed for a period of five years with effect from March 1, 2010.	Appointed as Managing Director for a period of four years effective from July 15, 2009.
Notice Period	Three months notice in advance by either party.	Two months notice in advance by either party.
Severance fees	Three months salary and perquisites in lieu of notice.	None

## Report on Corporate Governance

## b) Non-Executive Directors (as decided by the Board of Directors):

The Non-Executive Directors are entitled to sitting fee for attending the Board/Committee Meetings. Apart from sitting fees, no payment by way of bonus, pension, incentives etc., is paid to any of the non-executive directors. The company has no stock option plans and hence, such instruments do not form part of remuneration payable to non-executive directors. Details of sitting fees paid/payable to the Non Executive Directors for the year under review are as under::

Non-Executive Directors	Sitting Fees
Mr. A. P. Chen	Rs. 40,000/-
Mr. Rajaram Ajgaonkar	Rs. 90,000/-
Ms. Hui Lin Chen Lin	Rs. 25,000/-
Mr. Satish Godbole	Rs. 115,000/-
Mr. Anil Bakshi	Rs. 90,000/-

## B) Details of other pecuniary relationship/transactions of Non-Executive Directors vis-à-vis the Company:

The Company has paid dividend to the following Non-Executive Directors:

Name of the Non-Executive Director	Number of Shares held	Amount of Dividend Paid during the year 2010 -2011 (Amt in Rs.)
Mr. A. P. Chen	50,000	50,000/-
Mr. Rajaram Ajgaonkar	Nil	Nil
Ms. Hui Lin Chen Lin	Nil	Nil
Mr. Satish Godbole	50	50/-
Mr. Anil Bakshi*	100	100/-

\* Mr. Anil Bakshi has been appointed as an Alternate Director to Ms. Hui Lin Chen Lin with effect from May 29, 2010.

## 5. Shareholder's/Investors Grievance Committee:

## Terms of Reference:

The Investor's Grievance Committee has been constituted to deal with the redressal of investor complaints relating to transfer of shares, non-receipt of Annual Report, etc.,

## Composition:

The composition of the Investor Grievance Committee is as under:

Mr. Satish Godbole - Chairman
Mr. Gary Yang
Ms. Hui Lin Chen Lin*
Mr. Rajaram Ajgaonkar
Mr. Anil Bakshi*

\* Mr. Anil Bakshi has been appointed as an Alternate Director to Ms. Hui Lin Chen Lin with effect from May 29, 2010.

Name and Designation of Compliance Officer – Mr. Shrinivas Adkesar, Company Secretary

The Investors Grievance Committee did not meet during the year since there was no physical transfer of shares or unresolved complaints.

During the year Company had received 26 complaints from the shareholders and the same were attended and resolved to the satisfaction of the shareholders.

## Report on Corporate Governance

**6. General Body Meetings:**

## a) Location and time, where last three AGMs were held:

The Company was incorporated on May 26, 2008 and the shares of the Company were listed on December 18, 2009. The detail of the previous two Annual General Meetings and special resolution passed is given below:

Location	Date	Time
Kesarval Gardens, Verna, Salcette, Goa – 403722	September 3, 2010	11.00 a.m.
L-7, Verna Electronic City, Verna Plateau, Verna, Goa-403722	September 25, 2009	10.00 a.m.

Special Resolutions passed in the Annual General Meetings / Extra Ordinary General Meetings held during last two financial years are as follows:

a)	Special Resolution passed at the last Annual General Meeting held on September 3, 2010.	Nil
b)	Special Resolution passed at the Annual General Meeting held on September 25, 2009.	Resolution for Setting up of Employee Stock Option Scheme for employees of the Company.

## b) Postal ballot:

The details of special resolution passed last year/during the year through postal ballot are given below:

The Company has obtained the approval of the shareholders through voting by postal ballot dated 28th October 2010 in terms of provisions of Section 192A of the Companies Act, 1956 read with the provisions of Companies (Passing of Resolutions by Postal Ballot) Rules, 2001, to amend/alter the main object clause of the Memorandum of Association of the Company for trading in “passive networking copper and fiber structured cabling products”.

Date of Postal ballot Notice	Details of the Resolutions passed	Details of Voting pattern	Result of the postal ballot
28 <sup>th</sup> October 2010.	Special Resolution for amendment in Main Object clause of Memorandum of Association of the Company.	Total number of votes polled in favour of the Resolution was 96.84% and the number of votes polled against the Resolution was 3.16% out of the valid votes.	The resolution was passed by requisite majority.

Mr. Shivaram Bhat, Practicing Company Secretary, the Scrutinizer conducted the Postal Ballot processes in a fair and transparent manner.

None of the resolutions proposed for the ensuing Annual General Meeting is required to be passed by Postal Ballot.

**7. Disclosures:**

a. Disclosure on materially significant related party transactions, i.e., transactions of the Company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the Company at large.

- Details of the transactions entered into with related parties have been disclosed in the financial statements. None of the transactions have any potential conflict with the interest of the Company.

b. Details of non-compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.

- None.

c. The Company has complied with all mandatory requirements as stated in Clause 49 of the Listing Agreement.

## Report on Corporate Governance

**8. Means of communication:**

Quarterly Results	Published in Newspapers.
Newspapers normally published in	<ul style="list-style-type: none"> <li>The Economic Times/Business Standard, The Navhind Times/Times of India (in English)</li> <li>Lokmat/ Tarun Bharat (in Marathi).</li> </ul>
Whether it also displays Official News releases	Yes
Any website, where displayed	<a href="http://www.dlink.co.in">www.dlink.co.in</a>
The presentations made to Institutional Investors or to the Analysts	N. A.
Whether MD & A is a part of Annual report or not	Yes

**9. General Shareholder Information:****1. Annual General Meeting:**Date: Wednesday, the 10<sup>th</sup> August, 2011

Time: 11.00 a.m.

Venue: Kesarval Gardens, Cortalim, Verna, Salcette, Goa – 403722

**2. Financial Year:**

Particulars	Date
First Quarter Results	On or before August 14, 2011
Second Quarter Results	On or before November 14, 2011
Third Quarter Results	On or before February 14, 2012
Audited Annual Results	On or before May 30, 2012

**3. Dates of Book Closure:**

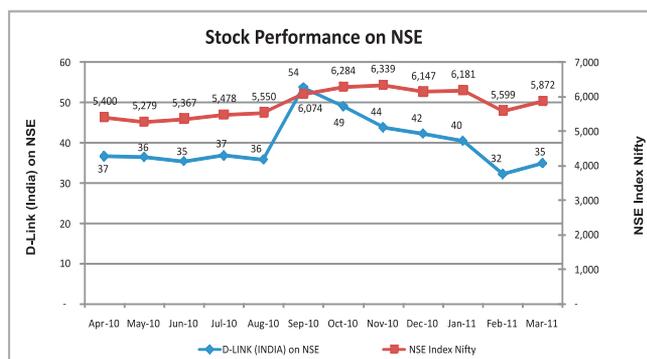
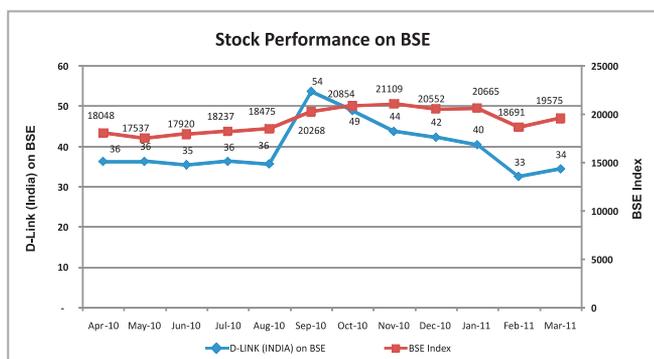
The register of members and share transfer register will remain closed for a period of 7 days from July 13, 2011 to July 19, 2011 (both days inclusive)

**4. Market Price Data:**

Stock High/Low price since listing of shares during last financial year 2010-2011 and Performance in comparison to broad-based indices viz., BSE Sensex and NSE Nifty:

Month	D-LINK (INDIA) on BSE		D-LINK (INDIA) on NSE	
	High	Low	High	Low
	Rs.	Rs.	Rs.	Rs.
Apr-10	36.25	27.20	36.60	26.20
May-10	36.35	30.00	36.40	30.00
Jun-10	35.35	31.05	35.40	31.50
Jul-10	36.25	30.70	36.80	30.50
Aug-10	35.70	30.55	35.80	31.50
Sep-10	53.75	32.00	53.60	32.00
Oct-10	48.90	39.35	48.95	39.60
Nov-10	43.80	33.40	43.70	33.25
Dec-10	42.30	29.75	42.20	29.70
Jan-11	40.45	27.80	40.40	27.85
Feb-11	32.50	24.20	32.20	24.30
Mar-11	34.40	26.00	34.90	26.00

Report on Corporate Governance



5. Dividend Payment Date:

The Dividend warrants will be sent to all shareholders on or after August 16, 2011.

6. Listing on Stock Exchanges:

The shares of the Company have been listed on The Bombay Stock Exchange Ltd and The National Stock Exchange of India Limited w.e.f. December 18, 2009. The annual listing fees were paid to the Stock Exchanges.

7. Stock Code:

The Stock Exchange	Stock Code
Bombay Stock Exchange Limited	533146
National Stock Exchange of India Limited	DLINKINDIA
ISIN Number for NSDL/CDSL	INE250K01012

8. Registrar and Share Transfer Agents:

Karvy Computershare Private Limited  
 Plot No.17 To 24 Vittalrao Nagar  
 Madhapur, Hyderabad - 500 081  
 Phone No. 040-44655000  
 Fax No. 040-23420814

9. Share Transfer System:

Trading in equity shares of the Company is permitted only in dematerialized form.

Shares sent for transfer in physical form if any are returned within a period of 30 days of receipt of the documents, provided all documents are valid and complete in all respects.

10. Distribution of Shareholding:

Distribution of Shareholding as on March 31, 2011

Sl. No	Category (Shares)	No. of Holders	No. of Shares	% to Equity
1	1 - 500	17,434	2,512,486	8.37
2	501 - 1000	1,399	1,175,276	3.92
3	1001 - 2000	592	9,38,680	3.13
4	2001 - 3000	233	606,961	2.02
5	3001 - 4000	82	295,749	0.99
6	4001 - 5000	95	451,953	1.51
7	5001 - 10000	136	1,022,750	3.41
8	10001 and above	103	23,000,995	76.65
	<b>TOTAL</b>	<b>20,074</b>	<b>30,004,850</b>	<b>100.00</b>

## Report on Corporate Governance

## 11. Shareholding Pattern as on March 31, 2011:

Category code	Category of Shareholder	Number of Shareholders	Total number of shares	Percentage
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group</b>			
<b>1</b>	<b>Indian</b>			
(a)	Individuals/ Hindu Undivided Family	-	-	-
(b)	Central Government/ State Government(s)	-	-	-
(c)	Bodies Corporate	-	-	-
(d)	Financial Institutions/ Banks	-	-	-
(e)	Any Others (Specify)	-	-	-
	Sub Total (A)(1)	-	-	-
<b>2</b>	<b>Foreign</b>			
a	Individuals (Non-Residents Individuals/Foreign Individuals)	-	-	-
b	Bodies Corporate	1	18,114,663	60.37
c	Institutions	-	-	-
d	Any Others (Specify)	-	-	-
	Sub Total (A)(2)	1	18,114,663	60.37
	<b>Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)</b>	<b>1</b>	<b>18,114,663</b>	<b>60.37</b>
<b>(B)</b>	<b>Public shareholding</b>			
<b>1</b>	<b>Institutions</b>			
(a)	Mutual Funds/UTI	-	-	-
(b)	Financial Institutions / Banks	2	2,030	0.01
(c)	Central Government/State Government(s)	-	-	-
(d)	Venture Capital Funds	-	-	-
(e)	Insurance Companies	-	-	-
(f)	Foreign Institutional Investors	1	50,000	0.16
(g)	Foreign Venture Capital Investors	-	-	-
(h)	Any Other (specify)	-	-	-
	<b>Sub-Total (B)(1)</b>	<b>3</b>	<b>52,030</b>	<b>0.17</b>
<b>B 2</b>	<b>Non-institutions</b>			
(a)	Bodies Corporate	512	2,126,880	7.09
(b)	Individuals			
I	Individuals - i. Individual shareholders holding nominal share capital up to Rs 1 lakh	19,260	7,094,062	23.64
II	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	10	1,682,764	5.61
(c)	Trusts	2	415,575	1.39
(c-i)	Non Resident Indians	211	188,705	0.63
(c-ii)	Clearing Members	75	330,171	1.10
	Sub-Total (B)(2)	20,070	11,838,157	39.46
(B)	Total Public Shareholding (B)= (B)(1)+(B)(2)	20,073	11,890,187	39.63
	TOTAL (A)+(B)	20,074	30,004,850	100.00
<b>(C)</b>	Shares held by Custodians and against which Depository Receipts have been issued	-	-	-
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>20,074</b>	<b>30,004,850</b>	<b>100.00</b>

Report on Corporate Governance

**12. Dematerialization of Shares and Liquidity:**

The total number of shares in dematerialized form as on March 31, 2011 is 29,977,034 equity shares representing 99.91% of the total number of shares of the Company.

The equity shares of the Company are actively traded on BSE and NSE.

**13. Plant Location: Not applicable.**

**14. Address for Correspondence :**

Shareholders Correspondence should be addressed to:

The Company Secretary D-Link (India) Limited Plot No. U02B, Verna Industrial Estate, Verna, Goa - 403722 Phone Nos : 0832-2885800/811 Fax Nos : 0832-2885823 E-mail : shares@dlink.co.in	Karvy Computershare Private Limited Registrars & Share Transfer Agents Plot No.17 To 24 Vittalrao Nagar Madhapur, Hyderabad - 500 081 Phone No: 040-44655000 Fax No: 040-23420814 Email: einward.ris@karvy.com
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**15. Compliance with Mandatory & Non Mandatory requirements.**

The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement relating to Corporate Governance. The Company has not adopted the non-mandatory requirements as specified in Annexure – ID of the Clause 49 of the Listing Agreement.

**For and on behalf of the Board**

**Gary Yang**  
Managing Director

Mumbai  
Dated: May 24, 2011

## Auditors' Certificate on Compliance of Conditions of Corporate Governance

To,

### **The Members of D-Link (India) Limited**

We have examined the compliance of conditions of Corporate Governance by D-Link (India) Limited for the year ended on 31st March, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

For **Deloitte Haskins & Sells**

Chartered Accountants

Registration no. 117366W

**A. B. Jani**

Partner

Membership no. 46488

Mumbai, dated 24th May, 2011

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## Declaration regarding compliance by Board Members and Senior Management personnel with the Company's Code of Conduct

I confirm that the Company has in respect of the financial year ended 31st March, 2011, received from all the members of the Senior Management of the Company and of the Board, a declaration of compliance with the code of conduct as provided under clause 49 of the listing agreement.

For **D-Link (India) Limited**

**Gary Yang**

Managing Director

Mumbai, dated 24th May, 2011

## Auditors' Report

To,

**The Members of D-Link (India) Limited**

1. We have audited the attached Balance Sheet of D-Link (India) Limited ("the Company"), as at 31st March, 2011, the Profit and Loss Account and the Cash-Flow Statement for the year ended on that date, both 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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, (CARO) 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 in paragraph 3 above, we report as follows:
  - (a) 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;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - (c) The Balance Sheet, the Profit and Loss Account and the Cash-Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash-Flow statement dealt with by this report comply with the Accounting Standards referred to in section 211(3C) of the Companies Act, 1956;
  - (e) 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:
    - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
    - (ii) in the case of the Profit and Loss account, of the profit of the Company for the year ended on that date; and
    - (iii) in the case of the Cash-flow statement, of the cash-flows of the Company for the year ended on that date.
5. On the basis of written representations received from the Directors, as on 31st March, 2011 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956;

For **Deloitte Haskins & Sells**  
Chartered Accountants  
Registration no. 117366W

Mumbai  
Dated: 24<sup>th</sup> May, 2011

**A. B. Jani**  
Partner  
Membership no. 46488

## Annexure to the Auditors' Report

### Re: D-Link (India) Limited

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

- (i) Having regard to the nature of the Company's business/activities, clauses (xiii) and (xiv) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable.
- (ii) In respect of its fixed assets:
  - (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. Material discrepancies noticed on such verification have been properly dealt with in the books of accounts
  - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii.) In respect of its inventory:
  - (a) The inventories have been physically verified during the year 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 has maintained 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.) In our opinion and according to the information and explanations given to us, there are no contracts or arrangements referred to in Section 301 of the Companies Act, 1956 particulars of which need to be entered in the Register maintained under that section. Consequently, the question of commenting on reasonableness of prices in respect of the transactions exceeding Rs. 500,000/- in respect of each party does not arise.
- (vii.) The Company has not accepted deposits from the public.
- (viii.) In our opinion, the internal audit function carried out during the year, by a firm of Chartered Accountants appointed by the management have been commensurate with the size of the Company and the 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.) According to the information and explanations given to us in respect of statutory dues:
  - (a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities
  - (b) There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2011 for a period of more than six months from the date they became payable
  - (c) 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 does not have accumulated losses at the end of the financial year and has not incurred cash losses during the year under report and in the immediately preceding financial year.
- (xii.) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks.
- (xiii.) In our opinion and 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.) In our opinion and 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 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 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 year.

For **Deloitte Haskins & Sells**  
Chartered Accountants  
Registration no. 117366W

Mumbai  
Dated: 24<sup>th</sup> May, 2011

**A. B. Jani**  
Partner  
Membership no. 46488

## Balance Sheet as at 31st March, 2011

	Schedule No.	Rupees	As at 31st March, 2011 Rupees	As at 31st March, 2010 Rupees
<b>SOURCES OF FUNDS</b>				
<b>Shareholders' funds</b>				
Share capital	1	60,009,700		60,009,700
Reserves and surplus	2	660,037,455		636,343,549
			720,047,155	696,353,249
<b>Deferred tax liability (net)</b>			3,225,400	146,600
<b>Total</b>			<b>723,272,555</b>	<b>696,499,849</b>
<b>APPLICATION OF FUNDS</b>				
<b>Fixed assets</b>				
Gross block	3	240,591,512		28,400,767
Less: Depreciation/Amortisation		15,035,838		8,301,174
Net block			225,555,674	20,099,593
Investments	4		80,187,667	222,745,454
<b>Current assets, loans and advances</b>				
Inventories	5	272,393,697		225,484,376
Sundry debtors	6	211,682,161		210,924,593
Cash and bank balances	7	36,425,879		146,779,840
Loans and advances	8	90,094,851		82,216,757
		610,596,588		665,405,566
Less: Current liabilities and provisions				
Current liabilities	9	180,872,952		174,847,038
Provisions	10	12,194,422		36,903,726
		193,067,374		211,750,764
<b>Net current assets</b>			417,529,214	453,654,802
<b>Total</b>			<b>723,272,555</b>	<b>696,499,849</b>
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

Mumbai, dated 24th May, 2011

**For and on behalf of the Board**

**A. P. Chen**  
Chairman

**Gary Yang**  
Managing Director

**Shrinivas Adkesar**  
Company Secretary

**C.M.Gaonkar**  
Executive Director & CFO

Mumbai, dated 24th May, 2011

## Profit and Loss Account for the year ended 31st March, 2011

	Schedule No.	Year Ended 31st March, 2011 Rupees	Year Ended 31st March, 2010 Rupees
<b>INCOME</b>			
Sales of traded goods		1,270,889,535	1,314,765,692
Income from Services		2,694,915	13,157,143
Other income	11	27,742,381	46,291,364
Increase in stocks of traded goods	12	46,909,321	35,374,781
<b>Total</b>		<b>1,348,236,152</b>	<b>1,409,588,980</b>
<b>EXPENDITURE</b>			
Purchase of traded goods		963,246,833	976,001,075
Operating and other expenses	13	325,922,006	324,586,533
Depreciation / Amortisation		9,176,485	3,768,660
Interest and finance charges	14	121,638	902,405
<b>Total</b>		<b>1,298,466,962</b>	<b>1,305,258,673</b>
<b>PROFIT BEFORE TAX</b>		<b>49,769,190</b>	<b>104,330,307</b>
Provision for tax			
- Current tax (including Rs.10,000/- in respect of wealth tax; Previous year Rs.35,000/-)		12,500,000	29,000,000
- Deferred tax		3,078,800	3,469,380
		15,578,800	32,469,380
<b>PROFIT AFTER TAX</b>		<b>34,190,390</b>	<b>71,860,927</b>
Balance brought forward from previous year/period		415,348,546	385,665,900
<b>Amount available for appropriation</b>		<b>449,538,936</b>	<b>457,526,827</b>
<b>APPROPRIATIONS</b>			
Proposed dividend		9,001,455	30,004,850
Corporate dividend tax		1,495,029	4,983,431
Transferred to General reserve		3,420,000	7,190,000
<b>Balance carried to Balance sheet</b>		<b>435,622,452</b>	<b>415,348,546</b>
<b>Earnings per share (Face value of Rs. 2/- per share)</b>			
<b>Basic and Diluted</b>		<b>1.14</b>	<b>2.39</b>
(Refer Note B9 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

**A. B. Jani**  
Partner

Mumbai, dated 24th May, 2011

**For and on behalf of the Board**

**A. P. Chen**  
Chairman

**Shrinivas Adkesar**  
Company Secretary

Mumbai, dated 24th May, 2011

**Gary Yang**  
Managing Director

**C.M.Gaonkar**  
Executive Director & CFO

## Cash flow statement for the year ended 31st March, 2011

	Year Ended 31st March, 2011 Rupees	Year Ended 31st March, 2010 Rupees
<b>A. Cash flows from operating activities</b>		
<b>Profit before tax</b>	<b>49,769,190</b>	<b>104,330,307</b>
<b>Adjustments for:</b>		
Depreciation/Amortisation	9,176,485	3,768,660
Loss on sale/discard of fixed assets (net)	1,965,425	23,970
Profit on sale of current investments (non-trade)	(2,753,077)	(34,661)
Bad debts/Advances written off	3,127,867	7,748,165
Unrealised exchange differences(net)	(411,383)	(255,881)
Sundry balances written back	(460,743)	(950,297)
Sundry advances written back	-	(485,249)
Sundry balances written off	826	929,079
Provision for doubtful debts written back	(3,108,271)	(5,472,888)
Provision for doubtful debts and advances	251,882	236,737
Interest and finance charges	121,638	902,405
Interest income on fixed deposits/Bond	(3,611,824)	(5,724,168)
Interest on delayed payments	(191,643)	(906,733)
Dividend income	(4,548,966)	(10,620,404)
<b>Operating profit before working capital changes</b>	<b>49,327,406</b>	<b>93,489,042</b>
(Increase)/Decrease in sundry debtors	(1,274,985)	18,082,260
(Increase) in inventories	(46,909,321)	(35,374,781)
(Increase)/Decrease in loans and advances	(2,224,395)	15,993,584
Increase in trade and other payables	6,926,472	75,391,844
<b>Cash generated from Operations</b>	<b>5,845,177</b>	<b>167,581,949</b>
Direct taxes paid	(18,154,525)	(36,343,246)
<b>Net cash (used in)/generated from operating activities</b>	<b>(12,309,348)</b>	<b>131,238,703</b>
<b>B. Cash flows from investing activities</b>		
Purchase of fixed assets	(216,607,991)	(14,960,043)
Purchase of investments	(1,642,201,301)	(1,080,777,237)
Sale of investments	1,787,512,165	1,129,640,526
Sale of Fixed Assets	10,000	65,890
Dividend received	4,548,966	10,532,654
Interest received	8,487,261	1,479,150
<b>Net cash (used in)/generated from investing activities</b>	<b>(58,250,900)</b>	<b>45,980,940</b>
<b>C. Cash flows from financing activities</b>		
Dividend paid (including Corporate Dividend tax)	(34,988,281)	(35,189,149)
Interest paid	(121,638)	(902,405)
<b>Net cash (used in) financing activities</b>	<b>(35,109,919)</b>	<b>(36,091,554)</b>
<b>Net (Decrease)/Increase in cash and cash equivalents</b>	<b>(105,670,167)</b>	<b>141,128,089</b>
Cash and cash equivalents at the beginning of the year	141,628,089	500,000
Cash and cash equivalents at the end of the year	35,957,922	141,628,089
Reconciliation of cash and cash equivalents		
As per Cash-flow statement	35,957,922	141,628,089
Add : Interest accrued on bank deposits	467,957	5,151,751
As per Balance sheet - Schedule 7	36,425,879	146,779,840

## Notes :

- Components of cash and cash equivalents include cash, bank balances in current and deposit accounts as disclosed under Schedule 7 of the accounts.
- Purchase of fixed assets are stated inclusive of movements of capital work in progress between the commencement and end of the year and are considered as part of investing activity.
- Balance with banks in current account include restricted bank balance on account of dividends aggregating to Rs.299,563/-(previous year Rs.131,546).

As per our attached report of even date

**For Deloitte Haskins & Sells**  
Chartered Accountants

**A. B. Jani**  
Partner

Mumbai, dated 24th May, 2011

For and on behalf of the Board

**A. P. Chen**  
Chairman

**Shrinivas Adkesar**  
Company Secretary

Mumbai, dated 24th May, 2011

**Gary Yang**  
Managing Director

**C.M.Gaonkar**  
Executive Director & CFO

## Schedules forming part of the Accounts

Rupees	As at 31st March, 2011 Rupees	As at 31st March, 2010 Rupees
<b>Schedule 1</b>		
<b>SHARE CAPITAL</b>		
<b>Authorised</b>		
35,000,000 Equity Shares of Rs.2/- each	70,000,000	70,000,000
<b>Issued, subscribed and paid-up:</b>		
30,004,850 Equity Shares of Rs.2/- each fully paid-up, allotted pursuant to the Scheme of Arrangement, by capitalisation of General Reserve. (Of which 18,114,663 shares are held by the Holding Company - D-Link Holding Mauritius Inc., D-Link Corporation, Taiwan being the ultimate holding Company).	60,009,700	60,009,700
<b>Total</b>	<b>60,009,700</b>	<b>60,009,700</b>
<b>Schedule 2</b>		
<b>RESERVES AND SURPLUS</b>		
Securities Premium Account As per last Balance sheet	205,134,440	205,134,440
<b>General Reserve</b>		
As per last Balance sheet	15,860,563	8,670,563
Add: Transferred from Profit and Loss Account	3,420,000	7,190,000
	19,280,563	15,860,563
Surplus in Profit and Loss Account	435,622,452	415,348,546
<b>Total</b>	<b>660,037,455</b>	<b>636,343,549</b>

## Schedules forming part of the Accounts

### Schedule 3

#### FIXED ASSETS

(Rupees)

Nature of assets	Gross block		Depreciation/Amortisation			Net block				
	As at 1 April, 2010	Additions	Deletions/ Adjustments	As at 31 March, 2011	Upto 31 March, 2010	For the year	Deletions/ Adjustments	Upto 31st March, 2011	As at 31st March, 2011	As at 31st March, 2010
<b>Tangible assets</b>										
Office Premises	-	190,343,442	-	190,343,442	-	2,346,700	-	2,346,700	187,996,742	-
Plant and Machinery	-	628,783	-	628,783	-	2,412	-	2,412	626,371	-
Electrical installations	823,810	2,284,450	823,810	2,284,450	337,826	81,940	376,957	42,809	2,241,641	485,984
Furniture, fittings and office equipment	5,737,500	17,062,733	1,917,630	20,882,603	1,450,404	1,829,523	918,745	2,361,182	18,521,421	4,287,096
Air conditioners	932,861	1,504,040	609,846	1,827,055	299,860	58,185	248,226	109,819	1,717,236	633,001
Computers	12,590,454	3,057,349	1,065,960	14,581,843	4,420,312	3,138,688	897,893	6,661,107	7,920,736	8,170,142
Vehicles	4,385,838	-	-	4,385,838	1,055,024	706,546	-	1,761,570	2,624,268	3,330,814
<b>Intangible assets</b>										
Computer Software	24,470,463	214,880,797	4,417,246	234,934,014	7,563,426	8,163,994	2,441,821	13,285,599	221,648,415	16,907,037
<b>Total</b>	<b>28,400,767</b>	<b>216,607,991</b>	<b>4,417,246</b>	<b>240,591,512</b>	<b>8,301,174</b>	<b>9,176,485</b>	<b>2,441,821</b>	<b>15,035,838</b>	<b>225,555,674</b>	<b>20,099,593</b>
<b>Previous year</b>	<b>13,665,660</b>	<b>15,658,543</b>	<b>923,436</b>	<b>28,400,767</b>	<b>5,366,090</b>	<b>3,768,660</b>	<b>833,576</b>	<b>8,301,174</b>		

## Schedules forming part of the Accounts

	As at 31st March, 2011 Rupees	As at 31st March, 2010 Rupees
<b>Schedule 4</b>		
<b>INVESTMENTS</b>		
<b>Current investments (non-trade) (At lower of cost and fair value.)</b>		
<b>(i) In Mutual funds Units (unquoted).</b>		
428,234.162 (Previous year Nil) units of Rs. 10/- each in Kotak Quarterly Interval Plan Series 8 Growth	5,000,000	-
183,877.090 (Previous year Nil) units of Rs. 10/- each in Birla sunlife Savings Fund - IP DDR	5,082,491	-
394,975.910 (Previous year Nil) units of Rs. 10/- each in UTI Fixed Income Interval Fund - Monthly Interval Plan II Growth plan	5,000,000	-
7,270.298(Previous year Nil) units of Rs. 1,000/- each in IDFC Saving Advantage Fund - Plan A Growth	10,048,348	-
974,877.410(Previous year Nil) units of Rs. 10/- each in PNB Paribas Bond Fund- Inst-Growth	10,000,000	-
Nil (Previous year 89,000.000) units of Rs. 10/- each in ICICI Prudential Mutual Fund-Interval Fund Half Yearly Internal Plan II institutional Dividend	-	890,000
Nil (Previous year 3,983,551.668 ) units of Rs.10/- each in ICICI Prudential Mutual Fund- Banking & PSU Debt Fund - Growth	-	40,001,924
Nil (Previous year 7,117,434.249) units of Rs.10/- each in ICICI Prudential Mutual Fund-Interval Fund II Quarterly Interval Plan-F Institutional Cumulative	-	71,174,343
Nil (Previous year 1,604,999.209) units of Rs.10/- each in Reliance Mutual Fund- Medium Term Fund - Retail Plan - Growth Plan	-	30,598,186
Nil (Previous year 1,610,500.463 ) units of Rs.10/- each in Reliance Mutual Fund-Reliance Monthly Interval Fund- Series II - Institutional Growth Plan	-	20,000,000
Nil (Previous year 486,107.932 ) units of Rs.10/- each in Canara Robeco Mutual Fund- Interval - Series 2 - Quarterly Plan 2 - Institutional Growth Fund	-	5,000,349
Nil (Previous year 999,226.199) units of Rs.10/- each in Axis Mutual Fund- Short Term Fund - Institutional - Growth	-	10,063,607
1,981,875.691 (Previous year 1,981,875.691 ) units of Rs.10/- each in Franklin Templeton Mutual Fund - Templeton India Income Opportunities Fund - Growth	20,001,882	20,001,882
1,910,356.020 (Previous year 10,839.379) units of Rs.10/- each in Franklin Templeton Mutual Fund-Templeton India Short Term Income Fund - Retail Plan-Growth	20,000,906	20,012,684
Nil (Previous year 450,913.498) units of Rs.10/- each in UTI Floating Rate Fund- Short Term Plan - Institutional D.D.R.	-	5,002,479
	<b>75,133,627</b>	<b>222,745,454</b>
<b>(ii) In Bonds (quoted)</b>		
5 Bonds (Previous year Nil) of Rs.10,00,000/- each in 10.10% IVRCL Assets Dec 2011	5,054,040	-
<b>Total</b>	<b>80,187,667</b>	<b>222,745,454</b>
Notes:		
1. Aggregate value of investments		
Unquoted - Cost / fair value	75,133,627	222,745,454
Quoted - Cost	5,054,040	-
- Market Value	5,054,040	-
2. Investments purchased and sold during the year - Refer Note no. B11 of Schedule 15		

## Schedules forming part of the Accounts

	As at 31st March, 2011 Rupees	As at 31st March, 2010 Rupees
<b>Schedule 5</b>		
<b>INVENTORIES</b>		
Traded goods (including goods in transit Rs.97,015,522/-, previous year Rs.39,430,207/-)	272,393,697	225,484,376
<b>Total</b>	<b>272,393,697</b>	<b>225,484,376</b>
<b>Schedule 6</b>		
<b>SUNDRY DEBTORS (Unsecured)</b>		
Debts outstanding for a period exceeding six months	771,323	3,317,457
Other debts *	211,628,000	211,180,687
	<b>212,399,323</b>	<b>214,498,144</b>
Less: Provision	717,162	3,573,551
<b>Total</b>	<b>211,682,161</b>	<b>210,924,593</b>
Notes		
(a) Considered good	211,682,161	210,924,593
Considered doubtful	717,162	3,573,551
	<b>212,399,323</b>	<b>214,498,144</b>
(b) * Includes amounts in respect of which the Company holds deposits	-	<b>513,202</b>
<b>Schedule 7</b>		
<b>CASH AND BANK BALANCES</b>		
Cash on hand	23,405	14,968
<b>Balances with scheduled banks</b>		
- In current accounts	25,934,517	27,613,121
- In deposit accounts (includes interest accrued Rs.467,957/-, Previous year Rs.5,151,751/-)	10,467,957	119,151,751
<b>Total</b>	<b>36,425,879</b>	<b>146,779,840</b>
<b>Schedule 8</b>		
<b>LOANS AND ADVANCES</b>		
<b>(Unsecured and considered good)</b>		
Advances recoverable in cash or in kind or for value to be received (Refer Note no. B1 of schedule 15)	70,919,500	63,581,291
Deposits (includes deposits towards premises Rs.4,780,380/-, as at 31st March, 2010 Rs. 11,742,220/-)	6,677,580	11,792,220
Advance payment of taxes (net)	12,497,771	6,843,246
<b>Total</b>	<b>90,094,851</b>	<b>82,216,757</b>
<b>Schedule 9</b>		
<b>CURRENT LIABILITIES</b>		
<b>Sundry creditors</b>		
- Total outstanding dues of micro enterprises and small enterprises (Refer Note no. B7 of schedule 15)	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	177,350,402	167,544,957
	<b>177,350,402</b>	<b>167,544,957</b>
Security deposits	584,228	4,642,424
Other liabilities	2,938,322	2,659,657
<b>Total</b>	<b>180,872,952</b>	<b>174,847,038</b>

## Schedules forming part of the Accounts

	As at 31st March, 2011 Rupees	As at 31st March, 2010 Rupees
<b>Schedule 10</b>		
<b>PROVISIONS</b>		
For Income tax (net of advance tax)	-	-
For Proposed dividend	9,001,455	30,004,850
For Corporate dividend tax	1,495,029	4,983,431
For Gratuity	107,144	238,663
For Leave encashment	1,590,794	1,676,782
<b>Total</b>	<b><u>12,194,422</u></b>	<b><u>36,903,726</u></b>
<b>Schedule 11</b>		
<b>OTHER INCOME</b>		
<b>Interest</b>		
(Tax deducted at source Rs.396,031/- ; previous year, Rs. 682,242/-)		
- On fixed deposits with banks ( Gross)	3,234,111	5,724,168
- On Bond (current investments)	377,713	-
- Interest on delayed payments	191,643	906,733
	3,803,467	6,630,901
Duty drawback	4,092,588	8,778,559
Dividend on current investments (non-trade)	4,548,966	10,620,404
Profit on sale of current investments (non-trade)	2,753,077	34,661
Provision for doubtful debts written back	3,108,271	5,472,888
Provision for advances written back	-	485,249
Sundry balances written back	460,743	950,297
Exchange gain (net)	8,551,552	10,249,660
Miscellaneous income	423,717	3,068,745
<b>Total</b>	<b><u>27,742,381</u></b>	<b><u>46,291,364</u></b>
<b>Schedule 12</b>		
<b>INCREASE IN STOCKS OF TRADED GOODS</b>		
Closing Stock	272,393,697	225,484,376
Less: Opening Stock	225,484,376	190,109,595
<b>Increase</b>	<b><u>46,909,321</u></b>	<b><u>35,374,781</u></b>

## Schedules forming part of the Accounts

Rupees	Year Ended 31st March, 2011 Rupees	Year Ended 31st March, 2010 Rupees
<b>Schedule 13</b>		
<b>OPERATING AND OTHER EXPENSES</b>		
<u>Payments to and provisions for employees :</u>		
Salaries, wages and bonus	116,449,551	107,177,438
Contribution to provident and other funds	1,286,536	1,101,988
Staff welfare expenses	2,852,671	2,299,837
Gratuity	518,481	993,850
Leave encashment	589,321	617,238
	121,696,560	112,190,351
Logistic support services	15,584,282	21,871,509
Sales and customer support services	7,279,054	7,290,505
Power and fuel	1,951,404	1,978,340
Customs duty (Refer Note No. B1 of Schedule 15)	-	4,424,173
Rent	21,381,017	23,270,647
Operating lease rentals	245,363	222,780
Rates and taxes	552,729	1,126,298
Insurance	4,764,425	1,226,681
<u>Repairs and maintenance:</u>		
Office premises	1,478,396	447,367
Others	2,553,989	4,476,102
	4,032,385	4,923,469
Travelling and conveyance expenses	17,286,161	21,406,498
Communication expenses	7,931,834	7,008,366
Advertisement and sales development expenses	56,112,553	31,992,702
Commission on sales	9,667,810	8,103,534
Servicing expenses	25,529,060	30,556,921
Loss on sale/discard of fixed assets	1,965,425	23,970
Provision for doubtful debts and advances	251,882	236,737
Sundry balances written off	826	929,079
Legal and professional fees	14,320,643	25,040,263
Bad debts/Advances written off	3,127,867	7,748,165
Directors sitting fees	360,000	435,000
Miscellaneous expenses *	11,880,726	12,580,545
<b>Total</b>	<b>325,922,006</b>	<b>324,586,533</b>
* Includes Printing and stationery, Audit fees etc.		
<b>Schedule 14</b>		
<b>INTEREST AND FINANCE CHARGES</b>		
On security deposits from dealers	121,638	748,536
On others	-	153,869
<b>Total</b>	<b>121,638</b>	<b>902,405</b>

## Schedules forming part of the Accounts

### 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.

###### ii) Intangible assets

Intangible assets are stated at cost less accumulated amortisation. Computer software is amortised over a period of five 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 for following assets

<u>Asset Description</u>	<u>Depreciated over</u>
Office Premises	20 years
Plant and Machinery	5 years
Motor vehicles	5 years
Computers	4 years

Asset costing less than Rs. 5,000/- are depreciated @ 100%.

###### 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

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

## Schedules forming part of the Accounts

## Schedule 15

## A SIGNIFICANT ACCOUNTING POLICIES (Contd.)

**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.

**Taxes on income**

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with Indian Income-tax Act, 1961.

Deferred income tax reflect the current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years/period. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future income will be available except that deferred tax assets in case there are unabsorbed depreciation and losses, are recognised if there is virtual certainty that sufficient future taxable income will be available to realise the same. (refer note 8 below).

**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.

## B. NOTES ON ACCOUNTS

	As at 31st March, 2011 Rupees	As at 31st March, 2010 Rupees
1 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.	6,312,963	6,312,963
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.		
During the previous year, the company had agreed to the classification done by the customs department and had withdrawn the protest with respect to one of the products as a result of which an amount of Rs. 4,424,173/- had been debited to Profit and Loss Account of the previous year.		
2 The Company has obtained the approval of the shareholders through voting by postal ballot dated 28th October 2010 in terms of provisions of Section 192A of the Companies Act, 1956 read with the provisions of Companies (Passing of Resolutions by Postal Ballot) Rules, 2001, to amend/alter the main object clause of the Memorandum of Association of the Company for trading in "passive networking copper and fiber structured cabling products". Accordingly, the Company is now trading in passive networking copper and fiber structured cabling products.		
	As at 31st March, 2011 Rupees	As at 31st March, 2010 Rupees
3 <u>Payment to Auditors</u>		
a. As Auditors	980,000	920,000
b. As adviser or in any other capacity in respect of:		
(i) Taxation matters	-	60,000
c. For Other matters (certification, etc)	250,000	1,270,000
d. For Expenses	16,502	59,133
e. For Service tax	1,26,690	231,750
<b>Total</b>	<b>1,373,192</b>	<b>2,540,883</b>
4 <u>Managerial Remuneration under section 198 of the Companies Act, 1956, paid to a Director</u>		
<u>Remuneration to Whole time Director *</u>		
Salary	2,254,000	150,000
Perquisites	32,400	2,700
<b>Total</b>	<b>2,286,400</b>	<b>152,700</b>

\* Previous year figure is for the period 1st March, 2010 to 31st March, 2010.

## Schedules forming part of the Accounts

## Schedule 15

## B. NOTES ON ACCOUNTS - (contd.)

	As at 31st March, 2011 Rupees	As at 31st March, 2010 Rupees
<b>5 The disclosure as required under Accounting Standard 15 on 'Employee Benefits' (AS-15) regarding the Company's defined benefit plan is as follows:</b>		
<b>I. Reconciliation of opening and closing balances of Defined Benefit obligation</b>		
	<b>Gratuity (funded)</b>	<b>Gratuity (funded)</b>
Defined Benefit obligation at the beginning of the year	3,390,406	2,406,175
Current Service Cost	982,904	992,221
Interest Cost	267,786	166,877
Actuarial (gain)/loss	(550,803)	(130,444)
Benefits paid	(86,174)	(44,423)
Defined Benefit obligation at the end of the year	<u>4,004,119</u>	<u>3,390,406</u>
<b>II. Reconciliation of opening and closing balances of fair value of plan assets</b>		
Fair value of plan assets at beginning of the year	3,151,743	-
Expected return on plan assets	206,019	37,718
Actuarial gain/(loss)	(24,613)	(2,914)
Employer contribution	650,000	3,161,362
Benefits paid	(86,174)	(44,423)
Fair value of plan assets at year end	<u>3,896,975</u>	<u>3,151,743</u>
<b>III Reconciliation of fair value of assets and obligations</b>		
Present value of obligation as at 31st March, 2011/2010	4,004,119	3,390,406
Fair value of plan assets as at 31st March, 2011/2010	3,896,975	3,151,743
Amount recognized in Balance Sheet	<u>(107,144)</u>	<u>(238,663)</u>
<b>IV Expense recognized during the year (Under the head "Payments to and Provisions for Employees" - Refer Schedule 13)</b>		
Current Service Cost	982,904	992,221
Interest Cost	267,786	166,877
Expected return on plan assets	(206,019)	(37,718)
Actuarial (gain) / loss	(526,190)	(127,530)
Net Cost	<u>518,481</u>	<u>993,850</u>
<b>V Actuarial assumptions</b>		
Discount rate (per annum)	8%	8%
Expected rate of return on plan assets (per annum)	6%	8%
Rate of escalation in salary (per annum)	6%	6%
Employee Attrition Rate	5%	5%
<b>VI 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.</b>		
The amounts of the present value of the obligation, fair value of the plan assets, surplus or deficit in the plan, experience adjustments arising on plan liabilities and plan assets are furnished below:		
<u>Experience Adjustment</u>		
a. due to change in Actuarial assumption	-	(459,214)
b. Experience (Gain)/Loss on obligation	(550,803)	328,770
c. Actuarial gain/(loss) on plan assets	(24,613)	(2,914)
Present value of benefit obligation	4,004,119	3,390,406
Fair value of plan assets	3,896,975	3,151,743
Excess of (obligation over plan assets) / plan assets over obligation	<u>(107,144)</u>	<u>(238,663)</u>
<b>VII The contributions expected to be made by the Company during the financial year 2011-12 have not been ascertained.</b>		
The plan assets are managed by the Gratuity trust formed by the Company. The management of funds is entrusted with MetLife India Insurance Co. Ltd. The details of investments made by them are not available.		
<b>VIII The disclosure as required under AS-15 regarding the Company's defined contribution plans is as follows :</b>		
i) Contribution to provident fund Rs.1,189,412/- . ( Previous year Rs.1,089,167/-)		

## Schedules forming part of the Accounts

## Schedule 15

## B. NOTES ON ACCOUNTS - (contd.)

6. Additional information pursuant to the provisions of paragraphs 3, 4C and 4D of part II of Schedule VI to the Companies Act, 1956:

	Year ended 31st March, 2011		Year ended 31st March, 2010	
	Quantity (nos.)	Value (Rs.)	Quantity (nos.)	Value (Rs.)
a. Turnover				
a. Sales of traded goods				
Networking products	721,800	1,270,889,535	709,942	1,314,765,692
b. Traded goods (networking products)				
Opening stock	259,568	225,484,376	112,216	190,109,595
Closing stock	177,339	272,393,697	259,568	225,484,376
Purchases	639,571	963,246,833	857,294	976,001,075
		<b>Rupees</b>		<b>Rupees</b>
c. C.I.F. value of goods imported				
Traded goods		863,324,214		803,548,182
Capital goods		881,458		2,857,317
d. Expenditure in foreign currency				
Travelling expenses		748,767		1,644,567
Professional Fees		8,395,096		15,444,345
e. Earnings in foreign exchange				
F.O.B. value of exports		49,990,460		106,357,480
f. Amount remitted during the year in foreign currency on account of dividend				
Number of non-resident shareholders		4		4
Number of shares held by them on which dividend is due		18,264,663		18,264,663
Year to which dividend relates		2009-10		2008-09
Amount of dividend remitted in Rupees		18,264,663		18,264,663

Other than the above, the Company has not remitted any amount in foreign currencies on account of dividends during the year and does not have information as to the extent to which remittances, if any, in foreign currencies on account of dividend have been made by non-resident shareholders.

7 As per information available with the Company, none of the creditors have confirmed that they are registered under the Micro, Small and Medium enterprises Development Act, 2006. Accordingly, disclosure as required by the said Act is made on that basis.

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

	As at March 2011 Rupees	As at March 2010 Rupees
a. Deferred Tax Liability		
Depreciation	(4,027,612)	(1,969,930)
<b>Total</b>	<b>(4,027,612)</b>	<b>(1,969,930)</b>
b. Deferred Tax Asset		
Provision for doubtful debts	238,223	1,187,044
Others	563,989	636,286
<b>Total</b>	<b>802,212</b>	<b>1,823,330</b>
<b>Deferred Tax (Liability) (net)</b>	<b>(3,225,400)</b>	<b>(146,600)</b>
9 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 year, as under:		
Profit attributable to equity shareholders (Rupees)	34,190,390	71,860,927
Weighted average number of Equity Shares outstanding during the year	30,004,850	30,004,850
Basic/diluted earnings per share (Rupees)	1.14	2.39
Nominal value per share (Rupees)	2.00	2.00

## Schedules forming part of the Accounts

### Schedule 15

#### B. NOTES ON ACCOUNTS (contd.)

- 10 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	300,000 (Nil)	13,436,000 (Nil)	Buy -

Figures in brackets are those of previous year

- b) The year 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:

	Current Year		Previous Year	
	In Foreign Currency	In Rupees	In Foreign Currency	In Rupees
Debtors	USD 121,377	5,315,099	USD 249,285	11,068,255

Amount payable in foreign currency on account of the following:

	Current Year		Previous Year	
	In Foreign Currency	In Rupees	In Foreign Currency	In Rupees
Creditors	USD 2,903,592 EURO 3,411	131,713,731	USD 2,061,872 EURO 7,341	94,968,723

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

	Year Ended 31st March, 2011 Rupees	Year Ended 31st March, 2010 Rupees
Exchange gain	14,398,906	18,962,136
Exchange loss	5,847,354	8,712,476

#### 11 Investments purchased and sold during the year.

	Year ended 31st March, 2011		Year ended 31st March, 2010	
	Units	Amount (Rupees)	Units	Amount (Rupees)
<b>A Units in Mutual funds</b>				
<b>Units in ICICI Prudential Mutual Fund</b>				
ICICI Prudential Mutual Fund-Floating rate plan D-Daily Dividend- Reinvestment	-	-	81,433.877	814,510
ICICI Prudential -Flexible Income Plan Dividend - Daily Dividend-units Rs.10 each	-	-	12,998,892.531	137,443,793
ICICI Prudential Banking & PSU Debt Fund - Daily Dividend	4,089,767.976	41,100,517	-	-
ICICI Prudential Interval Fund Monthly Interval Plan- Institutional Dividend Reinvestment	3,011,760.000	30,117,600	-	-
ICICI Prudential Ultra Short Term Plan Premium Plus - Daily Dividend	14,202,450.130	142,322,754	12,092,040.961	121,174,342
ICICI Prudential Liquid Plan Institutional Plus Daily Dividend option Dividend Reinvestment	1,118,258.639	132,530,423	1,856,619.578	220,037,270
ICICI Prudential Liquid Plan Institutional Daily Dividend option Dividend Reinvestment	-	-	84,439.061	10,006,198
ICICI Prudential -Flexible Income Plan Dividend - Daily Dividend-units Rs.100 each	522,105.967	55,204,874	498,918.599	52,765,905
ICICI Prudential Interval Fund Half Yearly Internal Plan II Institutional Dividend	1,017.341	10,173	-	-
<b>Units in Kotak Mahindra Mutual Fund</b>				
Kotak Flexi Debt Scheme - Daily Dividend	1,993,589.194	20,030,587	-	-
Kotak Floater Long Term - Daily Dividend	-	-	309,334.191	3,118,027
Kotak Liquid (Institutional) - Daily Dividend	4,089,363.075	50,005,141	-	-
Kotak Floater - Long Term - Daily Dividend Reinvestment	4,969,860.607	50,095,201	-	-
Kotak Quarterly Interval Plan Series 2 - Dividend Payout	1,000,241.170	10,003,512	-	-
Kotak Floater Short Term Daily Dividend Reinvestment	992,930.061	10,044,679	-	-
kotak quarterly interval plan series 3 - dividend	999,989.176	10,001,092	-	-
k 12 kotak gilt (investment regular ) - quarterly dividend	802,142.451	10,121,022	-	-

## Schedules forming part of the Accounts

## Schedule 15

## B. NOTES ON ACCOUNTS (contd.)

## 11 Investments purchased and sold during the year (contd.)

	As at 31st March, 2011		As at 31st March, 2010	
	Units	Amount (Rupees)	Units	Amount (Rupees)
<b>Units in UTI Mutual Fund</b>				
UTI Money Market Mutual Fund - Institutional Daily Dividend - Re-Investment	-	-	14,950.765	15,001,379
UTI Floating Rate Fund - Short Term Plan - Institutional Daily Dividend plan - Re-Investment	5,015.165	5,019,030	14,996.850	15,008,408
UTI Liquid Cash Plan Institutional - Daily Dividend - Reinvestment	14,715.490	15,001,643	-	-
UTI Treasury Advantage Fund - Institutional Plan - Daily Dividend Reinvestment	20,045.825	20,050,117	-	-
UTI Fixed Income Interval Plan II Institutional - Dividend Payout	1,000,546.871	10,005,469	-	-
UTI Fixed Income Interval Fund - Monthly Interval Plan I	1,000,000.000	10,000,000	-	-
<b>Units in HDFC Mutual Fund</b>				
HDFC Cash Management Savings Plan-Daily Dividend. Reinvested New folio	-	-	46,687.477	496,585
<b>Units in Franklin Templeton Mutual Fund</b>				
Short Term Income Retail Plan- Monthly Dividend Payout	-	-	17,938.991	20,000,000
Templeton India Treasury Management Account Institutional Plan - Daily Dividend Reinvestment	9,994.588	10,001,314	19,988.430	20,001,882
Templeton India Treasury Management Account Regular Plan - Daily Dividend Reinvestment	6,612.869	10,000,906	-	-
Templeton India Ultra Short Bond Fund Daily Dividend Reinvestment	4,005,824.634	40,101,711	-	-
Templeton India Low Duration Fund Dividend Reinvestment	993,190.247	10,137,057	-	-
<b>Units in Birla Mutual Fund</b>				
Birla Sun Life Cash Plus - Instl. - Daily Dividend - Reinvestment	6,489,122.409	70,097,447	925,814.563	10,000,927
Birla Sun Life Saving Fund - INSTL. - Daily Dividend - Reinvestment	1,001,028.093	10,017,088	12,589,159.945	125,977,206
Birla Sun Life Short Term Opportunities fund - retail- Weekly Dividend	1,007,893.420	10,089,240	-	-
Birla Sun Life Cash Manager -IP- Daily Dividend - Reinvestment	5,014,023.724	50,155,279	-	-
<b>Units in Reliance Mutual Fund</b>				
Reliance Medium Term Fund - Daily Dividend Plan	13,506,807.713	230,911,034	1,789,838.637	30,598,186
Reliance Liquid Fund - Treasury Plan - Institutional - Daily Dividend	6,869,109.078	105,010,818	-	-
Reliance Money Manager Fund - Institutional option - Daily dividend Plan - Reinvestment	9,995.221	10,008,929	-	-
Reliance Monthly Interval Fund Series II Institutional Dividend Plan	4,014,233.922	40,156,071	-	-
Reliance Monthly Interval Fund Series I Institutional Dividend Plan	4,532,236.370	45,336,308	-	-
Reliance Liquid Fund-Daily Dividend Reinvestment	8,529,483.295	85,338,333	-	-
Reliance Liquid Fund - Cash Plan-Daily Dividend	898,662.539	10,012,449	-	-
<b>Units in Canara Robeco Mutual Fund</b>				
Canara Robeco Short Term Institutional Weekly Dividend	-	-	3,005,749.912	30,425,895
Canara Robeco Liquid - Dividend Reinvestment	-	-	497,993.152	5,000,349
Canara Robeco Liquid Fund - Institutional Daily Dividend Reinvestment	1,989,323.552	20,002,648	-	-
Canara Robeco Treasury Advantage Institutional Daily Dividend Reinvestment	806,788.870	10,009,910	-	-
Canara Robeco Floating Rate Daily Dividend Reinvestment	983,163.906	10,087,262	-	-
<b>Units in Religare Mutual Fund</b>				
Religare Liquid Fund - Institutional Daily Dividend	-	-	999,438.288	10,000,779
Religare Short Term Plan - Institutional Daily Dividend - Re Investment	-	-	1,006,570.759	10,120,767
<b>Units in Axis Mutual Fund</b>				
Axis Liquid Fund - Institutional - Growth	-	-	9,893.905	10,000,000
Axis Short Term Fund - Institutional - Monthly Dividend	-	-	1,003,931.161	10,039,375
Axis Short Term Fund - Institutional Regular - Dividend	1,002,852.435	10,060,944	-	-
Axis Treasury Advantage fund - Institutional Daily Dividend Reinvestment	25,052.402	25,053,278	-	-
<b>Units in LIC Mutual Fund</b>				
LICMF Liquid Fund - Dividend Plan	2,049,374.416	22,502,336	-	-
LICMF Saving Plus Fund - Daily Dividend Plan	1,250,650.790	12,506,508	-	-
LICMF Income Plus Fund - Daily Dividend Plan	1,000,405.756	10,004,058	-	-
<b>Units in IDFC MUTUAL FUND</b>				
IDFC Ultra Short Term Fund Monthly - Dividend	1,008,487.517	10,132,258	-	-
IDFC Cash Fund - Inst. Plan B - Daily Dividend	944,631.197	10,001,094	-	-
IDFC Money Manager Fund-Treasury Plan - Inst. Plan B - Daily Dividend Reinvestment	2,007,381.106	20,214,930	-	-
IDFC FMP - Bi Monthly Series 2-Dividend	1,013,580.380	10,135,804	-	-
IDFC Saving Advantage Fund - IP Daily Dividend Reinvestment	10,046.783	10,048,348	-	-
<b>Units in QUANTUM MUTUAL FUND</b>				
Quantum Liquid Fund - Daily Dividend Reinvestment	2,002,707.372	20,027,074	-	-
<b>Units in TATA MUTUAL FUND</b>				
TATA Floater Fund - Daily Dividend	999,873.781	10,034,333	-	-
<b>Units in DAIWA MUTUAL FUND</b>				
Daiwa Treasury Advantage Fund - Daily Dividend Option	10,095.838	10,096,932	-	-
<b>B In Equity Shares</b>				
Coal India Limited	5,400	1,323,000	-	-
Power Grid Corporation Limited	5,822	523,980	-	-
MOIL Limited	568	213,000	-	-

## Schedules forming part of the Accounts

### Schedule 15

#### B. NOTES ON ACCOUNTS (contd.)

##### 12 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.21,626,380/- (Previous period Rs.23,493,427/-)

##### 13 Related party disclosures

Name of related parties where control exists

D-Link Holding Mauritius Inc.

Holding Company

D-Link Corporation, Taiwan

Ultimate Holding Company

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

###### *Name of the related parties*

###### *Nature of relationship*

D-Link Corporation

Ultimate Holding Company

D-Link (Europe) Ltd

Fellow Subsidiary

D-Link International (Singapore)

Fellow Subsidiary

D-Link International (Hong Kong)

Fellow Subsidiary

D-Link Middle East-FZCO

Fellow Subsidiary

D-Link Japan K K (DJP)

Fellow Subsidiary

D-Link International Pte. Ltd

Fellow Subsidiary

D-Link Latin America

Fellow Subsidiary

D-Link Systems, Inc

Fellow Subsidiary

Smartlink Network Systems Limited  
(previous year upto 15th July 2009)

Enterprise over which key management person and his relatives are able to exercise significant influence.

Mr. Yao Chuan Yang (Gary Yang) (From 15th July 2009)

Key management person

Mr. Chandrashekhar M. Goankar (From 1st March, 2010)

Key management person

Mr.Kamalaksha R.Naik (previous year upto 15th July 2009)

Key management person

## Schedules forming part of the Accounts

## Schedule 15

## B. NOTES ON ACCOUNTS (contd.)

Amount in Rupees

Details of Related party transactions	Year ended 31st March, 2011					Year ended 31st March, 2010				
	Ultimate Holding company	Fellow Subsidiary	Enterprise over which key management person and his relatives are able to exercise significant influence.	Key management person	Total	Ultimate Holding company	Fellow Subsidiary	Enterprise over which key management person and his relatives are able to exercise significant influence.	Key management person	Total
<b>Purchase of traded goods</b>										
D-Link International (Singapore)		16,325,486			16,325,486		102,812,672			102,812,672
D-Link International Pte.Ltd.		795,972,922			795,972,922		628,382,269			628,382,269
D-Link Corporation	3,097,753				3,097,753	3,645,755				3,645,755
Smartlink Network Systems Limited			-	-	-			11,267,569	-	11,267,569
Others		10,493,936	-	-	10,493,936		29,266,047	-	-	29,266,047
<b>Purchase of DEPB License</b>										
Smartlink Network Systems Limited			-		-			4,585,385		4,585,385
<b>Sale of traded goods</b>										
D-Link International (Singapore)		2,478,551			2,478,551		23,728,010			23,728,010
D-Link International Pte. Ltd					-		8,793,183			8,793,183
D-Link Middle East-FZCO		2,573,790			2,573,790		11,861,866			11,861,866
D-Link Corporation	-				-	641,520				641,520
D-Link Latin America		755,895			755,895			-		-
Others		551,154	-	-	551,154		267,408	-	-	267,408
Smartlink Network Systems Limited			-	-	-			378,239		378,239
<b>Professional fees paid</b>										
D-Link International (Singapore)					-		769,796			769,796
D-Link International Pte. Ltd					-		2,908,132			2,908,132
D-Link Corporation	8,395,096				8,395,096	11,766,417				11,766,417
<b>Reimbursement of expenditure</b>										
D-Link Corporation	317,781				317,781	1,609,224				1,609,224
<b>Reimbursement of software license fees</b>										
D-Link Corporation	881,458				881,458	2,857,317				2,857,317
D-Link Middle East-FZCO		213,715			213,715					-
Others		4638	-	-	4,638					-
<b>Recovery of expenses</b>										
D-Link International (Singapore)			-		-		271,936			271,936
D-Link International Pte. Ltd			-		-		69,768			69,768
<b>Price protection received</b>										
D-Link International Pte. Ltd					-		1,313,598			1,313,598
<b>Balance written back</b>										
D-Link International (Hong Kong)					-		711,688			711,688
<b>Balance written off</b>										
D-Link International Pte. Ltd					-		164,394			164,394
D-Link Corporation					-	140				140
<b>Logistic support services and management fees</b>										
Smartlink Network Systems Limited			-	-	-			4,071,380		4,071,380
<b>Sales and customer support services</b>										
Smartlink Network Systems Limited			-	-	-			1,357,128		1,357,128
<b>Servicing expenses</b>										
Smartlink Network Systems Limited			-	-	-			4,071,380		4,071,380
<b>Managerial Remuneration</b>										
Mr. Chandrashekar M. Goankar				2,286,400	2,286,400				150,000	150,000
<b>Sitting Fees</b>										
Mr. Kamalaksha R.Naik				-	-				40,000	40,000
<b>Dividend paid</b>										
D-Link Holding Mauritius Inc	18,114,663				18,114,663	18,114,663				18,114,663
Mr. Chandrashekar M. Goankar				77,106	77,106					-
<b>As at the year end</b>										
<b>Amount due to</b>										
D-Link International Pte. Ltd		127,852,772			127,852,772		77,490,749			77,490,749
D-Link Corporation	8,864,437				8,864,437	9,735,101				9,735,101
Others		5,307,579			5,307,579		5,950,331			5,950,331
<b>Amount due from</b>										
D-Link International (Singapore)		9,905			9,905		432,522			432,522
D-Link Middle East-FZCO					-		579,083			579,083
D-Link International Pte. Ltd					-		144,078			144,078
Others					-		113,886			113,886

Note: There is no provision for doubtful debts or amount written off or written back for debts due from related parties except disclosed above.

## Schedules forming part of the Accounts

### Schedule 15

#### B. NOTES ON ACCOUNTS (contd.)

##### 14 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.

###### (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)	1,223,593,990 (1,221,565,355)	49,990,460 (106,357,480)	- -	1,273,584,450 (1,327,922,835)
Segment assets	781,913,513 (520,813,818)	5,315,099 (11,068,255)	129,111,317 (376,368,540)	916,339,929 (908,250,613)
Additions to fixed assets during the year	216,607,991 (14,960,043)	- (-)	- (-)	216,607,991 (14,960,043)

Figures in brackets are those of previous year ended 31st March, 2010.

15 Cash Credit account with the bank is secured by hypothecation of stock and book debts both present and future.

16 During the year, the Company has changed the policy for providing for slow moving and obsolete inventory having regard to the nature of items in inventory and movements thereof by rationalising the criterias for provision which is based of ageing, saleability, actual sales, etc. As a result of this change, the provision for the year is lower by Rs.8,333,683/- and the profit for the year is higher by the like amount.

17 Previous year's figures have been regrouped , wherever necessary, to conform to the classification of the current 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 24th May, 2011

**For and on behalf of the Board**

**A. P. Chen**

Chairman

**Shrinivas Adkesar**

Company Secretary

Mumbai, dated 24th May, 2011

**Gary Yang**

Managing Director

**C.M.Gaonkar**

Executive Director & CFO

## Schedules forming part of the Accounts

## Schedule 16

## B. NOTES ON ACCOUNTS (contd.)

## Balance Sheet abstract and Company's general business profile

## I. Registration details

Registration No.

5 7 7 5

State code

2 4

Balance Sheet date

3 1 0 3 2 0 1 1

## II. Capital raised during the year (amount in Rupees thousands)

Public issue

N I L

Rights issue

N I L

Bonus issue

N I L

Private placement

N I L

Other (Pursuant to the Scheme of Arrangement)

N I L

## III. Position of mobilisation and deployment of funds

Total liabilities

9 1 6 3 3 9 9 2 9

Total assets

9 1 6 3 3 9 9 2 9

## Sources of funds

Paid-up capital

6 0 0 0 9 7 0 0

Reserves and surplus

6 6 0 0 3 7 4 5 5

Share application money

N I L

Secured loans

N I L

Unsecured loans

N I L

Net Deferred tax liability

N I L

Application of funds

Net fixed assets

2 2 5 5 5 5 6 7 4

Investments

8 0 1 8 7 6 6 7

Net current assets

4 1 7 5 2 9 2 1 4

Miscellaneous expenditure

N I L

Accumulated losses

N I L

## IV. Performance of the Company

Turnover

1 3 4 8 2 3 6 1 5 2

Total expenditure

1 2 9 8 4 6 6 9 6 2

+ / (-) Profit/(loss) before tax

✓ 4 9 7 6 9 1 9 0

+ / (-) Profit/ (loss) after tax

✓ 3 4 1 9 0 3 9 0

Earnings per share (Rupees)

Refer note 9 of schedule 15

Dividend %

1 5

## 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 K I N G P R O D U C T S

For and on behalf of the Board

A. P. Chen  
ChairmanGary Yang  
Managing DirectorShrinivas Adkesar  
Company SecretaryC.M.Gaonkar  
Executive Director & CFO

Mumbai, dated 24th May, 2011

**D-Link**<sup>®</sup>  
Building Networks for People

**D-Link (India) Limited**

**Registered office:**

Plot No. U2B, Verna Industrial Estate  
Verna, Goa – 403722, India  
Tel: 0832-2885800 Fax: 0832-2885823

**Corporate Office:**

Kalpataru Square, 2nd Floor,  
Unit No. 24, Kondivita Lane,  
Off. Andheri Kurla Road,  
Andheri East, Mumbai - 400059, India  
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[www.dlink.co.in](http://www.dlink.co.in)