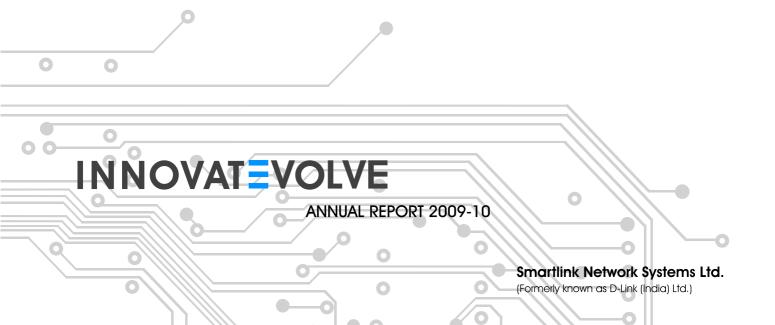
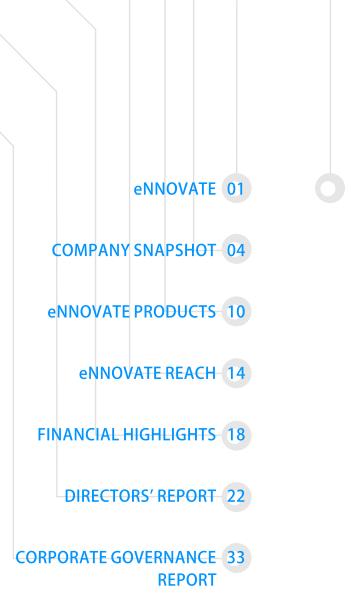




Ennovate





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We do not just give our customers what they need, but also what they desire. We are a customer focused company. We are what our customers are. Our customers or their businesses have changed since computers came into being. Computers have redefined business. The world continues to become smaller. Boundaries for business are evaporating. Information is traveling faster, better and stronger. The cutting edge is speed. Speed of thought and execution.

And making it happen is the world of computing.

We make that happen. Smartlink Network Systems Ltd. (Smartlink) is the backbone. We are what networks your information highway. We are a leading Information Transport System company that delivers to our customers what they want. And our business defines the speed at which the world delivers information and computing.

Our business is in a continuous state of evolution. And evolution needs innovation. At Smartlink, evolution drives innovation and vice versa.

We continuously eNNOVATE.

And that's why we are India's number one Structured Cabling Systems (SCS) brand. We have won the PC Quest Users Choice Award for 'India's Most Wanted IT brand in Structured Cabling' for the last six years. We are India's only integrated company in our space.

We evolve. We innovate. We design. We develop. We manufacture. We market. We brand. We distribute. We sell. We service. We take feedback. We again evolve. We again innovate. We again design.

That's our business. Keep eNNOVATING.

MESSAGE FROM THE CHAIRMAN

Dear Shareholders,

It gives me great pleasure to say that in less than one year of the demerger of the erstwhile D-Link (India) Ltd., and being renamed as "Smartlink Network Systems Ltd.", we have established ourselves as one of the leading Networking Products company in India with a well established brand in the SCS segment under the name "DIGILINK". Today, we have our own distinct identity, business model, market share and future plans for our growth.

Welcome to the world of computing. Welcome to our company.

We are a unique company in the Active & Passive Networking Products space. We are fully integrated. We operate right across the value chain, having our own R&D, Manufacturing setup, Sales & Marketing, Service & Support and a 24 hours Call Centre. We have an all India base with 17 offices and international presence in the Middle East and Asia Pacific.

In 2009-10, our revenues grew by 7% and our profit after tax grew by 158%.

We are warming up.

Our growth depends on the use and networking of computers in homes, small & medium offices as well as enterprises and data centres, that are increasing day by day.

We connect computers to each other. We make internet reach everywhere. We are involved in both the Active & Passive range of networking products. Imagining the world without computers is impossible. And yet, computer penetration in India is quite low at just 7%. Internet penetration is still lower. In the time to come, the growth in this area is expected to be very high in India and we are going to play an important role in making this happen.

We believe that the brand plays an important role in our business. In trade it's the brand that talks and we have a strong and well established brand in the SCS segment - "DIGILINK". Under the "DIGILINK" brand, we have a comprehensive product portfolio of Copper & Fibre cables of varied categories ranging from low band width to very high band width applications. We are second in India with a market share of around 18%, well ahead of many multinationals.

We have a large manufacturing set-up in Goa, wherein we manufacture both Active & Passive Networking products. We are introducing a new brand in the active networking products range called "DIGISOL". In the time to come, DIGISOL is expected to garner a large market share in active range in India just like DIGILINK in passive range.

Under the DIGISOL brand, we plan to enter a wide range of active networking products segments like Switching, Routing, Wireless, Broadband, VoIP, etc. with which our manufacturing unit is already familiar.

We believe that the ITS business offers tremendous growth opportunity as passive networking is directly linked to the growth of IT infrastructure. The active networking products market was impacted in 2009-10 due to pressure on the LAN market. However, the WLAN market fared better. Enterprises delayed their infrastructure spend on computing and networking in a tough economic environment. The market is now recovering and we believe the postponement of investment last year will catch-up this year and we expect strong demand for both active and passive networking products.

We have also invested in creating a world-class manufacturing facility. Our in-house manufacturing and software development facilities help us customise products to cater to specific customer needs. We also do contract manufacturing for other companies to take advantage of scale.

One of the unique aspects of our business is that we have a distinct region based distribution structure since the early days, wherein we give our distributors the opportunity to grow in their respective territories and our business grows with them. We also have National Distributors who fulfill all large national-level corporate requirements as well as large OEM/Multi location contracts etc. "We believe we are in the right place at the right time with the right distinct brands and the right business model."



Over the years, we have established ourselves in the export market and have set-up a 100% owned subsidiary in the Middle East for the same. We are looking at expanding our geographic reach by penetrating deeper into the existing markets of the Middle East and Asia Pacific and also entering new markets like South America, Africa etc.

We operate an independent Service Network under the name "DIGICARE" to ensure the best service to our customers. Our service network is present across the country. Over and above our own products, we also service other brands like HP, IBM, Acer, Lenovo, HCL, LG, Wipro, PCS, D-Link, MSI, Gigabyte etc.

We believe in partnerships and are open to collaborations with other companies to accelerate growth and add more value to our customers.

As we look ahead, we are quite optimistic. A lot of IT spend on networking was postponed. That is being undertaken as we speak. New technology and new age need high speed computers and newer networking products. We are at the forefront of developing new products. We will be launching new products every quarter. We have the distribution in place that is well entrenched and growing every day. We are now aggressively looking at new geographies. We have a strong manufacturing set-up that ensures we make

products at the most competitive prices. We have a strong service network.

We believe we are in the right place at the right time with the right distinct brands and the right business model.

It's time to grow and create value for all our stakeholders.

Operating independently after the demerger with stateof-the-art infrastructure and robust systems in place, I am confident we can grow not only in the Networking Products space but also in other areas as well.

Before I conclude, I would like to express my gratitude to all the board members for their continued support and guidance. I would like to thank everyone in our team for their commitment and dedication which has enabled us to grow. I would also like to thank all our customers and shareholders for believing in us and in our vision.

Yours Sincerely,

K. R. Naik Executive Chairman



Smartlink Network Systems Ltd. (Smartlink) formerly known as D-Link (India) Ltd. is a leading player in Information Transport Systems and Converged Communication Systems, offering an integrated value proposition from design to development and from sales and marketing to service and support.

BUSINESS VERTICALS

Smartlink's networking products and related services address network operations, capacity management, and network research and development. Smartlink sells its products through Regional & National Distributors, Authorised Resellers, Multi brand Resellers, Value Added Resellers and System Integrators.



DIGILINK[®] has been an industry leader in providing the entire end-to-end range of structured cabling solutions for enterprises, small and medium business.

The products offered by DIGILINK[®] brand are:

COPPER

E400 - Cat 5e+: These cables & components are all optimised for Channel Performance at 10 Gbps for 400 Mhz.

G600 - Cat 6: These cables & components are all optimised for Channel Performance at 10 Gbps for 600 Mhz.

TG500 - Cat 6+: These cables & components are all optimised for Channel Performance at 10 Gbps at 10 Gbps for 500 Mhz.

TG800 - CAT 6(A): These cables & components are all optimised for Channel Performance at 10 Gbps at 10 Gbps for 800 Mhz.

FIBER

OP2: This includes range of 50µm/62.5µm Multimode fiber cables, patch assemblies, panels, adaptors & connectors. These cables and components are optimised for Channel performance at 500 Mhz.
 OP3: This includes range of 50µm Multimode fiber cables, patch assemblies, panels, adaptors & connectors. These cables and components are optimised for Channel performance at 800 Mhz.
 OP∞: This includes Single mode Fiber cables, patch assemblies, panels, adaptors & connectors. These cables and components are optimised for Channel performance at 800 Mhz.
 OP∞: This includes Single mode Fiber cables, patch assemblies, panels, adaptors & connectors. These cables and components are optimised for unlimited channel performance.

DATA CENTRE SOLUTIONS

- Trunk Cable assemblies
- MPO connectors
- Fiber Management solutions
- High Density Aluminium Die Cast Patch Panels

RESIDENTIAL CABLING SOLUTIONS

- Cables specially designed for Residential Applications
- · Face plates matching home decor
- Data Connectors suitable for elite Electrical brand offerings
- Customised IMD faceplates

IPLMS

- Smart CLASSIx & SMARTen UTP Patch Panels
- CLASSIx & SMARTen UTP Smart Jumpers
- SMART SC & LC Patch Panels
- Fiber Patch Panel Solution
- SC & LC Smart Jumpers



Smartlink has recently entered in the active networking space, with its distinct brand called DIGISOL™

The Active networking products under the DIGISOL[™] brand are:

- Switching
- Wireless
- Broadband Routing
- Converged Communication



In order to be accessible to its customers, Smartlink provides superior repair, maintenance and support across the country through its service and support centre, known as DIGICARE[®]. These centres have a strong logistics support to manage back-end delivery support and expertise in repairing Networking Products, Motherboards, Notebooks, PDAs, and LCD Monitors. DIGICARE[®] operates through:

- 46 Return Material Authorisation (RMA) centres and Sevice Partners across the nation
- 24 x 7 Technical Assistance Centres (DTAC)
- Direct Service Division (DSD)



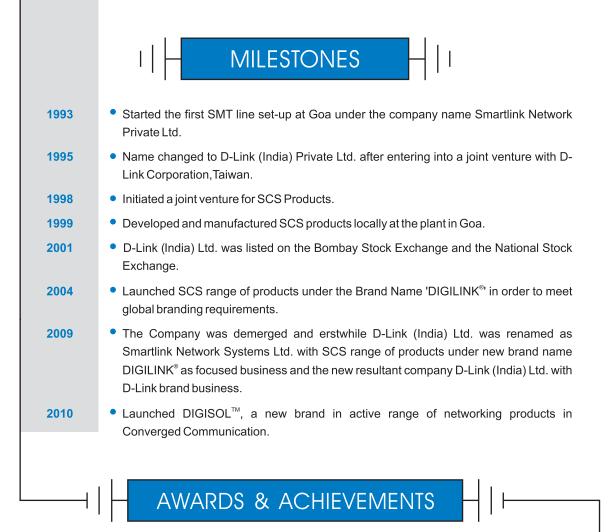
MISSION

- 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 levels of Trust and Transparency with all internal and external stakeholders.



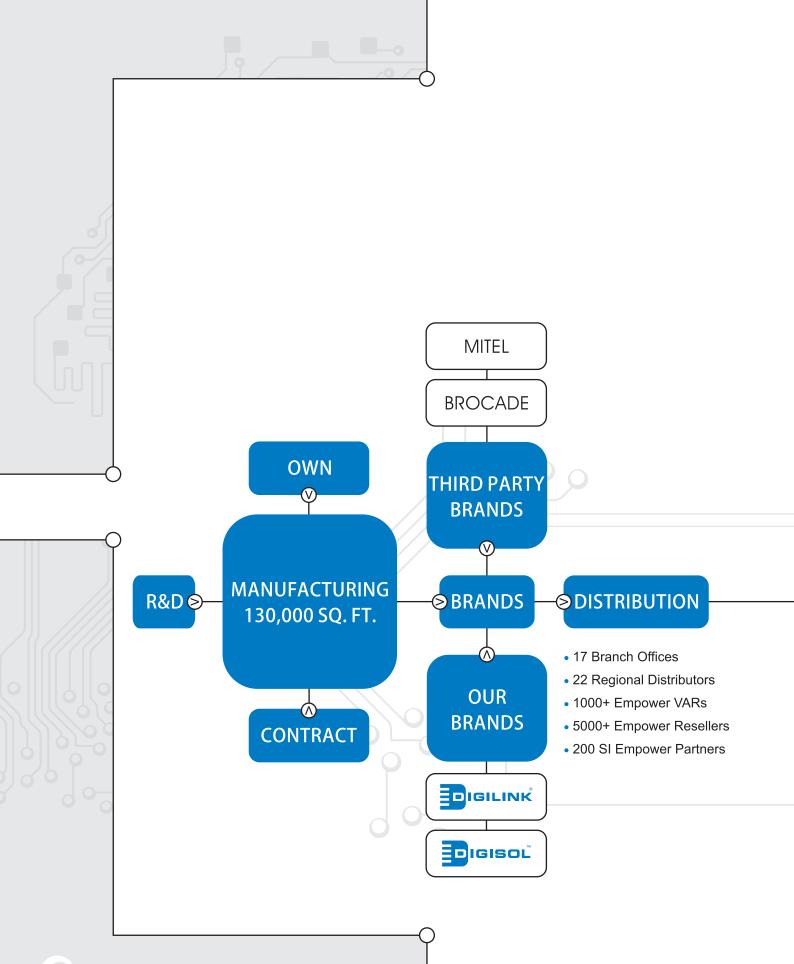


- Commitment
- People Growth
- Customer Delight
- Highest Ethics & Integrity



- DIGILINK[®] was ranked as No. 1 in India's Most Wanted IT Brands for Structured Cabling by PC Quest Users Choice Awards 2009.
- In a channel survey done by CRN, DIGILINK[®] has been recognised as the 'Channel Champion' in Network Cabling 2009, second year in the row.
- DIGILINK[®] received the Channel Choice award for 'Best Structured Cabling Brand 2010' by DQ Channel.
- DIGILINK[®] was recognised as the 'Best Structured Cabling Company and Fastest growing brand' by VarIndia Star Nite Award 2009.
- DIGILINK[®] has been awarded the 'Most Trusted Company' in VarIndia Infotech Forum 2010.
- NCN recommended DIGILINK[®] SCS products as 'Products of the Year' for the year 2009.

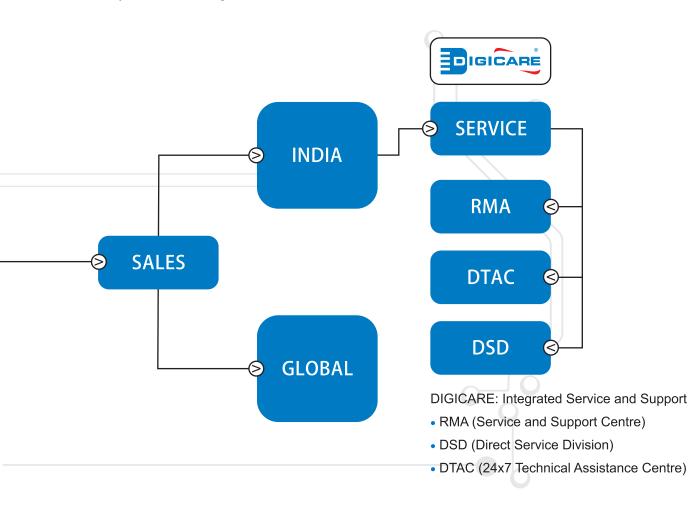


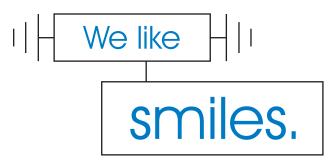


ENNOVATIVE BUSINESS MODEL

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We are one of the very few integrated companies in our space. With a comprehensive range of products and solutions, in-house manufacturing facilities, extensive distribution network and superior sales and after sales services, our integrated business model is strategically outlined to cater to and satisfy our ever increasing customer base.







ENNOVATE PRODUCTS

Our business is an enabler business. We enable the computers to network better. We enable faster data transfer. We enable faster downloading. We work behind the scenes.

When you see a web of computers all inter-connected with cables and talking to each other seamlessly, and wonder what makes it all happen and smile, we like it.

We eNNOVATE products to make you smile.

As the computer hardware industry keeps upping the ante for speed and power, it puts the responsibility on us to match that speed and make that speed happen.

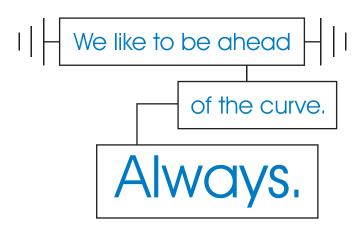


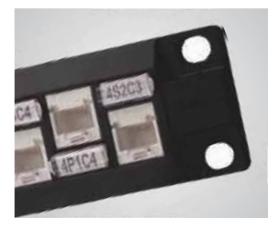
Over the years we have consistently worked on upgrading our product portfolio to cater to the demands of the user, benchmarking ourselves to the highest global standards. We always ensure that our products deliver far beyond the minimum performance industry standards for them.

For instance, the DIGILINK[®] TG800 cabling solution designed for augmented Category 6 performance exceeds the latest Cat 6A 10G standards by a higher margin. This ensures end user satisfaction and top of the mind brand recall in our customers.

And there is more to come.

Having started our operations with active networking products and then later taking the lead in Structured Cabling Products (SCS), we will once again bring you the latest cutting edge Converged Communication Solutions under the "DIGISOL[™]" brand. With a superior product offering, state-of-the-art manufacturing facilities and an impeccable reputation in delivering quality we are confident of one thing, for sure. We will make you smile.









ENNOVATING AHEAD

We make cables, information outlets, patch panels and patch cords for the IT industry. You must be thinking, so what's so great in it!

Think again.

The cables that connect have the sheer ability to make or break your speed and data transfer. They are the lifeline of any network. And they are manufactured after years of research at Smartlink.

We take pride in the fact that we create norms in our business. We are always ahead of the curve.

Consider the firsts to our credit.

We were the first in India to launch the High Density Premium Patch Panel in 2009. It redefines compact port management to help meet the demands of the ever-growing data traffic. It has a unique die-cast aluminium design. The innovative design not only saves rack space and fits in a standard 19" rack or cabinet giving 24 ports in a 1U panel but also provides excellent shielding to connectors.

We were the first to ennovate the IMD (In-Mould Decoration) multimedia face plate. The décor of these innovative face plates can be customised to suit any kind of interior using a special technology.

We were also the first Indian manufacturer to have innovative solutions for some of our products like the IDC grip lug, contact terminals with special profile and built in Booster Spacer mechanism and contact to contact base with spring back design.

We were the first in the SCS industry in India to work on the 'Green initiative' to provide superior quality products which are RoHS compliant to improve our customer's network life cycle.

Think First. Think Ahead. Think Smartlink.





ENNOVATE REACH

We like to see our products everywhere. Just making great products is not enough. Making them available is also critical. And we keep pushing our reach. Reaching where we need to reach.

We ennovated our distribution. Our unique distribution system comprises of national distributors for addressing the NSI business and the exclusive regional distributors for addressing the channel and SMB segment. We are the only Company in our segment with this two pronged network. This ensures a massive reach for all our products and solutions.

The network consists of authorised resellers, multi brand resellers and small & large System Integrators.

- We have 22 regional distributors who service PAN India
- We have 6 National System Integrators (NSI)
- We have over 200 Empower Value System Integrators (EVSI)
- We have over 1000 Empowered Value Added Resellers (EVAR)
- We have over 5000 Empowered Resellers (ER)

We work closely with Systems Integrators who value the power and quality of our products. We have constantly invested in training and empowering our channel partners to enhance our brand positioning and visibility in the industry. Our 'DIGILINK[®] Empower Channel Partner Program' is a unique program targeted towards building technical expertise amongst our channel partners.

Take a pin. Take a map of India. Hit the pin. Chances are, wherever the pin touches, our product is being used.

Do it again.











hat's what we are made for.

We like to serve. We take immense pleasure and pride that you are using a DIGILINK[®] product. And we are here to serve you- 24x7 all through the year.

We have invested as aggressively in serving our customers as in manufacturing, brand and products. We have ennovated a unique service organisation under the brand DIGICARE.



We have developed a distinctive special service and support division, DIGICARE to provide round-the-clock technical support to our customers. We have set-up an efficient, skilled and state-of-the-art infrastructure spanning over 18 Direct RMA/Service centres and 28 Service Partners across the country, with a strong team of skilled personnel. DIGICARE has a 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.

Over the years DIGICARE has acquired expertise in repair skill set for all Networking Products, Motherboards, Notebooks, PDA and LCD Monitors etc.

DIGICARE Technical Assistance Centre (DTAC): We have DTAC, our onsite support arm that enables us to develop a long standing relationship with our end user. It provides 24x7 Voice, Email & Chat based Support for both pre and post sales.

Direct Support and Service Division (DSD): For enterprise customers, we have DSD, a 24x7 service that is customised to the customer's needs.

So go ahead, call us at 1800 - 209 - DIGI.

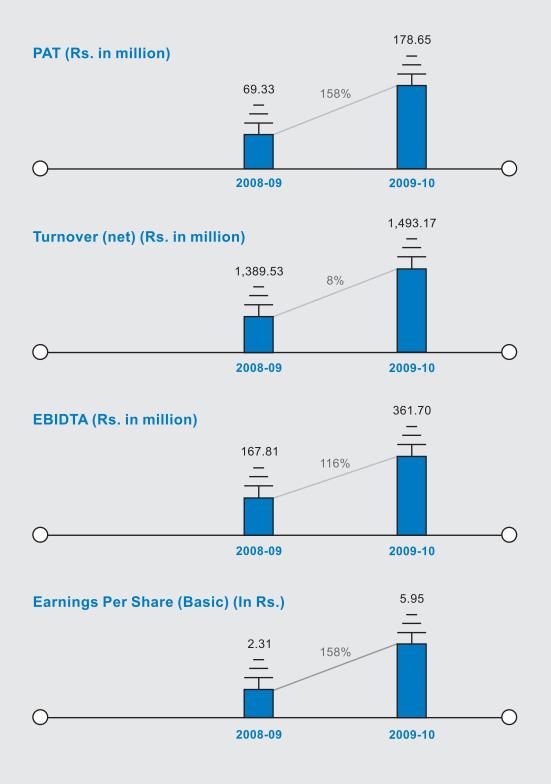
FINANCIAL HIGHLIGHTS



1

		Rs. in million
Particulars	2009-10	2008-09
Turnover (net)	1,493.17	1,389.53
Other Income	104.13	108.75
Total Expenditure	1,571.06	1,571.80
EBIDTA	361.70	167.81
Depreciation	117.97	105.67
Profit Before Tax	242.70	59.46
Profit After Tax	178.65	69.33
Gross Block	923.38	910.39
Net Block & Capital WIP	433.08	519.34
Investments	926.47	653.11
Net Current Assets	262.61	383.53
Reserves & Surplus	1,528.35	1,437.94
Net Worth	1,602.78	1,513.86
Book Value Per Share (Rs.)	53.42	50.45
Earnings Per Share (Rs.)	5.95	2.31

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BOARD OF DIRECTORS



K. R. Naik - Executive Chairman

Mr. K. R. Naik is the main promoter of Smartlink Network Systems Ltd. (Formerly known as D-Link (India) Ltd.). He joined the Company as the Director on 31st March 1993. Mr. Naik has over 3 decades of experience in the networking industry. He holds a Post Graduate Degree in Industrial Engineering from Jhunjunwala College, Bombay and a Diploma in Business Management from Jamnalal Bajaj Institute of Management, Bombay. He started his career with IBM India and was a part of the design and development of parts and products team.



Jangoo Dalal

Mr. Jangoo Dalal is an industry veteran and brings with him 22 years of industry experience from organisations like Wipro Infotech, Wipro British Telecom, Cisco Systems and erstwhile D-Link (India) Ltd. He is presently the Managing Director of Avaya India Pvt. Ltd. He holds a Bachelors Degree in Science and Master of Management Studies (MBA) with specialisation in Marketing from Bombay University.



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. where he worked for 23 years in various positions, with the last six years as a Vice President in their Fibres Marketing Division. Today, he is a Freelance Consultant.



R. T. Krishnan

Prof. R. T. Krishnan possesses a Masters Degree in Science from IIT, Kanpur, Masters Degree in Engineering, Economic Systems, Stanford University and a Doctorate from IIM, Ahmedabad. He is presently a 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, Masters Degree in Business Administration, IIM, Ahmedabad and is a SPURS Fellow, Massachusetts Institute of Technology, U.S.A. He has more than 35 years of experience in Management, of which for over 30 years with the Tata Group and the last 9 years at Tata Consultancy Services Ltd (TCS), where he is presently a Consulting Advisor.



Pradeep Rane

Mr. Pradeep Rane is a Science graduate and has around 30 years of experience in Sales and Marketing and overall Business Management in the Pharmaceuticals industry.

Dattaraj Salgaocar



Mr. Dattaraj Salgaocar holds a Bachelors Degree in Production Engineering from VJTI, University of Mumbai and MBA (Finance) from Wharton Business School University of Pennysylvania, USA. He is a leading industrialist.



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FINANCIAL INFORMATION

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Directors' Report

To the Members,

The Board of Directors of your Company take pleasure in presenting the 17th Annual Report together with Audited Balance Sheet and Profit & Loss Account for the financial year ended 31st March 2010.

1. Financial Results and Appropriation:

	(Rs.	in million)
	2009-10	2008-09
Turnover (Gross)	1556.32	1456.11
Income from Services	168.52	174.90
Profit Before Depreciation and Tax	360.67	165.13
Less: Depreciation for the year	117.97	105.67
Profit Before Tax	242.70	59.46
Less: Provision for Tax		
a) Current Tax	85.00	5.50
b) Deferred Tax	(22.73)	(12.53)
c) Fringe Benefit Tax	-	4.32
Profit After Tax	180.43	62.18
Add/(Less): Tax adjustment of Previous Year	(1.78)	7.15
Net Profit	178.65	69.33
Balance of profit brought forward	959.95	1309.86
Amount available for Appropriations	1138.59	1001.98
Transfer to General Reserve	17.86	6.93
Dividend	75.01	30.00
Tax on Dividend	12.46	5.10
Balance carried forward to Balance Sheet	1033.26	959.95
Earnings per Share (Rs.)	5.95	2.31

2. Performance and Significant Developments:

In the financial year 2009-10, the company achieved a turnover of Rs. 1556.32 million representing a growth of 6.9% as compared to Rs. 1456.11 million in the previous year. The sales from services were lower at Rs. 168.52 million for the year ended 31st March, 2010 as compared to Rs. 174.90 million in the previous year.

Net Profit after tax grew by 157.7% to Rs. 178.65 million for the year ending 31st March, 2010 as compared to Rs. 69.33 million in the previous year.

The Company has been following the policy of providing for depreciation on Plant and machinery, Electrical installations, Air conditioners, Computer software, Furniture fittings and office equipment 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 these assets and their estimated useful life, has changed this policy and now follows the policy of depreciating these assets over their estimated useful life. As a result of change in the method of providing for depreciation, the charge for the year is higher by Rs.66 million and the profit for the year is lower by the like amount.

3. Dividend:

Your Directors have recommended for your consideration the payment of a dividend for the year 2009-10 @ 125% on the paid up equity capital, i.e., Rs. 2.50/- per share, to be paid, if approved by the members at the forthcoming Annual General Meeting.

4. 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 current year, ESOP Compensation Committee has re-priced the unexercised options granted to employees to compensate for reduction in the intrinsic value of the company pursuant to the



Scheme of Arrangement with D-link (India) Limited. During the year 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 2010 are given in the Annexure – I to this Report.

5. 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.

6. 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.

Disclosure on Voluntary Corporate Governance Guidelines:

The Ministry of Corporate Affairs has issued a set of Voluntary guidelines called "Corporate Governance - Voluntary Guidelines 2009" in December, 2009. The guidelines include conditions for composition of board, appointment of directors, scope and role of audit committee, rotation of Auditor firms and partners, Secretarial Audit Report and Institution of mechanism for whisle blowing. The company is substantially complying with the recommendations on Audit committee and is taking steps towards implementation of other guidelines.

7. Awards & Recognition

The Company's efforts have been acknowledged through numerous awards and prestigious accolades in 2009. During the year the company has received the following awards and recognition:

- PC Quest Users Choice Awards 2009 ranked DIGILINK[®] as No. 1 in India's Most Wanted IT Brands for Structured Cabling.
- In a channel survey done by CRN, DIGILINK[®] has been recognized as the 'Channel

Champion' in Network Cabling 2009, second year in the row.

c. DIGILINK[®] was recognised as the 'Best Structured Cabling Company and Fastest growing brand' by VarIndia Star Nite Award 2009.

8. Directors :

Mr. K. M. Gaonkar and Mr. Pradeep Rane, Directors of the Company who retire by rotation at the forthcoming Annual General Meeting and being eligible offers themselves for re-appointment.

Mr. A. P. Chen & Mr. Tony Tsao resigned from the Board during the year effective 29th July, 2009. The Board places on record the valuable contribution made by them during their tenure as Directors of the Company.

9. 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.

10. Auditors:

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

11. 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 9001:2008 for the Quality Management System. Towards energy conservation and optimal utilization, your company has resorted to provisioning of air conditioning very judiciously, wherever the processes demand. Other non critical processes have been brought out of air conditioning by provisioning of Cross ventilations for the buildings. New air conditioned installations have been designed with better thermal insulating materials so as to reduce the losses, as well as equipped with EC motor blowers for enhanced efficiency.

Roof Water Harvesting & recharging of ground water has been one of the major initiatives undertaken this year and shall help us to conserve water for future use.

b. Technology Absorption:

The 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. Your company has a new Shrink Wrapping machine recently installed at the product packing. This makes the product packaging weatherproof and also gives it an appealing looks.

The company's Research & Development Centres at Bangalore and Goa has been recognized by Department of Scientific and Industrial Research (DSIR) and the expenditure on the same is stated in notes forming part of the Accounts.

c. Foreign Exchange Earnings and Outgo:

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

12. Particulars Of Employees:

Particulars of employees as required under the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, forms part of this report. However, in pursuance of section 219(1) (b) (iv) of the Companies Act, 1956, this report is being sent to all the members of the company excluding the aforesaid information and the said

particulars are made available at the registered office of the Company. The members desirous of obtaining such particulars may write to the Company Secretary at the registered office of the Company.

13. Director's Responsibility Statement:

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

- 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, 2010 and the profit of the Company for the financial year ending on March 31, 2010.
- 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.

14. Incorporation of Digilink MiddleEast FZE, a 100% Subsidiary Company:

The Company has formed a wholly owned Subsidiary "DIGILINK MIDDLE EAST (FZE)" in Sharjah, U.A.E to tap the opportunities for exports in U.A.E and Middle East. The Company has made an investment of Rs. 1.82 crores (1.5 million AED) as subscription towards the initial paid-up capital in April, 2010.

15. Acknowledgements:

Your Directors appreciate the wholehearted support received from our valued customers, shareholders, clients, vendors, dealers, distributors, and bankers throughout the year.



The Directors also 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 Industries and Electricity Departments for their valuable support.

For and on behalf of the Board

Mumbai Dated: 12th May, 2010 K. R. NAIK Executive Chairman

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Annexure – I to the Directors' Report for the year ended 31st March, 2010

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.	
		During the year 123000 options which were unexercised	
		were re-priced at Rs. 25/- per share.	
c.	Options vested	2,85,875	
d.	Options Exercised	2,58,750	
e.	Total Number of Equity transferred as a result of	2,58,750	
	exercise of options		
f.	Options lapsed	2,36,250	
g.	Variation in terms of options	None	
h.	Money realised by exercise of options	Nil	
i.	Total Number of options in force	95,000	
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	None	
	amounting to 5% or more of the Option granted during		
	the year		
	iii) Identified Employees who have been granted options	None	
	during any one year exceeding 1% of the issued		
	capital		
k.	Diluted Earnings Per Share (EPS) pursuant to issue of	Not applicable since the shares are transferred by the	
	shares on exercise of options	ESOP trust upon exercise of options and the company	
		is not required to issue any new shares	



١.	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	The Company has calculated the employee compensation
	compensation cost using the intrinsic value of the stock	cost using the intrinsic value (i.e., Market price) of stock
	options, the difference between the employee	options. If the fair method value been used the employee
	compensation cost so computed and the employee	compensation cost would have been lower by Rs. 0.13
	compensation cost that shall have been recognised if it	million. Profit after tax higher by Rs. 0.13 million and the
	had used the fair value of the options, shall be disclosed.	basic and diluted earnings per share would have been
	The impact of this difference on profits and on EPS of	higher by Re. 0.01 respectively
	the company shall also be disclosed.	
0.	Weighted-average exercise prices and weighted	N.A.
	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.	
p.	A description of the method and significant assumptions	N.A.
	used during the year to estimate the fair values of	
	options, including the following weighted-average	
	information:	
	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	N.A.
	time of option grant.	

For and on behalf of the Board

Mumbai Dated: 12th May, 2010 K. R. NAIK

Executive Chairman



Management Discussion and Analysis

1. Economic Overview

There was a turnaround in the economic climate in 2009-10, post a challenging 2008-09. The economy in 2009-10 is expected to grow by 7.2%, an impressive growth by global standards. It is clear now that recovery is firmly taking root though inflation remains a cause for worry. Exports are up quite sharply and industrial production has exhibited strong growth during the year.

2. Industry Overview

New technologies, innovative products and increased functionalities are consistently driving the global and Indian technology and communication environment. Services and applications that products were deemed futuristic not too long ago are making way into the very fabric of our daily lives.

The Indian Information Technology (IT) industry has played a major role in placing India on the international map. The IT-BPO industry, IT services, software products, the domestic market have all shown strong fundamentals towards a sustained growth path.

While the fundamental drivers for the industry remain intact, they were constrained by an economic recession that forced corporate, network operators and network equipment manufacturers to reduce their capital and operating expenses in the past one year.

Networking consisting of Passive Range of Products widely called as 'Structured Cabling' is the backbone for any IT infrastructure and all the Equipments used are called as Active Products. In the networking infrastructure, copper and fibre cabling is very important for the performance of the network. The Indian Structured Cabling System (SCS) market is mature and expanding rapidly in Data Centres, BFSI (Banking, Financial Services and Insurance), Telecom and Government sectors as they continue to deploy large infrastructure network to meet their growing needs. Also increasingly SCS is being used for Residential Application in projects.

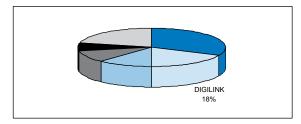
As the economy globally and at home, showed signs

of recovery, corporates started implementing their expansion plans and new investments. As a result of this, the SCS market also gradually started showing signs of recovery. The market witnessed a slow but consistent growth on a QoQ basis eventually, recording revenues worth Rs. 1,120.4 crores during 2009 (End-user turnover values), a marginal decrease against Rs. 1,185.1 crores recorded during 2008 (Source: IDC Report 2008 and 2009). The momentum in demand continues to come from sectors such as Government, Education, ITES (IT enabled Services) and virtualisation solutions.

The market largely consists of Copper and Fibre solutions. Copper cables continued to dominate the market, forming 85% of the total market share. The main categories in Copper cables segment are Cat 5e, Cat 6, Cat 6+ and Cat 6a. (Cat 5 or 5e are older systems, while the Cat 6a are considered premium).

Fibre cables are also seeing an increased penetration due to features like low signal loss, high bandwidth, greater transmission distance, immunity from EMI & RFI, being compact, light weight and increasingly better bend radius, ease of handling and reducing cost of cables and terminal equipments. This market is expected to witness a strong growth rate in the next few years.

In the case of Active Networking which mainly consists of Equipments, the Indian networking market suffered a decline during calendar year 2009. Though the impact of the global economic slowdown was not very high on India, business performance fell markedly across sectors. This is obvious from the sharp decline of approx 23% in the overall Indian Networking Equipment market revenue in 2009 (over 2008). The worst hit segment was LAN switches, which was the major contributor to this decline. Though, of late (October-December 2009 onwards) the market has shown signs of revival, it has still not been able to reach the business figures of the year 2008. The WLAN equipment segment suffered relatively less from the slowdown as the increasing use of notebook PCs has increased the need for mobility in network access. Along with this development, the emergence of the education vertical is a major demand driver in this space. The Small and Medium Business (SMB) segment was one of the key segments in the commercial space that sustained the market during the slowdown of 2009. Large enterprises were still in a state of 'lethargy' and did not invest in networking during the year 2009. Many of the major infrastructure projects which were to be completed during 2009 have been shifted to 2010, thus increasing the prospects of market growth rate in 2010. The trend is moving to faster deployment of networking equipment and within the next few quarters the market growth is expected to gain full momentum.



Source: IDC CY 2009 (End user value)

3. Business Overview

Smartlink Network Systems Limited (Smartlink) formerly known as D-Link India Limited is a leading player in ITS (Information Transport Systems) and converged communication systems, offering an integrated value proposition from design to development and from sales and marketing to service and support.

The Company's networking products and related services address network operations, capacity management, and network research and development. The Company's end customers include Residential users, Small Office Home Office (SOHO), Small and Medium Enterprises (SME), Government Agencies, Education Institutions, BFSI and Telecom companies.

The Company sells its products through Regional/ National Distributors, Authorised resellers, Multi brand resellers, Value added resellers and System Integrators (SI).

DIGILINK®

The Company entered the SCS (Passive Networking) brand in 1999 and in 2004 the "DIGILINK[®]" brand was introduced to meet global business requirements. DIGILINK[®] offers a complete portfolio of ITS catering to the rising transmission needs with efficient, high quality and cost effective structured cabling solutions.

A Structured Cabling system is the transmission network inside a structure that connects various devices like Switching & Routing Equipments, Voice and Data Communication, Video, Building Automation and other Information-management systems to one another as well as to outside Communication Networks.

SCS, consists of various components, including transmission media (Copper & Fiber cables) and other connecting components right from I/O, Patch panels, Patch cords of various designs and quality standards. Cables are classified by their construction, data transmission capability and the environments in which they can be installed and components are designed to required bandwidth and environment with easy implementation, movability, and maintenance as per customer requirements.

During 2009-10, DIGILINK[®] had a market share of 18% in terms of (end user revenue) and is the No. 2 brand in the structured cabling market.

The Company recently rolled out the premium TG500 & TG800 cabling solutions designed for 10G performances, for termination of horizontal and backbone cabling. The DIGILINK[®] TG800 product range exceeds the latest Cat 6a 10G standards by a higher margin.

The Company is also focusing on four new areas - Solution for data centre (ITES Business Segment), product range suitable for FTTH (Fiber to Home) solution, few unique offerings for fibre solutions in a tactical environment and Residential Cabling Solutions.

Smartlink has been constantly identifying markets which are either emerging or about to undergo significant changes by creating exceptional technology to exploit those opportunities and to meet the needs of the market.



Accordingly, the Company plans to primarily concentrate on the Middle East and Asia Pacific countries by strengthening their ties with existing partners and focusing on local channel and distribution networks.

DIGISOL™

As IT and Telecommunications converge, more and more people are using the internet with higher bandwidth. Hence the wired and wireless networks are increasing day by day.

The domestic Internet Protocol (IP) technology market is buoyant with a number of products, services and applications being launched and is estimated to grow at a rate of 25% over the next few years.

The Company has in-house networking products manufacturing capabilities in Passive as well as in Active range of products, with its own Research and Development set-up. The Company has been a leader in the SCS market with DIGILINK[®] brand of Passive products. Smartlink is one of the only companies in the country with such a strong brand presence and infrastructure. To make use of its set up and to leverage these strengths, the Company is now entering into the Active networking market with distinct brand DIGISOL[™]. The Company using its own Infrastructure is in the process of developing a wide-range of Active networking products under the DIGISOL[™] brand.

DIGICARE®

Customers need quick and reliable after sale service and support during the working life of their installation. A key part of the Company's strategy is to provide superior repair, maintenance and support through their all India network of service and support centres.

In order to be accessible to its customers, the Company has service and support centres across the country through its special service, DIGICARE[®]. DIGICARE[®] operates through nationwide Return Material Authorisation (RMA) Centres, a 24x7 Technical Assistance Centres (DTAC) and Direct Service and Centre.

Smartlink has 18 Direct RMA/Service centres with chip level replacement and 24 Service Partners making it a

total of 42 support locations across the country, all located in main IT markets. With a strong team of skilled personnel, the Company's centres have strong logistics support to manage back-end delivery support with expertise in repairing Networking Products, Motherboards, Notebooks, PDAs and LCD Monitors etc. Besides that it has a unique Web based RMA Online System 'iSMART' that monitors the service activity, online repair status update, automated email and SMS alerts facility as well as warranty tracking.

The Company has an authorised service centre for DIGILINK[®], D-Link, Gigabyte & MSI and bulk service for HP, IBM, Acer, Lenovo, HCL, LG, Wipro, PCS, etc. It also has a central hub at Goa for repairing imported products received from SAARC countries.

The Company's DTAC supports international and domestic customer support on voice, email and chat with a wide range of technology skills including Level 1, 2, 3 troubleshooting in LAN Adapters, Switches, Routers, Broadband, Wireless, Security, VoIP, Surveillance, Storage, 3G products etc.

The Company also has a 24x7 Direct Service and support centre for enterprise customers and support packs tailored to meet specific customer requirements.

Brocade

In order to participate in the growing Switching and Storage Area Network (SAN), the Company has a tie-up with Brocade, a world leader in SAN switches and Ethernet switching solutions. The Company is a direct sales agent for Brocade products in India, catering to customers using Foundry (acquired by Brocade) products for critical applications, through service agreements signed with them.

Mitel Networks Corporation (Mitel)

Mitel is one of the leading providers of voice, video and collaborative communication solutions across the world. It is a leading manufacturer having sold over 250,000 PBX systems across more than 90 countries. Smartlink has a tie-up with Mitel, whereby the Company is a direct sales agent for Mitel products.

Manufacturing

Smartlink over two decades has been developing, designing and manufacturing networking products in Active and Passive range. The Company has a state-of-the-art manufacturing facility spread over 130,000 sq. ft. at Goa.

It's been the Company's constant endeavor to work towards quality and continuous improvement. The Company has worked to ensure that their manufacturing processes and systems are based on the quality model developed by the International Organization for Standardization (ISO), which has led to an ISO 9001:2000 and ISO 14001:2004 certifications.

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 OEM/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.

Marketing and Selling

The Company primarily operates through an extensive marketing and distribution network comprising of distributors, SI and value added resellers. The Company has a network of 22 regional distributors who have exclusive territories enabling better control on channel margins and MOP (Market Operating Prices). Through extensive training, promotional events and branding strategy Smartlink strengthens its relationship with partners and ensures a wider reach of its products.

The 'Empower Channel Program' which was re-launched last year, for building technical expertise amongst its channel partners has yielded strong results. Through a country wide roll out, the Company was able to reach out to the right SIs, understand their needs and take focused actions.

During the year, the Company also hosted more than 70 events across the country, like DIGILINK[®] SCS Seminars and Trainings attracting SI's and corporate customers. The Company also conducted distributor driven events, road shows and trainings, 3rd party sponsored events, three international meets and other regional events.

Awards and Accolades



PC Quest Users Choice Awards 2009 ranked DIGILINK[®] as No. 1 in India's Most Wanted IT Brands for Structured Cabling.

In a channel survey done by CRN, DIGILINK[®] has been recognised as the 'Channel Champion' in Network Cabling 2009 for the second year in the row.

Critrerion	DIGILINK®	АМР Тусо	Commscope
Product	1	2	3
availability			
Price-	1	2	3
performance			
Partner	3	2	1
profitability			
Brand-pull and	2	1	3
marketing			
Channel	2	1	3
marketing and			
pre-sales			
support			
Channel	1	2	3
training and			
certification			
Post-sales	1	2	3
support			
Channel	1	2	3
pollcies and			
management			
Final Rank	1	2	3

Source CRN

DIGILINK[®] received the award for 'Best Structured Cabling Brand 2008' by DQ Channel.

DIGILINK[®] was recognised as the 'Best Structured Cabling Company and Fasted growing brand' by VarIndia Star Nite Award 2009.

DIGILINK[®] has been awarded "Most Trusted Company" in VarIndia Infotech Forum 2010

4. Risks and Concerns

The Company is subject to various risks and uncertainties which might affect its business operations and financial performance. The Company



has implemented systems to identify risks, to assess them and to ensure that reasonable mitigation plans are in place. In addition to generic risks that affect all businesses, the Company has identified the following principal risks and uncertainties:

 The networking solution industry is constantly evolving. Any steep changes in technology or rapid market acceptance of new technology solutions may reduce the Company's current products and solutions affecting the business operations and profitability.

The Company strives to remain at the forefront of developments in the networking and IT industry. The research and development team together with the product team continually review the market and work towards creating innovative design and solutions for the networking industry. Demonstrating the same, Smartlink was the first Indian company to design, develop, manufacture and sell high-end products such as the IP videophone. Smartlink was also amongst the first in India to offer the world's first laser-optimised multimode fibres, Clear Curve OM3/ OM4 fibres. It's also the first SCS company globally to offer IMD (In Mould Decoration) in Information outlets and Patch Panels.

 The market for the Company's products is highly competitive. The Company encounters competition from both international and domestic companies. The competitors include large, diversified companies as well as smaller companies.

Smartlink competes primarily on the basis of product specifications, quality, price, engineering, customer service and delivery time. The Company does not depend on outside resources as it already has a good technical know how and has patented its technology. Further the Company is constantly working towards innovation in newer technologies. The Company believes that its SCS products have a strong competitive position in the market because of long-standing relationships with distributors, SIs and value added resellers, strong brand recognition and premium product features and reliability. The Company is also one of the only players in this industry to have a very robust network providing prompt after sales service to its clients. All these factors enable them to stay competitive and are reflected in market surveys which show that the Company is the second largest player in this competitive market.

3. The Company distributes its products to customers primarily through a large, network of independent distributors, system integrators and value added resellers. The Company is dependent on its channel network to ensure its products are delivered in a timely and cost-effective manner. Any loss of one or more key distributors or failure to renegotiate new distributor agreements could affect the business volumes and profitability.

The Company operates through 22 Regional Distributors as a close knit family and depends upon 200 SI, 1,000+ VAR's and 5,000 Resellers to distribute its products. It is the Company's constant endeavour to forge strong relationships with every member of the channel network. The Company constantly motivates them and makes them partners in their progress. It conducts various training programs, support programs, promotional events and performance reward program to create mindshare with them. The Company is always in direct touch with the 2nd and 3rd tiers of the channel hence the impact of changing any of the tier 1 partners also would be minimal.

5. Internal Control Systems and their Adequacies

Smartlink has established and maintained adequate internal control over its processes and systems. The Company's well defined organisational structure, documented policy guidelines, defined authority matrix and internal controls ensure efficiency of operations, compliance with internal policies and applicable laws and regulations as well as protection of resources. Moreover, the Company continuously upgrades these systems in line with the best available practices. The internal control system is supplemented by extensive internal audits by an independent firm of Chartered Accountants. All internal control systems, no matter how well designed, have inherent limitations and can provide



only reasonable assurance that the objectives of the internal control system are being met.

6. Human Resources

One of the key pillars of the Company's success is its people. Smartlink has always recognised the importance of human capital and valued it highly. Lot of emphasis and efforts are made to create a working environment that will encourage innovation, enhance work satisfaction and build a merit driven organisation. The Company's human resource vision is to create a committed workforce through people enabling processes and knowledge sharing practices based upon its value system.

As on March 31, 2010, the Company had 537 fulltime employees. Smartlink's future success will depend, in part, on its ability to continue to attract, retain and motivate highly qualified technical and management personnel, for whom competition is intense. The Company does not anticipate material turnover at this time or in the reasonably foreseeable future, especially among their technical personnel.

7. Financial Performance

Income: The Company recorded total income of Rs. 1,556.32 million, as compared to Rs. 1,456.11 million for the previous year, a growth of 6.9%.

EBIDTA: The Company's EBIDTA stood at Rs. 361.70 million against Rs. 167.81 million in 2008-09, an increase of 115.5%.

Profit Before Tax: Profit before tax of the Company increased from Rs. 59.46 million to Rs. 242.70 million representing an increase of 308.2%.

PAT: The Profit After Tax (PAT) of the Company increased from Rs. 69.33 million in 2008-09 to Rs. 178.65 million an increase of 157.7%.

8. Outlook

India continues to be on a strong growth path towards becoming a leader in the global software and IT market. Domestically, growth momentum in industries like retail, aviation and hospitality is expected to boost the demand for software and networking applications. As network traffic, and the number of network devices increase, enterprises are realising the need for higher bandwidth connectivity. High performance of their bandwidth network is directly proportional to the quality of their structured cabling network.

The Company also believes that enterprises are developing consolidated data centres to enhance performance, lower costs and improve controls. The growth of data centres in the country has a direct impact on the cabling market. The data centre cabling market is estimated to be USD 23 million, which is close to 12% of the overall structured cabling market. With data centres expected to increase at the rate of 30-40%, the cabling market is expected to show strong growth momentum.

The concept of satellite cities/towns is also fast gaining momentum. This is likely to enhance the demand for facilities like voice, data and internet through Cable and other similar amenities.

The Company's goal is to become a strong market leader in the converged communications systems, providing highest levels of service.

To achieve their long-term vision, the Company plans to expand its leadership position in the SCS market, while making a mark in the Active Networking market. Additional resources will be committed to sales and marketing, with particular emphasis on further developing their distribution channels and marketing programs.

9. Cautionary Statement

Statement in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations may be 'forward looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could influence the Company's operations include economic developments within the country, demand and supply conditions in the industry, input prices, changes in government regulations, tax laws and other factors such as litigation and industrial relations.



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

1. Statement on Company's Philosophy on Code of Governance

The Company's philosophy on Corporate Governance is to attain high level of transparency and accountability in the functioning of the Company and in its relationship with employees, shareholders, creditors, consumers, dealers, lenders and ensuring high degree of regulatory compliances.

The Company also believes that its systems and procedures will enhance corporate performance and maximize shareholder's value in the long term.

2. Board of Directors

a) Composition and Category of Directors

The present Board comprises of 7 members consisting of 1 Executive Director and 6 are Non-Executive Directors out of which 5 are Independent Directors. The name and category of each Director is given below:

Names of the	Category	
Director		
Mr. K. R. Naik	Executive Director & Promoter	
Mr. Jangoo Dalal #	Non- Executive Director	
Mr. K. M. Gaonkar	Non-Executive and Independent	
Mr. Pankaj Baliga	Non-Executive and Independent	
Prof. R. T. Krishnan	Non-Executive and Independent	
Mr. Pradeep Rane	Non-Executive and Independent	
Mr. Dattaraj	Non-Executive and Independent	
Salgaocar		
Mr. Tony Tsao *	Non-Executive	
Mr. A.P. Chen *	Non-Executive	
# Mr. Jangoo Dalal resigned as Managing Director &		
CEO w.e.f. 31st May,2009 and is continuing as an Non-		
Executive Director from 1st June, 2009.		
* Mr. Tony Tsao and Mr. A.P. Chen resigned from		
Directorship with effect from 20th July 2000		

- Directorship with effect from 29th July, 2009.
 - b) Attendance of each Director at the Board Meetings and the last Annual General Meeting (AGM)

	me of the ector	No. of Board Meetings Held	No. of Board Meetings attended	Atten- dance at last AGM
1.	Mr. K. R. Naik	7	7	Present
2.	Mr. Jangoo Dalal	7	3	Absent
3.	Mr. K. M. Gaonkar	7	7	Present
4.	Mr. Pankaj Baliga	7	6	Present
5.	Prof. R. T Krishnan	7	6	Present
6.	Mr. Pradeep Rane	7	6	Absent
7.	Mr. Dattaraj Salgaocar	7	Nil	Absent
8.	Mr. A.P. Chen	4 *	1	Absent
9.	Mr. Tony Tsao	4*	Nil	Absent
* Meetings held till the date of resignation.				

 Number of other Directorship and Chairmanship/ Membership of Committees of each Director in other Companies.

Name of Director	No. of Directorships in other Companies (excluding private/ foreign Companies)	No. of Chairmanship / Membership in other Board Committees*
Mr. K. R. Naik	Nil	Nil
Mr. K. M. Gaonkar	Nil	Nil
Mr. Dattaraj Salgaocar	Nil	Nil
Mr. Pankaj Baliga	Nil	Nil
Prof. R. T Krishnan	1	Nil
Mr. Pradeep Rane Nil Nil		
Mr. Jangoo Dalal Nil Nil		
* Committees considered are Audit Committee and Shareholders/Investors Grievance Committee		

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

> The gap between two Board Meetings did not exceed four months. Six Board Meetings were held during the Financial Year 2009-10 on the following dates:

June 13, 2009	October 18, 2009
June 27, 2009	January 19, 2010
July 18, 2009	March 10, 2010
July 29, 2009	

3. Audit Committee

a) Terms of Reference

The terms of reference stipulated by the Board to the Audit Committee and as contained under



Clause 49 of the Listing Agreement, are as follows:

A. Powers of Audit Committee

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

B. Role of Audit Committee

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment, reappointment and, if required, the replacement or removal of the Statutory Auditor and the fixation of audit fees.
- Approval of payment to Statutory Auditors for payment of any other services rendered by the Statutory Auditors.
- Reviewing, with the management, the Annual Financial Statements before submission to the Board for approval, with particular reference to:
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956.
 - b) Changes, if any, in accounting policies and practices and the reasons for the same.
 - Major accounting entries involving estimates based on exercise of judgement by management.
 - d) Significant adjustments made in the financial statements arising out of audit findings.
 - e) Compliance with Listing and other Legal Requirements relating to financial statements.

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

b) Composition

The Composition of the Audit Committee is as under:

Prof. R. T. Krishnan - Chairman Mr. Pankaj Baliga Mr. K. M. Gaonkar



The Company Secretary of the Company acts as the Secretary to the Audit Committee. All the Directors on the Committee are financially literate and Mr. K. M. Gaonkar has expertise in Finance.

c) Meetings and Attendance during the year

Members	Meetings	Meetings
	held	attended
Prof. R. T. Krishnan	6	5
Mr. Pankaj Baliga	6	6
Mr. K. M. Gaonkar	6	6

The Chairman of the Audit Committee Prof. R. T. Krishnan was present at the previous Annual General Meeting of the Company.

4. Remuneration Committee

The Company has not set up any Remuneration Committee till date. The remuneration paid to the Directors for the year ended 31st March 2010 is given below:

A) Remuneration to Directors

a) Executive Directors :

Executive Directors	Salary, contribution	
	to P.F, perquisites &	
	Commission	
Mr. K. R. Naik	Rs. 71,04,100/-	
Executive Chairman		
Mr. Jangoo Dalal* Rs. 34,51,904/-		
Managing Director & CEO		
* Mr. Jangoo Dalal was Managing Director &		
CEO upto 31st May, 2009.		

Salient features of terms of appointment;

Particulars	Mr. K. R. Naik	Mr. Jangoo Dalal *
Salary	Rs. 300,000/- to Rs.	Rs. 485,000/- per
	500,000/- per month	month
Perquisites	In addition to salary the	In addition to salary
	perquisites shall be	the perquisites shall
	paid as approved by	be paid as approved
	the shareholders at the	by the shareholders at
	annual general meeting	annual general meeting
	held on 1st September	held on 20th August
	2006.	2007.

Particulars	Mr. K. R. Naik	Mr. Jangoo Dalal *	
Commission	0.5 % of Net Profit sub-	Nil	
	ject to a maximum of		
	100% of the Annual		
	Salary.		
Variable /	Nil	Maximum Performance	
Performance		bonus of Rs.	
Pay		10,000,000/- on	
		achievement of	
		targeted performance.	
Terms of	Re-appointed for a pe-	Appointed for a period	
appointment	riod of five years with	of four years with effect	
	effect from December 26, 2006	from July 2, 2007.	
Notice Period	Either party may termi-	Either party may	
	nate the agreement by	terminate the	
	giving the other party	agreement by giving	
	three months notice in	the other party notice	
writing. in writing.		in writing.	
Severance	None	None	
fees			
* Mr. Jangoo Dalal resigned as Chief Executive Officer and			
Managing Director of the Company effective from 31st May			
2009. However, he continues to be ordinary director liable to			
retire by rotation.			

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

In accordance with the resolution passed at the Annual General Meeting held on 1st September 2006, the shareholders approved the payment of commission not exceeding 0.5% of the net profits of the Company to Non-Executive Directors. For the financial year 2009-10 the Board has approved the payment of commission of Rs. 12,54,100/- to the eligible Non-Executive Directors based on their contribution and guidance of each Director as determined by the Board of Directors.

Details of commission and sitting fees paid to the Non Executive Directors for the period under review are as under;

Non-Executive Directors	Sitting Fees	Commission
Mr. K. M. Gaonkar	Rs. 275,000/-	Rs. 313,525/-
Mr. Pankaj Baliga	Rs. 265,000/-	Rs. 313,525/-
Prof. R. T. Krishnan	Rs. 220,000/-	Rs. 313,525/-
Mr. Pradeep Rane	Rs.135,000/-	Rs. 313,525/-

Non-Executive Directors	Sitting Fees	Commission
Mr. Jangoo Dalal	Rs. 60,000/-	NIL
Mr. Dattaraj	Nil	NIL
Salgaocar		

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

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

Name of the Non- Executive Director	Number of Shares held	Amount of Dividend Paid during the year 2009-2010 (Amt in Rs.)
Mr. K. M. Gaonkar	101,500	Rs.101,500/-
Mr. Dattaraj Salgaocar	30,000	Rs. 30,000/-
Mr. Pankaj Baliga	Nil	Nil
Prof. R.T. Krishnan	Nil	Nil
Mr. Pradeep Rane	Nil	Nil
Mr. Jangoo Dalal	60,000	Rs. 60,000/-

5. Shareholder's/Investors Grievance Committee Terms of Reference

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

Composition

Mr. Pankaj Baliga - Chairman Mr. K. R. Naik Mr. K. M. Gaonkar

The Investors Grievance Committee meeting was held on 19th January, 2010 during the year.

Name and Designation of Compliance Officer - K. G. Prabhu, Company Secretary

During the year Company had received 29 complaints from the shareholders and the same were attended and resolved to the satisfaction of the shareholders.

6. General Body Meetings

Location and time, where last three AGMs were held

Location	Date	Time
L-7, Verna Electronic Verna Plateau, Verna, 403722		05.00 p.m.
L-7, Verna Electronic Verna Plateau, Verna, 403722		05.00 p.m.
L-7, Verna Electronic Verna Plateau, Verna, 403722		05.00 p.m.

Whether Special Resolutions passed:	Yes	
Whether Special Resolutions passed: Special Resolutions passed by the company at	162	
the last Annual General Meeting are as under;		
 Appointment of Ms. Arati K. Naik, daughter of Shri. K. R. Naik, Executive Chairman of the Company to hold an office of profit in the Company as Business Development Manager – Global Markets. 		
 b) De-Listing of the Equity Shares of the Company from the Bangalore Stock Exchange Limited (BgSE). 		
Extraordinary General Meetings (EGM)		
# Pursuant to the Order dated 24th November, 2008 passed by the Hon'ble High Court of Bombay at Goa in the Application No. 43 of 2008, a meeting of the shareholders was convened on 29th December, 2008 for approving the Demerger of the Company. As required by the law, the poll was conducted at the Meeting and the resolution pertaining to approval of Scheme of Arrangement was passed with requisite majority.		
There were no Special Resolutions passed at the Annual General Meeting held on 29th August, 2008.		
Special Resolutions passed by the company at the Annual General Meeting held on 20th August, 2007 are as under:		
a) Amendment of the Article 56 of Articles of Association of the Company for making the provision that the Executive Directors of the Company shall not be liable to retire by rotation and amendment of article 57 for payment of remuneration including commission and other terms of appointment of Executive Chairman and Managing Director & CEO.		
b) Appointment of Managing Director and Chief Executive Officer.		
 Setting up of ESOP for employees of D-Link (India) Limited. 		
 d) Extending D-Link (India) Limited ESOP Plan to employees of Subsidiary Companies. 		



 e) For granting of ESOP Options to the identified employees exceeding 1% of the issued capital of the company during any one year. a) Were put through postal ballot last year No Details of Voting pattern N.A. Voting Votes cast in favour Votes cast against Total Result Person who conducted the postal ballot Exercise b) Are proposed to be conducted through No postal ballot Brief Procedure for Postal Ballot: N.A. 			
Details of Voting pattern N.A. Voting N.A. Votes cast in favour N.A. Votes cast against N.A. Total N.A. Result N.A. Person who conducted the postal ballot N.A. Exercise No b) Are proposed to be conducted through No No	e)	identified employees exceeding 1% of the issued capital of the company during any	
Voting Votes cast in favour Votes cast against Votes cast against Total Votes cast against Result Votes cast ballot Exercise Votes cast ballot b) Are proposed to be conducted through postal ballot	a)	Were put through postal ballot last year	No
Votes cast in favour Votes cast against Votes cast against Image: Construct a c		Details of Voting pattern	N.A.
Votes cast against Image: Constraint of the second sec		Voting	
Total Result Person who conducted the postal ballot Exercise b) Are proposed to be conducted through postal ballot		Votes cast in favour	
Result Person who conducted the postal ballot Exercise b) Are proposed to be conducted through postal ballot		Votes cast against	
Person who conducted the postal ballot Exercise b) Are proposed to be conducted through No postal ballot		Total	
Exercise b) Are proposed to be conducted through No postal ballot		Result	
postal ballot		•	
Brief Procedure for Postal Ballot: N.A.	b)		No
		Brief Procedure for Postal Ballot:	N.A.

7. Disclosures

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

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

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

SEBI in exercise of powers conferred in terms of Section 19 of SEBI Act, 1992 read with Section 11, 11B of the SEBI Act, 1992 and Regulation 5 (1) (a) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities Market) Regulations, 1995, has vide its order dated 21st August, 2007 directed the company not to buy, sell or deal in securities, in any manner, directly or indirectly, for a period of one month w.e.f. 21st August, 2007.

The Company had filed an appeal against the above Order passed by SEBI before Securities Appellate Tribunal (SAT). The SAT had granted an interim stay of the said order. On 14th July, 2008, the SAT has passed its final order allowing the said appeal and setting aside the SEBI Order dated 21st August, 2007.

SEBI had filed a criminal case, in the Metropolitan Megistrate Court in June, 2006 under Section 77A (4) r/w Section 621 for alleged contravention of provisions of the Companies Act, 1956 for failing to complete the process of buy back of share as provided under the said section. The Company had filed an application in the Hon'ble High Court of Bombay and the Hon'ble High Court has passed orders staying the procedings in the Metropolitan Magistrate Court. The stay is continuing. The Company does not expect any liabilities on this account at this stage.

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

8. Means Of Communication

-	Quarterly Results	Published in
		Newspapers
-	Newspapers normally	Business Standard,
	published in	The Navhind Times,
		(in English) and
		Lokmat (in Marathi)
-	Whether it also displays	Yes
	official News releases	
-	Any website, where displayed	www.digilink.in
-	The presentations made to	N. A.
	Institutional Investors or to the	
	Analysts.	
-	Whether MD & A is a part of	Yes.
	Annual report or not	

- 9. General Shareholder Information:
 - Annual General Meeting Date: 24th July, 2010 Time: 11.00 A.M. Venue: L-7, Verna Electronic City, Verna
 - Plateau, Verna, Goa 403722.
 - 2. Financial Year

Particulars	Date
First Quarter Results	On or before August 14, 2010
Second Quarter Results	On or before November 14,
	2010
Third Quarter Results	On or before February 14,
	2010
Audited Annual Results	On or before May 30, 2011



3. Dates of Book Closure

05th July, 2010 to 12th July, 2010 (both days inclusive)

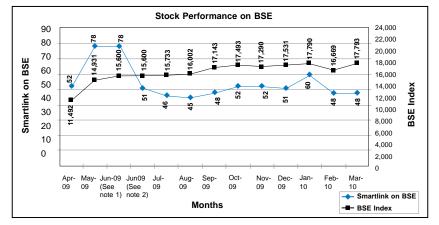
4. Market Price Data:

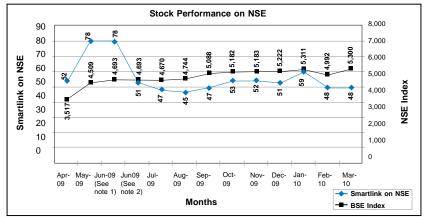
Stock High/Low price during each month in the last financial year 2009-2010 and Performance in comparison to broad- based indices viz., BSE Sensex and NSE Nifty;

Month	Smartlink on BSE		Smartlink on BSE BSE Index		Smartlink on NSE		NSE I	ndex
	High	Low	High	Low	High	Low	High	Low
	Rs.	Rs.			Rs.	Rs.		
Apr-09	52.00	37.05	11,492.10	9,546.29	52.50	36.60	3,517.25	2,965.70
May-09	77.80	44.25	14,930.54	11,621.30	78.45	43.05	4,509.40	3,478.70
Jun-09 ¹	78.40	43.00	15,600.30	14,016.95	78.00	43.00	4,693.20	4,143.25
Jun-09 ²	50.55	44.35	15,600.30	14,016.95	51.00	44.05	4,693.20	4,143.25
Jul-09	46.00	37.05	15,732.81	13,219.99	46.65	37.10	4,669.75	3,981.75
Aug-09	44.75	37.35	16,002.46	14,684.45	44.50	38.00	4,743.75	4,353.45
Sep-09	47.90	41.65	17,142.52	15,356.72	47.00	42.00	5,087.60	4,576.60
Oct-09	51.95	41.00	17,493.17	15,805.20	52.55	40.50	5,181.95	4,687.50
Nov-09	52.35	39.10	17,290.48	15,330.56	52.30	39.80	5,183.00	4,538.50
Dec-09	50.80	43.40	17,530.94	16,577.78	50.80	43.50	5,221.85	4,943.95
Jan-10	59.50	41.50	17,790.33	15,982.08	58.50	42.25	5,310.85	4,766.00
Feb-10	47.50	41.55	16,669.25	15,651.99	47.45	41.25	4,992.00	4,675.40
Mar-10	47.55	39.05	17,793.01	16,438.45	47.80	34.05	5,329.55	4,935.35

Note: 1. The share price is before demerger .

2. The share price is after demerger







5. Dividend Payment Date

The Dividend warrants will be sent to all shareholders on or after 29th July, 2010.

6. Listing on Stock Exchanges

The shares of the Company have been listed on the Bombay Stock Exchange Ltd. Mumbai and the National Stock Exchange of India Limited w.e.f. April 11, 2001. The listing fees for FY 2010-11 to both these Stock Exchanges have been paid.

The shares of the Company have been delisted from The Bangalore Stock Exchange w.e.f. 15th December, 2009.

7. Stock Code

The Stock Exchange	Stock Code
Bombay Stock Exchange Limited	532419
National Stock Exchange of India Limited	SMARTLINK
ISIN Number for NSDL/ CDSL	INE 178C01020

8. Registrar and Share Transfer Agents

Karvy Computershare Private Limited Plot No.17 to 24 Vittalrao Nagar Madhapur, Hyderabad - 500 081 Phone No. 040-23420818 To 828 Fax No. 040-23420814

9. Share Transfer System

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

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

10. Distribution of Shareholding

Distribution of Shareholding as on 31.03.2010

Sr. No.	Category (Shares) From To	Num- ber of Share- holders	No. of Shares	% To equity capital
1	1 - 500	16,383	2,216,877	7.39
2	501 - 1000	1,058	867,361	2.89
3	1001 - 2000	433	664,413	2.21
4	2001 – 3000	165	425,013	1.42
5	3001 – 4000	60	215,372	0.72
6	4001 – 5000	72	340,530	1.13
7	5001 - 10000	78	576,093	1.92
8	10001 and	107	24,699,191	82.32
	above			
	TOTAL:	18,356	30,004,850	100.00

11. Category Of Shareholders As On 31.03.2010

Cat-	Category of	Total Num-	% to
egory Code	Shareholder	ber of shares	Total Shares
А.	Shareholding of Promoter and Pro- moter Group		
(1)	INDIAN		
(a)	Individuals/ HUF	18,914,025	63.04
(b)	Central Government/ State Government	-	-
(c)	Bodies Corporate	-	-
(d)	Financial Institutions/ Banks	-	-
(e)	Any Other (Specify)	-	-
	Sub-Total (A)(1)	18,914,025	63.04
(2)	FOREIGN		
(a)	Individuals (Non-Resi- dent Individuals / Foreign Individuals)	-	-
(b)	Bodies Corporate	-	-
(c)	Institutions	-	-
(d)	Any Other (Specify)	-	-
	Sub-Total (A)(2)	-	-
	Total Shareholding of Promoter & Promoter Group (A) = $(A)(1)+(A)$ (2)	18,914,025	63.04

Cat- egory Code	Category of Shareholder	Total Num- ber of shares	% to Total Shares
В.	Public Shareholding		
(1)	INSTITUTIONS		
(a)	Mutual Funds and UTI	-	-
(b)	Financial Institutions/ Banks	2,430	0.01
(c)	Central Government/ State Government(s)	-	-
(d)	Venture Capital Funds	-	-
(e)	Insurance Companies	-	-
(f)	Foreign Institutional Investors	100,000	0.33
(g)	Foreign Venture Capital Investors	-	-
(h)	Any Other (Specify)	-	-
	Sub-Total (B)(1)	102,430	0.34
(2)	NON-INSTITUTIONS		
(a)	Bodies Corporate	1,520,866	5.07
(b)	Individuals		
i.	Individual Shareholders holding nominal share capital up to Rs.1 lakh.	5,610,225	18.70
ii.	Individual Shareholders holding nominal share capital in excess of Rs.1 lakh.	3,062,168	10.21
(c)	Any Other (Specify)		
	- Clearing Members	36,158	0.12
	- Trusts	415,375	1.38
	- NRI's	343,603	1.15
	Sub-Total (B)(2)	10,988,395	36.62
	Total Public Share- holding (B) = (B) (1)+(B)(2)	11,090,825	36.96
	TOTAL (A) + (B)	30,004,850	100.00

12. Dematerialization of Shares and Liquidity

The total number of shares in dematerialized form as on 31.03.2010 is 29,975,634 representing 99.90% of the total number of shares of the Company.

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

13. Plant Location

L-5 & L-7, Verna Electronic City Verna Plateau, Verna, Goa-403722

14. Address for Correspondence

Shareholders Correspondence should be addressed to:

The Company Secretary	Karvy Computershare
SMARTLINK NETWORK	Private Limited
SYSTEMS LIMITED	Registrars & Share
[formerly known as D-Link	Transfer Agents
(India) Limited]	Plot No.17 To 24 Vittalrao
L-5 & L-7, Verna Electronic	Nagar, Madhapur,
City, Verna Plateau, Verna,	Hyderabad - 500 081
Goa - 403722	Phone No. 040-23420818
Phone Nos: 0832-	To 828
2885450/451	Fax No. 040-23420814
Fax Nos: 0832-2783395	Email : mailmanager@
E-mail: comsec@digilink.in	karvy.com

15. Compliance with Mandatory & Non Mandatory requirements

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

For and on behalf of the Board

MumbaiK.R. NAIKDated: 12th May, 2010Executive Chairman



Auditors' Certificate on Compliance of Conditions of Corporate Governance

To,

The Members of Smartlink Network Systems Limited [formerly known as D-Link (India) Limited]

We have examined the compliance of conditions of Corporate Governance by Smartlink Network Systems Limited for the year ended on 31st March, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

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

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

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

Mumbai Dated: 12th May, 2010 A. B. Jani Partner Membership no.: 46488

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

I confirm that the Company has in respect of the financial year ended 31st March, 2010, received from all the members of the Senior Management of the Company and of the Board, a declaration of compliance with the code of conduct as provided under clause 49 of the listing agreement.

For Smartlink Network Systems Limited

Mumbai Dated: 12th May, 2010 K. R. Naik Executive Chairman

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Auditors' Report

TO THE MEMBERS OF

SMARTLINK NETWORK SYSTEMS LIMITED (formerly known as D-Link (India) Limited)

- 1. We have audited the attached Balance sheet of Smartlink Network Systems Limited ("the Company) (formerly known as D-Link (India) Limited), as at 31st March, 2010, the Profit and Loss Account and the Cash-Flow Statement for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3. As required by the Companies (Auditor's Report) Order, 2003, (CARO) issued by the Central Government in terms of section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows:
 - (a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) the Balance sheet, the Profit and Loss Account and the Cash-Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the Balance sheet, the Profit and Loss Account and the Cash-Flow statement dealt with by this report comply with the Accounting Standards referred to in section 211(3C) of the Companies Act, 1956;
 - (e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts, read with the significant accounting policies and notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i.) in the case of the Balance sheet, of the state of affairs of the Company as at 31st March, 2010;
 - (ii.) in the case of the Profit and Loss account, of the profit for the year ended on that date; and
 - (iii.) in the case of the Cash-flow statement, of the cash-flows for the year ended on that date.
- 5. On the basis of written representations received from the Directors, as on 31st March, 2010 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956;

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

> A. B. Jani Partner Membership no. 46488

Mumbai Dated : 12th May, 2010



Annexure To The Auditors' Report

Re: Smartlink Network Systems Limited (formerly known as D-Link (India) Limited)

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

- (i.) Having regard to the nature of the Company's business/activities, clauses (xiii) and (xiv) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable.
- (ii.) In respect of its fixed assets:
 - 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 fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii.) In respect of its inventory:
 - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
 - (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories. The discrepancies noticed on verification between the physical stocks and the book records were not material having regard to the size of the operations of the Company.
- (iv.) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- (v.) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (vi.) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
 - (a) The particulars of contracts or arrangements referred to Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
 - (b) Where each of such transaction is in excess of Rs. 5 lakhs in respect of any party, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time except in respect of certain purchases for which comparable quotations are not available and in respect of which we are unable to comment.

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- (vii.) According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year and hence directives issued by the Reserve Bank of India and provisions of sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Rules framed there under are not applicable to the Company.
- (viii.) In our opinion, the internal audit function carried out during the year, by a firm of Chartered Accountants appointed by the management have been commensurate with the size of the Company and the nature of its business.
- (ix.) 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 and are of the opinion that prima facie, the prescribed accounts and records have generally been made and maintained/ are under preparation. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records for any other product of the Company.
- (x.) According to the information and explanations given to us in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, employees' state insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2010 for a period of more than six months from the date they became payable.

(c)	Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess
	which have not been deposited as on 31st March, 2010 on account of disputes are given below:

Name of the Statute	Nature of dues	Forum where dispute is pending	Financial Year to which amount relates	Amount (Rs.)
Customs Act,1962	Customs Duty	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)	2004-2005	1,514,221/- (Net of Rs. 900,000/- of pre-deposit)
Customs Act,1962	Penalty (Customs Duty)	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)	2004-2005	2,414,221
Customs Act,1962	Customs Duty	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)	2004-2005	3,226,176/- (Net of Rs. 1,400,000/- of pre-deposit)
Customs Act,1962	Penalty (Customs Duty)	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)	2004-2005	4,626,176/-
Central Excise Act, 1944	Excise Duty	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)	2001-2002 2002-2003 2003-2004 2004-2005	24,089,496/- (Net of Rs. 10,000,000/- of pre-deposit)
Central Excise Act, 1944	Penalty (Excise Duty)	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)	2001-2002 2002-2003 2003-2004 2004-2005	34,089,496/-
Central Excise Act, 1944	Penalty (Excise Duty)	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)	2004-2005	100,000/-
Central Excise Act, 1944	Penalty (Excise Duty)	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)	2004-2005	702,041/-



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

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

> A. B. Jani Partner Membership no. 46488

Mumbai Dated : 12th May, 2010



Balance Sheet as at 31st March, 2010

	Schedule No.	Rupees	Rupees	As at 31st March, 2009 Rupees
Sources of Funds				
Shareholders' funds				
Share capital	1	60,009,700		60,009,700
Employee stock options outstanding		14,419,613		15,916,866
Reserves and Surplus	2	1,528,345,924		1,437,936,159
			1,602,775,237	1,513,862,725
Deferred tax liability (net)			19,391,323	42,112,098
Total			1,622,166,560	1,555,974,823
Application of Funds				
Fixed assets	3			
Gross block		923,379,673		910,389,345
Less: Depreciation		504,148,555		398,216,965
Net block		419,231,118		512,172,380
Capital work-in-progress		13,848,958		7,169,672
			433,080,076	519,342,052
Investments	4		926,472,415	653,106,872
Current assets, loans and advances				
Inventories	5	171,321,865		130,885,773
Sundry debtors	6	268,117,645		255,898,906
Cash and bank balances	7	53,366,316		76,964,138
Loans and advances	8	116,247,654		163,023,468
		609,053,480		626,772,285
Less: Current liabilities and provisions				
Current liabilities	9	238,857,074		196,969,835
Provisions	10	107,582,337		46,276,551
		346,439,411		243,246,386
Net current assets			262,614,069	383,525,899
Total			1,622,166,560	1,555,974,823
Significant Accounting Policies and Notes on Accounts	15			

As per our attached report of even date

For Deloitte Haskins & Sells **Chartered Accountants**

A. B. Jani Partner Mumbai, dated : 12th May, 2010 For and on behalf of the Board

K. R. Naik Executive Chairman

K. G. Prabhu Company Secretary Mumbai, dated : 12th May, 2010 Pankaj Baliga Director

Bhushan Prabhu Chief Financial Officer

Profit and Loss Account for the year ended 31st March, 2010

	Schedule			Previous Year
	No.	Rupees	Rupees	Rupees
Income				
Turnover (gross)			1,556,320,679	1,456,110,454
Less: Excise duty			63,152,519	66,581,198
Turnover (net)			1,493,168,160	1,389,529,256
Sale of services			168,520,695	174,899,269
Other income	11		104,130,092	108,752,354
Increase/(Decrease) in stocks of finished goods and	12			
work-in-progress			47,949,056	(41,916,030)
Total			1,813,768,003	1,631,264,849
Expenditure				
Manufacturing and Other expenses	13		781,148,021	764,271,453
Purchase of traded goods			665,596,208	701,939,752
Excise duty (Refer Note no.17 of Schedule 15)			5,321,954	(2,754,867)
Depreciation (Refer Note no.18 of Schedule 15)		118,740,042		106,442,398
Less: Transferred from Revaluation Reserve		769,228		769,228
			117,970,814	105,673,170
Interest and finance charges	14		1,026,217	2,670,472
Total			1,571,063,214	1,571,799,980
Profit Before Tax			242,704,789	59,464,869
Provision for tax				
- Current tax [including Rs. 142,510/-;			85,000,000	5,500,000
(previous year, Rs. 117,544/-) for wealth-tax]				· · ·
- Deferred tax			(22,720,775)	(12,533,654)
- Fringe benefits tax			-	4,317,122
			62,279,225	(2,716,532)
(Short)/Excess provision for taxes in respect of earlier				
years			(1,775,870)	7,144,412
Profit After Tax			178,649,694	69,325,813
Balance brought forward from previous year			959,945,273	1,309,863,987
Less : Transferred pursuant to Scheme of Arrangement				
(Refer Note no. 3 of Schedule 15)			-	377,207,772
Amount available for appropriation			1,138,594,967	1,001,982,028
Appropriations				
Proposed dividend			75,012,125	30,004,850
Corporate dividend tax			12,458,576	5,099,324
Transferred to General reserve			17,864,969	6,932,581
Balance carried to Balance sheet	i		1,033,259,297	959,945,273
Earnings per share (Face value of Rs. 2/- per share)				. , -
Basic and Diluted				
(Refer Note no. 10 of Schedule 15)			5.95	2.31
Significant Accounting Policies and Notes on	15			

As per our attached report of even date

For Deloitte Haskins & Sells **Chartered Accountants**

A. B. Jani Partner Mumbai, dated : 12th May, 2010 For and on behalf of the Board

K. R. Naik Executive Chairman

K. G. Prabhu Company Secretary Mumbai, dated : 12th May, 2010 Pankaj Baliga Director

Bhushan Prabhu Chief Financial Officer



Cash Flow Statement for the year ended March 31, 2010

		Rupees	Previous Yea Rupees
Α.	Cash flows from operating activities		50 404 000
	Profit before tax Adjustments for:	242,704,789	59,464,869
	Non cash items		
	Depreciation	117,970,814	105,673,170
	Loss on sale of fixed assets (net)	1,346,553	1,285,797
	Loss / (Profit) on sale of long term investments (non-trade)	1,697,884	(50,600
	(Profit) / Loss on sale of current investment (non-trade) (net)	(33,788)	47,26
	Provision for diminution in value of current investments (non-trac	le) 293,641	7,880
	Provision for diminution in value of long term investments (non-til	-ade) -	2,315,200
	Provision for Gratuity Provision for Compensated absences	1,003,864	<u>1,588,198</u> 1,044,70
	Provision for doubtful debts and advances	699,992	6,085,64
	Bad debts written off	4,505,374	6,288,10
	Advances written off	2,796,168	-,,
	Sundry balances written off	749,711	157,07
	Unrealised exchange differences	(2,463,021)	(3,814,015
	Provision for doubtful debts and advances written back	(6,466,759)	(8,959,048
	Provision for Compensated absences written back	(392,489)	(504.000
	Provision for diminution in value of current investments (non-trac Provision for diminution in value of long term investments (non-trac		(534,690
	Sundry balances written back	(262,555)	(844,421
	Cash items	(202,333)	(044,421
	Interest and finance charges	1.026.217	2,670,47
	Interest income	(6,230,413)	(9,485,630
	Dividend income	(33,957,592)	(54,324,433
	Operating profit before working capital changes	322,665,310	108,615,52
	(Increase) / Decrease in trade receivables	(14,693,846)	61,466,57
	(Increase) / Decrease in inventories	(40,436,092)	101,508,05
	Decrease / (Increase) in loans and advances	46,474,864	(35,781,565
	Increase / (Decrease) in trade and other payables Cash generated from Operations	<u>43,897,421</u> 357,907,657	<u>(156,683,198</u> 79,125,39
	Direct taxes paid	(75,731,992)	(40,367,895
	Net cash from operating activities	282,175,665	38,757,49
3.	Cash flows from investing activities		,.,.
	Purchase of fixed assets	(37,421,002)	(26,981,042
	Purchase of investments	(3,556,277,241)	(5,290,541,122
	Sale of fixed assets	3,596,383	685,52
	Sale of investments Dividend received	3,283,277,041 33,957,592	<u>5,320,716,41</u> 54,324,43
	Interest received	2,987,338	9,384,35
	Net cash (used in) / from investing activities	(269,879,889)	67,588,55
).	Cash flows from financing activities	(,,,,,,,,	
	Repayment of long term borrowings	-	(1,871,635
	Dividend paid	(35,104,174)	(70,208,349
	Interest paid	(1,026,217)	(2,670,472
	Net cash (used in) financing activities	(36,130,391)	(74,750,456
	Net (Decrease) / increase in cash and cash equivalents	(23,834,615) 76,427,918	<u>31,595,60</u>
	Cash and cash equivalents at the beginning of the year Cash and cash equivalents at the end of the year	52,593,303	<u>44,832,31</u> 76,427,91
	Note :	52,000,000	10,421,01
	Components of cash and cash equivalents include cash, bank	balances in current and deposit accounts	as disclosed unde
-	Schedule 7 of the accounts.		
2.	Purchase of fixed assets are stated inclusive of movements of ca	pital work in progress between the comme	encement and end of
	the period and are considered as part of investing activity.		
	Reconciliation of cash and cash equivalents		
	As per Balance sheet-schedule 7	53,366,316	76,964,13
	(Less) / Add : Unrealised exchange differences	(254,773)	(96,299
	Less: Interest accrued on bank deposits	(518,240)	(439,921
	As per Cash-flow statement	52,593,303	76,427,91
As pe	er our attached report of even date For a	and on behalf of the Board	
For I	Deloitte Haskins & Sells K. R.	Naik Pankaj Balig	a
		utive Chairman Director	
Δ P	. Jani K. G	Prabhu Bhushan Pra	abhu
а. р. Partn		bany Secretary Chief Financi	
		bai, dated : 12th May, 2010	



	Rupees	Rupees	As at 31st March, 2009 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	278,614,693		483,749,133
Less: Transferred pursuant to Scheme of Arrangement (Refer Note no. 3 of Schedule 15)	-		205,134,440
		278,614,693	278,614,693
General reserve			
As per last Balance sheet	155,846,529		212,734,211
Less: Transferred pursuant to Scheme of Arrangement (Refer Note no. 3 of Schedule 15)	-		63,820,263
Add: Transferred from Profit and Loss account	17,864,969		6,932,581
		173,711,498	155,846,529
Revaluation reserve			
As per last Balance sheet	41,029,664		41,798,892
Less: Transferred to Profit and Loss Account	769,228		769,228
		40,260,436	41,029,664
Surplus in Profit and Loss account		1,033,259,297	959,945,273
Total		1,528,345,924	1,437,936,159

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SCHEDULE 3												
Fixed Assets												
												Rupees
		Gros	Gross block				Depreciation	iation			Net block	lock
Nature of assets	As at 1st April, 2009	Additions Ded	Deductions	Transferred pursuant to Scheme of Arrangement (Refer note no. 3 of Schedule 15)	As at 31st March, 2010	Upto 31st March, 2009		For the Deductions year	Transferred pursuant to Scheme of Arrangement (Refer note no. 3 of Schedule 15)	As at 31st March, 2010	31st March, 2010	As at 31st March, 2009
Tangible assets :												
Leasehold land/ premises	24,513,538				24,513,538	7,395,847	1,636,017			9,031,864	15,481,674	17,117,691
Buildings	274,045,920	6,357,550	'	'	280,403,470	46,600,621	6,774,391	'		53,375,012	227,028,458	227,445,299
Plant and machinery	244,945,082	7,457,030	10,530,589	•	241,871,523	105,726,788	53,516,285	7,230,298		152,012,775	89,858,748	139,218,294
Electrical installations	44,139,957	1,473,284	1,393,509	•	44,219,732	10,066,641	9,220,545	391,801		18,895,385	25,324,347	34,073,316
Furniture, fittings and office equipment	56,574,081	1,451,093	331,397		57,693,777	22,565,623	15,433,121	140,869	·	37,857,875	19,835,902	34,008,458
Air conditioners	35,107,829	723,839	131,287	•	35,700,381	10,092,188	8,330,430	58,148		18,364,470	17,335,911	25,015,641
Motor vehicles	10,748,780	7,165,389	3,829,075	•	14,085,094	7,946,036	1,995,486	3,451,805	1	6,489,717	7,595,377	2,802,744
Computers	154,031,978	5,677,610	1,535,531	-	158,174,057	141,851,699	6,269,734	1,535,531	-	146,585,902	11,588,155	12,180,279
	844,107,165	30,305,795	17,751,388	1	856,661,572	352,245,443	103,176,009	12,808,452	1	442,613,000	414,048,572	491,861,722
Intangible assets :												
Computer Software	38,384,075	435,921	'	•	38,819,996	18,073,417	15,564,033	1	-	33,637,450	5,182,546	20,310,658
Goodwill	27,898,105	'	1	1	27,898,105	27,898,105	1	T	1	27,898,105	1	1
Total	910,389,345	30,741,716	17,751,388	•	923,379,673	398,216,965	118,740,042	12,808,452	•	504,148,555	419,231,118	512,172,380
Previous year	900,618,146 27,844,338	27,844,338	5,702,252	12,370,887	910,389,345	910,389,345 299,943,854 106,442,398	106,442,398	3,730,931	4,438,356	398,216,965		
Capital work-in-progress [including capital advances Rs. 13,848,958/- (As at 31st March, 2009 Rs. 6,624,525/-)]	s [including cap	nital advances	s Rs. 13,848,9	958/- (As at 31s	t March, 2009	Rs. 6,624,525/	[(-/				13,848,958	7,169,672
											433,080,076	519,342,052
Notes												

Leasehold land/ premises include:

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- 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. Ξ
- 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 Areas 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 fulfilment of certain conditions and payment of additional amount to be finally ixed by KIADB. Title deeds in respect of the above are in the names of GIDC, MIDC and KIADB respectively. ≣
- 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 Smartlink Network Systems Limited in the erstwhile Virtual Computers Private Limited

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		Rupees	As at 31st March, 2009 Rupees
SCH	IEDULE 4		
Inve	stments		
(a)	Long-term investments (quoted) (Non-trade)		
	NIL (Previous year, 160,000) Equity Shares of Rs.10/- each fully paid-up in Cerebra Integrated Technologies Limited (Refer Note no. 12 A of schedule		
	15)	-	3,360,000
		-	3,360,000
	Less: Provision	-	2,315,200
		-	1,044,800
	Total long-term investments (A)	-	1,044,800
(b)	Current investments (non-trade)		
	(i) In Mutual Funds Units (unquoted)		
	Face value of all Units, Rs.10/-		
	NIL (Previous year, 667.9100) Units in ICICI Prudential Mutual Fund- Prudential ICICI Super Institutional Plus-Dividend	-	6,679
	NIL (Previous year, 6,566,379.5690) Units in ICICI Prudential Mutual Fund-Floating Rate Plan D Fund-Daily Dividend Plan	-	65,678,439
	2,309,991.7110 (Previous year, NIL) Units in ICICI Prudential Mutual Fund-Blended Plan-A Dividend	24,002,200	-
	5,501,631.3480 (Previous year, NIL) Units in ICICI Prudential Banking and PSU Debt Fund Daily Dividend	55,095,734	-
	10,000,000.000 (Previous year, NIL) Units in ICICI Prudential Interval Fund II Quarterly Interval Plan-Dividend	100,000,000	-
	13,601,350.7780 (Previous year, NIL) Units in ICICI Prudential Ultra Short Term Plan-Super Premium-Daily Dividend	136,299,136	-
	1,199,504.5910, (Previous year, 22,654,916.6100) Units in Birla Sun Life Short Term Fund-IP-Daily Dividend Reinvestment	12,001,643	226,640,768
	1,000,082.9660 (Previous year, NIL) Units in Birla Sun Life-Interval Income Fund Institutional-Quarterly-Series 1-Dividend	10,000,829	-
	3,198,620.5730 (Previous year, NIL) Units in Birla Sun Life Floating Rate Fund Long Term-Institutional-Weekly Dividend	32,075,925	-
	4,687,844.4890 (Previous year, NIL) Units in Birla Sun Life Institutional- Daily Dividend-Reinvestment	46,910,322	-
	1,005,517.6290 (Previous year, NIL) Units in Kotak Quarterly Interval Plan Series 6-Dividend	10,055,200	-
	13,024,469.0700 (Previous year, NIL) Units in Kotak Floater Long Term Daily dividend	131,284,043	-
	50,267.1550 (Previous year, NIL) Units in UTI-Floating Rate Fund STP- Instituitional-Daily Dividend	50,305,896	-
	NIL, (Previous year, 1,599,753.3660) Units in Reliance Liquidity Fund Daily Dividend	-	16,002,493
	NIL (Previous year, 18,371,859.9397) Units in Reliance Medium Term Fund-Daily Dividend	-	314,076,132
	104,263.2210 (Previous year, NIL) Units in Reliance Money Manager Fund Institutional Option- Daily Dividend Plan	104,381,708	
	6,997,410.9580 (Previous year, NIL) Units in Reliance Mutual Fund Monthly Interval Fund-Series II-Institutional-Dividend Plan	70,000,000	-



	Rupees	As at 31st March, 2009 Rupees
1,385,531.4720 (Previous year, NIL) Units in JM Arbitrage Advantage Fund Dividend	14,001,627	-
4,846,325.8070 (Previous year, NIL) Units in JM Money Manager Fund Super Plus Plan-Daily Dividend	48,488,944	-
1,497,531.6880 (Previous year, NIL) Units in Principal Money Manager Fund Institutional Dividend Payout Daily-Dec 07	15,012,306	-
1,214,474.7820 (Previous year, NIL) Units in Religare Arbitrage Fund Dividend	12,439,473	-
2,230,107.4380 (Previous year, NIL) Units in Religare Active Income Fund Institutional-Monthly Dividend	22,301,125	-
4712.4440 (Previous year, NIL) Units in Templeton India Short Term Income Retail Plan-Weekly Dividend Reinvestment	5,060,164	-
1,695,741.4370 (Previous year, NIL) Units in Larsen & Toubro Select Income Fund-Flexi Debt Institutional-Dividend	17,049,781	-
NIL (Previous year, 1,000,174.6500) Units in Fidelity FMP Series 1-Plan A -IP-Dividend	-	10,001,746
NIL (Previous year, 965,349.7710) Units in Fidelity Ultra Short Term Debt Fund Retail-Weekly Dividend	-	9,663,695
	916,766,056	642,069,952
(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
	926,766,056	652,069,952
Less: Provision	293,641	7,880
Total current investments (B)	926,472,415	652,062,072
Total (A+B)	926,472,415	653,106,872
Notes :		
1. Aggregate value of investments (net of provision)		
Unquoted-cost	926,472,415	652,062,072
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 15.		
SCHEDULE 5		
Inventories		
Stores, spares and packing materials	6,366,100	6,528,883
Stock-in-trade		
Raw materials and components	48,323,798	55,673,979
Work-in-progress	8,226,943	31,475,716
Finished goods		
- Manufactured	56,897,233	19,521,337
- Traded	51,507,791	17,685,858
	164,955,765	124,356,890
Total	171,321,865	130,885,773



	Rupees	As at 31st March, 2009 Rupees
SCHEDULE 6		
Sundry Debtors (Unsecured unless otherwise stated)		
Debts outstanding for a period exceeding six months	8,958,103	8,473,789
Other debts *	263,659,512	254,895,687
	272,617,615	263,369,476
Less: Provision	4,499,970	7,470,570
Total	268,117,645	255,898,906
Notes		
(a) Considered good	268,117,645	255,898,906
Considered doubtful	4,499,970	7,470,570
	272,617,615	263,369,476
(b) *Includes amounts in respect of which the Company holds deposits	11,119,200	11,392,104
SCHEDULE 7		
Cash and Bank Balances		
Cash on hand	330,756	228,359
Balances with scheduled banks		
- In current/cash credit accounts (Refer Note no. 19 of Schedule 15)	23,873,083	62,580,400
- In Exchange Earner's Foreign Currency Account	25,768,356	7,297,199
(equivalent to US\$ 573,905.48 (Previous year US\$ 143,925.26)		
- In deposit accounts	3,394,121	6,858,180
(includes interest accrued Rs. 518,240/- (Previous year Rs. 439,921/-))		
	53,035,560	76,735,779
Total	53,366,316	76,964,138
SCHEDULE 8		
Loans And Advances (Unsecured)		
Interest accrued on investment	3,164,756	-
Advances recoverable in cash or in kind or for value to be received (Refer Note 2 (f) of schedule 15)	88,795,021	135,796,934
Balance with Central Excise and Customs	560,810	3,506,187
Deposits define and exercise an	5,461,526	5,534,979
Advance payment of taxes (net)	19,610,692	22,326,686
	117,592,805	167,164,786
Less: Provision	1,345,151	4,141,318
Total	116,247,654	163,023,468



	Rupees	As at 31st March, 2009 Rupees
Notes		
Loans and advances in the nature of loans due from: (in accordance with clause 32 of Listing Agreement)		
Subsidiary companies		
- Intercorridor Systems Limited (upto 30-06-2008)	-	-
- Maximum balance outstanding at any time during the year	-	170,000
Others (interest-free loans with no repayment schedules)		
- Employees	88,647	93,500
- Maximum balance outstanding at any time during the year	306,043	743,421
SCHEDULE 9		
Current Liabilities		
Sundry creditors		
- Total outstanding dues of micro enterprises and small enterprises	431,460	177,001
(Refer note no. 8 of the Schedule 15)		
- Total outstanding dues of creditors other than micro enterprises and		
small enterprises	189,199,675	138,226,968
	189,631,135	138,403,969
Temporary overdrawn bank balance as per books	13,925,181	27,230,564
Other liabilities	35,300,758	31,335,302
Total	238,857,074	196,969,835
SCHEDULE 10		
Provisions		
For Income tax [including Rs.142,510/- (net) (Previous year Rs.117,544/-		
(net)) for Wealth tax] (net of payments)	9,220,130	892,246
Proposed dividend	75,012,125	30,004,850
Corporate dividend tax	12,458,576	5,099,324
For Gratuity	6,455,049	5,451,185
For Leave encashment	4,436,457	4,828,946
Total	107,582,337	46,276,551

	Rupees	Previous Year Rupees
SCHEDULE 11		
Other Income		
Interest		
(Tax deducted at source Rs. 354,336/-; Previous year, Rs. 851,761/-)		
- On fixed deposits with banks	491,138	3,149,797
- On debentures (Current investment, non-trade)	3,164,756	-
- On delayed payments, etc.	2,574,519	6,335,833
	6,230,413	9,485,630
Rent Income	4,818,013	5,671,467

	Rupees	Previous Year Rupees
Duty drawback	3,943,976	915,242
Dividend on current investments (non-trade)	33,957,592	54,324,433
Profit on sale of long term investments (non-trade)	-	50,600
Profit on sale of current investments (non-trade)	33,788	-
Provision for doubtful debts and advances written back	6,466,759	8,959,048
Provision for diminution in value of current investments (non-trade) written back	7,880	534,690
Provision for diminution in value of long term investments (non-trade) written back	2,315,200	-
Recovery of bad debts	1,091,359	97,605
Sundry balances written back	262,555	844,421
Exchange differences (net)	14,837,615	-
Logistic support services and management fees	19,829,111	24,490,978
Miscellaneous income	10,335,831	3,378,240
Total	104,130,092	108,752,354
SCHEDULE 12		
Increase / (Decrease) in Stocks of Finished Goods and Work-In-Progress		
Stock as at 31st March, 2010		
Finished goods		
- Manufactured	56,897,233	19,521,337
- Traded	51,507,791	17,685,858
Work-in-progress	8,226,943	31,475,716
	116,631,967	68,682,911
Less: Stock as at 1st April, 2009		
Finished goods		
- Manufactured	19,521,337	46,026,246
- Traded	17,685,858	154,355,377
Less: Transferred pursuant to Scheme of Arrangement (Refer Note no. 3 of Schedule 15)	-	106,644,166
	37,207,195	93,737,457
Work-in-progress	31,475,716	16,861,484
	68,682,911	110,598,941
Increase / (Decrease)	47,949,056	(41,916,030)

			Previous Year
	Rupees	Rupees	Rupees
SCHEDULE 13			
Manufacturing and Other Expenses			
Raw materials and components consumed		305,923,644	260,568,811
Payments to and provisions for employees :			
Salaries, wages and bonus	238,904,099		219,603,956
Contribution to provident and other funds	5,649,316		5,706,125
Staff welfare expenses	13,747,199		11,722,669
Gratuity	1,003,864		1,588,198



		_	Previous Year
	Rupees	Rupees	Rupees
Leave encashment	415,511		2,623,853
		259,719,989	241,244,801
Stores, spares and packing material consumed		27,763,902	31,856,996
Power and fuel		15,098,667	22,183,948
Rent		10,301,150	12,446,053
Operating lease rentals		1,345,178	1,290,987
Rates and taxes		2,707,848	1,467,905
Insurance		5,412,624	6,552,774
Repairs and maintenance			
Buildings	7,492,661		7,987,640
Machinery	4,050,265		5,092,109
Others	8,040,159		12,717,297
		19,583,085	25,797,046
Travelling and conveyance expenses		24,298,617	27,553,636
Communication expenses		9,475,014	10,160,106
Legal and Professional fees		18,826,210	25,501,284
Advertisement and sales development expenses		30,866,481	29,361,874
Commission on sales		3,095,170	4,650,263
Warranty servicing expenses		-	10,296,765
Loss on sale of fixed assets (net)		1,346,553	1,285,797
Loss on sale of current investments (non-trade)		-	47,261
Loss on sale of long term investments (non-trade)		1,697,884	-
Provision for diminution in value of current investments		1,007,004	
(non-trade)		293,641	7,880
Provision for diminution in value of long term investments		200,041	7,000
(non-trade)		_	2,315,200
Provision for doubtful debts and advances		699,992	6,085,640
Advances written off		2,796,168	0,000,040
Sundry balances written off		749,711	157,074
Exchange differences (net)			7,978,364
Donations		524,135	659,646
Directors sitting fees Bad debts written off		895,000 4,505,374	690,000 6,288,104
Miscellaneous expenses*			
Total		33,221,984	27,823,238
		781,148,021	764,271,453
* Includes Printing and stationery, Bank charges etc.			
SCHEDULE 14			
Interest and Finance Charges			
On security deposits from dealers		904,011	930,502
On short term loans from banks		-	1,380,259
On cash credit accounts etc.		46,535	198,727
On others		75,671	160,984
Total		1,026,217	2,670,472



SCHEDULE 15

Significant Accounting Policies And Notes On Accounts

A Significant Accounting Policies

Basis of preparation of financial statements

The accounts have been prepared to comply in all material aspect with applicable principles in India, the Accounting Standards notified in the Companies (Accounting 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 four years, which is as estimated by management (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.

- Depreciation on Buildings is provided on the straight line basis at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.
- Depreciation on the following assets is provided over their useful life which is as estimated by management:

Asset Description	Useful life
Motor vehicles	5 years
Computer Software tools	5 years
Computers & Computer Software	4 years
Plant and machinery	8 years
Electrical installations	10 years
Furniture, fittings and office	
equipment	8 years
Air conditioners	10 years

(Refer note no. 18 of Schedule 15)

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:

 Raw materials, components, stores and spares-on weighted average basis.



Significant Accounting Policies And Notes On Accounts

(ii) Work-in-process and finished goods-on the basis of absorption costing comprising of direct costs and overheads other than financial charges.

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 outflow of resources embodying economic benefits will be required to settle the obligation.

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SCHEDULE 15

Significant Accounting Policies And Notes On Accounts

B. Notes on accounts

				Previous Year
			Rupees	Rupees
1.	Est	imated amount of contracts remaining to be executed on capital account	7,289,807	4,480,012
	anc	I not provided for		
2.	Cor	ntingent liabilities, in respect of		
	a.	Show cause notices received from customs authorities relating to imports	242,733,026	242,733,026
		made in earlier years. The Company has filed replies to these notices		
		and does not expect any demand to materialize		
	b.	Disputed demands of custom duty pending before the Customs, Excise	2,414,221	2,414,221
		and Service Tax Appellate Tribunal (CESTAT)		
	C.	Disputed penalty demands of Custom Authorities with respect to (b)	2,412,221	2,412,221
		above, pending before the Customs, Excise and Service Tax Appellate		
		Tribunal (CESTAT)		
	d.	Disputed demand of excise duty in connection with valuation of products	38,715,672	38,715,672
		manufactured by the Company pending before CESTAT		
	e.	Disputed penalty demands of Excise Authorities with regard to (d) above,	39,517,713	39,517,713
		pending before the CESTAT		
	f.	Custom duty paid under protest	4,487,728	4,457,072
		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, which is		
		included under Advances recoverable in cash or in kind or for value to		
		be received in Schedule 8, pending resolution of the dispute.		
	g.	SEBI had filed a criminal case, in the Metropolitan Magistrate court, in		
		June, 2006 under Section 77A(4) r/w Section 621 for alleged		
		contravention of provisions of the Companies Act, 1956 for failing to		
		complete the process of buy back of shares as provided under the said		
		section.		
		The Company had filed an application in the Hon'ble High Court of		
		Bombay and the Hon'ble High Court has passed Orders staying the		
		proceedings in the Metropolitan Magistrate court.		
		The stay is continuing. The Company does not expect any liability on		
		this account at this stage.		

3. Pursuant to the Scheme of Arrangement (the Scheme) entered into by the Company with Smartlink Network Systems Limited (Smartlink) (now known as D-Link (India) Limited), 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, was approved by the Hon'ble High Court of Judicature of Bombay at Goa, vide its Order dated 27th February, 2009.

Significant Accounting Policies And Notes On Accounts

The Scheme provided, 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 appeared in the Register of Members of the Company on the record date, received 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 became effective upon satisfaction of the conditions set out in the Scheme therein, including receipt of necessary approvals from Government Authorities and accordingly the Effective Date of the Scheme was 10th June, 2009.

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

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 31st March 2009 aggregated to Rs. 13,803,065/-, which was 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.

Further as an integral part of the Scheme, the foreign promoters of the Company viz. D-Link Holding Mauritius Inc. swapped 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 on receipt of necessary approvals, as per the Scheme, the Company was re-named as "Smartlink Network Systems Limited" and Smartlink was re-named as "D-Link (India) Limited".



SCHEDULE 15

Significant Accounting Policies And Notes On Accounts

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

		Previous Year
	Rupees	Rupees
Salary	9,292,544	6,373,265
Contribution to Provident fund	9,360	17,160
Perquisites *	-	-
Commission	1,254,100	-
Total	10,556,004	6,390,425

Notes:

The above remuneration excludes Contribution to gratuity fund as the incremental liability has been accounted for the Company as a whole.

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

b.	Commission payable to Independent Directors	1,254,100		
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	242,704,789		(
	Less: Profit on sale of current investments (non-trade) (net)	33,788		
	Provision for diminution in value of current investments (non-			
	trade) written back	7,880		
	Provision for diminution in value of long term investments (non-			
	trade) written back	2,315,200	Refer	
	Provision for doubtful debts and advances written back	6,466,759	Note	2
		233,881,162	11010	
	Add : Managerial remuneration	10,556,004		
	Directors sitting fees	895,000		
	Provision for doubtful debts	699,992		
	Advances written off	2,796,168		
	Loss on sale of current investments (non-trade) (net)	-		
	Provision for diminution in value of current investments (non-trade)	293,641		
	Loss on sale of long term investments (non-trade)	1,697,884		
	Profit for the year	250,819,851		
	Commission on above	2,508,200		-
	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 was not given for the previous year as no commission was payable to any of the Directors during the previous year.

5. Payment to Auditors

a.	As Auditors	1,000,000	1,155,000
b.	As adviser, or in any other capacity, in respect of:		
	(i) Taxation matters	-	100,000
C.	In any other manner	20,000	75,000
d.	For Expenses	69,606	34,873
e.	For Service tax	112,229	144,300
	Total	1,201,835	1,509,173



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	Previous Year
			Rupees
I.	Reconciliation of opening and closing balances of	Gratuity	Gratuity
	Defined Benefit obligation	(Funded)	(Funded)
	Defined Benefit obligation at beginning of the year	9,767,582	10,565,032
	Less: Transferred pursuant to Scheme of Arrangement	-	1,919,607
	(Refer Note no. 3 above)		
		9,767,582	8,645,425
	Current Service Cost	2,186,163	1,576,776
	Interest Cost	666,423	657,762
	Actuarial (gain) / loss	(1,479,004)	(265,576)
	Benefits paid	(494,502)	(846,805)
	Settlement cost	-	-
	Defined Benefit obligation at year-end	10,646,662	9,767,582
II.	Reconciliation of opening and closing balances of fair		
	value of plan assets		
	Fair value of plan assets at beginning of the year	4,316,397	4,782,438
	Expected return on plan assets	372,327	348,723
	Actuarial gain/(loss)	(2,609)	32,041
	Employer contribution	-	-
	Benefits paid	(494,502)	(846,805)
	Settlement cost	-	-
	Fair value of plan assets at year end	4,191,613	4,316,397
III.	Reconciliation of fair value of assets and obligations		
	Present value of obligation as at 31st March, 2010	10,646,662	9,767,582
	Fair value of plan assets as at 31st March, 2010	4,191,613	4,316,397
	Amount recognized in Balance Sheet	(6,455,049)	(5,451,185)
IV.	Expense recognized during the year (Under the head		
	"Payments to and Provisions for Employees"-Refer		
	Schedule 13)		
	Current Service Cost	2,186,163	1,576,776
	Interest Cost	666,423	657,762
	Expected return on plan assets	(372,327)	(348,723)
	Actuarial (gain) / loss	(1,476,395)	(297,617)
	Net Cost	1,003,864	1,588,198
V.	Actuarial assumptions		
	Discount rate (per annum)	7.00%	7.00%
	Expected rate of return on plan assets (per annum)	9.15%	8.00%
	Rate of escalation in salary (per annum)	6.00%	6.00%

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.



Significant Accounting Policies And Notes On Accounts

		Rupees	
Experience Adjustment	31-Mar-10	31-Mar-09	31-Mar-08
On plan liabilities	(1,479,004)	(265,576)	1,449,974
On plan asssets	(2,609)	32,041	152,637
Present value of benefit obligation	10,646,662	9,767,582	10,565,032
Fair value of plan assets	4,191,613	4,316,397	4,782,438
Excess of (obligation over plan assets) / plan	(6,455,049)	(5,451,185)	(5,782,594)
assets over obligation			

- VIII. The Company has contributed Rs.2,000,000/- for the financial year 2010-11 (Previous year Nil).
- 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. 4,565,723/- (previous year Rs. 4,601,139/-).
- 7. Additional information pursuant to the provisions of paragraphs 3, 4C and 4D of part II of schedule VI to the Companies Act, 1956:

		Previous Year			
		Quantity (nos.)	Value-Rupees	Quantity (nos.)	Value-Rupees
a.	Turnover				
	Networking products				
	(including excise duty)	5,667,777	1,556,320,679	5,308,135	1,456,110,454
	Sale of Services		168,520,695		174,899,269
	Total		1,724,841,374		1,631,009,723
b.	Raw materials and				
	components consumed				
	Keystone	2,334,899	21,120,352	1,306,679	53,720,137
	Cables, Cable Assembly and				
	Acc.	22,006,379	75,216,969	18,598,133	62,171,454
	Connectors	12,575,917	35,375,127	5,028,246	39,924,130
	Intergrated circuits	5,987,067	17,797,960	-	-
	PCBs	1,938,347	12,964,259	830,413	3,984,030
	Others		143,448,977		100,769,060
	Total		305,923,644		260,568,811
c.	Manufactured goods				
	(networking products)				
	Opening stock	698,197	19,521,338	785,086	46,026,246
	Less : Transferred pursuant				
	to Scheme of Arrangement	-	-	24,911	21,894,750
	(Refer Note no. 3 above)				
		698,197	19,521,338	760,175	24,131,496
	Closing stock	1,463,442	56,897,233	698,197	19,521,338
d.	Too do days a da				
α.	Traded goods (networking products)				
		20.070	47.005.057	4 40 700	454 055 070
	Opening stock	36,070	17,685,857	148,780	154,355,278
	Less : Transferred pursuant to Scheme of Arrangement			72,593	84,749,416
	(Refer Note no. 3 above)	-	-	12,095	04,749,410
	(Telel Note no. 5 above)	36,070	17,685,857	76,187	69,605,862
	Closing stock				
	Closing stock	38,526	51,507,791	36,070	17,685,857



Significant Accounting Policies And Notes On Accounts

				Previou	ıs Year
		Quantity (nos.)	Value-Rs.	Quantity (nos.)	Value-Rs.
	Purchases	245,385	665,596,208	208,657	701,939,752
e.	Installed capacity (networking products) (on double shift basis as certified by the management)	5,313,100		5,313,100	
f.	Actual production (networking products) (includes production done by third parties on job work basis)	6,190,093		4,997,383	
					. Maria
				Previou	
		Rupees	% age to total consumption	Rupees	% age to total consumption
g.	Raw materials consumed				
	imported	198,230,428	64.80	168,157,262	64.53
	indigenous	107,693,216	35.20	92,411,549	35.47
	Total	305,923,644	100.00	260,568,811	100.00
h.	Stores, spares and packing materials consumed				
	imported	10,724,195	38.63	16,742,789	52.56
	indigenous	17,039,707	61.37	15,114,207	47.44
	Total	27,763,902	100.00	31,856,996	100.00

		Dunness	Previous Year
		Rupees	Rupees
i.	C.I.F. value of goods imported		
	Raw materials and components	186,317,000	150,586,913
	Stores, spares and packing materials	13,441,543	23,579,592
	Capital goods	6,115,635	4,617,454
	Traded goods	6,58,008,688	642,601,702
j.	Expenditure in foreign currency		
	Travelling expenses	3,776,989	3,091,559
	Professional fees	3,241,175	7,646,386
	Advertisement, Sales development, Salaries and		
	reimbursement of expenses, etc.	4,637,690	5,275,659
k.	Earnings in foreign exchange		
	F.O.B. value of exports	122,139,221	106,414,980
	Income from services	21,110,163	26,259,992
I.	Amount remitted during the year in foreign currency on account of dividend		
	Number of non-resident shareholders	3	4
	Number of shares held by them on which dividend is due	150,000	11,048,497
	Year to which dividend relates	2008-09	2007-08
	Amount of dividend remitted (Rupees)	150,000	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.

Significant Accounting Policies And Notes On Accounts

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		Previous Year
	Rupees	Rupees
Outstanding principal amount and interest as on 31st March 2010		
-Principal Amount	414,003	156,004
-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)	17,457	20,997
The amount of interest accrued and remaining unpaid at the end of		
each accounting year.	31,002	10,005
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 said Act	-	-

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

Particulars			Previous Year
		Rupees	Rupees
a. Deferred Tax Liability			
Depreciation		(24,503,987)	(47,594,420)
	Total	(24,503,987)	(47,594,420)
b. Deferred Tax Asset			
Provision for doubtful debts		1,494,778	1,988,106
Others		3,617,886	3,494,216
	Total	5,112,664	5,482,322
Deferred Tax Laibility (net)		(19,391,323)	(42,112,098)

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)	178,649,694	69,325,813
Weighted average number of equity shares outstanding during the year	30,004,850	30,004,850
Basic/ diluted earnings per share including exceptional items	5.95	2.31
(Rupees) (net of tax)		
Nominal value per share (Rupees)	2.00	2.00

11. a) 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		In foreign			
	Currency	In Rupees	Currency	In Rupees		
Debtors	USD 779,716) 25 442 569	USD 682,965) 25 852 220		
	AED 33,074	} 35,413,568	EUR 18,204	} 35,853,239		



Significant Accounting Policies And Notes On Accounts

			Previou	us Year
	In foreign		In foreign	
	Currency	In Rupees	Currency	In Rupees
Loans and advances	USD 2,811	122,235	USD 3,362	150,045
Amount payable in foreign ci	urrency on account	of the following:		
Creditors	USD 2,626,893		USD 1,070,888	
	EUR 49	118,389,333	EUR 3,310	55,090,902
	JPY 849,858		JPY 849,858	
b. Amount of exchange differ	ences included in	the Profit and Los	s account	
				Previous year
			Rupees	Rupees
Exchange gain			23,494,452	38,220,398
Exchange loss			8,656,837	46,198,762

- 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 had provided Rs. 2,315,200/- for dimunition in value of this investment having regard to the market price of the Equity Shares of Cerebra in the previous year. During the current year, the Company has sold the entire investment for a consideration of Rs. 1,662,116/-. The resultant loss of Rs. 1,697,884/- has been disclosed under "Manufacturing and other expenses" in Schedule 13.
 - B. Investments purchased and sold during the year.

			Previou	is Year
	Units	Rupees	Units	Rupees
1. Units in Mutual funds				
Units in ABN AMRO Mutual Fund				
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
HDFC Cash Management Fund-Call Plan-Daily Dividend	-	-	5,822,195.207	60,705,701
Units in ING Mutual Fund				
ING Interval fund -Quarterly -B-Institutional Dividend Regular	-	-	1,020,650.579	10,206,506
Units in Prudential Mutual Fund				
Pru ICICI Liquid Daily Dividend-Super Institutional Plan	38,085,892.565	555,306,203	53,185,003.330	531,876,626
ICICI Prudential Ultra Short Term Plan Premium Plus Daily				
dividend	21,754,836.140	218,005,213	-	-
ICICI Prudential -Flexible Income Plan Dividend-Daily Dividend	34,641,104.957	560,749,534	6,514,879.566	68,885,086
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 Quarterly Dividend	-	-	3,581.434	37,640
ICICI Prudential Interval Fund 1 Monthly Plan A-Retail Dividend	-	-	7,888.996	79,493

Significant Accounting Policies And Notes On Accounts

			Previou	s Year
	Units	Rupees	Units	Rupees
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			1,020,000.000	10,211,012
Institutional-Dividend	-	-	540,619.877	5,406,19
ICICI Prudential FMP-Series 47-3 M-Plan B-Institutional- Dividend	-	-	3,800,000.000	38,000,00
ICICI Prudential Floating Rate Plan-C -Daily Dividend	-	-	5,023,240.791	50,252,50
ICICI Prudential Floating Rate Plan-D -Daily Dividend	6,636,624.121	66,380,178	1,949,590.584	19,500,00
Prudential ICICI-Blended Plan-A Dividend	-	-	107,245.757	1,112,73
Units in Birla Sun Life Mutual Fund				
Birla Sun Life Savings Fund-InstlDaily Dividend-Reinvestment	18,787,224.686	188,000,000	_	
Birla Cash Plus- Institutional-Dividend	25,889,092.695	260,120,480	54,292,345.027	543,982,15
Birla Sun Life Short Term Fund-IP-Daily Dividend	5,087,381.552	50,901,796	-	0.0,002,10
Birla Sun Life -Cash Manager Institutional-Daily Dividend	-	-	45,572,902.098	455,865,74
Birla Sun Life-Cash Manager-Weekly Dividend			3,501.373	35,02
Birla Dynamic Bond Fund-Retail-Quarterly Dividend			3,764.080	39,61
Birla Sunlife Liquid Plus Institutional- Daily Dividend			1,945,021.887	19,463,44
Birla Sun Life Quarterly Interval Fund-Series 7-Dividend			1,020,819.000	
				10,208,19
Birla Sun Life Quarterly Interval Fund-Series 4-Dividend	-	-	3,070,794.600	30,707,94
Birla Sun Life Short Term Fund Institutional-Daily Dividend		-	24,246,664.335	242,582,99
Units in Templeton Mutual Fund				
Templeton India Treasury Management Account Regular	3,306.395	5,000,393		
Plan-Daily Dividend Reinvestment Templeton India Ultra Short Bond Fund Retail Plan- Daily	3,300.393	5,000,393	-	
Dividend		_	6,169,207.894	61,802,50
Templeton FHF-Series X-Plan B-Retail-Dividend			2,000,000.000	20,000,00
Units in Kotak Mahindra Mutual Fund			2,000,000.000	20,000,00
Kotak Flexi Debt Scheme-Daily Dividend			999,354.936	10,024,62
Kotak FMP 3 months-Series 3 Dividend			2,121,122.540	21,211,22
Kotak Liquid-Institutional Premium-Daily Dividend	11,245,782.056	137,514,548	11,482,236.576	140,405,93
Kotak Flexi Debt Institutional Scheme-Daily dividend		137,314,340	3,402,003.664	34,181,63
Kotak Quarterly Interval Plan-Series V-Dividend			1,042,869.261	10,428,90
-				
Kotak Monthly Interval Plan-Series II-Dividend		-	1,020,269.456	10,202,69
Units in Standard Chartered Mutual Fund			1 007 040 000	10.072.40
IDFC-FMP-Monthly Series 3-Dividend	-	-	1,007,240.000	10,072,40
IDFC-FMP-Quarterly Series 39-Dividend	-	-	1,021,852.398	10,218,56
IDFC-FMP-Monthly Series 5-Dividend	-	-	1,821,158.227	18,211,58
IDFC Cash Fund-Plan A-Daily Dividend	-	-	756,162.772	8,001,63
Units in Reliance Mutual Fund				
Reliance Money Manager Fund-Institutional Option- Daily	405 705 005	405 000 000		
Dividend Plan	185,785.235	185,996,366	-	
Reliance Interval Fund -Quarterly Plan -Series I-Institutional Dividend.			2 054 054 450	20 557 04
	-	-	3,054,951.459	30,557,94
Reliance Quarterly Interval Fund-Series II-Institutional Dividend.	-	-	52,733.807	527,40
Reliance Fixed Horizon Fund-VIII-Series 11-Institutional Dividend	-	-	14,343,858.580	143,438,58
Reliance Liquidity Fund-Daily Dividend	13,704,349.151	137,089,105	64,932,494.273	649,526,23
Reliance Monthly Interval Fund-Series II-Institutional Dividend			44 700 496	447.00
Plan Reliance Liquid Dhus Fund Institutional Daily Dividend	-	-	11,730.486	117,36
Reliance Liquid Plus Fund-Institutional-Daily Dividend	-	-	35,004.261	35,044,04
Reliance Liquid Fund-Cash Plan-Daily Dividend	1,346,402.570	15,000,944	4,746,028.197	52,877,87
Reliance Fixed Horizon Fund XI Series 1-Dividend Plan	-	-	6,500,000.000	65,000,00
Reliance Medium Term Fund-Daily Dividend	4,388,277.185	75,019,793	18,191,921.850	311,000,0



Significant Accounting Policies And Notes On Accounts

			Previous	s Year
	Units	Rupees	Units	Rupees
Units in UTI Mutual Fund				
UTI Liquid Cash Plan Institutional Daily Income option	49,050.105	50,003,919	10,199.825	10,398,168
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	34,778,90
Units in Deutsche Mutual fund				
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	55,639,77
Units in JM Mutual fund				
JM Money Manager Fund Super Plus-Plan-Daily Dividend	-	-	5,134,839.335	51,369,44
JM High Liquidity Fund Institutional Plan-Daily Dividend	6,090,991.239	61,006,759	3,994,635.496	40,009,87
JM Interval fund- Quarterly Plan 5-Institutional Dividend	-	-	520,098.855	5,200,98
JM Short Term Fund-Institutional Plan-Dividend	-	-	25,705.933	266,61
JM Fixed Maturity Fund-Series X-Quarterly Plan 4-Institutional-				
Dividend	-	-	2,000,000.000	20,000,00
JM Fixed Maturity Fund-Series XII-Quarterly Plan 3-Dividend	-	-	7,162,274.705	71,622,74
Units in TATA Mutual Fund				
TATA Fixed Horizon Fund Series 17 Scheme D-Regular Plan	-	-	6,095.883	60,97
Units in Religare Mutual Fund				
Religare Liquid Fund-Institutional Daily Dividend	3,398,095.078	34,002,699	-	
Religare Short Term Plan-Institutional Daily Dividend	2,207,110.712	22,191,836	-	
Lotus India Liquid Fund Institutional-Daily Dividend	-	-	4,680,020.483	46,815,64
Lotus India Arbitrage Fund-Dividend	-	-	36,999.460	376,10
Lotus India Quarterly Interval Fund-Plan B-Dividend	-	-	7,898.388	78,98
Lotus India Quarterly Interval Fund-Plan E-Dividend	-	-	33,379.109	333,79
Lotus India Liquid Plus Fund-Institution Daily Dividend	-	-	3,469,377.587	34,748,24
Lotus India FMP-3 Months-Series XXXV-Ret-Dividend	-	-	2,040,076.560	20,400,85
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	41,006,97
MIRAE Asset Liquid Plus Fund-Institutional Dividend Plan	-	-	41,620.793	41,679,00
Mirae Asset Liquid Plus Fund-Super Institutional-Daily Dividend	-	-	52,298.811	52,371,95
Units in Fidelity Mutual Fund				
Fidelity Cash Fund-Institutional-Dividend	-	-	1,000,024.643	10,001,74
Fidelity Ultra Short Term Debt Fund Retail-Weekly Dividend				
Option	21,979.872	219,835	-	
Units in Principal Mutual Fund				
Principal Income Fund-STP-Institutional Plan-Weekly Dividend	-	-	10,224.406	110,68
PRINCIPAL Cash Management Fund LO- Daily Dividend	-	-	995,066.368	9,952,85
Units in HSBC Mutual Fund				
HSBC Liquid Plus- Institutional Plus -Daily Dividend	-	-	5,424,921.139	54,317,56
Units in L&T Mutual Fund				
L & T Liquid Institutional Daily Dividend Reinvestment Plan	1,680,613.372	17,001,589	-	

13. Lease transactions

Operating leases

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

The lease rentals for the year charged to revenue are Rs. 1,345,178/- (previous year Rs. 1,290,987/-)

Significant Accounting Policies And Notes On Accounts

14. Related party disclosures

Names of related parties where control exists Intercorridor Systems Limited (upto 30-06-2008)						
List of related parties with whom transactions have						
taken place during the year and nature of						
relationship						
Name of the related parties	Nature of relationship					
Intercorridor Systems Limited (upto 30-06-2008)	Subsidiary company					
Mr. Kamalaksha R. Naik	Key management person					
Mr. Jangoo Dalal (upto 31.05.2009)	Key management person					
Ms. Aarti K. Naik	Relative of key management person					
D-link (India) Limited (formerly known as Smartlink	Enterprise over which key management person and					
Network Systems Limited) (upto 15-07-2009)	his relatives are able to exercise significant					
	influence.					

Details of related party transactions during the year.

		Rupees											
Nature of transactions	Subsidiary Intercorridor Systems Limited (Refer note 3 below)	Key Management Person	Relative of key management person	Enterprises over which key management person and his relatives are able to exercise significant influence	Total								
Turnover	-	-	-	11,319,777 -	11,319,777 -								
Logistic Support and management fees income	-	-	-	4,793,323 (24,490,978)	4,793,323 (24,490,978)								
Sales and Customer support service income	-	-	-	3,594,991 (13,690,977)	3,594,991 (13,690,977)								
DEPB licence sale	-	-	-	4,585,385 -	4,585,385 -								
Purchase of goods	-	-	-	119,682 -	119,682 -								
Purchase of fixed assets	- (60,832)	-	-	258,557 -	258,557 (60,832)								
Managerial remuneration and sitting fees Mr. Kamalaksha R. Naik	-	7,104,100 (1,973,580)	-	-	7,104,100 (1,973,580)								
Mr. Jangoo Dalal	-	3,451,904 (4,416,845)	-	-	3,451,904 (4,416,845)								
Salary	-	-	261,584 -	-	261,584								
Services and contract expense	۔ (389,168)	-	-	-	- (389,168)								
Dividends paid	-	13,452,662 (11,334,456)	-	-	13,452,662 (11,334,456)								
Loan given during the year	- (170,000)	-	-	-	- (170,000)								
As at the year-end Amount due to	-	-	-	- (13,803,065)	- (13,803,065)								



Significant Accounting Policies And Notes On Accounts

Rupees										
Nature of transactions	Subsidiary Intercorridor Systems Limited (Refer note 3 below)	Key Management Person	Relative of key management person	Enterprises over which key management person and his relatives are able to exercise significant influence	Total					
Mr. Kamalaksha R. Naik	-	1,254,100	-	-	1,254,100					
	-	(673,247)	-	-	(673,247)					
Mr. Jangoo Dalal	-	-	-	-	-					
Amount due from	-		-		-					
Mr. Kamalaksha R. Naik	-	-	-	-	-					
	-	(1,950,000)	-	-	(1,950,000)					
Mr. Jangoo Dalal	-	-	-	-	-					
	-	(2,716,000)	-	-	(2,716,000)					

Notes:

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

mormation about secondary segments													
	Rupees												
Particulars	Domestic	Exports	Unallocated	Total									
Revenues from external													
customers (net) (including	1,518,439,471	143,249,384	-	1,661,688,855									
sale of services)	(1,425,260,574)	(139,167,951)	-	(1,564,428,525)									
Segment assets	930,578,224	35,413,568	1,002,614,179	1,968,605,971									
	(1,010,970,274)	(35,853,239)	(752,397,696)	(1,799,221,209)									
Additions to fixed assets	37,421,002	-	-	37,421,002									
during the year	(26,981,042)	-	-	(26,981,042)									

Figures in brackets are for the previous year

16. The Company has recognition from Department of Scientific and Industrial Research ("DSIR") for its Research and Development Centre at Bangalore and Goa Centre. Research and Development expenditure for the current year aggregate to Rs. 65,750,817/- (previous year Rs. 70,942,070/-) as per details given below :



Significant Accounting Policies And Notes On Accounts

Particulars		Previous year
	Rupees	Rupees
Salaries	55,448,306	58,211,837
Other expenses	10,302,511	12,730,233
	65,750,817	70,942,070

- 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 Plant and machinery, Electrical installations, Air conditioners, Computer software, Furniture fittings and office equipment 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 these assets and their estimated useful life, has changed this policy and now follows the policy of depreciating these assets over their estimated useful life. As the result of the change in the method of providing for depreciation, the charge for the year is higher by Rs.65,998,936/- 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-inprocess, book debts both present and future.
- 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.

During the current year, ESOP Compensation Committee has re-priced the unexercised options granted to employees to compensate for reduction in the intrinsic value of the company pursuant to the Scheme of arrangement with D-link (India) Limited.

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

Signatures to Schedule 1 to 15 As per our attached report of even date	For and on behalf of the Bo	ard
For Deloitte Haskins & Sells	K. R. Naik	Pankaj Baliga
Chartered Accountants	Executive Chairman	Director
A. B. Jani	K. G. Prabhu	Bhushan Prabhu
Partner	Company Secretary	Chief Financial Officer
Mumbai, dated : 12th May, 2010	Mumbai, dated : 12th May, 20	10



Balance sheet abstract and Company's general business profile

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Mumbai, dated : 12th May, 2010

Corporate Office:

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Plot No. 5, Kurla-Bandra Complex Road, Off CST Road, Santacruz (East), Mumbai - 400 098.

Registered Office: L-5, Verna Electronic City, Verna Plateau, Goa - 403 722.

Software & R & D Centre:

10-A, KIADB Industrial Area, Electronic City, Phase - 2, Konappan Agrahara (PO), Bangalore - 560100.

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 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 and 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.





