



**OPENING
NEW DOORS**

OPENING NEW DOORS

D-Link (India) Ltd. is now a "de-merged company" and has been renamed as "Smartlink Network Systems Ltd". It has given away the D-Link Brand Active Products Business to a New Resultant Company named as "D-Link (India) Ltd." Today our business includes; our own "DIGILINK[®]" Brand of Structure Cabling products along with R&D based active range of products i.e. VoIP and Networking of Data, Manufacturing and Service Support. Our market reach and our service-driven culture has led us to become the brand of preferred choice. Our unbeaten legacy of delivering the finest products and services coupled with world class, state-of-the-art infrastructure under one roof, has opened new doors of opportunities to capitalise upon.

As a fast growing market, India still remains vastly untapped with immense potential for further penetration. In future, we plan to take advantage of many alluring prospects available before us. Beyond India, with our DIGILINK[®] Brand of SCS Products, we are already a well-known face in Latin America, Middle East, Asia Pacific and SAARC Countries. We are now crossing new global boundaries to fuel our growth from international markets. We are setting up new offices in places where we still have not ventured into.

Our growth opportunities will stem from leveraging our strength in each aspect of our operations. We continue to push the envelope in creating IP driven value through our new initiatives. Through our proposed new brand of VoIP products under the brand name "DIGISOL", we plan to tap the fast emerging Converged Communications market globally. We also endeavour to exploit our manufacturing capabilities and capacities for contract manufacturing opportunities. We mean to further leverage our prolific servicing resources to build long-lasting and value driven relationships with our customers.

Having re-invented ourselves with our own DIGILINK[®] brand and proposed new and exciting brand, "DIGISOL", we are writing a new chapter in our exhilarating journey. This voyage is taking us towards opening new doors of opportunities, each one will take us to higher planes of growth and value.

VISION STATEMENT
TO BE THE GLOBAL
LEADER IN
CONVERGED
COMMUNICATION
SYSTEMS, BY
OFFERING AN
INTEGRATED VALUE
PROPOSITION
FROM DESIGN TO
DEVELOPMENT AND
FROM SALES &
MARKETING
TO SERVICE &
SUPPORT

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**BOARD OF
DIRECTORS**

Disclaimer/ Forward Looking statement

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

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

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

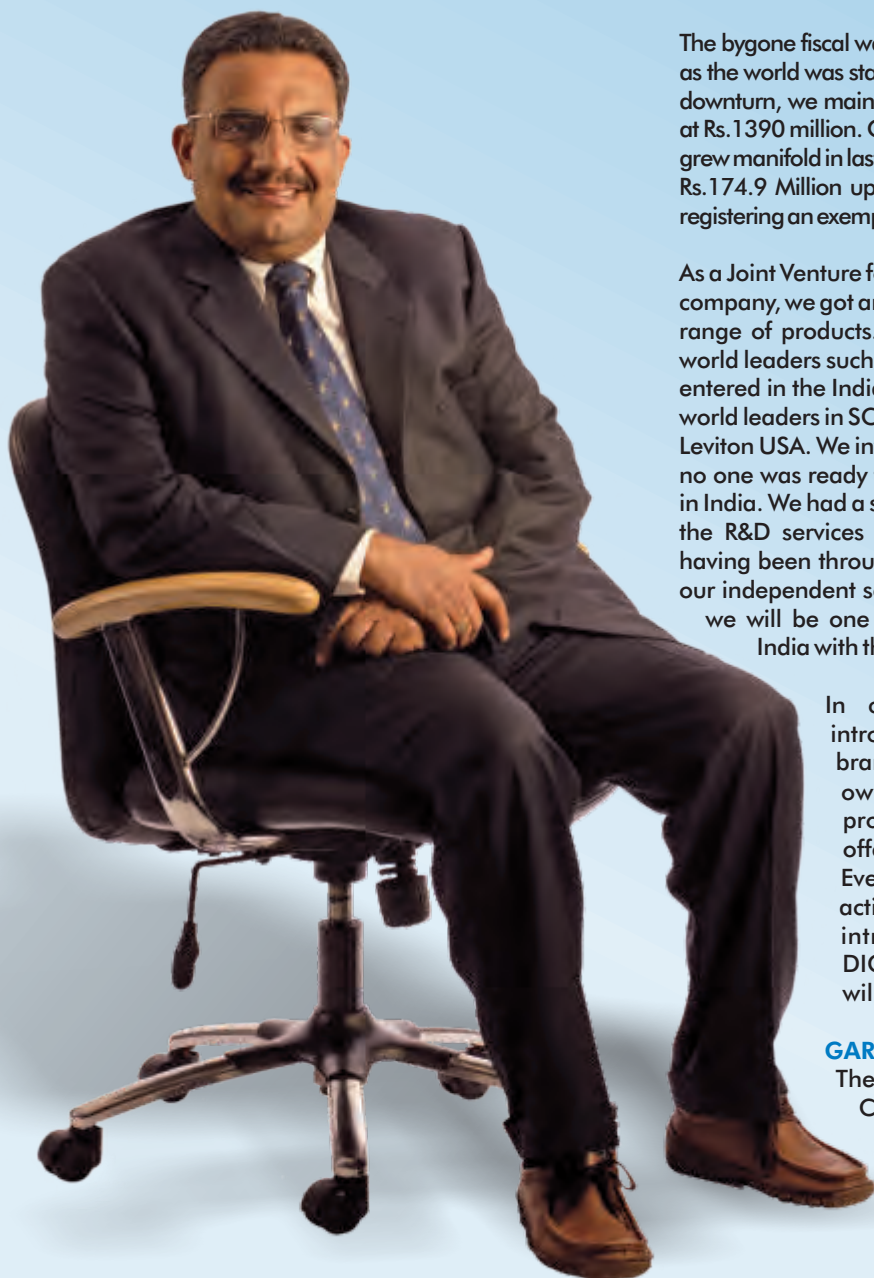
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2008-09****MISSION STATEMENT**

TO ENABLE OUR CUSTOMERS
SUCCESS IN THEIR BUSINESS
THROUGH OUR FUTURE FIRST
PRODUCT OFFERINGS

TO ENCOMPASS TECHNOLOGICAL
INNOVATION WITH SUSTAINED
INVESTMENTS IN PEOPLE AND
PROCESSES

TO ENSURE HIGHEST LEVEL OF
TRUST AND TRANSPARENCY WITH
ALL INTERNAL AND EXTERNAL
STAKEHOLDERS

CHAIRMAN'S STATEMENT



Dear Shareholder,

The bygone fiscal was yet another milestone in our history. Even as the world was staggering under pressures from an economic downturn, we maintained our passive products range turnover at Rs.1390 million. Our service business under DIGICARE brand grew manifold in last financial year. The sale of services clocked in Rs.174.9 Million up from Rs.84.3 Million in the previous year, registering an exemplary growth of 107.4%.

As a Joint Venture for last 15 years, with D-Link multinational company, we got an opportunity to learn a lot about active range of products. In early days we were associated with world leaders such as Cisco and Foundry when they had just entered in the Indian Market. We also got attached with the world leaders in SCS Copper & Fiber, such as Corning USA, & Leviton USA. We invested in our Manufacturing set up, when no one was ready to channel funds towards Manufacturing in India. We had a steep learning curve in our early days with the R&D services rendered to D-Link Taiwan HQ. Today having been through the grind we are reaping the fruits in our independent set up and I am sure while going forward we will be one of the major networking companies in India with the set up par excellence.

In case of SCS Products, initially we introduced the passive range under D-Link brand and subsequently shifted under our own brand DIGILINK®. As far as active products are concerned we have been offering them as OEM products to D-Link. Eventually we will offer our R&D based active products to others as well. We will introduce VoIP under our proposed DIGISOL brand to begin with and in future will add products in DIGISOL basket.

GARNERING GREATER VALUE

The de-merger of D-Link (India) Limited Company into two separate businesses is a well thought decision.

With a determination to move beyond the best, we are heading towards higher planes. Our undaunted focus is our gear that will enable us to deliver superior shareholder value.

D-Link is proven and established global active product brand. Additions of newer product lines suitable for the Indian market would now be their key prerogative. The home grown SCS product range, DIGILINK, in the last year contributed equivalent business as D-Link® brand in active range for D-Link India. DIGILINK, now with global footprint as a separate brand is definitely poised for high growth in its own range. Also with right kind of set-up and investment in infrastructure it will grow as an Independent Entity.

All the decisions taken are in the best interest of our Share holders. Our Share holders today have shares in two dynamic entities. One entity being D-Link (India) Ltd which has a globally recognized brand of active range products 'D-Link' present for more than 20 years, and at the same time they are a part of another entity Smartlink Network Systems Limited which has young SCS brand 'DIGILINK®' present in many countries and now entering in newer technology with proposed brand DIGISOL for VoIP range of products in India.

STANDING TALL ON A DEEP-ROOTED FOUNDATION

I contentedly reveal that as we are perched on a threshold of opportunities, we are well-equipped with the precise paraphernalia for growth. Stemming from a mature and resourceful R&D set-up, in the most appropriate place like Bangalore, we are ready to get engaged with right kind of technology which is in the best interest of the Company's growth. Though our unit is more than 7 year old, for last 4 years we have been working on VoIP as our Core Competency. Having the right kind of Products, now we are poised to work as OEM suppliers along with launching our own brand in VoIP and newer Technologies.

MANUFACTURING - AUGMENTING OUR PROWESS

Our state-of-the-art manufacturing set-up furnishes the enviable elements of scale and cost-effectiveness. It's been 15 years since we commenced manufacturing operations at our Goa facility. Our manufacturing expertise in area of networking and communication products, personal computers and telecom products has enabled us to consistently deliver beyond expectations high quality products. Bolstered by efficient manufacturing & testing

facilities at Goa, we harbour the expertise to cater to the needs of global companies as EMS or OEM. Currently, we are successfully manufacturing motherboards for Gigabyte since the last 5 years and networking products for D-Link right from starting.

A STEP CLOSER TO OUR CUSTOMERS

I strongly believe that the Sales & Marketing and the Support & Maintenance are two sides of the same coin. At Smartlink, we nurture both these aspects of our business. With our unique distribution systems incorporated right from inception of the company, we are very close to our customers due to our distributors extensive market reach. We feel their pulse and consequently, have emerged as a partner-of-choice. In case of Service & Support which is driven by our expertise and experience, we serve customers with accredited RMA (return material authorisation) centres for, D-Link, Gigabyte, and MSI products. By far, we have 24 RMA centers all these are located across India, some of them equipped with chip level repairing so that the products can be repaired without shipping to factory.

Having developed an advanced technical assistance Centre (DTAC) at Goa, we are geared to expand this as business. We are already offering technical assistance to D-Link Overseas Business Units and are now looking at new opportunities.

With a determination to move beyond the best, we are heading towards higher planes. Our undaunted focus is our gear that will enable us to deliver superior shareholder value.

I take this opportunity to thank all our stakeholders for their continued support in making us what we are today.

Sincerely,



K. R. Naik
Executive Chairman

ABOUT US



Smartlink is actually not a new name. Initially our company was Incorporated as Smartlink and after the joint venture was signed with D-Link it was renamed as D-Link (India) Ltd. From Smartlink then to Smartlink today, it has been a real interesting journey.

We have always been dedicated towards delivering value, competence and reliability in products, solutions and services. Today, we are India's leading listed networking company with a nationwide reach, robust product portfolio and superior services. With a rational business paradigm shaped over the years with extensive learning. Smartlink is well positioned to provide highly satisfying networking solutions of tomorrow.

PLANTS	PEOPLE	REGIONAL BRANCHES	CORPORATE HEADQUARTER	MANUFACTURING PLANT
4	450+	17	MUMBAI INDIA	GOA INDIA

THE BUSINESS OVERVIEW

1. SALES, MARKETING AND DISTRIBUTION

► DIGILINK (SCS) - DOMESTIC AND EXPORTS

● COPPER

E400 - Cat 5e+

These cables & components are all optimized for Channel Performance at 100 Mbps for 400 MHz.

G600 - Cat 6

These cables & components are all optimized for Channel Performance at 1 Gbps for 600 MHz.

TG500 - Cat 6+

These cables & components are all optimized for Channel Performance at 10 Gbps for 500 MHz.

TG800 - Cat 6(A)

These cables & components are all optimized for Channel Performance at 10 Gbps for 800 MHz.

● FIBER

Op2

This includes range of 50µm/62.5µm Multimode OM2 cables, patch assemblies, panels, adaptors & connectors optimized for Channel performance at 500 MHz.

Op3

This includes range of 50µm Multimode OM3 cables, patch assemblies, panels, adaptors & connectors optimized for Channel performance at 800 MHz.

OP8

This includes range of 9µm Singlemode cables, patch assemblies, panels, adaptors & connectors optimized for unlimited channel performance.

● DATA CENTRE SOLUTIONS

● RESIDENTIAL CABLING SOLUTIONS

● IPLMS

► DIGISOL

- VoIP
- IP Surveillance
- Storage solutions (network attached solutions)
- Unified Communication covering converged voice, data, Video over IP platform
- DATA Center virtualization

2. MANUFACTURING

- Own Products
- Contract / EMS
- OEM / ODM

3. R&D

- Converged Communication Products

4. DIGICARE - SERVICE AND SUPPORT

- RMA Centres
- DTAC - 24X7 Technical Assistance Centre
- Onsite Support

GROWTH DRIVERS

A wide range of SCS products including our own patented products under distinct DIGILINK® brand enables us to meet diverse Networking needs, across a multiple market segment.

A strong Channel Business with a unique distribution set up.

A superior service set-up providing efficient customer and sales support.

UNIQUE DISTRIBUTION SETUP

REGIONAL DISTRIBUTORS
25

EMPOWER VALUE SYSTEM
INTEGRATORS (EVS)
>200

EMPOWER VALUE ADDED
RE-SELLERS (EVAR)
>1000

EMPOWER RESELLER (ER)
>5000

MAJOR SYSTEM INTEGRATORS

NATIONAL SYSTEM
INTEGRATORS (NSI)
6

RETAIL PARTNERS

ALL MAJOR
IT RETAIL

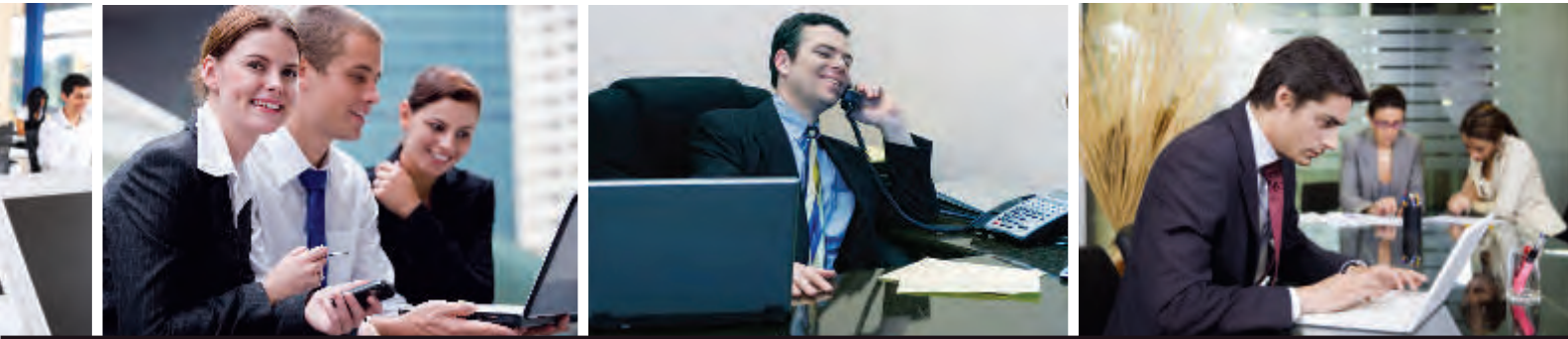
R&D FACILITY

90
STRONG
TEAM

FACILITIES
ACROSS
GOA
&
BANGALORE

A Wholesome Experience for SMBs and Enterprises





Our market know-how and in-depth understanding have led us to emerge as pioneers in delivering end-to-end products, right from small & medium business segment the enterprise market in India, as well as into the International markets.

Our restructured business model is strategically outlined to suite our ever expanding customer base. Reliable products and solutions, with a well-built R&D base, highly furbished manufacturing facilities, vast and reliable marketing and distribution network, along with supreme sales and post sales services, brings our delighted customers back to us with a satisfied experience. Indeed, with our one-stop-shop provision, we offer core competitiveness to our customers.

Our Channels of Growth





- | | | | | | |
|---------------|-----------|--------------|-----------------|---------------|------------|
| 1. Algeria | 5. Ghana | 9. Lebanon | 13. Mozambique | 17. Syria | 21. Uganda |
| 2. Bangladesh | 6. India | 10. Malawi | 14. Nepal | 18. Sri Lanka | 22. Yemen |
| 3. Bhutan | 7. Iran | 11. Malaysia | 15. Oman | 19. Tanzania | |
| 4. Chile | 8. Kuwait | 12. Mongolia | 16. Phillipines | 20. UAE | |

Our broad range of products and services reach our customers through a well-established, widespread and accessible sales chain. With unique distribution system through authorized resellers to multi brand resellers and smaller system integrators. We provide one of the finest facilities to our channel partners, with high standard deliverables to succeed in a highly competitive world.

The restructured business model is effectively built to enhance our market reach. We have undertaken new initiatives to reach out to our key System Integrators (SIs) for the sale of solutions. We address all types of channel across market covering global SIs to regional SIs, small SIs and reseller. We heavily invest in channel partners by training them with high skill based tools such as the D-Partner Website and empower them with iSMART, the online Return Material Authorisation (RMA) tracking System to help them to deal with varied processes. We have always driven ourselves to deliver excellence and optimise our resources. Today, with the focused approach in place, we are more reachable, competent and pervasive in the market.





Structured Cabling Systems (SCS)- Undisputed Leader



Today, DIGILINK® is the No.2 brand in Structured Cabling Market and has over a decade of experience in this segment. At all times, we aim at persistently meeting the rising transmission needs with efficient, high quality and cost effective structured cabling solutions. Our contributions have been acknowledged with prestigious recognitions, during this year.



With matured technological uptake in businesses, Structured Cabling System (SCS) is received as a significant element and we provide the up-to-date solutions, right from SMB to enterprise segments. Currently, we are present in Latin America, Middle East, Asia Pacific and SAARC countries. Going forward, we are looking at tapping markets beyond our existing realm for higher gains.

Our comprehensive SCS product range adheres to the most stringent quality standards, not only in India but also in the international markets. Our product standards are approved by most government bodies, enabling us to scale new heights. In addition, our well-entrenched products deliver exceptional value to customers through lower ownership costs, improved productivity, total reliability and easy scalability of networks.



The Converged Edge

There are only green pastures stretching over the widespread domestic IP technology services landscape. According to IDC reports, the growth in this arena is paced at a sturdy CAGR of 25%. At Smartlink, we have an inherent propensity to swiftly perceive and adapt to the changing trends of the marketplace. With our proposed brand, DIGISOL, we are geared to serve and set new benchmarks within the IP technology services arena. Our legacy of developing conscientious products further sharpens our competitive edge.

Having discerned the precise requirements of our customers, we have developed and in the process of developing a wide-ranging product portfolio under the DIGISOL brand that encompasses:

1. VoIP
2. IP Surveillance
3. Storage solutions (network attached solutions)
4. Unified Communication covering converged voice, data, video over IP platform
5. DATA Centre virtualisation

With an enviable basket of advanced offerings and a reputation for delivering undiluted quality, we are evermore confident of exceeding expectations in times to come.





Manufacturing and R&D - Foundation Stones



In this business, where obsolescence is fast paced, it is important to push our limits to deliver high-end products beyond the conventional. Manufacturing and R&D stands as the centre point of any business and these form the foundation stone of our company.

MANUFACTURING

We have the state-of-the-art Manufacturing services established to produce a comprehensive range of active and passive networking and communication products. With 15 years of experience, our facilities are furnished with first-rate, latest technology equipments and ISO 9001:2000 & ISO 14001:2004 certifications. At Smartlink, we believe in investing in new ideas for better-quality improvement and progress. Our initiatives include quality circles and six sigma, design and engineering capabilities that encompass sophisticated product design softwares. We deliver the highest quality systems to offer an ideal blend of product mix at a fast pace. It is not only about continuous growth but our manufacturing operations are inculcated to provide value driven services to our customers.

R&D

Those who initiate change are well placed to make the most of the opportunities lying ahead of them. In this era of aggressive competition, we stand out for a well-conceived research and development initiative. We progressively implement well-integrated R&D initiatives that span through the entire lifecycle of a product. We proudly stand as the first Indian company to design, develop, manufacture and sell high-end products such as the IP videophone. We also offer end-to-end product development in access routing and VoIP/IP telephony for the Indian and international markets.





Serve to Delight



We are here to serve our customers. In line with the purpose of our existence, we have developed a special service and support division, DIGICARE to provide 24X7 technical support to our customers. We have efficient teams spread across 24 RMA centres in the country to look into post-sale technical needs of our customers. Additionally, we also have DIGICARE Technical Assistance Centre (DTAC) and Onsite Support that are fast gaining popularity amongst our customers, binding them into a lasting relationship with us. Committed towards delivering optimal customer support, our technologically sound processes provide a hassle-free solution to meet customer needs at any given point in time.



Over the years, DIGICARE has attained exceptionally well-established repair skill sets for Complete Networking Products, Motherboards, Notebooks, PDA and LCD Monitors. We offer reliable, timely and cost effective end-to-end products which are the key drivers towards achieving customer delight. With an extensive services network, we will continue to overwhelm our clients, wherever they are.

BOARD OF DIRECTORS



K. R. NAIK
Executive Chairman

Mr. K. R. Naik is the promoter of Smartlink Network Systems Limited (formerly known as D-Link (India) Ltd.). He incorporated the Company on 31st March 1993, with a manufacturing base at Goa and subsequently, an R&D set-up at Bangalore. Mr. Naik brings along with him 35 years of experience in IT - most of it in Networking & Communication Products. He holds a P.G. Diploma in Industrial Engineering from Jhunjunwala College, Mumbai. He also possesses a Diploma in Business Management from Jamnalal Bajaj Institute of Management Mumbai. He started his carrier in IBM India, at the manufacturing plant and worked in Product and Parts Design & Development. He is also a former president of MAIT.

JANGOO DALAL

Mr. Jangoo Dalal, is an industry veteran and brings with him 21 years of industry experience from organizations like Wipro Infotech, Wipro British Telecom, Cisco Systems and D-Link (India) Limited. He is presently working with Avaya India Pvt Ltd. as Managing Director. He has varied and diverse experience in the IT and Communications Industry Encompassing Sales Management, Marketing and Product Management, Channel Management (India and Asia Pacific), Strategic Planning and Profit Center and Country Operations Management. He holds a Bachelor Degree in Science and Master of Management Studies (MBA) with specialization in Marketing from Bombay University.

DATTARAJ SALGAOCAR

Mr. Dattaraj Salgaocar holds a Bachelor of Production Engineering, from V.J.T.I., University of Bombay and MBA (Finance) from Wharton Business School, University of Pennsylvania, U.S.A. He is a leading Industrialist.

TONY TSAO

Mr. Tony Tsao, possesses a Masters Degree in Business Administration from Illinois Institute of Technology, Chicago USA and he has a vast experience of 25 years in the IT Industry. Mr. Tony Tsao holds the position of CEO and President of D-Link Corporation.

A. P. CHEN

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

**R. T. KRISHNAN**

Prof. R. T. Krishnan possesses a Masters Degree in Science, IIT, Kanpur, Masters Degree in Engineering – Economic Systems, Stanford University and a Doctorate from IIM, Ahmedabad. He is presently Professor – Corporate Strategy & Policy Area at Indian Institute of Management, Bangalore. His research interests are in the areas of Strategy, Innovation and Competitiveness.

PANKAJ BALIGA

Mr. Pankaj Baliga, has a Bachelor's Degree in Engineering, NIT, Durgapur, a Master's Degree in Business Administration; IIM, Ahmedabad and is a SPURS Fellow, Massachusetts Institute of Technology, U.S.A. Mr. Pankaj Baliga has more than 35 years of experience in Management, of which with the Tata Group for over 30 years, with the last 8 at Tata Consultancy Services Ltd (TCS), where he is presently Vice President & Head Global Corporate Sustainability.

K. M. GAONKAR

Mr. K. M. Gaonkar possesses a Masters Degree in Science from UDC Mumbai and has 30 years of experience in the petrochemical and fibre industry. He started his career with Colour Chem Ltd as a research chemist, where he worked for a period of 7 years before shifting to Reliance Industries Ltd. He worked for 23 years in various positions in Reliance Industries, with the last six years as a Vice President in their Fibres Marketing Division. Today, he is a freelance consultant.

PRADEEP RANE

Mr. Pradeep Rane is a Science graduate and has about 30 years of experience in Sales and Marketing and overall Business Management in the Pharmaceuticals industry. Presently, he is working with Alembic Limited as President – Formulations Business.

FINANCIAL INFORMATION



DIRECTORS' REPORT

To

The Members,

The Board of Directors of your Company take pleasure in presenting their 16th Annual Report together with Audited Balance Sheet and Profit & Loss Account for the financial year ended 31st March 2009.

At the outset, we are pleased to inform you that pursuant to the Scheme of Arrangement between D-Link (India) Limited and Smartlink Network Systems Limited and their respective shareholders and creditors sanctioned by the Hon'ble High Court of Judicature at Bombay - Goa Bench vide its order dated 27th February 2009 which has become effective on 10th June, 2009 and fresh certificate of incorporation consequent upon change of name issued by the Registrar of Companies, Goa the name of the Company has been changed from 'D-Link (India) Limited' to 'Smartlink Network Systems Limited w.e.f. 15th July, 2009.'

1. FINANCIAL RESULTS AND APPROPRIATION

	(Rs. in million)	
	2008-09	2007-08
Turnover (Gross)	1456.11	2945.06
Income from Services	174.90	84.32
Profit Before Depreciation and Tax	165.13	451.88
Less: Depreciation for the year	105.67	74.61
Profit Before Tax (PBT) and Exceptional Items	59.46	377.26
Add: Exceptional Items (Net)	-	4.45
Profit Before Tax	59.46	381.71
Less: Provision for Tax		
a) Current Tax	5.50	104.62
b) Deferred Tax	(12.53)	(13.32)
c) Fringe Benefit Tax	4.32	5.06
Profit After Tax	62.18	285.34
Add/(Less): Tax adjustment of Previous Year	7.15	-
Net Profit	69.33	285.34
Balance of profit brought forward	1309.86	1123.73
Amount available for Appropriations	1001.98	1409.07
Transfer to General Reserve	6.93	29.00
Dividend	30.00	60.00
Tax on Dividend	5.10	10.20
Balance carried forward to Balance Sheet	959.95	1309.86
Earning per Share (Rs.)	2.31	9.51

Notes : The results of the Company for the current financial year 2008-09 are not comparable with that of

the previous year 2007-08 as the figures for the current year do not include the figures of the Marketing and Sales of D-Link branded active networking products ("Marketing Business") which stood transferred to D-Link (India) Limited with effect from the appointed date, 1st April, 2008 in terms of the Scheme of Arrangement ("Scheme") between the Company and D-Link (India) Limited and their respective shareholders and creditors. The aforesaid Scheme was sanctioned by the Hon'ble High Court of Bombay at Goa vide its order dated 27th February, 2009 and the same was filed with the Registrar of Companies, Goa, on 27th March, 2009. The said scheme became effective on 10th June, 2009.

2. SCHEME OF ARRANGEMENT

During the year under review, the Hon'ble High Court of Bombay at Goa approved the Scheme of Arrangement between the Company and D-Link (India) Limited and their shareholders and creditors (the Scheme) vide its order dated 27th February, 2009.

As per the Scheme and in terms of sections 391-394 and other applicable provisions of the Companies Act, 1956, the Marketing business of the company along with all assets, liabilities, stood transferred to/vested in D-Link (India) Limited from the effective date, namely 10th June, 2009 on a going concern basis.

The shareholders of the Company were issued and allotted on 26th June 2009; 30,004,850 equity shares of Rs.2/- each fully paid up in the ratio of one equity share of Rs.2/- each for every equity share of Rs.2/- each by the Board of Directors of D-Link (India) Limited in pursuance of the said Scheme.

3. DIVIDEND

Your Directors have recommended for your consideration the payment of a dividend for the year 2008-09 @ 50 % on the paid up equity capital, i.e., Re. 1/- per share, to be paid, if approved by Members at the forthcoming Annual General Meeting.

4. PERFORMANCE AND OUTLOOK

Pursuant to the Scheme of Arrangement, your Company is primarily engaged in the business of structured cabling products comprising of copper and fiber products sold under the "Digilink" brand name and high end networking products from Brocade Networks U.S.A.

The performance of the Company for the year ended 31st March, 2009 was affected due to the severe recession in the Indian and global economy. There was no growth in sales from products and the profits was impacted by the depreciation in rupee as compared to the US Dollar and overall increase in the costs resulted in

DIRECTORS' REPORT (contd.)

a lower net profit during the year. However, income from services grew at a healthy rate as compared to the previous year mainly led by contract manufacturing and post sales services support.

The sales from products stood at Rs.1456.11 million and income from services stood at Rs.174.90 million for the year ended 31st March, 2009.

5. EMPLOYEE STOCK OPTION PLAN

The Company has an ongoing Employee Stock Option Scheme, which is being administered by ESOP Trust and ESOP Compensation Committee of Directors constituted as per SEBI Regulations.

During the year, under the said Scheme no options have been granted to any employees.

The Information and details of options granted under Smartlink ESOP plan for the year ended 31st March 2009 are given in the Annexure - I to this Report.

6. MANAGEMENT DISCUSSION & ANALYSIS REPORT

In accordance with Clause 49 of the Listing Agreement with the Stock Exchanges, Management Discussion & Analysis Report is appended to this report.

7. CORPORATE GOVERNANCE

A separate section on corporate governance as well as Certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the stock exchanges forms part of the Annual Report.

8. AWARDS & RECOGNITION

The Company's efforts have been acknowledged through numerous awards and prestigious accolades in 2008. "PC Quest Users Choice Awards 2008" ranked DIGILINK as No.1 in India's Most Wanted IT Brands for Structured Cabling. In a channel survey done by CRN and A.C.Neilson, DIGILINK has also been recognized as the "Channel Champion" in Network Cabling 2008. It further received the award for "Best Structured Cabling Brand 2008" by DQ Channel. Last but not the least, DIGILINK was recognized as the Most Promising Brand in IT (Editor's Choice Award) by VarIndia Star Nite Award 2008.

9. DIRECTORS

Mr. Pankaj Baliga and Prof. R. T. Krishnan, Directors of the Company who retire by rotation at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

Mr. Jangoo Dalal resigned as Chief Executive Officer and Managing Director of the Company effective from 31st May 2009. He has been appointed as Additional Director and shall be liable to retire by rotation in terms of Articles of Association of the Company.

10. 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.

11. AUDITORS

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

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

a. Conservation Of Energy And Technology Absorption:

Your Company's manufacturing facilities at Goa are certified under ISO 14001: 2004 for Environmental Management System and ISO 9001 for commitment to Quality.

Your company is constantly making efforts to improve the energy conservation and has taken several initiatives to save and conserve energy such as use of high efficiency blowers for fumes extraction in the manufacturing plants, replacing conventional tube lights with mirror reflectors for improving the lighting without extra power consumption.

Recycling of water through STP treatment plant for garden usage, waste monitoring and disposal of non-hazardous waste through authorized re-cyclers is being followed.

Your company is also conducting various programmes and creating environment awareness among employees through various programmes such as rain water harvesting and events such as celebration of World Safety Day, Vanamahotsava and other regular programmes on environment and quality.

Your company has implemented green packaging in its entire passive product range. Instead of packing boxes using chemical inks we are using more and more organic inks, that too on recyclable materials. Your company is amongst the first few to get not only the products but also the processes RoHS compliant, guaranteeing no use of any substance harmful for mother earth after the product is discarded. The products,

DIRECTORS' REPORT (contd.)

especially the cabling products which may accidentally get in fire break situation are all fire retardant as well as guarantee no toxic emissions.

b. Technology Absorption:

Three manufacturing lines are now completely complying to the European Union's RoHS requirements. Imported machinery is used in the manufacturing process. The Company is, always, on the look out for ways and means to improve quality & productivity further by introducing/adopting new technology and constantly improving the existing methods of manufacturing.

The company has introduced green Ethernet/ Power Over Ethernet products. These products have drastically reduced requirements for power cables and use common data cables for data as well as Power.

c. Foreign Exchange Earnings and Outgo:

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

13. PARTICULARS OF EMPLOYEES

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

14. 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

- a) in the preparation of annual accounts, the applicable accounting standards have been followed.
- b) 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, 2009 and the profit of the Company for the financial year ending on March 31, 2009.
- c) 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.
- d) the annual accounts have been prepared on a 'going concern' basis.

15. ACKNOWLEDGEMENTS

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

Your Directors wish to place on record their appreciation of the continued excellent work done by all the employees of the Company during the year. Your Directors specially thank all the shareholders for their continued faith in the Company.

Your Directors also thank the Goa Industrial Development Corporation, State Government Authorities and Electricity Department for their valuable support.

For and on behalf of the Board

Mumbai

Dated: 18th July, 2009

K. R. NAIK

Executive Chairman

ANNEXURE TO THE DIRECTORS' REPORT (contd.)

ANNEXURE - I TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2009

Information to be provided under the Securities and Exchange Board of India (Employee Stock Options Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 :

Particulars

a. Options Granted	5,85,000
b. Exercise Price	Of the above, 180,000 options were granted at an exercise price of Rs.60/- per share. 405,000 options were granted at an exercise price of Rs.2/- per share.
c. Options vested	2,85,875
d. Options Exercised	2,58,750
e. Total Number of Equity Shares transferred as a result of exercise of options	2,58,750
f. Options lapsed	1,99,250
g. Variation in terms of options	None
h. Money realised by exercise of options	Rs. 41,500/-. The amount has been received by the Trust.
i. Total Number of options in force	1,27,000
j. Person-wise details of Options granted to	
i) Senior Managerial Personnel	No options were given during the year
ii) any other employee who receives a grant in any year amounting to 5% or more of the Option granted during the year	None
iii) Identified Employees who have been granted options during any one year exceeding 1% of the issued capital	Nil
k. Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of options	Not applicable since the shares are transferred by the ESOP trust upon exercise of options and the company is not required to issue any new shares
l. Vesting Schedule	Vesting in equal installments over a period of 4 years
m. Lock-in	No Lock in period, subject to a minimum Vesting period of one year
n. Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the company shall also be disclosed.	The Company has calculated the employee compensation cost using the intrinsic value (i.e., Market price) of stock options. If the fair method value been used the employee compensation cost would have been lower by Rs.1.71 million, Profit after tax higher by Rs.1.71 million and the basic and diluted earnings per share would have been higher by Re.0.06 respectively



ANNEXURE TO THE DIRECTORS' REPORT

Particulars (contd.)

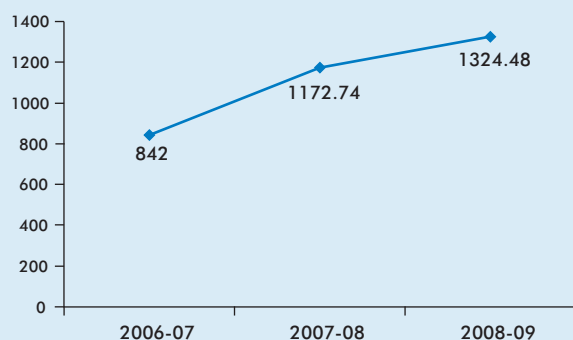
o. Weighted-average exercise prices and weighted average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the Market price of the stock.	N.A.
p. A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information:	N.A.
Date of options granted	N.A.
(i) risk free interest rate,	N.A.
(ii) expected life,	N.A.
(iii) expected volatility,	N.A.
(iv) expected dividends,	N.A.
(v) the price of the underlying share in market at the time of option grant.	N.A.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

The growth in the structured cabling market witnessed strain due to economic slowdown. Having recorded revenues worth Rs. 13,245 million during FY 2008-09, the SCS market registered a somewhat ordinary growth of 12.9%, over the previous fiscal. However, the SCS industry is witnessing steady demand from sectors such as government, education as well as from increasing deployments of data centers, IP applications and virtualisation solutions that have resulted in the scaling up of sales in this arena. The rise in the requirement of SCS can be also credited to the need for networks to match the number-crunching capacities currently offered by the processors in the Indian IT industry. Moreover, firms specialising in data centre services are fast gaining importance in India and globally, resulting in demand for high-performance cables with high bandwidth applications.

Structured Cabling Market Size (Rs. in Crores)



Source: Voice & Data (2009)

FURNISHING A DISTINCT EDGE

Well-known for the reliability and quality of its products, Smartlink possesses a powerful combination of experience and knowledge of its marketplace, to deliver solutions that exceed expectations. The following key factors have positioned the Company as a vendor-of-choice in a competitive marketplace:

DIGILINK® - A Flagship Brand of the Company

DIGILINK® has an unbeaten legacy behind it in the Structured Cabling arena. Though in the year 1999, the SCS products were introduced and sold under the "D-Link" brand. By 2004, the product range was strategically enhanced for the international markets, and was re-launched under the new brand name, "DIGILINK®".

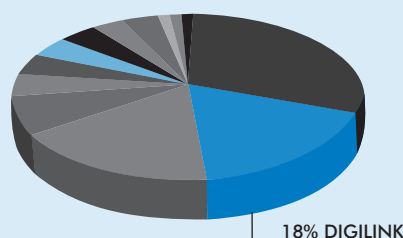


Today, according to IDC, DIGILINK® is the No. 2 brand in the Indian Structured Cabling Systems (SCS) segment. The Company's efforts have been acknowledged through numerous awards and prestigious accolades in 2008. "PC Quest Users Choice Awards 2008" ranked DIGILINK® as No.1 in India's Most Wanted IT Brands for Structured Cabling. In a channel survey done by CRN and A.C.Neilson, DIGILINK® has also been recognized as the "Channel Champion" in Network Cabling 2008. It further received the award for "Best Structured Cabling Brand 2008" by DQ Channel. Last but not least, DIGILINK® was recognized as the Most Promising Brand in IT (Editor's Choice Award) by VarIndia Star Nite Award 2008.

DIGILINK® is the undisputed industry leader in providing the entire end-to-end range of structured cabling solutions for enterprises, small and medium business. The Company's 'Future proof' products deliver unparalleled value and enable its customers to excel through lower total network ownership costs, enhanced productivity, total reliability and easy scalability of their networks.

Today, DIGILINK® accounts for 18% of the market share in the SCS marketplace and enjoys the No. 2 position in the business, giving the DIGILINK® brand a premier position in the domestic market.

DIGILINK SCS Market Share (April 08-March 09)



Source: IDC India, 2009 (End User Price)

DIGILINK was #2 in the Structured Cabling System (SCS) market for CY 2008 with a share of 17.86% in terms of (end user revenue), which was around 13 percentage point behind the market leader.

MANAGEMENT DISCUSSION AND ANALYSIS (contd.)

Indian Structured Cabling Market (2008-09) : Major Vendors*

Tier 1	Tier 2	Tier 3	Tier 4	Others
AMP NetConnect (Tyco Electronics)	DIGILINK and Systemax Commscope	Molex, Reichle & De-Massari (R&M), and ADC Krone	Belden, and Panduit	Sterilite Technologies, DAX Networks, Nexans Cabling, TVSICS, Siemon, Legrand, PDR, Clipsal, and Finolex

*The vendors are placed in different tiers on the basis of their sales contribution to the overall revenues of the Indian SCS market in 2008-09

+Independent ADI MEDIA RESEARCH

Widespread Marketing, Sales and Distribution Network - The Key Differentiator

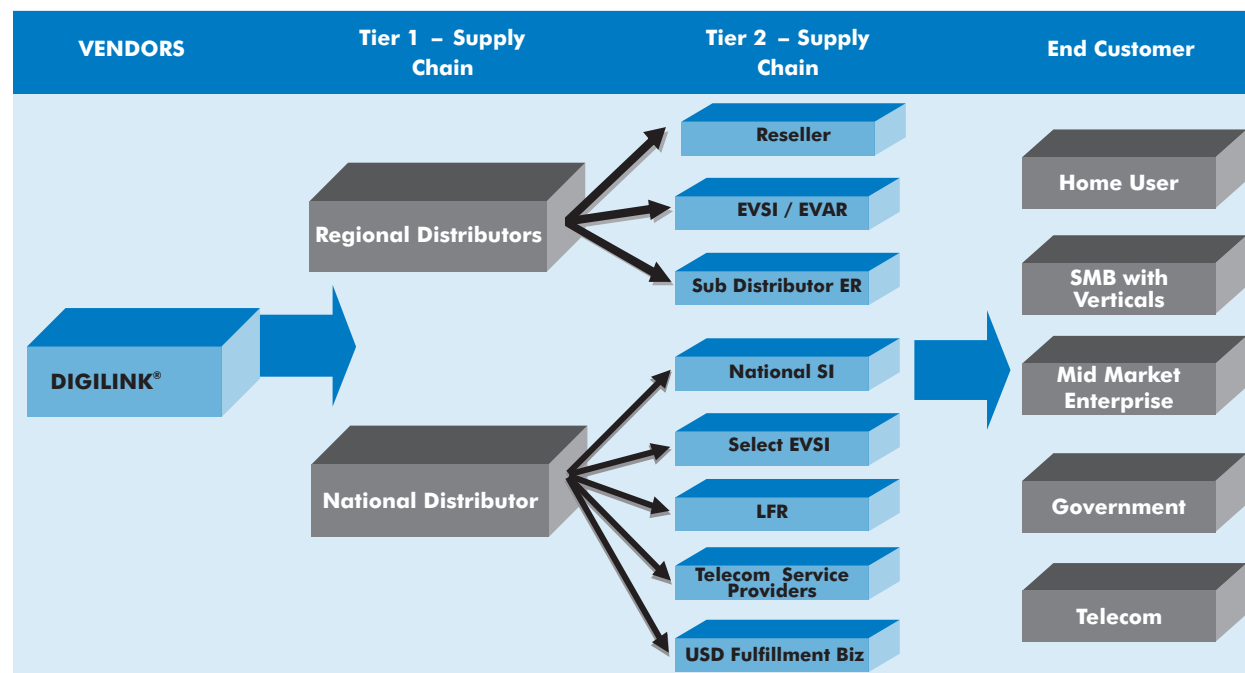
Anchored by an extensive marketing and distribution network, DIGILINK® has emerged as a prominent player in the structured cabling category in India. Well-conceived branding strategies, coupled with a business framework that delivers value, quality and efficacy are instrumental to the Company's success in a market flooded with competition. Integral to its business model, is a wide-spreading marketing and distribution network that ensures deeper market penetration.

The Company has developed a reliable channel network comprising of the entire sales chain from the DIGILINK® distributors/authorised resellers; multi brand

reseller/VAR to system integrators (SI). Its efficient sales chain plays a vital role in stocking products; providing a point of sales presence; creating brand visibility and supplying the products.

DIGILINK® consistently adopts a 360° degree approach to address all types of channels, across markets, covering global, regional and small SIs and resellers.

It imparts rigorous training to its sales and channel partners to enhance its brand positioning and visibility in a competitive marketplace. Investment into trainings is seen as a significant business enabler tool for the Company. Multi-city Events, Road Shows, DCCE Trainings, Distributor Meets, EVSI Meets and Sponsored



MANAGEMENT DISCUSSION AND ANALYSIS (contd.)

Events are conducted on an ongoing basis. A meticulous and perceptive marketing plan including public relations, corporate stories and guest articles has succeeded in establishing the DIGILINK®'s individual brand identity. Its marketing team is working towards the objective of building a strong corporate image that enables business association to further endorse and promote the brand.

Following its de-merger DIGILINK® has re-launched its "Empower Channel Program" with a renewed focus on building technical expertise amongst its channel partners. The Company classifies its channel programs into the following three categories, primarily based on their competencies, size and the spread of business:

- ENSI : Empower National System Integrator
- EVSI : Empower Value System Integrator
- EVAR : Empower Value Added Reseller
- ER: Empower Reseller

During the year under review, more than 200 events were organised, including a 66 cities road show series for customers, partners and trainings for engineers. As a result, DIGILINK® secured the second rank in the marketplace and enjoyed the reputation of being the highest recalled brand amongst its channel partners, during FY 2008-09. It has also introduced a 24X7 online help desk to directly communicate with its partners.

Going forward, the company is not only harvesting on their current partners but also plans to grow its existing channel base to target new partners and verticals.

Global Potential

As DIGILINK® continues to create ripples in an increasingly upbeat domestic market, it is cognisant of the vast potential the overseas markets have to offer. Consequently, the Company has embarked on a strategic journey to extend its presence on the global platform. Today, its products are already exported to as many as 20 countries around the world. Currently, it is present in Latin America, Middle East, Asia Pacific and SAARC countries and exports account for 7.3% of its revenues today. Going forward, the Company is aiming to grow its export business by at least 50% in next 2 to 3 years.

Going forward, the Company plans to concentrate primarily on the Middle East and Asia Pacific countries. The approach is to strengthen its ties with existing partners and extend its reach. The Company's focus lies in setting local channel and distribution networks in overseas markets, with local credit to partners. In the near future, the Company aims to replicate the success of the "Empower Partner Program" in international markets. Through such country-specific partner programs, the Company aims at enhancing its brand perception amongst its partners.

R&D Deep-rooted Foundations

In a competitive environment, innovation is the prerequisite for growth and visibility. Moreover, the economic slowdown has further fuelled the need for value driven differentiation. The Company's sustainable success amidst competition stems from its well-conceived research and development initiatives. It implements well-integrated R&D initiatives that span through the entire lifecycle of a product - from inception through design and development, to ongoing support.

Smartlink offers end-to-end product development in access routing and VoIP/IP telephony for the Indian and international markets. The Company has designed and developed world-class convergence products and solutions for the SMB and SOHO market segments to meet their specific needs of data, voice and video communication. The Company is the first Indian Company to design, develop, manufacture and sell high-end products such as its IP videophone.

As the Company continues to reinforce its standing in the converged communication domain, it is looking at forging strategic partnerships with branded enterprise product companies as well as select products from the ODM ecosystem from China/Taiwan/USA. This move should further enable it to target revenue growth and enhance visibility in terms of market segment share.

Capacity to Deliver - Unparalleled Manufacturing Expertise

Smartlink has over 15 years of proven experience in the manufacturing of electronic products, meeting the varying operational requirements of enterprises. In an industry where product obsolescence is rapid and customer base is extensive, local manufacturing with an in-house design capability is proving to be a highly efficient business model. Having made judicious investments in developing world-class facilities, Smartlink's business rests on an effectual model that adds to its dependability in the marketplace. The Company has built a state-of-the-art manufacturing system at Goa that is well connected to the rest of the country. Today, Smartlink is one of the few in India to have its own manufacturing set up that enables them to be efficient with deliveries and maintain lean inventories.

The Company's efficient manufacturing set-up is well-equipped to produce a comprehensive range of active and passive networking as well as communication products. Its all line production is certified for lead free processes. Furthermore, Smartlink has invested in developing design and engineering capabilities that include sophisticated product design soft-ware.

The Company's manufacturing facilities are furnished with the latest technology equipments such as ICT, BGA rework machines, x-ray machine and solder past z-

MANAGEMENT DISCUSSION AND ANALYSIS (contd.)

checks. All the practices are dust proof and enhanced with humidity controlled environment. The manufacturing facilities of Smartlink are ISO 9001:2000 & ISO 14001:2004 certified. Further, prolific initiatives such as quality circles and six sigma keep the quality and efficiency levels up. Moreover, the Company has strengthened its engineering processes to achieve flawless results by adhering to BAR code shop floor control systems quality. Based on meticulous manufacturing techniques, its products find wide market acceptance. Consequently, the Company's brands remained most preferred and recalled brands during 2008-09, primarily since its products have consistent inclination towards delivering value for money to their end-users.

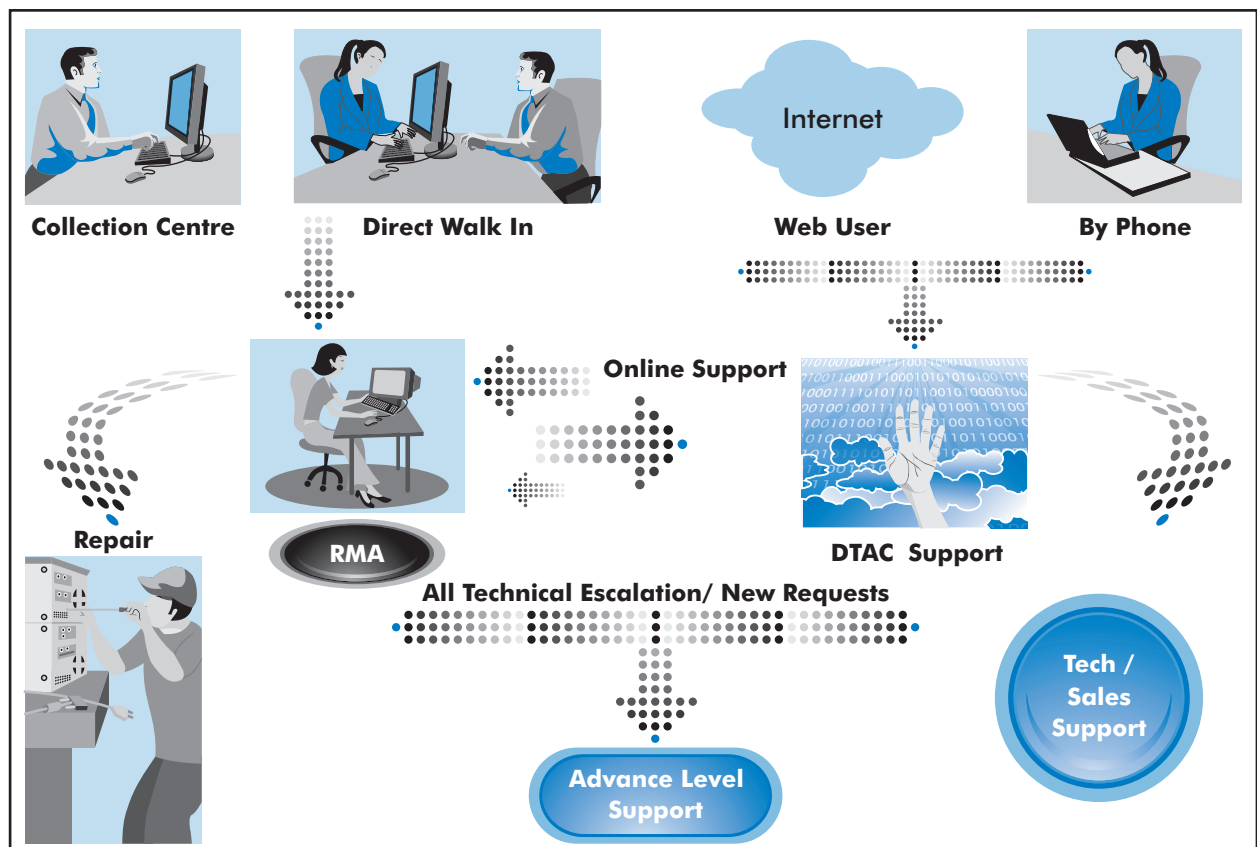
Today, Smartlink is consistently improving its productivity and maintaining faster turnaround times. Going forward, the Company plans to grow its manufacturing operations with infused vigour on both fronts - Active and Passive - to make them self sufficient and flexible, catering to wider variety of products.

DIGICARE- Integrated Service and Support

Smartlink's high quality and reputable after-sale-services are strategically built to deliver customer satisfaction. The Company offers first-rate integrated service and support through its special service division, DIGICARE, which consists of RMA centres, DIGICARE Technical Assistance Centre (DTAC) and Direct Service Department (DSD).

Return Material Authorisation (RMA) System

DIGICARE has evolved most efficient, skilled and professional state of service infrastructure. It has 18 Direct RMA/Service centres and 6 Service Partners across the country, with as many as 165 skilled personnel. 12 locations has BGA Machines. All DIGICARE centres are located in the main IT Market of the town. DIGICARE has unique Web based RMA Online System "iSMART" to monitor the service activity, online repair status update, automated email and SMS alerts facility and warranty tracking. DIGICARE has exceptional repair yield of 98% local repairs and 96% cases are closed in 7 working Days.



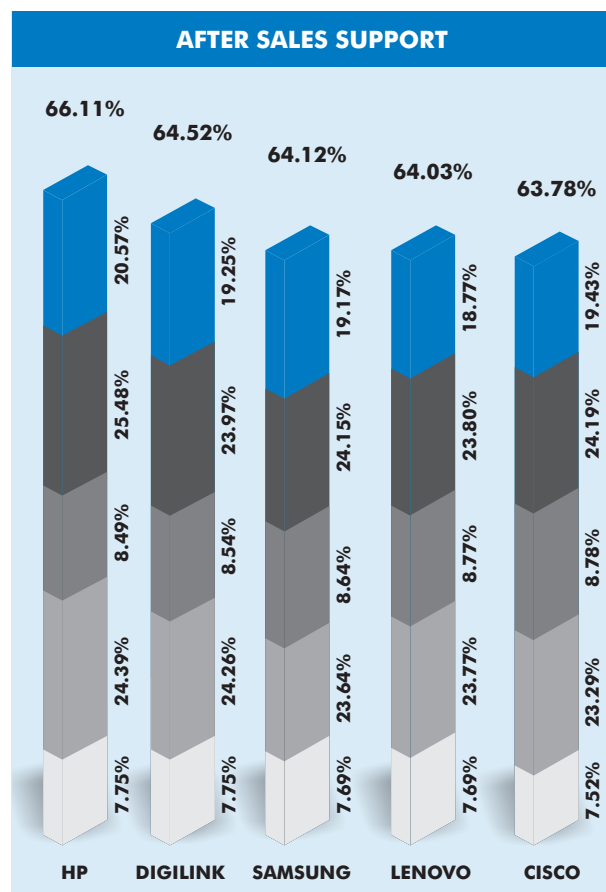
MANAGEMENT DISCUSSION AND ANALYSIS (contd.)

DIGICARE has over the period attained expertise in repair skill set for all Networking Products, Motherboards, Notebooks, PDA and LCD Monitors etc.

Repair TAT FY 08-09: On an Average 90% Cases are closed in 3 Working Days.

Market feedback:

DQ Channel Survey:



- Availability and complacency of Account Managers/Helpdesk services
- Ability to provide satisfactory repair and replacement services
- Turnaround time
- Presence of vendor's service center in locality/city/region
- Good stock level for replacement etc

DIGICARE RMA centers are the authorised service centre for D-Link, Gigabyte and MSI products in India. Moreover, it offers bulk services to HP, IBM, Acer, Lenovo, HCL, LG, Wipro, VXL and PCS.

DIGICARE technical assistance centre (DTAC)

DIGICARE Technical Assistance Centre offers in-bound technical support with call back facility. This well-organised system is further extended to the distributors. The Technical Assistance Centre (DTAC) marks a customer's initial point of contact with the Company. The centre works strategically and systematically to ensure technical assistance to its customers. For this, the Company works towards acquiring high calibre talent such as engineers with specialization in Computer-Networking, Telecommunications or Electronics. It also has a dedicated support team with distinguished experts on individual product lines to maintain high quality support. The Company aims to minimize the potential loss of time and resources so that it can develop a framework for recovery to complete operational levels.

CRN

Criteria	DIGILINK	AMP-Tyco	Systemax
Price-Performance	1	3	2
Product Availability	1	2	3
Marketing and Branding	2	1	3
Training & Certification	2	1	3
Channel Relationship	1	2	3
FINAL RANK	1	2	3

HUMAN RESOURCES

Smartlink values people as its greatest asset. It has always believed in empowering its employees and creating a performance driven culture. Going beyond the conventional, the HR function of the Company focuses on talent development, in line with its business objectives. It focuses on creating a challenging work environment, where core people principles are a drive towards commitment, self-motivation, ownership and pride.

The development of human resources is a key strategic challenge in order to prepare people for future responsibilities in terms of professional as well as business skills. The HR endeavours to implement various new programmes to leverage talent and performance. Smartlink's judicious training initiative, "Mindcraft" enables the Company's workforce to remain highly adaptable in a changing environment.

MANAGEMENT DISCUSSION AND ANALYSIS (contd.)

In addition to Electronics and Telecommunications graduates, the Company recruits diploma holders, engineers and graduates, equipping them to take on roles within the networking industry and expanding the available talent pool. Moreover, investments in skills acquisition and competency enablement are aligned with customer needs and market trends.

The Company believes in a culture that upholds respect for each individual and creates a sense of ownership among employees across the organisation. The Company embraces principles of equitable treatment of employees, across all levels of the organisation. The work environment enables a free-flow of ideas and employees are encouraged to voice their opinion and be entrepreneurial in their thinking.

Smartlink aspires to be ranked amongst the most preferred employers across all industries and plans to continue to invest in both people and HR processes as it strives to achieve this goal.

FINANCIAL REVIEW

Having recorded growth in line with the industry, *Smartlink reported revenues of Rs. 1456.11 million, during the FY 2009. Focus on core products and strengthening of the channel business were the key drivers for the Company's top line growth.

The Company's revenue from its core business of structured cabling products and high-end foundry networking products was Rs. 1456.11 million. Its revenues were affected on account of the severe recession and the general slowdown in the Indian economy from September, 2008 onwards. Income from services produced Rs. 174.90 million in revenues for the fiscal year under consideration. The Company generated Rs. 108.75 million in Other Income, while the Operating Profits, comprising Profit before Depreciation, Interest and Tax was Rs. 167.80 million. Provision for Depreciation stood at Rs. 105.67 million.

The Company recorded a cash profit of Rs. 165.13 million, in 2008-09 and Profit before Tax stood at Rs. 59.46 million. The Net Profit after Tax for FY 2009 was Rs. 69.33 million.

** The figures of the Company for the financial year 2008-2009 are not comparable with that of the previous year 2007-08, as the current year's figures are exclusive, of the figures of the Sales & Marketing Business of "D-LINK" branded active networking products, which stood transferred to D-Link (India) Limited as separate resultant Company.*

**The name of the Company has been changed to Smartlink Network Systems Limited w.e.f. 15th July, 2009. Hence, the audit report and financial statements appear in the name of D-Link (India) Ltd.*

INTERNAL CONTROL SYSTEMS

Smartlink's internal control systems and processes abide by the various relevant laws, regulations and industry standards. The Internal Auditor tests the efficacy of the company's internal control systems and identify any shortcomings in systems & processes. There are vibrant audit committees periodically reviewing the internal audit reports, management observations on the same and monitors implementation of improvements suggested.

The Company is successfully complying with the state-of-the-art ORACLE ERP systems through which all the controls are exercised meticulously. Their best business practices have facilitated their sustainable market results. The Company is moving ahead on the path to deliver sound Information Technology systems for future growth.

OPPORTUNITIES

With a reliable and proven infrastructure today Smartlink is perfectly poised to benefit from the opportunities presented by the thriving structured cabling market and the growing demand for state-of-the-art VOIP solutions in Active range of Products. The SCS market is on the threshold of growth owing to the following factors:

Technology drivers

One of the most eminent growth drivers for the SCS market is data centre consolidation that is expected to drive the acceptance of fibre-based solutions and 10G solutions in the market. Additionally, newer paths such as triple plays, FTTH, extensions of SCS to the residential domain and Giga-ready homes are bearing out to be the key growth drivers. The cabling medium has also spurred due to the penetration of bandwidth and the usage of its application. Technologies that have acted as channels of success are virtualisation, on-demand applications, VoIP and high performance computing.

Government and the IT Infrastructure Growth

Though the economic slowdown weakened the industry, increased Government spending on IT compensated for the downturn. The IT industry is witnessing increasing demand from the infrastructure sector and Government entities that are emerging as heavy investors. Both the segments have a growth rate of over 20%, higher than over all IT market. This signals lucrative prospects for the SCS market.

In addition to these sectors, segments such as, hospitality, healthcare and education are showing demand for Structured Cabling Systems (SCS).

MANAGEMENT DISCUSSION AND ANALYSIS (contd.)

Cost effective and secure solutions

Today, strategic and intelligent cabling solutions such as proactive network monitoring and fault diagnosis are the main focus of IT managers. This practice is gaining recognition as intelligent infrastructure provides greater efficiency, cost-effectiveness and security to companies that are planning to restructure their infrastructure.

Green Initiation

Green technologies are expected to pull investments into the SCS business. Smartlink was among the first companies to go green. As a Company that feels responsible towards its environment, Smartlink has developed a complete range of green or RoHS based products.

Converged Communications

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

The dark shadows of recession have given rise to the acceptance of unified communications as a tool to lower travel expenses and also prove to be an eco friendly system. Organisations are viewing unified communications as an opportunity to balance work life and freedom to work from home. This access of mobility, coupled with their integration and with their integrated business applications has provided impetus to this technology. In turn, this has enabled improved communication and collaboration across enterprises. Smartlink is well-equipped with a robust unified communications portfolio to capitalise on opportunities the future unfolds.

RISKS, THREATS AND CONCERNS

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

Product Obsolescence

The Company's business harbours the inherent risk of rapid product obsolescence. The Company relies on its best-

in-class R&D expertise to develop innovative solutions as a key to counter this challenge.

Rising Costs

During the year under review, the industry saw two major unforeseen incidences owing to economic slowdown. Firstly there was an unprecedented upsurge and the sudden fall of international copper prices, followed by a sudden collapse of crude oil prices which determine polymer prices. As SCS manufacturers, the Company was required to stock copper cables and to some extent mitigates the impact high volatility in prices. Secondly, unpredictable forecasts from a stressed market potentially exposed the Company to wide gaps in the demand and supply. The Company successfully combated these challenges to a great extent through its strategic material planning function.

OUTLOOK

Determined Steps in the Converged Communications segment

As part of its strategy for growth and diversification, the Company is expected to focus on the promising and emerging industry segment of converged communications systems. Of this, the IP Telephony application forms a major component with a current addressable market size estimated to be above Rs. 300 crores and growing briskly. Sensing the opportunity early on, it has invested in developing the capability and expertise to emerge as a worthy global player in the converged communication solutions space. It has already established integrated end-to-end operations including design, development, marketing, service and support, to effectively cater to the demand in this space.

Sensitive to the market needs, the Company offers comprehensive IP telephony solutions bundle for specific verticals within the SMB segment. Its converged communications portfolio, under the proposed brand name 'DIGISOL', encompasses value-added products such as, VoIP, IP Surveillance, Storage solutions (network attached solutions), Unified Communication covering converged voice, data, video over IP platform, DATA Center virtualization. Going forward, the Company is focused on forging a resilient presence in the marketplace by entering into meaningful partnerships. The Company's long-term goal includes offering self-sustaining converged communication solutions for the SMB and Enterprise segments. Additionally, it is also looking at providing enterprise grade service support as a business enabler.

D-LINK (INDIA) LIMITED AUDITORS' REPORT

To, the members of D-Link (India) Limited

1. We have audited the attached Balance sheet of D-Link (India) Limited, as at 31st March, 2009, the Profit and Loss account and also the Cash-flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i. we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;
 - iii. the Balance sheet, Profit and Loss account and Cash-flow statement dealt with by this report are in agreement with the books of account;
 - iv. in our opinion, the Balance sheet, Profit and Loss account and Cash-flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - v. on the basis of written representations received from the directors, as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read with the significant accounting policies and notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the Balance sheet, of the state of affairs of the Company as at 31st March, 2009;
 - b) in the case of the Profit and Loss account, of the profit for the year ended on that date; and
 - c) in the case of the Cash-flow statement, of the cash-flows for the year ended on that date.

For Deloitte Haskins & Sells
Chartered Accountants

Mumbai
Dated: 27th June, 2009

A. B. Jani
Partner
Membership no.: 46488

D-LINK (INDIA) LIMITED

ANNEXURE TO THE AUDITORS' REPORT (contd.)

Re: D-Link (India) Limited

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

- (i.) The nature of the Company's activities during the year is such that the requirements of clauses (xiii) and (xiv) of paragraph 4 of the Order are not applicable.
- (ii.) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) All the assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification;
- (c) The Company has not disposed off a substantial part of fixed assets during the year.
- (iii.) (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 is maintaining proper records of inventories and no material discrepancies were noticed on physical verification.
- (iv.) The Company has not granted or taken any loans, to/ from companies, firms or other parties covered in the Register maintained under section 301 of the Companies Act, 1956. Consequently, the requirements of clauses (iii) (a) to (iii) (g) of paragraph 4 of the Order are not applicable to the Company.
- (v.) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for sale of goods/services. During the course of our audit, we have not observed any continuing failure, to correct major weakness in such internal control system.
- (vi.) (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered;
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vii.) The Company has not accepted deposits from the public.
- (viii.) In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
- (ix.) We have broadly reviewed the books of account maintained by the Company pursuant to the Order made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 with regard to the networking products of the Company. We are of the opinion that prima facie, the prescribed accounts and records have generally been made and maintained/are under preparation. We have not, however, made a detailed examination of the records.
- (x.) (a) In our opinion and according to the information and explanations given to us, the Company has generally been regular in depositing undisputed statutory dues including provident fund, Investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues, where applicable, with the appropriate authorities;
- (b) According to the information and explanations given to us, there are no dues of sales-tax/ income-tax/ wealth-tax/ service tax/ cess which have not been deposited with the appropriate authorities on account of any dispute, except in case of customs duty and excise duty which is as detailed below:

D-LINK (INDIA) LIMITED

ANNEXURE TO THE AUDITORS' REPORT

Name of the Statute	Nature of dues	Amount (Rs.)	Financial Year to Which amount relates	Forum where dispute is pending
Customs Act, 1962	Customs Duty	1,514,221/- (Net of Rs. 900,000/- of Pre-deposit)	2004-2005	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)
Customs Act, 1962	Customs Duty	3,226,176/- (Net of Rs. 1,400,000/- of Pre-deposit)	2004-2005	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)
Customs Act, 1962	Penalty (Customs Duty)	4,626,176/-	2004-2005	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)
Central Excise Act, 1944	Excise Duty	24,089,496/- (Net of Rs. 10,000,000/- of Pre-deposit)	2001-2002 2002-2003 2003-2004 2004-2005	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)
Central Excise Act, 1944	Penalty (Excise Duty)	34,089,496/-	2001-2002 2002-2003 2003-2004 2004-2005	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)
Central Excise Act, 1944	Penalty (Excise Duty)	100,000/-	2004-2005	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)
Central Excise Act, 1944	Penalty (Excise Duty)	702,041/-	2004-2005	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)

- (xi.) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the financial 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. The Company does not have borrowings from any financial institution and has not issued debentures.
- (xiii.) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiv.) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xv.) According to the information and explanations given to us, the Company has not obtained any term loan during the year and hence the question of commenting on application thereof does not arise.
- (xvi.) According to the information and explanations given to us and on an overall examination of the Balance sheet of the Company, funds raised on short term basis have, prima facie, not been used during the year for long term investment.
- (xvii.) According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
- (xviii.) The Company has not issued debentures, hence the question of creating security or charge in respect thereof does not arise.
- (xix.) During the year, the Company has not raised money by public issue.
- (xx.) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company, was noticed or reported during the financial year.

For Deloitte Haskins & Sells
Chartered Accountants

Mumbai
Dated: 27th June, 2009

A. B. Jani
Partner
Membership no.: 46488

D-LINK (INDIA) LIMITED

SCHEDULES FORMING PART OF THE ACCOUNTS

	Rupees	Rupees	As at 31st March, 2008 Rupees
SCHEDULE 1			
SHARE CAPITAL			
Authorised			
35,000,000 Equity Shares of Rs.2/- each		70,000,000	70,000,000
Issued, subscribed and paid-up			
30,004,850 Equity Shares of Rs.2/- each fully paid-up		60,009,700	60,009,700
TOTAL		60,009,700	60,009,700
SCHEDULE 2			
RESERVES AND SURPLUS			
Capital reserve			
State government subsidy As per last Balance sheet		2,500,000	2,500,000
Securities premium account			
As per last Balance sheet	483,749,133		483,749,133
Less : Transferred pursuant to Scheme of Arrangement (Refer Note no. 3 of Schedule 16)	205,134,440		-
		278,614,693	483,749,133
General reserve			
As per last Balance sheet	212,734,211		184,760,630
Less : Adjustment on account of transitional provisions of Revised Accounting Standard 15	-		1,026,419
Less : Transferred pursuant to Scheme of Arrangement (Refer Note no. 3 of Schedule 16)	63,820,263		-
Add: Transferred from Profit and Loss account	6,932,581		29,000,000
		155,846,529	212,734,211
Revaluation reserve			
As per last Balance sheet	41,798,892		42,568,120
Less: Transferred to Profit and Loss Account	769,228		769,228
		41,029,664	41,798,892
Surplus in Profit and Loss account		959,945,273	1,309,863,987
TOTAL		1,437,936,159	2,050,646,223
SCHEDULE 3			
SECURED LOANS			
Other loans and advances			
Dues under hire purchase agreements (Refer note below)		-	2,618,553
TOTAL		-	2,618,553

Note

Secured by hypothecation of assets purchased under hire purchase agreements.

D-LINK (INDIA) LIMITED

SCHEDULES FORMING PART OF THE ACCOUNTS (contd.)

SCHEDULE 4
FIXED ASSETS

Nature of assets	Gross block				Depreciation				Net block		(Rupees)
	As at 1st April, 2008	Additions	Deductions	Transferred pursuant to Scheme of Arrangement (Refer note no. 3 of Schedule 16)	As at 31st March, 2009	Upto 31st March, 2008	For the Year	Deductions	As at 31st March, 2009	As at 31st March, 2009	
Tangible Assets:											
Leasehold land/ premises	24,513,538	-	-	-	24,513,538	5,759,830	1,636,017	-	7,395,847	17,117,691	18,753,708
Buildings	273,906,264	139,656	-	-	274,045,920	39,413,079	7,187,542	-	46,600,621	227,445,299	234,493,185
Plant and machinery	234,673,138	10,271,944	-	-	244,945,082	84,810,537	20,916,251	-	105,726,788	139,218,294	149,862,601
Electrical installations	38,064,132	6,899,635	-	823,810	44,139,957	8,373,024	1,953,181	-	10,066,641	34,073,316	29,691,108
Furniture, fittings and office equipment	55,251,864	4,042,205	-	2,719,988	56,574,081	19,405,756	3,951,973	-	22,565,623	34,008,458	35,846,108
Air conditioners	34,545,486	3,092,370	1,633,619	896,408	35,107,829	9,331,314	1,664,359	691,867	10,092,188	25,015,641	25,214,172
Motor vehicles	18,248,433	-	4,068,633	3,431,020	10,748,780	10,903,389	2,288,890	3,039,064	7,946,036	2,802,744	7,345,044
Computers	155,160,861	2,700,355	-	3,829,238	154,031,978	90,089,401	52,691,787	-	141,851,699	12,180,279	65,071,460
	834,363,716	27,146,165	5,702,252	11,700,464	844,107,165	268,086,330	92,290,000	3,730,931	352,245,443	491,861,722	566,277,386
Intangible assets -											
Computer Software	38,356,325	698,173	-	670,423	38,384,075	9,539,052	8,572,765	-	18,073,417	20,310,658	28,817,273
Goodwill	27,898,105	-	-	-	27,898,105	22,318,472	5,579,633	-	27,898,105	-	5,579,633
Total	900,618,146	27,844,338	5,702,252	12,370,887	910,389,345	299,943,854	106,442,398	3,730,931	398,216,965	512,172,380	600,674,292
Previous year	889,597,907	125,451,780	114,431,541	-	900,618,146	295,667,094	75,383,266	71,106,506	-	299,943,854	
Capital work-in-progress [including capital advances Rs. 6,624,525/- (As at 31st March, 2008 Rs. 8,032,968/-)]										7,169,672	8,032,968
										519,342,052	608,707,260

Notes

- Leasehold land/ premises include:
 - Plots of land of the aggregate gross value of Rs. 14,036,538/- (previous year Rs. 14,036,538/-), taken on lease from the Goa Industrial Development Corporation (GIDC) for an initial period of thirty years with an option to extend the lease to ninety/ ninety-five years.
 - Land and premises of the aggregate gross value of Rs. 1,686,000/- (previous year Rs. 1,686,000/-), taken on lease from Maharashtra Industrial Development Corporation (MIDC) for an initial period of ten years with an option to extend the lease to ninety-five years.
 - Plot of land of the aggregate gross value of Rs. 8,791,000/- (previous year Rs. 8,791,000/-), taken on lease cum sale basis from the Karnataka Industrial Area Development Board (KIADB) for a period of six years. At the end of six years, the lease shall be converted into a sale subject to fulfillment of certain conditions and Payment of additional amount to be finally fixed by KIADB. Title deeds in respect of the above are in the names of GIDC, MIDC and KIADB respectively.
- Gross block as at 31st March 2009 include fixed assets of Nil (previous year, Rs. 10,743,124/-) acquired on hire purchase basis on which the vendors had a lien.
- During the current year the Company has foreclosed all loans taken for purchase of Motor Vehicles. Accordingly, the gross block of vehicles as at 31st March, 2008 of Rs. 13,302,854/- and accumulated depreciation of Rs. 8,549,137/- has been reclassified from "Assets acquired under hire purchase - Vehicle" to "Motor Vehicle".
- Goodwill represents the difference between the net assets of erstwhile Virtual Computers Private Limited taken over pursuant to scheme of amalgamation and the cost of shares held by D-Link (India) Limited in the erstwhile Virtual Computers Private Limited.

D-LINK (INDIA) LIMITED**SCHEDULES FORMING PART OF THE ACCOUNTS (contd.)**

	Rupees	As at 31st March, 2008 Rupees
SCHEDULE 5		
INVESTMENTS		
a) Long-term investments (unquoted) (Non-trade)		
In subsidiary companies		
NIL (Previous year 49,940) Equity Shares of Rs. 10/- each fully paid-up in Interconnector Systems Limited	-	499,400
In other companies		
NIL (Previous year 1,000) Equity Shares of Rs.10/- each fully paid-up in Saraswat Co-operative Bank Limited	-	10,000
b) Long-term investments (quoted) (Non-trade)		
160,000 (Previous year, NIL) Equity Shares of Rs.10/- each fully paid-up in Cerebra Integrated Technologies Limited (Refer Note no. 12 A of schedule 16)	3,360,000	-
	3,360,000	509,400
Less: Provision	2,315,200	-
	1,044,800	509,400
Total long-term investments (A)	1,044,800	509,400
c) Current investments (non-trade)		
i) In Mutual funds Units (unquoted)		
Face value of all units, Rs.10/-		
NIL (Previous year, 2,409,219.9190) units in HDFC Mutual Fund - Cash Management Fund - Saving Plan - Dividend	-	25,625,427
NIL (Previous year, 1,000,000.) Units in HDFC Mutual Fund - FMP 181D December 2007 (VI) Wholesale Plan-Dividend	-	10,000,000
667.9100 (previous year, 1,835,810.2930) units in ICICI Prudential Mutual Fund - Prudential ICICI Super Institutional Plus - Dividend	6,679	18,358,907
6,566,379.5690 (Previous year, NIL) units in ICICI Prudential Mutual Fund - Floating Rate Plan D Fund - Daily Dividend Plan	65,678,439	-
NIL (Previous year, 986,200.2350) units in ICICI Prudential Mutual Fund - Blended Plan - A Dividend	-	10,834,077
NIL (Previous year, 9,864,102.9780) Units in ICICI Prudential Mutual Fund - Flexible Income Plan Dividend - Daily Dividend	-	104,298,093
NIL (Previous year, 512,957.8450) Units in ICICI Prudential Interval Fund II Quarterly Interval Plan C -Retail Dividend	-	5,129,578
NIL (Previous year, 1,000,000) Units in ICICI Prudential IFMP Series 39-Six Months Plan A Retail Dividend	-	10,000,000
NIL (Previous year, 461,842.5660) Units in ICICI Prudential Institutional Income plan Dividend Quarterly	-	5,000,000
NIL (Previous year, 2,668,416.9210) Units in ICICI Prudential -GILT Fund- Investment Plan Dividend	-	31,204,467
NIL (Previous year, 992,417.9270) Units in IPMRD ICICI Prudential Interval Fund 1 Month plan A - Retail Dividend	-	10,000,000
22,654,916.6100 (Previous year, NIL) units in Birla Sun Life - Short Term Fund - IP- Daily Dividend Reinvestment	226,640,768	-
NIL (Previous year, 955,133.3340) Units in Birla Sun Life -Cash Manager weekly Dividend	-	9,559,270
NIL (Previous year, 4,925,697.7050) Units in Birla Sun Life -Cash Manager IP-Daily Dividend	-	49,271,753
NIL (Previous year, 475,041.3290) Units in Birla Dynamic Bond Fund-Retail Quarterly Dividend	-	5,000,000
NIL (Previous year, 2,328,616.8290) Units in Kotak Flexi Debt Scheme Daily dividend	-	23,358,588
NIL (Previous year, 2,039,092.7680) Units in Kotak Bond (Short Term) Monthly Dividend	-	20,439,634

D-LINK (INDIA) LIMITED**SCHEDULES FORMING PART OF THE ACCOUNTS (contd.)**

	Rupees	As at 31st March, 2008 Rupees
NIL (Previous year, 2,189,893.4160) Units in Kotak Bond (Regular) Quarterly Dividend	-	24,097,839
NIL (Previous year, 103,673.6730) Units in UTI-Liquid Plus Fund Institutional Plan (Daily Dividend option)	-	103,693,598
NIL (Previous year, 500,000) Units in UTI-Fixed Maturity Plan HFMP 03/08 Dividend Payout	-	5,000,000
NIL (Previous year, 5,322,035.1040) Units in DWS Credit Opportunities Cash Fund-Weekly Dividend Plan	-	53,486,614
NIL (Previous year, 1,517,804.0870) Units in DWS money Plus Advantage Fund - Institutional Plan	-	15,324,725
NIL (Previous year, 1,000,948.740) Units in ABN Amro Interval Fund-Quarterly Plan H Monthly Dividend	-	10,009,492
1,599,753.3660 (Previous year, 22,297,604.5670) Units in Reliance Liquidity Fund Daily Dividend	16,002,493	223,045,168
18,371,859.9397 (Previous year, NIL) units in Reliance Medium Term Fund - Daily Dividend	314,076,132	-
NIL (Previous year, 1,006,363.2300) Units in Reliance monthly Interval Fund Series II Institutional- Dividend Plan	-	10,068,765
NIL (Previous year, 1,074,244.0400) units in Reliance Mutual Fund - Monthly Interval Fund-Series I-Retail-Dividend Plan	-	10,742,490
NIL (Previous year, 1,930,624.5370) Units in JM Short Term Fund-Institutional Plan-Dividend	-	20,095,515
NIL (Previous year, 706,260.4380) units in Principal Income Fund-STP-Weekly Dividend	-	7,721,523
NIL (previous year, 250,000) units in ING Vysya Mutual Fund - ING Dynamic asset allocation fund - Dividend Plan	-	2,500,000
NIL (Previous year, 500,158.9340) Units in ING Fixed Maturity Fund -42 Retail Dividend	-	5,001,589
NIL (Previous year, 1,065,609.1960) Units in Lotus India Arbitrage Fund-Dividend	-	10,663,495
NIL (Previous year, 511,529.1120) Units in Lotus India Quarterly Interval Fund - Plan B - Dividend	-	5,115,296
NIL (Previous year, 512,554.1430) Units in Lotus India Quarterly Interval Fund - Plan E - Dividend	-	5,125,541
NIL (Previous year, 1,545,072.7960) Units in Lotus India Liquid Plus Fund-Inst Daily Dividend	-	15,474,986
NIL (Previous year, 1,204,093.8730) Units in Lotus India Quarterly Interval Fund - Plan C -dividend	-	12,042,139
NIL (Previous year, 5,308,909.0123) Units in HSBC Liquid Plus-Institutional Daily dividend	-	53,155,451
NIL (Previous year, 941,978.2470) Units in SBI Arbitrage Opportunities Fund-Dividend	-	10,001,266
NIL (Previous year, 10,001.7820) Units in MIRAE Asset Liquid Plus Fund - Institutional Dividend Plan (Daily)	-	10,015,769
NIL (Previous year, 2,000,000) Units in Templeton fixed Horizon Fund Series II-Plan A -Institutional -Growth Plan	-	20,000,000
NIL (Previous year, 57,494.6250) Units in Templeton India Short Term Income Retail Plan - Quarterly Dividend	-	60,156,265
NIL (Previous year, 503,738.8780) Units in TATA Fixed Horizon Fund Series 17 Scheme D - Regular Plan	-	5,037,400
1,000,174.6500 (Previous year, NIL) Units in Fidelity FMP Series 1 - Plan A -IP - Dividend	10,001,746	-
965,349.7710 (previous year, NIL) units in Fidelity Ultra Short Term Debt Fund Retail - Weekly Dividend	9,663,695	-
	642,069,952	1,035,654,720

D-LINK (INDIA) LIMITED**SCHEDULES FORMING PART OF THE ACCOUNTS (contd.)**

	Rupees	As at 31st March, 2008 Rupees
ii) In Debentures (unquoted)		
10 Debentures of Rs.1,000,000 each, fully paid-up in Citicorp Finance (India) Limited	10,000,000	10,000,000
	10,000,000	10,000,000
	652,069,952	1,045,654,720
Less: Provision	7,880	2,991,860
Total current investments (B)	652,062,072	1,042,662,860
Total (A+B)	653,106,872	1,043,172,260
Notes		
1. Aggregate value of investments (net of provision)		
Unquoted - cost	652,062,072	1,043,172,260
Quoted - cost	3,360,000	-
market value	1,044,800	-
2. Investments purchased and sold during the year		
- Refer Note no. 12 B of schedule 16.		

SCHEDULE 6**INVENTORIES**

Stores, spares and packing materials	6,528,883	5,880,150
Stock-in-trade		
Raw materials and components	55,673,979	115,914,739
Work-in-progress	31,475,716	16,861,484
Finished goods	37,207,195	200,381,623
	124,356,890	333,157,846
Total	130,885,773	339,037,996

SCHEDULE 7**SUNDRY DEBTORS (Unsecured)**

Debts outstanding for a period exceeding six months	8,473,789	40,449,420
Other debts *	254,895,687	571,329,563
	263,369,476	611,778,983
Less: Provision	7,470,570	26,045,487
Total	255,898,906	585,733,496
Notes		
a) Considered good	255,898,906	585,733,496
Considered doubtful	7,470,570	26,045,487
	263,369,476	611,778,983
b) * Includes amounts in respect of which the Company holds deposits	11,392,104	22,857,664

D-LINK (INDIA) LIMITED**SCHEDULES FORMING PART OF THE ACCOUNTS (contd.)**

	Rupees	As at 31st March, 2008 Rupees
SCHEDULE 8		
CASH AND BANK BALANCES		
Cash on hand	228,359	337,966
Balances with scheduled banks		
- In current / cash credit accounts (Refer Note no. 19 of Schedule 16)	62,580,400	39,850,375
- In Exchange Earner's Foreign Currency Account	7,297,199	-
[equivalent to US\$ 143,925.26 (As at 31st March, 2008 US\$ NIL)]		
- In deposit accounts	6,858,180	4,981,534
(includes interest accrued Rs.439,921/- As at 31st March, 2008 Rs.338,644/-)		
	76,735,779	44,831,909
Total	76,964,138	45,169,875

SCHEDULE 9		
LOANS AND ADVANCES (unsecured)		
Advances recoverable in cash or in kind or for value to be received (Refer Note 2 (f) and 4 (1) (c) of schedule 16)	135,796,934	128,362,191
Balance with Central Excise and Customs	3,506,187	1,868,002
Deposits	5,534,979	15,455,905
Advance payment of taxes (net)	22,326,686	8,651,208
	167,164,786	154,337,306
Less : Provision	4,141,318	1,186,129
Total	163,023,468	153,151,177

Notes

1. Loans and advances in the nature of loans due from: (in accordance with clause 32 of Listing Agreement)		
Subsidiary companies		
Interconnector Systems Limited (upto 30-06-2008)	-	-
Maximum balance outstanding at any time during the year	170,000	196,973
Others (interest-free loans with no repayment schedules)		
Employees	93,500	826,241
Maximum balance outstanding at any time during the year	743,421	2,449,288

SCHEDULE 10		
CURRENT LIABILITIES		
Sundry creditors		
- Total outstanding dues of micro enterprises and small enterprises	177,001	500,205
- Total outstanding dues of creditors other than micro enterprises and small enterprises	138,226,968	432,736,124
	138,403,969	433,236,329
Temporary overdrawn bank balance	27,230,564	21,841,080
Other liabilities	31,335,302	37,523,571
Total	196,969,835	492,600,980

D-LINK (INDIA) LIMITED**SCHEDULES FORMING PART OF THE ACCOUNTS (contd.)**

	Rupees	As at 31st March, 2008 Rupees
SCHEDULE 11		
PROVISIONS		
For Income tax [including Rs.117,544/- (net) for Wealth tax] (net of payments)	892,246	23,744,826
Fringe benefits tax (net of payments)	-	1,167,127
Proposed dividend	30,004,850	60,009,700
Corporate dividend tax	5,099,324	10,198,649
For Gratuity	5,451,185	5,782,594
For Leave encashment	4,828,946	4,495,555
Total	46,276,551	105,398,451
		Previous year Rupees
SCHEDULE 12		
OTHER INCOME		
Interest		
(Tax deducted at source Rs.851,761/- ; previous year, Rs.760,912/-)		
- On fixed deposits with banks	3,149,797	1,311,467
- On bonds (current investments; non-trade)	-	11,679
- On delayed payments, etc.	6,335,833	3,786,867
	9,485,630	5,110,013
Rent Income	5,671,467	6,842,500
Duty drawback	915,242	9,037,975
Dividend on current investments (non-trade)	54,324,433	51,688,393
Profit on sale of long term investments (non-trade)	50,600	-
Profit on sale of current investments (non-trade)	-	15,031,490
Provision for doubtful debts written back	8,959,048	17,547,363
Provision for diminution in value of current investments (non-trade) written back	534,690	345,494
Profit on sale of fixed assets (net)	-	1,662,465
Recovery of bad debts written off	97,605	1,279,824
Sundry balances written back	844,421	7,966,702
Exchange differences (net)	-	25,748,660
Logistic support services and management fees	24,490,978	-
Miscellaneous income	3,378,240	4,776,325
Total	108,752,354	147,037,204
SCHEDULE 13		
(DECREASE) / INCREASE IN STOCKS OF FINISHED GOODS AND WORK-IN-PROGRESS		
Stock as at 31st March, 2009		
Finished goods	37,207,195	200,381,623
Work-in-progress	31,475,716	16,861,484
	68,682,911	217,243,107
Less: Stock as at 1st April, 2008		
Finished goods	200,381,623	177,612,287
Less : Transferred pursuant to Scheme of Arrangement (Refer Note no. 3 of Schedule 16)	106,644,166	-
	93,737,457	177,612,287
Work-in-progress	16,861,484	32,392,729
	110,598,941	210,005,016
(Decrease) / Increase	(41,916,030)	7,238,091

D-LINK (INDIA) LIMITED**SCHEDULES FORMING PART OF THE ACCOUNTS (contd.)**

	Rupees	Rupees	Previous year Rupees
SCHEDULE 14			
MANUFACTURING AND OTHER EXPENSES			
Raw materials and components consumed		260,568,811	403,404,070
Payments to and provisions for employees :			
Salaries, wages and bonus	219,603,956		271,558,731
Contribution to provident and other funds	5,706,125		6,405,478
Staff welfare expenses	11,722,669		13,940,903
Gratuity	1,588,198		4,040,524
Leave encashment	2,623,853		3,685,874
		241,244,801	299,631,510
Stores, spares and packing material consumed		31,856,996	22,213,456
Power and fuel		22,183,948	29,094,623
Rent		12,446,053	19,509,243
Operating lease rentals		1,290,987	2,627,537
Rates and taxes		1,467,905	1,746,021
Insurance		6,552,774	9,462,829
Repairs and maintenance			
Buildings	7,987,640		1,907,639
Machinery	5,092,109		396,560
Others	12,717,297		9,124,101
		25,797,046	11,428,300
Travelling and conveyance expenses		27,553,636	34,991,585
Communication expenses		10,160,106	13,488,471
Legal and Professional fees		25,501,284	18,201,985
Advertisement and sales development expenses		29,361,874	40,282,764
Commission on sales		4,650,263	8,997,781
Warranty servicing expenses		10,296,765	46,601,331
Loss on sale of fixed assets (net)		1,285,797	-
Loss on sale of current investments (non-trade)		47,261	-
Provision for diminution in value of current investments (non-trade)		7,880	2,991,860
Provision for diminution in value of long term investments (non-trade)		2,315,200	-
Provision for doubtful debts and advances		6,085,640	20,435,227
Sundry balances written off		157,074	10,694,297
Exchange differences (net)		7,978,364	-
Donations		659,646	205,200
Directors sitting fees		690,000	745,000
Bad debts written off		6,288,104	11,731,705
Miscellaneous expenses *		27,823,238	44,603,246
Total		764,271,453	1,053,088,041

* Includes Printing and stationery, Bank charges etc.

SCHEDULE 15**INTEREST AND FINANCE CHARGES**

On security deposits from dealers	930,502	1,844,741
On short term loans from banks	1,380,259	2,859,324
On cash credit accounts etc.	198,727	210,300
On others	160,984	484,037
Total	2,670,472	5,398,402

D-LINK (INDIA) LIMITED**SCHEDULES FORMING PART OF THE ACCOUNTS (contd.)****SCHEDULE 16****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 Standards) 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 ten years, (except ERP software which is amortised over a period of three years). Goodwill arising on amalgamation is amortised over a period of five years.

Assets taken on Lease (Hire Purchase)

Assets taken on finance lease (including on hire purchase) on or after April 1, 2001 are accounted for as fixed assets in accordance with Accounting Standard 19 on "Leases", (AS 19). Accordingly, the assets have been accounted at fair value. Lease payments are apportioned between finance charge and reduction of outstanding liability.

Depreciation

i. Cost of leasehold land/ premises and structural improvements are amortized over the period of lease.

ii. Depreciation on other assets is provided on the straight line basis at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956, except the following, which is based on useful life of the asset.

Asset Description	Useful life
Motor vehicles	5 years
Computer Software tools	5 years
Computers	4 years

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

Items of inventory are valued at lower of cost and net realisable value, on the following basis:

- i. Raw materials, components, stores and spares - on weighted average basis.
- ii. Work-in-process and finished goods - on the basis of absorption costing comprising of direct costs and overheads other than financial charges.

D-LINK (INDIA) LIMITED**SCHEDULES FORMING PART OF THE ACCOUNTS (contd.)****SCHEDULE 16 (contd.)****SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS****Revenue recognition**

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

Employees Benefits

- i. Provident fund liability is determined on the basis of contribution as required under the statute/ rules.
- ii. Contribution to gratuity fund payable to the Trust formed for this purpose is charged to revenue in accordance with the scheme framed by the Life Insurance Corporation of India. Provision is made for the difference between the liability as per the actuarial valuation obtained at the end of the year and the fund balance with the Life Insurance Corporation of India.
- iii. Provision for Leave encashment is made on actuarial valuation done as at the year-end.

Foreign currency transactions

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

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

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

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

Borrowing costs

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

Government grants

Grants relating to specific fixed assets are disclosed as a deduction from the value of the concerned assets. Grants related to revenue are credited to the Profit and Loss account. Grants in the nature of promoter's contribution are treated as Capital reserve.

Taxes on income

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

Contingent Liability

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

D-LINK (INDIA) LIMITED**SCHEDULES FORMING PART OF THE ACCOUNTS (contd.)****SCHEDULE 16 (contd.)****SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS****B. Notes on accounts**

	Rupees	Previous year Rupees
1. Estimated amount of contracts remaining to be executed on capital account and not provided for	4,480,012	6,491,956
2. Contingent liabilities, in respect of		
a. Show cause notices received from customs authorities relating to imports made in earlier years. The Company has filed replies to these notices and does not expect any demand to materialize	242,733,026	242,733,026
b. Disputed demands of custom duty pending before the Customs, Excise and Service Tax Appellate Tribunal (CESTAT)	2,414,221	2,414,221
c. Disputed penalty demands of Custom Authorities with respect to (b) above, pending before the Customs, Excise and Service Tax Appellate Tribunal (CESTAT)	2,412,221	-
d. Disputed demand of excise duty in connection with valuation of products manufactured by the Company pending before CESTAT (previous year includes show cause notices for similar matters aggregating to Rs.4,333,506/-)	38,715,672	38,423,002
e. Disputed penalty demands of Excise Authorities with regard to (d) above, pending before the CESTAT	39,517,713	34,891,537
f. Custom duty paid under protest The same is included under advances recoverable in cash or in kind in Schedule 9 pending resolution of the dispute. The raw material/trading material/software imported by the Company are subjected to different rates of customs duty based on classification under respective Tariff Head. The Customs department has objected to the classifications adopted by the Company for certain items and has demanded additional duty for the same. The Company has paid such differential duty under protest.	4,457,072	11,196,170

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

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

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

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

D-LINK (INDIA) LIMITED

SCHEDULES FORMING PART OF THE ACCOUNTS (contd.)

SCHEDULE 16 (contd.)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

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

Details of Assets, Liabilities and Reserves and Surplus transferred - with effect from 1st April, 2008:

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

The Company carried on the business of Smartlink for the period from the Appointed Date to the Effective Date, in trust as per the requirements of the Scheme. Accordingly, the amount payable to Smartlink as at the year end aggregate to Rs.13,803,065/-, which is net of investments aggregating to Rs.244,223,688/- (including dividend earned there on Rs.2,784,568/-) transferred to Smartlink in connection with the said business.

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

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

4. a. Managerial Remuneration under section 198 of the Companies Act, 1956, paid to the Executive Chairman and Managing director

	Rupees	Previous year Rupees
Salary	6,373,265	19,653,622
Contribution to Provident fund	17,160	16,380
Perquisites *	-	-
Commission	-	1,773,816
Total	6,390,425	21,443,818

Notes:

The above remuneration excludes:

- Contribution to gratuity fund as the incremental liability has been accounted for the Company as a whole.
- Sitting fees of NIL (previous year Rs.85,000/-)
- Remuneration aggregating to Rs.4,666,000/- initially paid which was in excess of limits specified in Schedule XIII of the Companies Act, 1956 which is being recovered from the Directors and accordingly disclosed in Schedule 9 : Loans and Advances. The said amount is recovered after the year end.

*Does not include monetary value of non cash perquisites as per Income-tax Act, 1961.

D-LINK (INDIA) LIMITED**SCHEDULES FORMING PART OF THE ACCOUNTS (contd.)****SCHEDULE 16 (contd.)****SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**

	Rupees	Previous year Rupees
b. Commission payable to Independent Directors	-	1,773,816
c. Computation of net profit as per section 349 read with section 309(5) and section 198 of the Companies Act, 1956		
Profit before tax as per Profit and Loss account		381,709,355
Less: Profit on sale of current investments (non-trade) (net)		15,031,490
Profit on sale of long term investments (non-trade)		-
Provision for diminution in value of current investments (non-trade) written back		345,494
Provision for diminution in value of long term investments (trade) written back		8,299,300
Compensation for transfer of business to Gigabyte Technology India Limited		90,420,000
Provision for doubtful debts written back		17,547,363
	Refer Note below	250,065,708
Add : Managerial remuneration		23,217,634
Directors sitting fees		745,000
Provision for doubtful debts		20,435,227
Loss on sale of current investments (non-trade) (net)		-
Provision for diminution in value of current investments (non-trade)		2,991,860
Provision for diminution in value of long term investments (non-trade)		-
Loss on sale of long term investments (trade)		57,307,739
Profit for the year		354,763,168
Commission on above	-	3,547,633
Percentage	-	1.00%

Note: Computation of net profit as per Section 349 read with Section 309 (5) and Section 198 of the Companies Act, 1956 is not given for the current year as no commission is payable to any of the Directors during the year.

5. Payment to Auditors

a. As Auditors	1,155,000	710,000
b. As adviser, or in any other capacity, in respect of:		
i) Taxation matters	100,000	-
c. In any other manner	75,000	265,000
d. For Expenses	34,873	50,528
e. For Service tax	144,300	120,510
Total	1,509,173	1,146,038

D-LINK (INDIA) LIMITED**SCHEDULES FORMING PART OF THE ACCOUNTS (contd.)****SCHEDULE 16 (contd.)****SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**

6. A The disclosure as required under AS-15 regarding the Company's defined benefit plans is as follows:

	Rupees Gratuity (Funded)	Previous year Rupees Gratuity (Funded)
I. Reconciliation of opening and closing balances of Defined Benefit obligation		
Defined Benefit obligation at beginning of the year	10,565,032	8,075,413
Less : Transferred pursuant to Scheme of Arrangement (Refer Note no. 3 above)	1,919,607	-
	8,645,425	8,075,413
Current Service Cost	1,576,776	2,383,800
Interest Cost	657,762	569,487
Actuarial (gain) / loss	(265,576)	1,449,974
Benefits paid	(846,805)	(1,913,642)
Settlement cost	-	-
Defined Benefit obligation at year-end	9,767,582	10,565,032
II. Reconciliation of opening and closing balances of fair value of plan assets		
Fair value of plan assets at beginning of the year	4,782,438	3,575,422
Expected return on plan assets	348,723	210,100
Actuarial gain/(loss)	32,041	152,637
Employer contribution	-	2,757,921
Benefits paid	(846,805)	(1,913,642)
Settlement cost	-	-
Fair value of plan assets at year end	4,316,397	4,782,438
III. Reconciliation of fair value of assets and obligations		
Present value of obligation as at 31st March, 2009	9,767,582	10,565,032
Fair value of plan assets as at 31st March, 2009	4,316,397	4,782,438
Amount recognized in Balance Sheet	(5,451,185)	(5,782,594)
IV. Expense recognized during the year (Under the head "Payments to and Provisions for Employees" - Refer Schedule 14)		
Current Service Cost	1,576,776	2,383,800
Interest Cost	657,762	569,487
Expected return on plan assets	(348,723)	(210,100)
Actuarial (gain) / loss	(297,617)	1,297,337
Net Cost	1,588,198	4,040,524
V. Actuarial assumptions		
Discount rate (per annum)	7%	8%
Expected rate of return on plan assets (per annum)	8%	8%
Rate of escalation in salary (per annum)	6%	6%

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.

VII. 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.

		Previous year
Experience Adjustment		
On plan liabilities	(265,576)	1,449,974
On plan assets	32,041	152,637
Present value of benefit obligation	9,767,582	10,565,032
Fair value of plan assets	4,316,397	4,782,438
Excess of (obligation over plan assets) / plan assets over obligation	(5,451,185)	(5,782,594)

VIII. The contributions expected to be made by the Company during the financial year 2009-10 have not been ascertained.

IX. The plan assets are managed by the Gratuity trust formed by the Company. The management of funds is entrusted with Life Insurance Corporation of India. The details of investments made by them are not available.

B The disclosure as required under AS-15 regarding the Company's defined contribution plans is as follows :

i) Contribution to provident fund Rs. 4,601,139/- (previous year Rs. 5,105,649/-).

D-LINK (INDIA) LIMITED**SCHEDULES FORMING PART OF THE ACCOUNTS (contd.)****SCHEDULE 16 (contd.)****SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**

	Rupees	Previous year Rupees
i. C.I.F value of goods imported		
Raw materials and components	150,586,913	330,731,510
Stores, spares and packing materials	23,579,592	889,105
Capital goods	4,617,454	5,678,944
Traded goods	642,601,702	1,311,815,709
j. Expenditure in foreign currency		
Travelling expenses	3,091,559	5,359,589
Professional fees	7,646,386	6,732,971
Advertisement, Sales development, Salaries and reimbursement of expenses, etc.	5,275,659	1,475,354
k. Earnings in foreign exchange		
F.O.B. value of exports	106,414,980	184,067,627
Income from services	26,259,992	26,957,213
l. 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	11,048,497	11,048,497
Year to which dividend relates	2007-08	2006-07
Amount of dividend remitted (Rupees)	22,096,994	22,096,994
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		
8. The disclosures under the Micro, Small and Medium Enterprises Development Act, 2006 have been made on the basis of confirmations received from suppliers regarding their status under the said Act;		
PARTICULARS		
Outstanding principal amount and interest		
- Principal Amount	156,004	490,200
- Interest due thereon	-	-
Amount of interest paid along with the amounts of payment made beyond the appointed day	-	-
Amount of interest due and payable (where the principal has already been paid but interest has not been paid)	20,997	10,005
The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
The amount of further interest remaining due and payable even in succeeding years, until such date when the interest dues as above are actually paid for the purpose of disallowance as a deductible expenditure under section 23 of the Act	-	-
9. The tax effect of significant timing differences that has resulted in deferred tax assets and liabilities are given below:		
a. Deferred Tax Liability		
Depreciation	(47,594,420)	(61,406,202)
TOTAL	(47,594,420)	(61,406,202)
b. Deferred Tax Asset		
Provision for doubtful debts	1,988,106	7,546,450
Others	3,494,216	3,493,543
TOTAL	5,482,322	11,039,993
Deferred Tax Liability (net)	(42,112,098)	(50,366,209)

D-LINK (INDIA) LIMITED**SCHEDULES FORMING PART OF THE ACCOUNTS (contd.)****SCHEDULE 16 (contd.)****SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**

10. Earnings per share is calculated by dividing the profit attributable to the Equity Shareholders by the weighted average number of equity shares outstanding during the year, as under:

		Previous year
Profit attributable to Equity Shareholders (Rupees)	69,325,813	285,340,512
Weighted average number of equity shares outstanding during the year	30,004,850	30,004,850
Basic/diluted earnings per share including exceptional items (Rupees) (net of tax)	2.31	9.51
Nominal value per share (Rupees)	2.00	2.00

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

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

Currency	Amount Outstanding at year end in Foreign Currency	Amount outstanding at year end in Rupees	Exposure to Buy / Sell
US Dollar	-	-	-
	(414,875)	(16,644,801)	Buy

Figures in brackets are those of the 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:

				Previous year	
	In foreign Currency	In Rupees		In foreign Currency	In Rupees
Debtors	USD 682,965	35,853,239		USD 1,640,724	65,793,042
	EUR 18,204				
Loans and advances	USD 3,362	150,045		USD 484,921	19,445,333

Amount payable in foreign currency on account of the following:

				Previous year	
	In foreign Currency	In Rupees		In foreign Currency	In Rupees
Creditors	USD 1,070,888	55,090,902		USD 7,257,068	291,495,416
	EUR 3,310			EUR 49	
	JPY 849,858			JPY 849,858	

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

	Rupees	Previous year Rupees
Exchange gain	38,220,398	30,051,299
Exchange loss	46,198,762	4,302,639

D-LINK (INDIA) LIMITED**SCHEDULES FORMING PART OF THE ACCOUNTS (contd.)****SCHEDULE 16 (contd.)****SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**

12. A. The Company had sold certain products in earlier years to Cerebra Integrated Technologies Limited ("Cerebra"), situated at Bangalore for a sum of Rs. 6,720,000/-. Cerebra had filed for financial restructuring with the Board for Industrial and Financial Reconstruction ("BIFR"). As per the final order of the BIFR the Company received 160,000 Equity Shares of Cerebra in lieu of receivable of Rs.3,360,000/-. The Company has provided Rs.2,315,200/- for diminution in value of this investment having regard to the market price of the Equity Shares of Cerebra as at the year-end.

B. Investments purchased and sold during the year

	Units	Rupees Amount	Units	Previous year Rupees Amount
1. In Equity Shares				
MIC Electronics Limited	-	-	3,963	594,450
Nitin Fire Protection Industries Limited	-	-	1,602	304,380
Time Technoplast Limited	-	-	4,615	1,453,725
Meghmani Organics Limited	-	-	34,444	654,436
Vishal Retail Limited	-	-	2,341	632,070
Roman Tarmat Limited	-	-	1,946	340,550
Allied Digital Services Limited	-	-	3,027	575,130
Everonn Systems India Limited	-	-	3,526	493,640
Simplex Projects Limited	-	-	1,840	340,400
Omaxe Limited	-	-	1,351	418,810
Zylog Systems Limited	-	-	1,451	507,850
Central Bank of India	-	-	7,618	777,036
Take Solutions Limited	-	-	827	603,710
Religare Enterprises Limited	-	-	1,292	239,020
Mundra Port & Special Economic Zone Limited	-	-	2,972	1,307,680
Edelweiss Capital Limited	-	-	1,541	1,271,325
Kolte Patil Developers Limited	-	-	3,138	455,010
BGR Energy systems Limited	-	-	2,817	1,352,160
Future Capital Holdings Limited	-	-	1,206	922,590
Rural Electrification Corporation Limited	-	-	13,136	1,379,280
2. In Futures				
Copper 30 November 2007 Future	-	-	25	6,606,800
Copper 29 February 2008 Future	-	-	124	34,646,500
Copper 30 April 2008 Future	26	8,908,050	50	17,004,600
Copper 30 June 2008 Future	60	20,607,050	-	-
Copper 29 August 2008 Future	69	23,012,550	-	-
Copper 26 November 2008 Future	215	55,153,131	-	-
Copper 27 February 2009 Future	245	40,275,902	-	-
3. Units in Mutual funds				
Units in ABN AMRO Mutual Fund				
ABN Amro Liquid fund-Daily Dividend	-	-	500,072.672	5,000,727
ABN AMRO Interval Fund Quarterly Plan H Monthly Dividend	528,060.133	5,280,720	-	-
ABN AMRO Money Plus Regular Plan Daily Dividend	525,503.028	5,255,043	-	-
Units in HDFC Mutual fund				
HDFC Cash Management Fund – Savings plus plan-Wholesale				
-Daily Dividend	18,022,058.386	189,711,194	76,672,465.974	795,337,991
HDFC FMP-3-Months Plan	-	-	74,290.000	742,900
HDFC FMP 90D April 2007	-	-	-	-
Wholesale Plan Dividend	-	-	1,000,000.000	10,000,000
HDFC Arbitrage Fund- Wholesale Plan-Monthly-Dividend	-	-	5,302,040.718	53,021,884
HDFC Cash Management Fund - Call Plan - Daily Dividend	5,822,195.207	60,705,701	-	-
Units in ING Mutual Fund				
ING Liquid Fund Institutional - Daily Dividend	-	-	4,897,869.938	49,037,964
ING Liquid Fund - Daily Dividend	-	-	463,655.349	5,001,589
ING Interval fund -Quarterly - B - Institutional Dividend Regular	1,020,650.579	10,206,506	-	-

D-LINK (INDIA) LIMITED**SCHEDULES FORMING PART OF THE ACCOUNTS (contd.)****SCHEDULE 16 (contd.)****SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**

	Units	Rupees Amount	Units	Previous year Rupees Amount
Units in Prudential Mutual Fund				
Prudential ICICI Liquid Daily Dividend - Super Institutional Plan	53,185,003.330	531,876,626	140,420,530.373	1,404,259,819
Prudential ICICI STP - DR - Fortnightly	-	-	3,964.810	43,714
ICICI Prudential Sweep Cash Option	-	-	141,371.833	1,413,718
Prudential ICICI Equity and Derivatives Fund	-	-	1,975,689.223	21,007,895
Prudential ICICI FMP Series 34-3 Months Plus A-Retail-Dividend	-	-	2,020.868	20,209
ICICI Prudential - Flexible Income Plan Dividend - Daily Dividend	6,514,879.566	68,885,086	8,038,965.338	85,000,000
ICICI Prudential Institutional Short Term Plan-Fortnightly Dividend	-	-	4,603,025.657	51,071,161
ICICI PRUDENTIAL FMP Series 44 - 3M Plan A Retail dividend	1,000,000.000	10,000,000	-	-
ICICI Prudential FMP - Series 44 - 1M-Plan A Retail - Dividend	2,000,000.000	20,000,000	-	-
ICICI Prudential Interval Fund II Quarterly Interval Plan C -Retail Dividend	15,843.326	158,433	-	-
ICICI Prudential Institutional Income plan Dividend Quarterly	3,581.434	37,640	-	-
ICICI Prudential Interval Fund I Monthly Plan A - Retail Dividend	7,888.996	79,493	-	-
ICICI Prudential Interval Fund II - Quarterly Interval - Plan B - Dividend	1,020,035.535	10,211,372	-	-
ICICI Prudential Interval Fund II - Quarterly Interval Plan C Institutional - Dividend	540,619.877	5,406,199	-	-
ICICI Prudential FMP - Series 47-3 M-Plan B-Institutional-Dividend	3,800,000.000	38,000,000	-	-
ICICI Prudential Floating Rate Plan-C-Daily Dividend	5,023,240.791	50,252,501	-	-
ICICI Prudential Floating Rate Plan - D-Daily Dividend	1,949,590.584	19,500,000	-	-
Prudential ICICI-Blended Plan - A Dividend	107,245.757	1,112,733	-	-
Units in Birla Sun Life Mutual Fund				
Birla Cash Plus-Retail-Dividend	-	-	30,761.279	503,544
Birla Cash Plus-Institutional	54,292,345.027	543,982,151	104,561,561.879	1,047,654,569
Birla Sun Life -Cash Manager Institutional - Daily Dividend	45,572,902.098	455,865,740	2,499,250.224	25,000,001
Birla Sun Life-Cash Manager-Weekly Dividend	3,501.373	35,021	-	-
Birla Dynamic Bond Fund -Retail-Quarterly Dividend	3,764.080	39,618	-	-
Birla Sunlife Liquid Plus Institutional-Daily Dividend	1,945,021.887	19,463,445	-	-
Birla Sun Life Quarterly Interval Fund - Series 7 - Dividend	1,020,819.000	10,208,190	-	-
Birla Sun Life Quarterly Interval Fund - Series 4 - Dividend	3,070,794.600	30,707,946	-	-
Birla Sun Life Short Term Fund Institutional - Daily Dividend	24,246,664.335	242,582,997	-	-
Units in Templeton Mutual Fund				
Templeton Floating Rate Income Fund Long Term Plan Retail Option-Dividend	-	-	1,899,236.341	20,229,584
TITMA-Regular Plan-Daily Dividend	-	-	25,990.180	39,305,990

D-LINK (INDIA) LIMITED**SCHEDULES FORMING PART OF THE ACCOUNTS (contd.)****SCHEDULE 16 (contd.)****SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**

	Units	Rupees Amount	Units	Previous year Rupees Amount
Templeton India Ultra Short Bond Fund Retail Plan- Daily Dividend	6,169,207.894	61,802,508	-	-
Templeton FHF - Series X - Plan B - Retail - Dividend	2,000,000.000	20,000,000	-	-
Units in Kotak Mahindra Mutual Fund				
Kotak Flexi Debt Scheme - Daily Dividend	999,354.936	10,024,629	7,148,940.888	71,711,741
Kotak Equity Arbitrage Fund-Dividend	-	-	2,163,117.425	22,843,212
Kotak FMP 3 months - Series 3 Dividend	2,121,122.540	21,211,225	9,150.217	91,527
Kotak Liquid - Institutional Premium - Daily Dividend	11,482,236.576	140,405,937	3,435,231.266	42,006,351
Kotak Flexi Debt Institutional Scheme - Daily dividend	3,402,003.664	34,181,632	-	-
Kotak Quarterly Interval Plan - Series V - Dividend	1,042,869.261	10,428,908	-	-
Kotak Monthly Interval Plan - Series II-Dividend	1,020,269.456	10,202,695	-	-
Units in SBI Mutual Fund				
Magnum Insta Cash fund-Daily Dividend	-	-	597,079.793	10,001,266
Units in Standard Chartered Mutual Fund				
Standard Chartered Fixed Maturity Plan-Quarterly Series 9 - Dividend	-	-	611,181.830	6,111,818
Standard Chartered Arbitrage Fund -Plan B- Dividend	-	-	2,002,811.744	20,443,149
GSSIF-Short term -Plan B-Fortnightly Dividend	-	-	621,237.161	6,315,016
IDFC-FMP - Monthly Series 3 - Dividend	1,007,240.000	10,072,400	-	-
IDFC-FMP - Quarterly Series 39 - Dividend	1,021,852.398	10,218,567	-	-
IDFC-FMP-Monthly Series 5 - Dividend	1,821,158.227	18,211,582	-	-
IDFC Cash Fund - Plan A - Daily Dividend	756,162.772	8,001,639	-	-
Units in Reliance Mutual Fund				
Reliance Monthly Interval Fund-Series 2-Retail-Dividend	-	-	1,006,373.288	10,068,365
Reliance Monthly Interval Fund-Series I-Institutional Dividend	-	-	999,190.656	10,000,000
Reliance Liquid Fund -Treasury Plan-Institutional Option-Daily Dividend	-	-	654,381.721	10,003,664
Reliance Interval Fund-Quarterly Plan-Series I-Institutional Dividend	3,054,951.459	30,557,940	-	-
Reliance Quarterly Interval Fund-Series II-Institutional Dividend	52,733.807	527,401	-	-
Reliance Fixed Horizon Fund - VIII - Series 11 -Institutional Dividend	14,343,858.580	143,438,586	-	-
Reliance Liquidity Fund-Daily Dividend	64,932,494.273	649,526,233	-	-
Reliance Monthly Interval Fund - Series II -Institutional Dividend Plan	11,730.486	117,365	-	-
Reliance Liquid Plus Fund - Institutional - Daily Dividend	35,004.261	35,044,040	-	-
Reliance Liquid Fund - Cash Plan - Daily Dividend	4,746,028.197	52,877,873	-	-
Reliance Fixed Horizon Fund XI Series 1 - Dividend Plan	6,500,000.000	65,000,000	-	-

D-LINK (INDIA) LIMITED**SCHEDULES FORMING PART OF THE ACCOUNTS (contd.)****SCHEDULE 16 (contd.)****SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**

	Units	Rupees Amount	Units	Previous year Rupees Amount
Reliance Medium Term Fund - Daily Dividend	18,191,921.850	311,000,000	-	-
Units in UTI Mutual Fund				
UTI Liquid Cash Plan Institutional Daily Income option	10,199.825	10,398,168	88,209.691	89,924,993
UTI FMP Quarterly Series I-Dividend Plan	-	-	9,247.698	92,477
UTI Money Market fund- Daily Dividend	-	-	4,593,603.731	81,087,127
UTI FMP Quarterly Series II Dividend Plan	-	-	23,039.300	230,393
UTI Fixed Maturity Plan Quarterly Series I Institutional Dividend	-	-	2,057,651.655	20,576,517
UTI Liquid Plus Fund Institutional-Daily Dividend	-	-	179,964.887	180,996,248
UTI Money Market fund-Income Option	-	-	4,987,909.747	88,149,473
UTI Fixed Income Interval Fund - Half Yearly Plan II - Institutional Dividend	1,039,442.363	10,394,424	-	-
UTI Short Term - FMP - Series I - IX - Institutional - Dividend	3,477,890.090	34,778,901	-	-
Units in Deutsche Mutual fund				
DWS Insta Cash Plus Fund-Daily Dividend	-	-	3,786,984.695	39,009,729
DWS Insta Cash Fund-Growth	-	-	1,144,741.060	15,000,000
DWS Short Maturity Fund - Growth	-	-	1,136,882.009	15,003,091
DWS Short Maturity Fund Weekly Dividend	-	-	1,499,685.100	15,404,659
DWS Money Plus Advantage Fund - Regular Plan	-	-	1,005,563.621	10,137,926
DWS Credit Opportunities Cash Fund-Weekly Dividend	3,366,422.654	33,882,452	-	-
DWS Credit Opportunities Cash Fund - 90 Days Regular Daily Dividend	5,548,591.099	55,639,772	-	-
Units in JM Mutual fund				
JM Money Manager Fund Super Plus-Plan-Daily Dividend	5,134,839.335	51,369,446	7,925.709	79,257
JM Fixed Maturity Fund-Series V - Quarterly Plan I - Institutional Dividend	-	-	2,161,624.321	21,616,246
JM High Liquidity Fund Institutional Plan-Daily Dividend	3,994,635.496	40,009,870	1,997,138.692	20,003,141
JM Interval fund- Quarterly Plan 5 - Institutional Dividend	520,098.855	5,200,989	-	-
JM Short Term Fund-Institutional Plan-Dividend	25,705.933	266,618	-	-
JM Fixed Maturity Fund - Series X - Quarterly Plan 4 - Institutional - Dividend	2,000,000.000	20,000,000	-	-
JM Fixed Maturity Fund - Series XII - Quarterly Plan 3 - Dividend	7,162,274.705	71,622,747	-	-
Units in TATA Mutual Fund				
TATA Fixed Horizon Fund Series 17 Scheme D - Regular Plan	6,095.883	60,974	-	-
Units in Lotus Mutual Fund				
Lotus India Short Term Plan-Institutional Daily Dividend	-	-	1,027,686.699	10,340,594
Lotus India FMP 1 Month -Series III -Dividend	-	-	503,092.504	5,030,925
Lotus India Liquid Fund Institutional - Daily Dividend	4,680,020.483	46,815,649	1,700,016.312	17,003,053
Lotus India Arbitrage Fund-Dividend	36,999.460	376,100	-	-

D-LINK (INDIA) LIMITED

SCHEDULES FORMING PART OF THE ACCOUNTS (contd.)

SCHEDULE 16 (contd.)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

	Units	Rupees Amount	Units	Previous year Rupees Amount
Lotus India Quarterly Interval Fund - Plan B - Dividend	7,898.388	78,984	-	-
Lotus India Quarterly Interval Fund - Plan E - Dividend	33,379.109	333,791	-	-
Lotus India Liquid Plus Fund-Institution Daily Dividend	3,469,377.587	34,748,245	-	-
Lotus India FMP - 3 Months - Series XXXV - Ret - Dividend	2,040,076.560	20,400,850	-	-
Lotus India Monthly Interval Fund - Plan A - Daily Dividend	3,020,768.046	30,220,623	-	-
Units in MIRAE Mutual Fund				
MIRAE Asset Liquid Fund - Institutional - Dividend Plan	40,977.692	41,006,971	9,994.718	10,001,859
MIRAE Asset Liquid Plus Fund - Institutional Dividend Plan	41,620.793	41,679,000	-	-
Mirae Asset Liquid Plus Fund - Super Institutional - Daily Dividend	52,298.811	52,371,951	-	-
Units in Fidelity Mutual Fund				
Fidelity Cash Fund - Institutional - Dividend	1,000,024.643	10,001,746	-	-
Units in Principal Mutual Fund				
Principal Income Fund-STP-Institutional Plan-Weekly Dividend	10,224.406	110,685	-	-
PRINCIPAL Cash Management Fund LO- Daily Dividend	995,066.368	9,952,853	-	-
Units in HSBC Mutual Fund				
HSBC Liquid Plus- Inst Plus - Daily Dividend	5,424,921.139	54,317,565	-	-

13. Lease transactions

(a) Finance leases

Lease rentals outstanding as at 31st March, 2009 in respect of fixed assets taken on finance lease are as under:

Rupees						
Due	Total Minimum lease payments Outstanding as at 31st, March, 2009	Interest not due	Present value of minimum Lease Payments as At 31st March, 2009	Total minimum Lease payments Outstanding As at 31st March, 2008	Interest not due	Present value of minimum Lease Payments as at 31st March, 2008
not later than 1 year	-	-	-	1,834,843	135,242	1,699,601
Later than 1 year and not later than 5 years	-	-	-	951,660	32,708	918,952
Later than 5 years	-	-	-	-	-	-
Total	-	-	-	2,786,503	167,950	2,618,553

The tenure of hire-purchase agreements were 36/48/60 months with an option of prepayment/foreclosure.

Note : During the year the company has foreclosed all the finance leases.

(b) 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. 1,290,987/- (previous year Rs. 2,627,537/-)

14. Related party disclosures

Names of related parties where control exists

Interconnector Systems Limited (upto 30-06-2008)

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

D-LINK (INDIA) LIMITED

SCHEDULES FORMING PART OF THE ACCOUNTS (contd.)

SCHEDULE 16 (contd.)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

Name of the related parties

Intercorridor Systems Limited (upto 30-06-2008)
Mr. Kamalaksha R. Naik
Mr. Jangoo Dalal
Smartlink Network Systems Limited

Nature of relationship

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

Details of related party transactions during the year

Details of related party transactions during the year					Rupees
Nature of transactions	Subsidiary		Key Management Person	Enterprises over which key management person and his relatives are able to exercise significant influence	Total
	Gigabyte Technology (India) Limited (Refer Note no 3 below)	Intercorridor Systems Limited			
Turnover	-	-	-	-	-
	(54,787)	(12,782)	-	-	(67,569)
Logistic Support and management fees	-	-	-	24,490,978	24,490,978
income	-	-	-	-	-
Sales and Customer support service	-	-	-	13,690,977	13,690,977
income	-	-	-	-	-
Rent income	-	-	-	-	-
	(2,175,000)	(156,000)	-	-	(2,331,000)
Interest income	-	-	-	-	-
	-	(4,422)	-	-	(4,422)
Services and contract income	-	-	-	-	-
	(27,064,205)	-	-	-	(27,064,205)
Compensation received for business transfer	-	-	-	-	-
	(90,420,000)	-	-	-	(90,420,000)
Purchase of goods	-	-	-	-	-
	(99,332)	-	-	-	(99,332)
Purchase of fixed assets	-	60,832	-	-	60,832
	(304,200)	-	-	-	(304,200)
Managerial remuneration and sitting fees	-	-	-	-	-
Mr. Kamalaksha R. Naik	-	-	1,973,580	-	1,973,580
	-	-	(8,383,176)	-	(8,383,176)
Mr. Jangoo Dalal	-	-	4,416,845	-	4,416,845
	-	-	(13,145,642)	-	(13,145,642)
Services and contract expense	-	389,168	-	-	389,168
	-	(2,288,683)	-	-	(2,288,683)
Dividends paid	-	-	11,336,456	-	11,336,456
	-	-	(11,236,456)	-	(11,236,456)
Loan given during the year	-	170,000	-	-	170,000
	-	(100,000)	-	-	(100,000)
Repayment of loan given	-	-	-	-	-
During the year	-	-	-	-	-
	-	(100,000)	-	-	(100,000)
As at the year-end	-	-	-	-	-
Amount due to	-	-	-	13,803,065	13,803,065
	-	-	-	-	-
Mr. Kamalaksha R. Naik	-	-	673,247	-	673,247
	-	-	(1,798,816)	-	(1,798,816)
Mr. Jangoo Dalal	-	-	-	-	-
	-	-	(2,000,000)	-	(2,000,000)
Amount due from	-	-	-	-	-
	-	(378,995)	-	-	(378,995)
Mr. Kamalaksha R. Naik	-	-	1,950,000	-	1,950,000
	-	-	-	-	-
Mr. Jangoo Dalal	-	-	2,716,000	-	2,716,000
	-	-	-	-	-

Notes

- There are no provisions for doubtful debts or amounts written off or written back for debts due from or due to related parties.
- Figures in brackets are those of the previous year.
- The disclosures are pertaining to previous year only.

D-LINK (INDIA) LIMITED

SCHEDULES FORMING PART OF THE ACCOUNTS (contd.)

SCHEDULE 16 (contd.)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

15. Segment information

(A) Segment information for primary reporting (by business segment) The Company has its operations in developing, manufacturing, marketing, distributing and servicing 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

	Rupees			
Particulars	Domestic	Exports	Unallocated	Total
Revenues from external customers (net) (including sale of services)	1,425,260,574 (2,695,555,328)	139,167,951 (217,444,497)	- -	1,564,428,525 (2,912,999,825)
Segment assets	1,010,970,274 (1,612,185,679)	35,853,239 (65,793,042)	752,397,696 (1,096,993,343)	1,799,221,209 (2,774,972,064)
Additions to fixed assets during the year	26,981,042 (80,556,463)	- -	- -	26,981,042 (80,556,463)

Figures in brackets are for the previous year

16. The Company has during the year obtained recognition from Department of Scientific and Industrial Research ("DSIR") for its Research and Development Centre at Bangalore in addition to its Goa Centre. Research and Development expenditure for the current year aggregate to Rs.70,942,070/- (previous year Rs.16,029,621/-) as per details given below :

Particulars	Rupees	Previous year Rupees
Salaries	58,211,837	12,083,235
Other expenses	12,730,233	3,946,386
	70,942,070	16,029,621

17. Excise duty collected from customers against sales has been disclosed as a deduction from turnover. The excise duty related to the difference between the opening and closing stock of finished goods is disclosed separately in the profit and loss account as "Excise Duty"

18. Hitherto, the Company followed the policy of providing depreciation on Computer software tools @ 8.46% p.a. in accordance with Schedule XIV of the Companies Act, 1956. During the year, the Company, in order to have more appropriate presentation of the fixed assets and having regard to the extent of usage of Computer software tools and their estimated useful life, has changed this policy and now follows the policy of depreciating the Computer software tools over their estimated useful life of 5 years. As the result of the change in the method of providing for depreciation, the charge of depreciation for the year is higher by Rs.37,377,729/- and the profit for the year is lower by the like amount.

19. Cash Credit account with the bank is secured by hypothecation of movable assets, stock, stores, work-in-process, book debts both present and future.



D-LINK (INDIA) LIMITED

SCHEDULES FORMING PART OF THE ACCOUNTS (contd.)

SCHEDULE 16 (contd.)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

20. The Company had instituted "Employee Stock Option Plan" (ESOP) for its employees in the year 2000. To administer the ESOP the Company had created a Trust viz. D-Link (India) Limited ESOP Trust (the Trust) in September 2000. The said Trust was allotted 6,50,000 Equity Shares of Rs 2 each. In terms of the said ESOP, the Trust has been granting options to the employees in the form of Equity Shares which vest at the rate of 25% on each successive anniversary of the grant date.

The accounting of ESOP's granted by the Trust to the employees of the Company is done in accordance with The SEBI (ESOS and ESPS) Guidelines, 1999. These Guidelines were amended in July 2004 for all accounting periods commencing after 30th June 2003. The amendment required the Company to prepare its accounts as if the ESOS/ESPS scheme was administered by itself (rather than by the Trust). The Company has accordingly considered all the options granted by the Trust on or after 1st April 2004. The difference between the Market price of the share (intrinsic value) and the exercise price of the option, on the date of grant, is being amortised over the vesting period. The annual amortization is included under "Payments to and Provisions for Employees" in Schedule-14 and the cumulative charge is disclosed in the Balance sheet under "Employee stock options outstanding".

21. The figures pertaining to the current year are after giving effect to the Scheme of Arrangement (Refer Note no 3 above) and hence are not strictly comparable to the figures of the previous year.

22. Previous year's figures have been regrouped , wherever necessary, to conform to those of the current year.

Signatures to Schedules 1 to 16

As per our attached report of even date.

For Deloitte Haskins & Sells
Chartered Accountants

A. B. Jani
Partner

Mumbai, dated : 27th June, 2009

For and on behalf of the Board

K. R. Naik
Executive Chairman

K. M. Gaonkar
Director

K. G. Prabhu
Company Secretary
Mumbai, dated : 27th June, 2009

Bhushan Prabhu
Chief Financial Officer

D-LINK (INDIA) LIMITED

SCHEDULES FORMING PART OF THE ACCOUNTS (contd.)

SCHEDULE 16 (contd.)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

Balance sheet abstract and Company's general business profile

I. Registration details

Registration no.

1 3 4 1

Balance sheet date

3 1 0 3 0 9

State code

2 4

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

Public issue

N I L

Bonus issue

N I L

Rights issue

N I L

Private placement

N I L

III. Position of mobilisation and deployment of funds (amount in Rupee thousands)

Total liabilities

1 7 9 9 2 2 1

Sources of funds

Paid-up capital

6 0 0 1 0

Share application money

N I L

Unsecured loans

N I L

Application of funds

Net fixed assets

5 1 9 3 4 2

Net current assets

3 8 3 5 2 6

Accumulated losses

N I L

Total assets

1 7 9 9 2 2 1

Reserves and surplus

1 4 3 7 9 3 6

Secured loans

N I L

Net Deferred tax liabilities

4 2 1 1 2

Investments

6 5 3 1 0 7

Miscellaneous expenditure

N I L

IV. Performance of the Company (amount in Rupee thousands)

Turnover

1 6 3 1 2 6 5

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

✓ 5 9 4 6 5

Earnings per share (Rupees)

Refer note 10 of schedule 16

Total expenditure

1 5 7 1 8 0 0

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

✓ 6 9 3 2 6

Dividend %

5 0

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

Item code no. (ITC code)

8 4 7 1 8 0 . 0 0

Product description

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

Item code no. (ITC Code)

8 5 4 4 1 0 . 0 0

Product description

C A B L E S

For and on behalf of the Board

K. R. Naik

Executive Chairman

K. M. Gaonkar

Director

K. G. Prabhu

Company Secretary

Bhushan Prabhu

Chief Financial Officer

Mumbai, dated : 27th June, 2009

**CORPORATE
HEADQUARTERS**
Mumbai

**SALES/SERVICE
OFFICES**

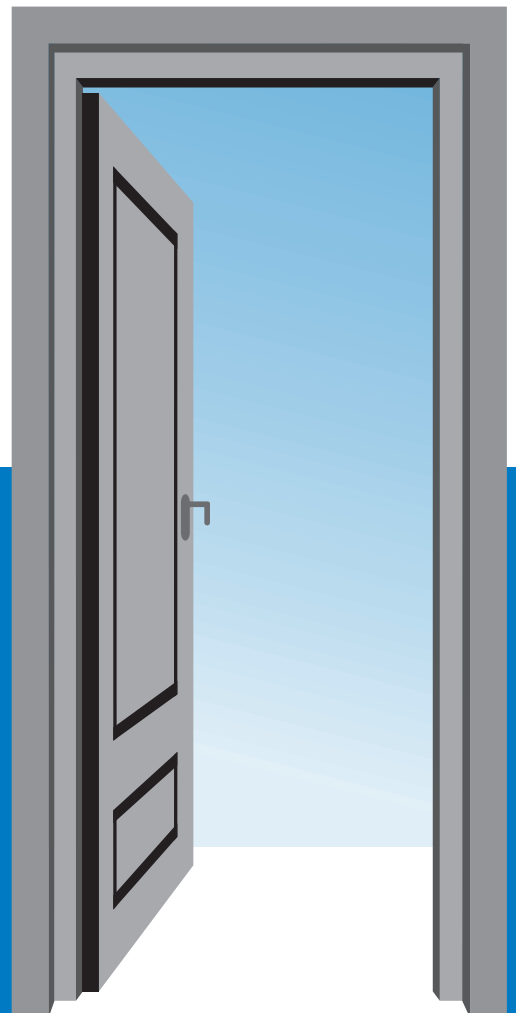
Pune
Goa
Ahmedabad
Jaipur
Kochi
Bangalore
Chennai
Hyderabad
Bhubaneshwar
Kolkata
Bhopal
Chandigarh

New Delhi
Lucknow
Guwahati
Jamshedpur

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