

Annual Report 2007-08



Connections of Progress



Digi-Link[®]
Network with the best.
(SCS products from D-Link (I) Ltd.)

D-Link[®]
Building Networks for People

Contents

1

**D-LINK (INDIA)
LIMITED**

02

Chairman's
Statement

04

About Us

18

Board of
Directors

21

Directors'
Report

26

Management
Discussion and
Analysis

32

Report on
Corporate
Governance

39

Auditors'
Report

42

Balance Sheet

43

Profit and Loss
Account

44

Cash Flow
Statement

46

Schedules
Forming Part
of the
Accounts

71

Statement
Relating to
Subsidiary
Companies

2

**INTERCORRIDOR
SYSTEMS
LIMITED**

72

Directors'
Report

73

Auditors'
Report

76

Balance
Sheet

77

Profit and Loss
Account

78

Cash Flow
Statement

79

Schedules
Forming Part
of the Accounts

3

**D-LINK (INDIA)
LIMITED
CONSOLIDATED**

83

Auditors'
Report

84

Consolidated
Balance
Sheet

85

Consolidated
Profit and
Loss Account

86

Consolidated
Cash Flow
Statement

88

Schedules
Forming Part of
the Consolidated
Accounts

Connections of Progress

Building networks is what we do best. We also formulate innovative strategies to exceed expectations. With an unfaltering connect with our customers, we have positioned ourselves to drive greater value.

We have ramped up our associations with our Channel Partners and continue to equip them to reach customers as our extensions. Our Service Provider initiative is a pertinent fit in our efforts towards expanding our market reach.

Our Research and Development teams, located at Goa and Bangalore, continue to roll out tailor-made products for the typical Indian consumer. Offering Active as well as Passive (SCS) products and superior services, we are differentiating ourselves to develop long-term customer loyalty. We have kept pace with latest technological advancements, offering solutions for diverse networking needs. Our well-defined focus and strategic positioning will further our development with every step we take.

Vision Statement

Empower businesses and individuals to harness the power of converged communications by providing appropriate networking solutions at the right time at the right value.

vantage point



Chairman's Statement

Dear Shareholders,

Looking back at our performance in FY 2007-08, it was a year of steady growth for our mainstream business and overall improved operations for D-Link. I am pleased to inform you that, during the year, D-Link has undergone multi-dimensional change and is now well-positioned to leverage its market leadership position in a fast growing market. In a year marked by change, I would like to note an important development - the appointment of Mr. Jangoo Dalal, an industry veteran, as the new MD & CEO of the company. I am glad to have him on board and hope that his leadership will guide D-Link to deliver a better performance.

REFLECTING BACK ON FY 2007-08

During FY 2007-08, your Company recorded revenues of Rs. 2945.06 million as compared to Rs. 3051.99 million, in the previous year. In 2007, we had moved out of the Motherboard business to lay more focus on our core business. Despite the absence of the Motherboard business, we were still able to produce total top-line numbers marginally behind last year's. I am happy to note that we achieved a growth of 16.21% in our core business of networking, mainly driven by our focus on essential products and a solidified channels business. This marked an important step for us, as it paved the way to improve our overall business margins.

We focussed on investments in crucial areas and strengthening our foundations. We grew in line with the industry this year. Our exports, consisting predominantly of the SCS products, have grown remarkably as compared to the previous year. An enhanced product mix, higher services revenue and better treasury management also contributed to an improved bottom-line.

IN-SYNC WITH CHANGE

"Most successful men have not achieved their distinction by having some new talent or opportunity presented to them. They have developed the opportunity that was at hand."

Bruce Barton

The market that we operate in, offers opportunities in plenty. In the given scenario, I think it is important to leverage the right opportunity at the right time and place. We have not only incorporated this belief but have also moulded our pathway towards better returns. As India's leading providers of networking solutions, we continue to stand out with our quality, efficacy and reliability. Our work culture is enabling us to quickly recognise change and develop the means to make profitable gains. Our game-plan is to leverage on our focus and strengths.

CHANNELLING OUR MOMENTUM

In a market that is vast, diverse as well as service and engineering driven, having the right channel set-up is all too important. It facilitates our 'go-to-market' strategies, increases our accessibility and finally, strengthens our market reach. When we had set out to plan the restructuring of our business model in 2007, we decided to re-align how we worked with our channel partners. We wanted to be better organised in terms of sales as well as services and be more customer requirement driven. To direct this change, our channel business and marketing teams came together to revamp our connections with channel partners, in general.

I'm delighted to say that we have succeeded in capturing the sentiment of the partner community, through various initiatives and innovative means. A key driver bringing about this change was our 'Empower Partner' programme, unveiled this year. Under this programme, we developed a multi-layered channel authorisation system, categorising partners into different sets. We armed these partners with tools and incentives, to enhance their volumes and profits. We are providing them with enabling facilities such as, online RMA tracking, partner site access, online training, workshops, joint marketing funds, strong pre-sales support, special rebate and incentive programmes. I am certain that this will equip them to create a differentiation and move up the value chain.

To sensitise our partner community, our marketing personnel conducted about 85 events across the country, with many more of them lined-up for the ensuing year. We continue to seek, create and retain several new profitable alliances with our channel partners. In my view, a winning market player is constantly agile to the movements in the market. We are frequently keeping our channel partners abreast with the latest technological trends through technical training, seminars and trade shows. We invested a considerable amount of our marketing funds towards training events for skill development, an activity which will continue in 2008-09. With these developments, I expect D-Link to achieve increased brand visibility and penetration across the country. I also see your Company providing the best price performance with excellent after-sales services for all its products.

NEW INITIATIVES AND IMPROVED CONTROLS

We are now encouraging the Service Providers to include our hardware equipments, within the package of services that they offer to the SOHO segment. Following our tie-ups with them, I expect sales to escalate considerably in the near future. I would also like to point out, our successful adoption of ORACLE APPS, the state-of-the-art Enterprise Resource Programme. We have integrated the change into our internal systems and processes, within a very short span of time. This change within us, is now enhancing our end-to-end visibility, across functions and country-wide.

THE GEARS OF GROWTH

Our Cabling Range

I am pleased to say that your Company is amongst the very few that possess the capability to balance both, the Active as well as Passive (SCS) networking needs of a wide array of customers. This characteristic of competing effectively, in two different market set-ups, means that we are operating in divergent, yet complimentary businesses. As is the tradition, we level our focus on bringing out a healthy mix of products for customers to choose from. I am pleased with the way our SCS products, under the Digi-Link brand, have been received by the Indian and select export markets. They have also proved to be popular among the users of prominent active product brands, other than D-Link. With our technologically advanced Digi-Link products, we are now prepared to cater to emerging openings in the Structured Cabling market space.

Our Service Edge

One more trait that distinguishes us, is our highly efficient post-sales services, complimenting our robust product portfolio. With a superior infrastructure, we are evaluating extending our expertise to Original Equipment Manufacturers (OEMs). I feel confident about the returns we should achieve in this space, given the scope for adding value.

Our Innovation Strides

We are also making advances in our R&D initiatives, with home-grown products that are made to suit the needs of the Indian consumer. Our team of innovators are highly sensitive to the needs of the new Indian customer, who is more aware, demanding and progressive than ever. Accordingly, we modify existing products and develop new ones by bringing global technologies to the country. Our DRO series of Routers, have done well in the FY 2007-08 and will be an integral part of our service provider initiative. I am now looking forward to roll out our indigenously developed products such as, the Voice & Video IP phones. Given the increasing demand for these IP telephony products, I anticipate these products to perform well in future.

Chanting the Green Mantra

Our principles of sustainability extend beyond our organisation, towards our natural habitat. We let our concern show by complying with various environmental necessities in our manufacturing processes. I am pleased to inform you that we have now taken the first step forward, in bringing environment friendly technology to the market. D-Link is the first Company worldwide to market the Green Ethernet technology, which enables intelligent, automated power reduction on specific, green optimised switches. Our state-of-the-art





"It was a year of steady growth in the mainstream business and overall improved operations for D-Link."

K. R. Naik
Executive Chairman

manufacturing plants at Goa are RoHS compliant. Our manufacturing teams also strive to reduce the non-biodegradable materials in our products.

ENTERPRISING D-LINKERS

I am especially pleased by the way D-Linkers are working to deliver the best products and services to our customers. With a uniform approach towards growth, it is these dynamic individuals, who foster the growth of your Company. I am content with our teams' ability to innovate and expand in this exciting market place.

SCANNING THE PATH AHEAD

The Indian SMBs are on an upward growth path in terms of IT adoption, focussing mainly on their networking infrastructure, among other aspects. Medium-sized Businesses (MBs) are on the second wave of IT adoption and several progressive MBs are competing with large enterprises in their IT usage. I see D-Link making profitable gains from this segment of the market in the medium term.

I feel confident in saying that our base is now larger, more sustainable and has the potential to develop more in the future. I believe that there are three ingredients of success - learning, earning and yearning. We have integrated these three ingredients within our roots. With a sturdy foundation, our path for value creation is set. As we carve our progress, we are full of promise to deliver stakeholder wealth as a leading player in the marketplace.

Sincerely,

K.R. Naik
Executive Chairman



About Us

D-Link

(India) Ltd. is committed towards delivering quality, efficiency and reliability in products, solutions and services. Beginning as a marketing and distribution unit of D-Link Corporation, the multi national corporation headquartered at Taiwan, we have evolved to become a leading name in India's networking and communications landscape. Today, we are India's leading listed networking company. We are amongst the key market players with a nationwide reach, robust product portfolio and superior services. With a rational business paradigm shaped over the years, D-Link is well positioned to provide highly satisfying networking solutions.



Plants

: 4

People

> 575

Regional Branches

: 17

Turnover

: Rs. 2,945.06 Mn

Corporate Headquarter

: Mumbai, India

Manufacturing Plant

: Goa, India



GROWTH DRIVERS

- A wide range of D-Link Active as well as Passive (SCS) products, under distinct Digi-Link brand enables us to meet diverse Networking needs, across a multiple market segments.
- A strong Channel Business with a unique distribution set-up.
- A superior services set-up providing efficient customer and sales support.
- Formulating and acting upon innovative strategies to sustain our markets and develop further customer outreach.

OUR

Products and Services

UNIQUE DISTRIBUTION SETUP

Regional Distributors **21**

Empower Value-Added Resellers (EVAR) **>1000**

Empower Resellers (ER) **> 5000**

STRONG SI RELATIONS

Empower Value System Integrators (EVSI) **200+**

RETAIL PARTNERS

All major IT retailers

R&D FACILITY

85 strong team

Facilities across **Goa & Bangalore**

NETWORKING (ACTIVE)

Broadband
Wireless Networking
Network Security
LAN Switches
Routers
Peripheral Sharing
Surveillance
Storage
IP Telephony
Digital Home

NETWORKING (PASSIVE)

Copper Range

Digi-Link P200 (Cat 5+)
Digi-Link P350 (Cat 6)
Digi-Link P500 (Cat 6+)
Digi-Link P800 (Cat 6A)

Fibre Range

Opti-Link P500 (Multimode)
Opti-Link P800 (Multimode)
Opti-Link PU (Singlemode)

SERVICES

16 RMA Centers
D-TAC - 24x7
(Technical Assistance)
DSD Service Support
Contract Manufacturing





As a dyed-in-the-wool enterprise, we have developed a profound understanding of the varying demands of the market we operate in. We constantly translate this knowledge into winning strategies that steer our future path.



local

THE EXPANDING MEDIUM BUSINESSES OFFER ALLURING OPPORTUNITIES FOR VARIOUS NETWORKING PRODUCTS.

WE HAVE RE-ALIGNED OUR BUSINESS STRATEGIES TO ACHIEVE THE MOST FROM THE BOOM IN THE SEGMENT.



Taking the 'Medium' Path

Today, the mushrooming Medium segment of the Small and Medium Businesses (SMBs) segment is fuelling the demand for sophisticated IT infrastructure and newer applications. Consequently, this sector unfurls a fertile canvas for us to prosper on.

Having restructured our business model, we have already garnered the right paraphernalia for success in the medium businesses space. Today, we have built a sturdy R&D base, globally-compliant, state-of-the-art manufacturing facilities as well as a vast and reliable marketing and distribution network to enable us to succeed in our endeavour. Truly, we are perfectly perched on the gateways to prosperity.



Our Channels of Growth

As we ready ourselves to take giant steps into the lush Medium enterprises segment, we have appropriately restructured our business model to succeed in our endeavour. We have built efficient processes that not only turn prospects into profits, but also enable us to strengthen our connect with the market. With our 'Empower Partner' programme, we are already equipping our Regional Distributors and Channel Partners with the required deliverables to move up the value chain. Additionally, we also create awareness among our Channel Partners to achieve high levels of skill-base that aid in efficiently catering to the consumer demands. We further equip them with tools such as, D-Partner Website, eStudio and iSMART, the online Return Material Authorisation (RMA) tracking System, to deal with diverse expectations.

Exploring new avenues for growth has not prevented us from enhancing our existing drivers of success. As a result, we have also entered into tie-ups with Service Providers (SPs) to bolster our standing, within the Small Office

Home Office (SOHO) space. Following such arrangements, SPs will package our CPE Boxes with their services and consequently, support our aim to deliver superior services to the end-consumer.

Today, with focussed business strategies in place, we are making ourselves more accessible, efficient and widespread in terms of our market reach. Our channels of growth nourish us in our endeavour to raise the stakes and consequently, raise the bar.



learn





Identifying growth enablers is the first step towards progress. Harnessing them, then furnishes the requisite lever that guarantees success. Nurturing the very foundations of progress is the modus operandi at D-Link.

THE DEMAND FOR SOPHISTICATED, PRECISION AND CONVENIENCE IS ON THE RISE.

OUR CHANNELS OF GROWTH ENABLE US TO CATER TO THE DEMANDS AND CARRY US SURELY AND STEADILY TOWARDS A BRIGHT FUTURE.



Our Unique Product Mix

Today, our vast parasol of offerings envelops the structured cabling (passive) as well as active networking products. Our diverse basket of offerings harbours a common denominator - superior customer satisfaction.

ACTIVE PRODUCTS

Our well-accepted range of active products encompasses the entire kit and wide range of Routers, Switches and Broadband to Wireless. We are deploying advanced, contemporary technologies in our products to deliver quality and efficiency. As a bringer of speed and extensive coverage, our Wi-Fi products are based on the expeditious Draft N technology. We have also developed customised, well-received products such as, ADSL Modem and the DRO series of Routers, for the Indian market. Additionally, with the impending launch of IPPBX, we are optimistic of creating ripples in the Indian VoIP marketplace. Truly living our belief of 'Green is Good', we are the first-to-market the Green Ethernet technology, world over. Offered

Thorough market knowledge, complemented by a well-oiled research and development function, has resulted in an extensive, yet judicious product repertoire at D-Link.

at competitive prices, these switches comply with Restriction of



the use of certain Hazardous Substances in electrical and electronic equipment (RoHS) regulations and include biodegradable and recyclable packaging.



front

OUR IN-DEPTH KNOWLEDGE OF THE MARKET AND AN INTEGRATED R&D HAVE PLACED US AMONG THE LEAGUE OF LEADERS.



STRUCTURED CABLING PRODUCTS

With our cost-effective structured cabling solutions, we aim at persistently meeting the escalating transmission needs of tomorrow. Our brand Digi-Link, furnishes end-to-end structured cabling solutions to enterprises as well as small businesses. Our versatile and comprehensive SCS product range meets the total connectivity needs of an enterprise including LAN, WAN and MAN. A wide product range has not deterred our adherence to the most stringent quality standards such as, EIA/TIA, ISO/IEC and IEEE. Furthermore, lower network ownership costs, enhanced productivity, total reliability and easy network scalability makes us a vendor-of-choice in



OUR VAST PARASOL OF OFFERINGS ENVELOPS THE STRUCTURED CABLING AS WELL AS ACTIVE NETWORKING PRODUCTS.

WITH LATEST TECHNOLOGY AND SUPERIOR QUALITY, WE CONSISTENTLY DELIVER SATISFACTION TO THE CUSTOMER.



[back](#)



Our Supply of Vitality

We offer our customers, a much liked package of innovation and cost-effectiveness. Our Research and Development (R&D) capabilities span over Internetworking, IP and Video telephony. World-class facilities, six sigma practices and high speed SMT lines at our manufacturing plants enable us to offer an ideal blend of product mix at a fast pace.

Offering both active as well as passive solutions (Structured Cabling Systems), we can foresee vast markets in the Middle segment of the Small and Medium Businesses. With Structured Cabling, we are moving beyond the existing markets of India and SAARC countries towards higher gains. Structuring new networking solutions for the constantly evolving business environment, D-Link itself is acquiring newer dimensions. We have demarcated ourselves as the company of tomorrow, with R&D initiatives and robust technological capabilities as our mainstay.



WITH OUR PROBLEM-TO-SOLUTION FOCUS, WE ARE EQUIPPED TO CATER TO THE INCREASING CONSUMER DEMANDS.



Agility is our stronghold. For this, we cultivate minds with a problem-to-solution focus. Coming up with new products and polishing the existing ones, D-Link's active grey cells continue to line up a large portfolio of products for the customer's choice.



WE OFFER OUR CUSTOMERS, A MUCH LIKED PACKAGE OF INNOVATION AND COST-EFFECTIVENESS.

OUR R&D FACILITIES ACROSS GOA AND BANGALORE ROLL OUT TAILOR MADE PRODUCTS FOR THE INDIAN CONSUMER.



Serving Delight with Anywhere Access

We have set-up the D-Link Technical Assistance Centre (D-TAC), which acts as the customer's initial point of contact with us. It is the face of all supports that assist our customers and our sales teams with information as well as technical aid.

We have also developed a highly effective online Return Material Authorisation (RMA) System to conduct repairs and escalate solution-based queries to the D-Link Systems Division, which provides Level 3 and 4 support. RMA is also equipped with a web-based online monitoring system called iSMART, a facility, which is also extended to the distributors.

Dedicated to customer support, our technologically sound processes make it hassle free for our customers, across the country, to reach us at any point in time. Offering clients a packaged deal of end-to-end networking solutions, along with superior services, makes us the preferred partner for network building.



serve



As a trusted partner, we walk that extra mile, beyond the sale of our offerings, to furnish a complete product experience through our diligent customer services.



RELIABLE AND PROMPT SERVICES ARE KEY TO CUSTOMER SATISFACTION AND DELIGHT.

OUR ANYWHERE ACCESS CUSTOMER SUPPORT MAKES IT HASSLE FREE FOR CONSUMERS TO REACH US AT ANY POINT IN TIME.



delight



At D-Link, our unrivalled array of intellectual capital and consolidated internal control systems presents us with a cutting edge in a sector prone to swift change.



dedication

WE MOTIVATE EVERY MEMBER OF THE D-LINK TEAM AND PERSISTENTLY IDENTIFY AREAS FOR THEIR PERSONAL AND PROFESSIONAL DEVELOPMENT.



Our Structures of Strength

We motivate every member of the D-Link team and persistently identify areas for their personal and professional development. With our "One Company, One Approach" philosophy, we have ensured that a common fibre runs through our diverse operations that work towards a unanimous objective.

Our talent pool is further supported by sophisticated internal control systems that enhances their efficiencies and enables them to deliver to the fullest of their potential. We are swift to adapt to changes and our up-to-date internal controls prove it. Deploying the latest ERP system (Oracle Apps), in the Fiscal Year 2007-08 is a pertinent IT investment. With the best business practices, we now possess visibility running across our internal functions and country-wide reach. Improved focus and faster business order management, enables us to achieve meaningful organic growth. Formulating precise strategies has empowered us to harness strengths and remain consistent. In tune with our business goals, we are now outfitted to consistently drive value for our stakeholders.



**WITH THE BEST
BUSINESS PRACTICES,
WE NOW POSSES
VISIBILITY, RUNNING
ACROSS OUR INTERNAL
FUNCTIONS AND
COUNTRY-WIDE REACH.**



sophistication



Board of Directors

Mr. K. R. Naik is the main promoter of D-Link (India) Ltd. He incorporated the Company on 31st March 1993, with a manufacturing base at Goa and subsequently, an R&D set-up at Bangalore. Mr. Naik brings along with him 33 years of experience in IT - most of it in Networking & Communication Products. He holds a P.G. Diploma in Industrial Engineering from Jhunjunwala College, Mumbai. He also possesses a Diploma in Business Management from Jammnal Bajaj Institute of Management Mumbai. He started his carrier in IBM India, at the manufacturing plant and worked in Product and Parts Design & Development. He is also a former president of MAIT.

K. R. NAIK
Executive Chairman

Mr. Jango Dalal, Managing Director & Chief Executive Officer, D-Link (India) Ltd., is an industry veteran with more than 20 years experience in the technology industry. His immediate prior assignment was as President & Country Manager - Cisco Systems (India) Pvt. Ltd. for its India & SAARC operations. He spent 10 years in the company. Prior to Cisco, he has also served at Wipro-British Telecom. Mr. Dalal holds a Masters degree in Business Administration.

JANGO DALAL
Managing Director & CEO

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

DATTARAJ SALGAOCAR

Mr. Tony Tsao, possesses a Masters Degree in Business Administration from Illinois Institute of Technology, Chicago USA and he has a vast experience of 24 years in the IT Industry. Mr. Tony Tsao holds the position of President of D-Link International Ltd., Singapore and that of VP at D-Link Corp, Taiwan.

TONY TSAO

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

A.P. CHEN



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

R.T. KRISHNAN

Mr. Pankaj Baliga, possesses Bachelor's degree in Engineering, NIT, Durgapur & Master's degree in Business Administration from IIM Ahmedabad and SPURS fellow from Massachusetts Institute of Technology, Cambridge, USA. Mr. Baliga has 38 years of experience in the industry. Presently he is an adviser to Tata Consultancy Services Ltd.

PANKAJ BALIGA

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

K.M. GAONKAR

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

PRADEEP RANE



FINANCIAL INFORMATION



Directors' Report

To
The Members,

The Board of Directors of your Company have pleasure in presenting the 15th Annual Report together with Audited Balance Sheet and Profit & Loss Account for the financial year ended 31st March 2008.

1. FINANCIAL RESULTS AND APPROPRIATION

	(Rs. in million)	
	2007-08	2006-07
Turnover (Gross)	2945.06	3051.99
Income from Services	84.32	24.80
Profit Before Depreciation and Tax	451.88	343.86
Less: Depreciation for the year	74.61	76.33
Profit Before Tax (PBT) and Exceptional Items	377.26	267.53
Add : Exceptional Items (Net)	4.45	-
Profit Before Tax	381.71	267.53
Less: Provision for Tax		
a) Current Tax	104.62	52.50
b) Deferred Tax	(13.32)	(0.1)
c) Fringe Benefit Tax	5.06	3.19
Profit After Tax	285.34	211.94
Add/(Less): Tax adjustment of Previous Year	-	7.33
Net Profit	285.34	219.27
Balance of profit brought forward	1123.73	996.68
Amount available for Appropriations	1409.07	1215.94
Transfer to General Reserve	29.00	22.00
Dividend	60.00	60.00
Tax on Dividend	10.20	10.20
Balance carried forward to Balance Sheet	1309.86	1123.73
Earning per Share (Rs.)	9.51	7.31

2. PERFORMANCE AND SIGNIFICANT DEVELOPMENTS

In the financial year 2007-08 your Company achieved a turnover of Rs. 2945.06 million as compared to Rs. 3051.99 million in the previous year. The turnover for the current year from the core business of networking products has grown by 16.21 % to Rs. 2945.06 million as compared to Rs. 2534.09 million in the previous year. The Net Profit of the Company grew by 30.13 % and stood at Rs. 285.34 million as compared to Rs. 219.27 million in the previous year. Income from services grew from Rs.24.80 million in the previous year to Rs.84.32 million in the current year.

The growth in turnover from core networking business was primarily led by growth in switches and wireless products and robust growth in all categories of passive networking products comprising of copper and fiber range.

During the year, the Company completed all formalities and transferred the entire Sales and Marketing business of Gigabyte motherboards to M/s Gigabyte Technology (India) Limited for a consideration of Rs.90.42 million. Your company is presently manufacturing motherboards on job-work basis to Gigabyte Technology (India) Limited. This has contributed to the significant growth in income from services during the current year.

Your Company during the year inaugurated new R&D center at Bangalore to drive company's R&D initiatives in India by focusing on Converged IP solutions, Business Routers, Voice & Video over IP Products.

3. DIVIDEND

Your Directors have recommended for your consideration the payment of a dividend for the year 2007-08 @ 100 % on the paid up equity Capital, i.e., Re. 2/- per share, to be paid, if approved by Members at the Annual General Meeting.

4. EMPLOYEE STOCK OPTION PLAN

The Company has an ongoing Employee Stock Option Scheme, which is being administered by the D-Link (India) Ltd ESOP Trust.

During the year under the said Scheme D-Link (India) Limited - Esop Trust granted 50,000 options to its eligible employees at Rs.60/-per share. The Information and details of options granted under D-Link (India) Limited ESOP Trust plan for the year ended 31st March 2008 are given in the Annexure I to this Report.

The shareholders at the Annual General Meeting held on 20th August, 2007 had approved the D-Link Employee Stock Option Plan 2007. The existing Compensation Committee has been reconstituted and renamed as ESOP Compensation Committee for implementing the Employee Stock Option Plan, 2007. However, no options have been given under this Plan till date.

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.



Directors' Report (contd.)

Your company had no independent Director in Gigabyte Technology (India) Limited, a material non-listed subsidiary company for a period of 3 months from 1st April to 30th June, 2007. However, Gigabyte Technology (India) Limited, ceased to be subsidiary Company during the year.

7. AWARDS & RECOGNITION

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

- a) Most Popular Brand in Networking at the Gala Awards Night ceremony of COMPASS 2007. COMPASS is an association of more than 260 IT entrepreneurs of Eastern India.
- b) CRN Channel Champions Award 2007 for Networking. As per the survey by CRN, D-Link emerged as the single most popular networking vendor who enjoys clear cut leadership in Channel Relationship, Service & Support, Price-Performance, Marketing & Branding, Training & Certification.
- c) DQ Channel - Channels Choice Gold Award 2008 for Wired Networking and Wireless Networking based on the analysis done by IDC - using different parameters such as Brand Image, Product Quality, after sales support, Marketing Support and Commercial Terms etc.
- d) PC Quest 'D-Link' Ranked in No. 1, in India's most wanted IT brands for Structured Cabling. D-Link Wireless access point DWL 2100AP won India's best product award form PC World Magazine.
- e) 360 Magazine Golden Rhino Award -2007 for Networking.

8. DIRECTORS

Mr. Jango Dalal was appointed as the Managing Director & CEO during the year under review effective from 2nd July 2007.

Mr. Krishnanand M. Gaonkar and Mr. Dattaraj Salgaonkar Directors of the Company who retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

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 offers themselves for reappointment. The Company has obtained the requisite certificate required under section 224 of the Companies Act 1956 to the effect

that their re-appointment, if made, will be in conformity with limits specified in said section.

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

1. Conservation of Energy and Technology Absorption:

Your company is constantly taking measures to improve the energy conservation. Your Company's manufacturing facilities at Goa are certified under ISO 14001: 2004 for Environmental Management System. Some of the initiatives during the year are as follows :

- Energy efficient CFL lamps have been used in production floors, variable frequency drives installed for motors in AHUs, Tuned electronic chokes are used in fluorescent tube light fittings.
- Automatic power factor controllers are installed. AHU ducts have been modified. Major overhaul of chillers has resulted in improved efficiency.

2. Technology Absorption:

The Company continues to use latest technologies for improving the productivity and quality of its products. 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.

3. 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;



Directors' Report (contd.)

- 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 true and fair view of the state of affairs of the Company as at March 31, 2008 and the profit of the Company for the financial year ending on March 31, 2008.
- 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. SUBSIDIARY COMPANIES

Your Company also as part of its long term strategy to focus on the core networking business of the company exited completely from the motherboard business by selling its entire investments in Gigabyte Technology (India) Limited for a consideration of Rs. 24.99 million to Gigabyte Technology, Taiwan. Consequent to the above, Gigabyte Technology (India) has ceased to be a subsidiary of the Company during the year.

M/s. Intercorridor Systems Limited, during the year achieved a turnover of Rs. 2.89 million as compared to Rs. 3.87 million in the previous year. It has made a loss of Rs.0.13 million in the current year as compared to profit after Tax of Rs.0.87 million earned in the previous year.

As required by Section 212 of the Companies Act, 1956, the audited accounts of the Subsidiary, M/s. Intercorridor Systems Limited and the reports thereon of the Directors and the Auditors are attached and forms part of the Annual Report.

15. ACKNOWLEDGEMENTS

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

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

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

For and on behalf of the Board

Mumbai
Dated: 22nd June, 2008

K.R. NAIK
Executive Chairman



Annexure To Directors' Report

ANNEXURE – I TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2008

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

Particulars							
a. Options Granted	5,85,000						
b. Exercise Price	Of the above, 180,000 options were granted at an exercise price of Rs.60/- per share. 405,000 options were granted at an exercise price of Rs.2/- per share.						
c. Options vested	272,625						
d. Options Exercised	238,000						
e. Total Number of Equity transferred as a result of exercise of options	238,000						
f. Options lapsed	184,875						
g. Variation in terms of options	None						
h. Money realised by exercise of options	Rs. 492,000 /-. The amount has been received by the Trust.						
i. Total Number of options in force	162,125						
j. Person-wise details of Options granted to							
i) senior managerial personnel	As per Statement attached						
ii) any other employee who receives a grant in any year amounting to 5% or more of the Option granted during the year	Options granted during the year ended 31st March, 2008 50,000 shares to Mr. J V Avadhanulu						
iii) identified employees who have been granted options during any one year exceeding 1% of the issued capital	Nil						
k. Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of options	Not applicable since the shares are transferred by the ESOP trust upon exercise of options and the company is not require to issue any new shares						
l. Vesting Schedule	Vesting in equal instalments over a period of 4 years						
m. Lock-in	No Lock in period, subject to a minimum Vesting period of one year						
n. Where the company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used the fair value of the options, shall be disclosed The impact of this difference on profits and on EPS of the company shall also be disclosed.	The Company has calculated the employee compensation cost using the intrinsic value (i.e. market price) of stock options. If the fair value method had been used the employee compensation cost would have been lower by Rs.0.51 million. Profit after tax would have been higher by Rs.0.51 million and the basic and diluted earnings per share would have been higher by Re.0.01 respectively.						
o. Weighted-average exercise prices and weighted average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.	<table border="0"> <tr> <td>Date of options grant :</td> <td>30th July 2007</td> </tr> <tr> <td>Exercise Price :</td> <td>Rs. 60/-</td> </tr> <tr> <td>Fair Value :</td> <td>Rs. 38/-</td> </tr> </table>	Date of options grant :	30th July 2007	Exercise Price :	Rs. 60/-	Fair Value :	Rs. 38/-
Date of options grant :	30th July 2007						
Exercise Price :	Rs. 60/-						
Fair Value :	Rs. 38/-						



Annexure To Directors' Report (contd.)

Particulars (contd.)	
P. A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information:	The fair-value of the stock options granted on 30th July 2007 has been calculated using Black-Scholes Options pricing Formula and the significant assumptions made in this regard are as follows:
Date of options granted	30th July 2007
(i) risk free interest rate,	7.42%
(ii) expected life,	4 Years
(iii) expected volatility,	45.96%
(iv) expected dividends	100% p.a.
(v) the price of the underlying share in market at the time of option grant.	Rs. 78/-

STATEMENT ATTACHED TO ANNEXURE – I TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2008

Sl. No.	Names of Senior Managerial Persons to whom Stock options have been granted	No of Options Granted till 31st March, 08	No. of options Exercised till 31st March, 08
1.	Mr. J. V. Avadhanulu #	123,000 Shares	40,000 Shares
2.	Mr. C. M. Gaonkar*	15,000 Shares	13,750 Shares
3.	Mr. Nitin Kunkolienker	20,000 Shares	17,500 Shares
4.	Mr. Vijay Rane	20,000 Shares	17,500 Shares
5.	Mr. S. Aravindan*	50,000 Shares	37,000 Shares
6.	Mr. Shridhar Kadam	20,000 Shares	15,000 Shares
7.	Mr. Tushar Sighat*	5,000 Shares	3,750 Shares

Retired during the year

*Resigned during the year



Management Discussion And Analysis

INDUSTRY OUTLOOK:

The Indian Information Technology sector has been instrumental in driving the nation's economy on a consistently healthy growth curve. India's economic boom is projected to continue, albeit at a somewhat slower pace. Real GDP growth (on an expenditure basis) is forecast to slow from an estimated 8.7% in fiscal year 2007-08 to an annual average of 7.6% between 2008-09 and 2012-13.

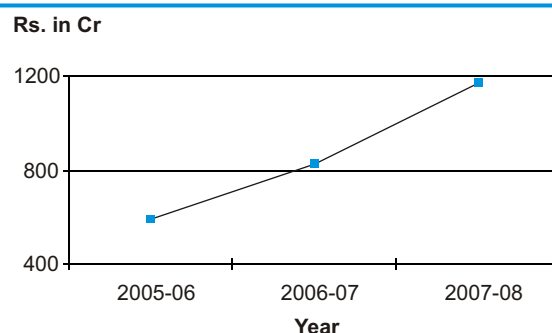
Today, the country's economic growth demands a better IT infrastructure and newer applications in businesses. Among the areas impacted by this demand is the networking industry, with its increasing and diverse functionality in organisations. As per IDC Report, the Indian networking market was valued to be around US \$837.42 million in 2007. Today, networks are seen to improve the performance and functionality of every element of the IT environment. Global market intelligence and consulting firm, IDC reports a higher local demand driven by the growth of broadband, expansion of Software-as-a-Service (SaaS), service oriented architecture, virtualisation, as also networking projects. Of late, IT service providers, Multinational Corporations (MNCs) and domestic firms have recognised the potential of the home market and have developed strategies exclusively for the domestic arena. Networking capability is an imperative for every tech-savvy enterprise in the country for sustaining their increasing communication needs.

The wireless revolution and rising laptop sales have given rise to an emergent Small Office Home Office (SOHO) vertical, which is anticipated to witness a considerable adoption of networking products. Believed to be tomorrow's enterprises, Small and Medium Businesses (SMBs) promise a continuous creation of infrastructure and networking. While routing and switching still continue to be dominant technologies, with growing security concerns, Internet Protocol (IP) based-surveillance and security solutions are increasingly gathering critical mass. From multi-protocol to IP and Ethernet, routers have matured into intelligent networking devices and optimised routing has become the need of the hour. Further, voice and data are coming together and with Unified Communications (UC), IP telephony, video conferencing and multimedia entering the market, convergence has become a necessity. Experts believe that the future is going to be IP-based as far as PBXs are concerned. The Internet telephony market in India has developed significantly over the past two years, currently witnessing a CAGR of 61%. According to a latest AMI report, the overall networking hardware spend (excluding servers) totals to about Rs. 20.5 billion. Responsible for 57% of the total spend, the Medium Businesses (MBs) are playing a dominating role in the networking industry's growth.

Structured Cabling Systems

Considered by many to be the foundation of IT infrastructure, the Structured Cabling market is also gaining momentum at Rs. 1,172.7 crore in 2007-08, from Rs. 827 crore in 2006-07. Going forward, the Structured Cabling sector is slated to sustain this growth trend. The proliferating data centres and increasing need for intelligent cabling are the key drivers of business in this segment. Structured Cabling will also see new opportunities across business verticals such as, retail, education, government and public sector undertakings. SMEs and smaller corporates are also implementing Structured Cabling in their offices for better business performance. Today, with the Cat 6A cabling solutions offering phenomenal speeds, the wireless technology is not expected to pose a threat to the Structured Cabling segment in India.

Structured Cabling Market Size (Rs. in Cr)



*Source: V & D 100 June 2008

A prominent solution in cabling, across all verticals in India, is the Cat 6. Being capable of carrying 1-250 MHz, it is a preferred choice for Data centres and places with high-data transmission as well as mission critical requirements. With the market demanding higher bandwidth, The Cat 6A segment has also started to pick up. Following IEEE ratification of 10G over Cat 6A, these systems are being successfully deployed for distances of over 100 metres.

Wireless and Broadband

Worldwide Interoperability for Microwave Access (WiMAX) is seen as the most viable technology option to increase the broadband subscriber base. According to Telecom Regulatory Authority of India (TRAI), the Indian broadband users rose to 3.34 million in January 2008, as compared to 2.15 million in January 2007. However, when this growth is set against the target set by TRAI of 20 million users by the end of 2010, the figures appear as a mere scratch on the surface. The non availability of globally synchronised spectrum is the biggest constraint preventing the spread of Wireless Broadband Access (WBA). Government initiatives play a vital part in increasing broadband know-how and outreach. With conspicuous advantage over Wi-Fi, it cannot be denied that WiMAX will have a crucial role to play in days to come, as more WiMAX certified products

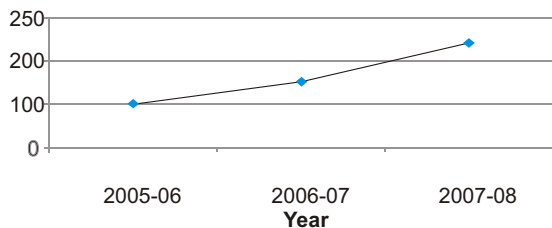


Management Discussion And Analysis (contd.)

become available and rural markets mature. However, WiMAX in India is expected to gain momentum only after 2008.

WLAN Market Size

Rs. in Crore



*Source: V & D 100 June 2008

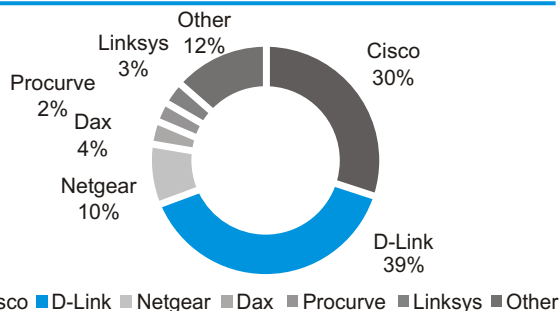
In the changing market dynamics of today, enterprises want their networks to be optimised, predictable and yet flexible enough to accommodate changes, depending upon business conditions and demands. With networking demands from SMBs on the rise in terms of volume as well as innovation, the future is ripe with opportunities for leading industry players such as, D-Link.

D-LINK ADVANTAGE

D-Link (India) Ltd's robust infrastructure contributes to the delivery of end-to-end solutions, pegging it at the leadership position, within India's networking marketplace. It offers a wide range of upmarket products, clearly standing out as a key player in the networking arena.

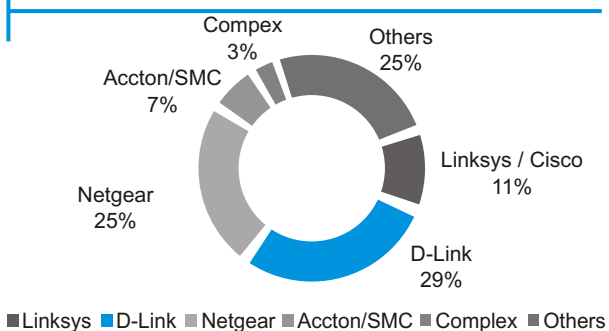
Active Networking Switches

Switches



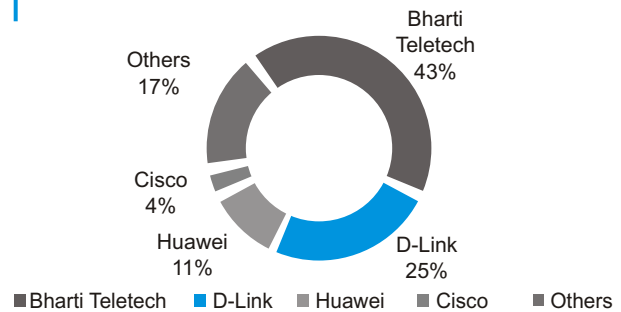
*Source: Port wise IDC data for Q4 2007

WLAN



*Source: Unit wise IDC data for Q4 2007 WLAN

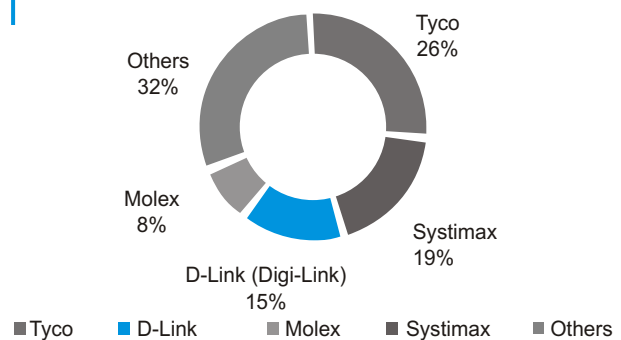
Head-end & Broadband Customer Premise Routers



*Source: Unit wise IDC data for Q4 2007

Passive Structured Cabling Systems

Structured Cabling



*Source: V&D June 2008

The 'Brandwagon':

D-Link (India) Ltd. has created a well-balanced portfolio of brands, addressing diverse segments of the networking industry. **D-Link** enjoys pioneer status in providing Active Network connectivity solutions to the SOHO and SMB space. Its range of Passive Structured Cabling products are known by the distinct brand, '**Digi-Link**', a highly favoured option in the marketplace. It addresses the high-end networking market through **Foundry Products**. With these distinct and well-recognised brands leveraging each other, the Company is empowered to offer a complete range of networking solutions.

Competitive Product Portfolio:

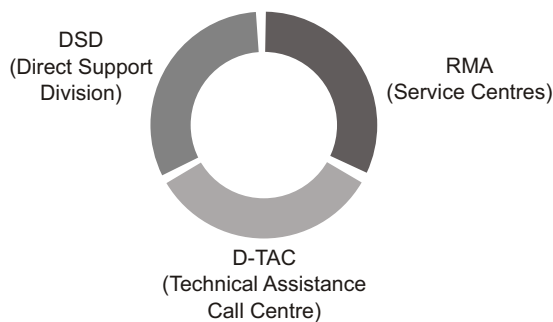
Following market trends closely and analysing customer requirements to continuously exceed expectations, D-Link has the ability to offer the latest cutting-edge products in the marketplace. The Company delivers a range of powerful networking solutions that are designed to create exceptional value for businesses that are mainly part of the Middle Segment of the SMBs. D-Link develops and builds equipment that offer reliable high speed communication. Flexibility in meeting customer and market needs enables



Management Discussion And Analysis (contd.)

the Company to address a variety of segments, within the field. Its basket of offerings includes products from the parent Company as well as its home-grown R&D products, designed and developed to suit the unique characteristics of the Indian market. Today, D-Link (India) is amongst the very few companies in the world to provide Active (D-Link), as well as Passive (Digi-Link) networking solutions, under one umbrella. Its strength lies in bringing out the right product mix, ready to meet diverse networking needs, unflinchingly.

Value Through Services and Support



D-Link has built its Services Operations in a strategic way to continue delivering value to its customers, well after the initial purchase. Currently operating 16 service centres across the country, the Company plans to widen its reach by increasing the Service Centre count by 20, in the forthcoming fiscal year. D-Link was the first player in the Indian networking marketplace to offer 24X7 Toll Free Telephonic Technical Assistance. The Company also provides various Extended Support Packs, enabling its Enterprise Customers, to choose the level of support they need, based on the criticality of their applications. A team of 110 well-equipped service personnel work towards satisfying customer needs and demands, aligning themselves to D-Link's ideal of delivering perfection through proficient services. A competent back-end system ensures that its customers gain easy access to their services. Robust infrastructure enables D-Link to address failure patterns with speed and efficiency. With an overall agile approach towards post-sales satisfaction, the Company has successfully built and maintained a strong brand recognition in the market.

Leading the Green IT Revolution:

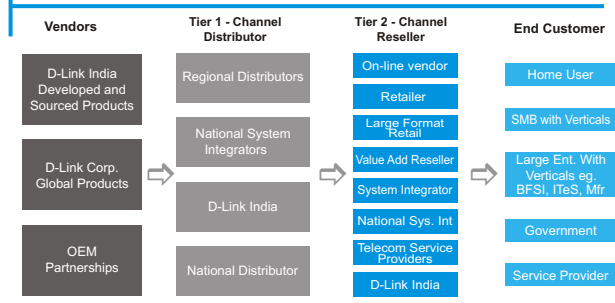
Not only has the Company kept pace with the current developments in the networking world, it is also setting standards ahead of competition. Many of D-Link's networking solutions enable remote work and mobility, bringing people closer together without needlessly spending fuel, and consuming travel as well as infrastructure resources. The Company offers solutions

for adherence to energy consumption standards and enabling more flexible, less environmentally taxing work. D-Link has become the first company worldwide to bring into the market the 'Green Ethernet' technology. The eco-friendly technology enables intelligent, automated power reduction on specific, green optimised switches. The Company's Green enabled products adhere to Restriction of the use of certain Hazardous Substances in electrical and electronic equipment (RoHS) regulations and include biodegradable, recyclable packaging.

Embracing High Standards:

D-Link goes beyond just meeting prevailing standards. The Company is striving to reduce the non-biodegradable materials in their products. For its globally sold, Digi-Link SCS products, it approaches international bodies such as, the Underwriters Laboratories / Equipments Testing Laboratories (UL/ETL), to test its products against future standards rather than current, as the benchmark. Today, a majority of its products are UL listed. The Company's RoHS compliant facilities at Goa have incorporated Lead-free manufacturing, enabling it to effectively meet the demands of the market.

Business Model: Geared for Growth



Today, D-Link has constructed a business framework designed to deliver more in terms of value as well as quality and efficacy. The Company has aligned its focus towards the middle level businesses of SMB markets, in view of the segment offering a vast scope for growth. Its reach into the market is set to make a substantial leap up the value chain. As a part of this initiative, the Company has put in place, a new Channel Development Programme to reach existing and potential channel partners. D-Link intends to further enhance its uptake in the Retail and Enterprise segments, for which it is tying up with various Service Providers. The Company's strength lies in its flexibility, marketability and capability to provide co-operative services to its customers. Smoothly functioning internal systems and external strategies demarcate the prospects of efficient and healthy growth for D-Link in the future.



Management Discussion And Analysis (contd.)

R&D based Products:

D-Link's R&D teams constantly design different and customised products to suit user patterns and demands. The Company nurtures more than 85 engineers, proficient in embedded systems and Level 3 support, based out of facilities situated at Goa and Bangalore. The Company's R&D efforts span over a wide spectrum of products and technologies including Security Appliances, Networking and Internetworking, Telecom and Carrier Services, Broadband, Interface and Interconnect. The Routers segment has seen a healthy growth this year, as compared to the last year. D-Link offers a range of products such as, DRO 250, DRO 210 IR and DRO 220, catering to the Application Critical Domain. DRO 250 witnessed voluminous sales displaying a growth of 55%. Overall, the DRO series of Routers recorded an impressive 100% growth, as compared to the previous year. The ADSL router is a successful product meant specifically for the Indian market. The IP telephony product segment has been well received by the market in its early roll out stages. With its IPPBX, which mainly addresses the SMB space, the Company now aims to cater to the medium enterprise segment. Further, D-Link's R&D team has also developed the Voice and Video IP Phone, which are expected to be launched early in the financial year.

PRODUCT-WISE BREAK-UP

Active Networking Products:

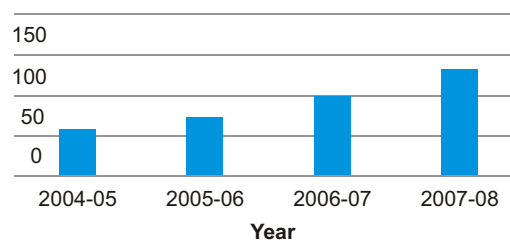
D-Link's portfolio of Active networking products includes Network Interface Cards (NICs), Switches, Transceivers, Converters, Print Servers, Broadband Modems, Network Attached Storage (NAS), Routers and Wireless products. During 2007-08, the Company has restructured its product portfolio in order to achieve higher growth in the coming years. The Company's revenue from Active Products in the year ended March 2008 was Rs 1552.88 million, as compared to Rs. 1527.39 million in the previous year.

Passive Networking Products (SCS):

The Company's Structured Cabling products are categorised under the Digi-Link brand. Digi-Link has introduced new product lines, catering specifically to the Enterprise segment. The launch of the Intelligent Patch Panel Solutions (IPLMS) and 10G over Copper Range of Cat6+ as well as Cat6A products, marks another addition to our array of offerings, featuring the latest technology. The SCS segment has grown faster than the industry. The total turnover from this product segment in the year ended March 2008 rose to Rs. 1392.18 million, as compared to Rs. 1006.70 million in the previous year.

Total Turnover for Structured Cabling Systems (SCS)

(Rs. in Cr)



OUTLOOK

Information Technology has been a promising sector for India, showing rapid growth and attractive returns. According to a latest IDC report, India's information and communication technology market for the year 2006-07 has grown by 22% and will continue to grow with a CAGR of 16.5 %, in the next 4 years. India's broadband market is also slated to surge, though it did not prosper as expected, during the year under review. Moreover, the wireless technology, representing a rapidly emerging area of growth and importance, is getting stronger. Initially, the SMB segment was a major contributor to the widening wireless pie. However, recent times are witnessing the corporate and SOHO market spaces take to the technology. In India, wireless is an exciting area to be in, at this point of time, in terms of volumes and returns. The combination of the broadband and wireless together has surged at the rate of 60 to 65%.

Staying Ahead of the Curve

With products as per the latest standards, D-Link is well equipped to cater to the currently emerging trends. The Company believes in emerging as a 'technology independent' player by continuing to provide access, irrespective of underlying technologies. This underscores the fact that D-Link is way ahead of prevalent practices in technological advancement. The Draft 802.11n (Draft N) is the Company's latest offering in terms of wireless technology, wherein it acs the global markets. It enables smooth functioning of bandwidth intensive applications, which are increasingly finding utility in various kinds of business and domestic settings. By deploying the 'Draft N' technology, D-Link is focussing ahead of the curve. As far as the prevalent standard of 802.11b/g is concerned, D-Link is a leading player, within India and globally. The Company aims to widen its focus on Green Ethernet and to extend it to higher-end switching as well.

Its Structured Cabling segment is set to align itself to band with intensive applications and further offer a new range of higher performing products. With the country's infrastructure needs on the rise, Digi-Link is geared to make the best of the opportunity and achieve healthy returns.



Management Discussion And Analysis (contd.)

Global Growth-The 'Export' Factor:

D-Link India markets Digi-Link Structred Cabling and its R&D developed VOIP products to as many as 20 countries, around the world. The by gone year saw the Company's exports rise by more than 50% as compared to the year before. It marked the acceptance of Digi-Link SCS on a global platform. In the medium term, D-Link expects to develop its exports business to become an important growth driver for the Company in future.

OPPORTUNITIES, RISKS, THREATS AND CONCERNS

Focussing persistently on building its multiple dimensions to perfection, D-Link encounters challenges, both specific to its pathway of growth and those typical to an enterprising organisation. The Company has established countering measures to these challenges, making them a systemic part of their functioning process. D-Link has maintained its leadership position by retaining a sustained methodology in dealing with challenges.

Managing Rising Costs

The undulating prices of vital raw materials result in a pressure on the margins. Rising prices of resources make it a challenge for the Company to reduce production costs. Due to its market leadership position in many of its products, it is able to use its economies of scale and purchasing power to limit the pressures of increasing input costs. D-Link has also invested in enhancing its manufacturing capabilities and productivity, in order to rein in costs, while ensuring consistency in high quality.

Making it a Value Driven Business

The Company has successfully made headway into the SMB segment and has maintained its top spot, constantly expanding its reach through multiple means. Collaborating with channel partners at all levels, the Company is required to create awareness about their products and technologies. It conducted about 85 events, across the country, to impart training as well as create awareness within its channel community and corporate customers. The Company has diverted 20-25% of the marketing funds towards these training initiatives. The ensuing year is expected to witness a 50% rise in training activities. Further, the R&D team imparts rigorous training to its marketing and sales personnel, in order to instill in them, a thorough understanding of the working and critical aspects of the Company's products and solutions. This approach has allowed the Company to be less susceptible to pricing pressures, as it is able to put forward a higher value proposition to its customers, through a highly integrated and knowledgeable channel network.

One Step Ahead:

The broadband market did not grow as expected, during the year under consideration. The economy was unable to reach a subscriber base of more than 9 million, as targeted by the Government. Facts such as these impacted the IP telephony market to an extent. Nevertheless, analysts are optimistic about the market scenario, once the infrastructure issues, such as, standards adoption and licensing of operators, impeding the broadband growth are resolved. Additionally, the impending opening up and adoption of the 3rd Generation (3G) and WiMAX technologies is expected to provide a much-anticipated boost to the industry, in general. D-Link is well prepared to tap these developments in the market. The international expertise of D-Link Corporation, Taiwan acclimatises the Company with global technology, thus empowering it to emerge with cutting edge next generation products. Forecasting emerging markets, delivering solutions with highest quality, choosing strategically sound business partners and offering reliable service and support, are keys to D-Link's market success.

HR: BEYOND THE CONVENTIONAL MANTLE

Today, the D-Link workforce comprises 583 personnel, spread across 17 cities in India. In its endeavour to become a high-performance organisation, D-Link has always sought to create a talent and execution driven culture. The year 2007-08 has witnessed change in arenas across the entire spectrum of the Company. As the existing talent was groomed to assume higher responsibility, the year also saw the emergence of new leadership in the Company. Going beyond the traditional HR functions, the department is set to align itself to enable the Company's business objectives. Adopting the motto, 'Celebrating Work', D-Link's approach is focussed on facilitating a talent shift. The Human Resources Department (HRD) implements and constantly works on various programmes to leverage talent and performance. It has also put in place, a structured framework to carry out an in-depth resource profiling. The Company offers meaningful growth to its people by constantly upgrading their returns and incentives in acknowledging their output for the Company. Apart from strengthening its own organisational capability, its HR initiatives encourage continuous improvement and individual development aspirations.

FINANCIAL REVIEW

During financial year 2007-08, D-Link reported revenues of Rs. 2945.06 million as compared to Rs. 3051.99 million for the previous year, which includes its Motherboards business. The Company grew in line with the industry, during the year. It has maintained a healthy top-line growth



Management Discussion And Analysis (contd.)

of 16.21% in its core business of networking products. Key drivers for D-Link's top line growth are the focus on core products and strengthening of the channel business. Better product mix, higher service revenue and better treasury management are key drivers for bottom-line growth.

The Company's revenues from its core business of networking were Rs. 2945.06 million as compared to Rs. 2534.09 million, during the previous year .

Income from services has grown from Rs. 24.80 million in the previous year to Rs. 84.32 million for the fiscal year under consideration. Other Income has escalated to Rs. 147.04 million as compared to Rs. 89.48 million, during the previous year. Prudent treasury management and appropriate hedging decisions contributed to this growth.

Operating Profits, comprising Profit before Depreciation, Interest and Tax was substantially higher at Rs. 457.27 million for the current year as compared to Rs. 348.60 million, in the previous year. Depreciation stood at Rs. 74.61 million as compared to Rs. 76.33 million, in the previous year.

D-Link recorded a cash profit of Rs. 451.88 million in 2007-08 as compared to Rs. 343.86 million, in the previous financial year. Profit before Tax and exceptional items stood at Rs. 381.71 million as compared to Rs. 267.53 million during the previous year.

The Net Profit after Tax for the current year is higher at Rs. 285.34 million as compared to Rs. 219.27 million, in the previous year.

INTERNAL CONTROL SYSTEMS

In a major investment decision during the year under review, D-Link has armoured its internal control systems with the latest IT systems and infrastructure. The Company going live with Oracle Apps, the state-of-the-art ERP (Enterprise Resource Planning) system, signifies its major commitment to enable its business with upscale IT solutions and the adoption of best business practices. The programme not only impacts D-Link's internal business but also its extended enterprise, including Channel Partners and System Integrators. This has positively affected the business processes by providing end-to-end visibility across functions. It further plans to invest in infrastructure upgrades in the following financial year, to further improve its operating efficiency. As a result, D-Link now has improved controls at its disposal, overall. The Company plans to continue to focus on the ERP infrastructure revamps and on laying adequate emphasis on developing sound Information Technology systems, for its long-term success.



Auditors' Report

TO, THE MEMBERS OF D-LINK (INDIA) LIMITED

1. We have audited the attached Balance sheet of D-Link (India) Limited, as at 31st March, 2008, the Profit and Loss account and also the Cash-flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i. we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;
 - iii. the Balance sheet, Profit and Loss account and Cash-flow statement dealt with by this report are in agreement with the books of account;
 - iv. in our opinion, the Balance sheet, Profit and Loss account and Cash-flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - v. on the basis of written representations received from the directors, as on 31st March, 2008 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - vi. in our opinion and to the best of our information and according to the explanations given to us, the said accounts, read with the significant accounting policies and notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the Balance sheet, of the state of affairs of the Company as at 31st March, 2008;
 - b) in the case of the Profit and Loss account, of the profit for the year ended on that date; and
 - c) in the case of the Cash-flow statement, of the cash-flows for the year ended on that date.

For Deloitte Haskins & Sells
Chartered Accountants

A. B. Jani
Partner
Membership no. 46488

Mumbai
Dated : 22nd June, 2008



Annexure To The Auditors' Report

Re: D-Link (India) Limited

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

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



Annexure To The Auditors' Report (contd.)

Name of the Statute	Nature of dues	Amount (Rs.)	Financial Year to which amount relates	Forum where dispute is pending
Customs Act, 1962	Customs Duty	2,414,221/-	2004-2005	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)
Central Excise Act, 1944	Excise Duty	34,089,496/-	2001-2002 2002-2003 2003-2004 2004-2005	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)
Central Excise Act, 1944	Penalty (Excise Duty)	34,089,496/-	2001-2002 2002-2003 2003-2004 2004-2005	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)
Central Excise Act, 1944	Penalty (Excise Duty)	100,000/-	2004-2005	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)
Central Excise Act, 1944	Penalty (Excise Duty)	702,041/-	2004-2005	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)

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

For Deloitte Haskins & Sells
Chartered Accountants

A. B. Jani
Partner
Membership no. 46488

Mumbai
Dated : 22nd June, 2008



Schedules Forming Part of the Accounts

	Rupees	Rupees	As at 31st March, 2007 Rupees
SCHEDULE 1			
SHARE CAPITAL			
Authorised 35,000,000 Equity Shares of Rs.2/- each		70,000,000	70,000,000
Issued, subscribed and paid-up 30,004,850 Equity Shares of Rs.2/- each fully paid-up		60,009,700	60,009,700
Total		60,009,700	60,009,700
SCHEDULE 2			
RESERVES AND SURPLUS			
Capital reserve - State government subsidy As per last Balance sheet		2,500,000	2,500,000
Securities premium account As per last Balance sheet		483,749,133	483,749,133
General reserve As per last Balance sheet	184,760,630		162,760,630
Less : Adjustment on account of transitional provisions of revised Accounting Standard 15 (Refer Note no. 5 of schedule 16)	1,026,419		-
Add: Transferred from Profit and Loss account	29,000,000		22,000,000
		212,734,211	184,760,630
Revaluation reserve As per last Balance sheet	42,568,120		43,337,348
Less: Transferred to Profit and Loss Account	769,228		769,228
		41,798,892	42,568,120
Surplus in Profit and Loss account		1,309,863,987	1,123,731,824
Total		2,050,646,223	1,837,309,707
SCHEDULE 3			
SECURED LOANS			
Other loans and advances Dues under hire purchase agreements (Refer note below)		2,618,553	5,106,327
Total		2,618,553	5,106,327

Note:

Secured by hypothecation of assets purchased under hire purchase agreements.



Schedules Forming Part of the Accounts (contd.)

Nature of assets	Gross block				Depreciation			Net block		
	As at 1st April, 2007	Additions	Deductions	As at 31st March, 2008	Upto 31st March, 2007	For the year	Deductions	As at 31st March, 2008	As at 31st March, 2007	
Leasehold land/ premises	24,513,538	-	-	24,513,538	4,123,703	1,636,127	-	5,759,830	18,753,708	20,389,835
Buildings	210,756,374	63,149,890	-	273,906,264	31,960,264	7,452,815	-	39,413,079	234,493,185	178,796,110
Plant and machinery	290,018,644	6,526,392	61,871,898	234,673,138	89,496,603	22,692,091	27,378,157	84,810,537	149,862,601	200,522,041
Electrical installations	28,113,826	12,563,440	2,613,134	38,064,132	8,322,460	1,378,955	1,328,391	8,373,024	29,691,108	19,791,366
Furniture, fittings and office equipment	54,275,208	9,093,234	8,116,578	55,251,864	19,981,963	3,778,374	4,354,581	19,405,756	35,846,108	34,293,245
Air conditioners	31,389,197	4,495,983	1,339,694	34,545,486	8,401,888	1,516,933	587,507	9,331,314	25,214,172	22,987,309
Motor vehicles	6,004,542	85,586	1,144,549	4,945,579	1,919,878	845,168	410,794	2,354,252	2,591,327	4,084,664
Computers	172,335,400	9,521,971	26,696,510	155,160,861	94,364,715	22,268,250	26,543,564	90,089,401	65,071,460	77,970,685
Assets acquired on hire purchase - Vehicles	817,406,729	105,436,496	101,782,363	821,060,862	258,571,474	61,568,713	60,602,994	259,537,193	561,523,669	558,835,255
Intangible assets - Computer Software	25,952,032	-	12,649,178	13,302,854	15,613,806	3,438,843	10,503,512	8,549,137	4,753,717	10,338,226
Goodwill	18,341,041	20,015,284	-	38,356,325	4,742,961	4,796,091	-	9,539,052	28,817,273	13,598,080
Total	889,597,907	125,451,780	114,431,541	900,618,146	295,667,094	75,383,266	71,106,506	299,943,854	600,674,292	593,930,813
Previous year	855,615,935	78,014,201	44,032,229	889,597,907	244,765,911	77,100,750	26,199,567	295,667,094	8,032,968	52,928,285
Capital work-in-progress [including capital advances Rs.8,032,968/- (previous year Rs. 18,859,275/-)]									608,707,260	646,859,098

Notes:

- Leasehold land/ premises include:
 - Plots of land of the aggregate gross value of Rs. 14,036,538/- (previous year Rs. 14,036,538/-), taken on lease from the Goa Industrial Development Corporation (GIDC) for an initial period of thirty years with an option to extend the lease to ninety/ninety-five years.
 - Land and premises of the aggregate gross value of Rs. 1,686,000/- (previous year Rs. 1,686,000/-), taken on lease from Maharashtra Industrial Development Corporation (MIDC) for an initial period of ten years with an option to extend the lease to ninety-five years.
 - Plot of land of the aggregate gross value of Rs. 8,791,000/- (previous year Rs. 8,791,000/-), taken on lease cum sale basis from the Karnataka Industrial 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 fulfillment of certain conditions and payment of additional amount to be finally fixed by KIADB.

Title deeds in respect of the above are in the names of GIDC, MIDC and KIADB respectively.

- Gross block as at 31st March 2008 include fixed assets of Rs. 10,743, 124/- (previous year Rs. 13,920, 267/-) acquired on hire purchase basis on which the vendors have a lien.
- Goodwill represents the difference between the net assets of erstwhile Virtual Computers Private Limited taken over pursuant to scheme of amalgamation and the cost of shares held by D-Link (India) Limited in the erstwhile Virtual Computers Private Limited.



Schedules Forming Part of the Accounts (contd.)

	08 Rupees	07 As at 31st March, 2007 Rupees
SCHEDULE 5		
INVESTMENTS		
(a) Long-term investments (unquoted)		
(i) Non-trade		
In subsidiary companies		
NIL (previous year, 1,624,940) Equity Shares of Rs. 10/- each fully paid-up in Gigabyte Technology (India) Limited (Refer Note 23 of Schedule 16)	-	69,999,400
49,940 Equity Shares of Rs. 10/- each fully paid-up in Interconnector Systems Limited	499,400	499,400
In other companies		
1,000 Equity Shares of Rs. 10/- each fully paid-up in Saraswat Co-operative Bank Limited	10,000	10,000
	509,400	70,508,800
(ii) Trade		
NIL (previous year, 959,980) Equity Shares of Rs. 10/- each fully paid-up in Lanner Electronics India Limited (Refer Note 20 of Schedule 16)	-	9,599,800
Less: Provision for diminution	-	4,799,900
	-	4,799,900
NIL (previous year, 349,940) Equity Shares of Rs. 10/- each fully paid-up in Mercury Link Systems Limited (Refer Note 21 of Schedule 16)	-	3,499,400
Less: Provision for diminution	-	3,499,400
	-	4,799,900
Total long-term investments (A)	509,400	75,308,700
(b) Current investments (non-trade)		
(i) In Mutual funds Units (unquoted)		
Face value of all units, Rs. 10/-		
2,409,219.9190 (previous year, 3,583,311.3300) units in HDFC Mutual Fund - Cash Management Fund - Saving Plan - Dividend	25,625,427	38,113,530
NIL (previous year, 267,384.4400) units in HDFC Mutual Fund - Multiple Yield Plan	-	2,674,625
NIL (previous year, 1,000,000) units in HDFC Mutual Fund - Fixed Maturity Plan	-	10,000,000
1,000,000 (Previous year, NIL) HDFC FMP 181D December 2007 (VI) Wholesale Plan-Dividend	10,000,000	-
986,200.2350 (Previous year, NIL) Prudential ICICI-Blended Plan - A Dividend	10,834,077	-
9,864,102.9780 (Previous year, NIL) ICICI Prudential -Flexible Income Plan Dividend - Daily Dividend	104,298,093	-
512,957.8450 (Previous year, NIL) ICICI Prudential Interval Fund II Quarterly Interval Plan C -Retail Dividend	5,129,578	-
1,000,000 (Previous year, NIL) ICICI Prudential IFMP Series 39-Six Months Plan A Retail Dividend	10,000,000	-
461,842.5660 (Previous year, NIL) ICICI Prudential Institutional Income plan Dividend Quarterly	5,000,000	-
2,668,416.9210 (Previous year, NIL) ICICI Prudential -GILT Fund-Investment Plan Dividend	31,204,467	-
992,417.9270 (Previous year, NIL) IPMRD ICICI Prudential Interval Fund 1 Month plan A - Retail Dividend	10,000,000	-
1,835,810.2930 (previous year, 4,604,936.8400) units in ICICI Prudential Mutual Fund - Prudential ICICI Super Institutional Plus - Dividend	18,358,907	46,049,370
NIL (previous year, 10,970,807.4254) units in ICICI Prudential Mutual Fund - Sweep Option - Dividend	-	109,708,074
NIL (previous year, 1,340,908.6520) units in ICICI Prudential Mutual fund - Short Term Plan-Fortnightly Dividend Plan	-	14,788,155
NIL (Previous year, 1,000,000) units in ICICI Prudential Mutual Fund - Equity and Derivatives Fund Dividend Plan	-	10,000,00



Schedules Forming Part of the Accounts (contd.)

	08 Rupees	07 As at 31st March, 2007 Rupees
NIL (Previous year, 509,034.6390) units in ICICI Prudential Mutual fund FMP Series 34-3 Months Plus A-Retail-Dividend Plan	-	5,090,350
NIL (Previous year, 9,089,594.0280) units in ICICI Prudential Mutual Fund - Sweep Cash Option-Daily Dividend Plan	-	90,895,940
NIL (Previous year, 1,000,000) units in ICICI Prudential Mutual Fund - FMP-Series 37-3 Months Plus Plan A-Retail Dividend Plan	-	10,000,000
NIL (Previous year, 2,000,000) units in ICICI Prudential Mutual Fund - FMP-Series 37-1 Months Plus PlanA-Retail Dividend Plan	-	20,000,000
955,133.3340 (Previous year,NIL) Birla Sun Life-Cash Manager weekly Dividend	9,559,270	-
4,925,697.7050(Previous year,NIL) Birla Sun Life -Cash Manager IP-Daily Dividend	49,271,753	-
475,041.3290 (Previous year,NIL) Birla Dynamic Bond Fund-Retail Quarterly Dividend	5,000,000	-
NIL (previous year, 5,497,854.9050) units in Birla Sun Life Mutual Fund - Institutional Plan- Dividend	-	55,085,757
NIL (Previous year, 500,000) units in Birla Sun Life Mutual Fund - FTP - Quarterly Series 5 Dividend- Payout	-	5,000,000
NIL (Previous year,500,000) units in Birla Sun Life Mutual Fund - FTP - Quarterly -Series 9-Dividend -Payout	-	5,000,000
NIL (Previous year, 2,444,059.6570) units in Birla Sun Life Mutual Fund - Cash Plus-Retail-Dividend Reinvestment	-	40,007,790
NIL (previous year, 500,000) units in Kotak Mutual Fund - Cash plus	-	5,000,000
2,328,616.8290 (Previous year,NIL) Kotak Flexi Debt Scheme Daily dividend	23,358,588	-
2,039,092.7680 (Previous year,NIL) Kotak Bond (Short Term) Monthly Dividend	20,439,634	-
2,189,893.4160 (Previous year,NIL) Kotak Bond (Regular) Quarterly Dividend	24,097,839	-
103,673.6730 (Previous year,NIL) UTI-Liquid Plus Fund Institutional Plan (Daily Dividend option)	103,693,598	-
500,000 (Previous year,NIL) UTI-Fixed Maturity Plan HFMP 03/08 Dividend Payout	5,000,000	-
NIL (previous year, 5,479,548.1760) units in Unit Trust of India Mutual Fund - Money Market fund income option.	-	96,245,351
NIL (Previous year, 45,265.5889) units in Unit Trust of India Mutual Fund - Liquid Cash Plan Institutional Daily Dividend-Reinvestment	-	46,145,810
NIL (Previous year, 1,010,070.2400) units in Unit Trust of India Mutual Fund - Qtly Series QFMP/02071/I- Daily Dividend-Reinvestment	-	10,100,702
NIL (Previous year, 1,000,000) units in Unit Trust of India Mutual Fund - FMP Qtly Series QFMP/02071/I- Daily Dividend-Reinvestment	-	10,000,000
NIL (Previous year, 1,000,000) units in Unit Trust of India Mutual fund - FMP Quarterly Series QFMP/0307/II- Daily Dividend-Reinvestment	-	10,000,000
NIL (previous year, 608,856) units in Standard Chartered Mutual Fund - Liquidity manager Daily Dividend	-	6,088,560
5,322,035.1040 (Previous year,NIL) DWS Credit Opportunities Cash Fund-Weekly Dividend Plan	53,486,614	-
1,517,804.0870 (Previous year,NIL) DWS money Plus Advantage Fund - Institutional Plan	15,324,725	-
1,000,948.74 (Previous year,NIL) ABN Amro Interval Fund- Quarterly Plan H Monthly Dividend	10,009,492	-
22,297,604.5670 (Previous year, NIL) Reliance Liquidity Fund Daily Dividend	223,045,168	-
1,006,363.2300(Previous year, NIL) Reliance monthly Interval Fund Series II Institutional- Dividend Plan	10,068,765	-
1,074,244.0400 (Previous year, 1,000,000) units in Reliance Mutual Fund - Monthly Interval Fund-Series I-Retail-Dividend Plan	10,742,490	10,000,000
NIL (Previous year, 1,000,000) units in Reliance Mutual Fund - Fixed horizon fund I-Monthly Plan-Series I -Dividend Plan	-	10,000,000
NIL (Previous year, 500,000) units in Reliance Mutual Fund - Fixed Horizon Fund II - Qtly Plan -Series IV-Retail Dividend	-	5,000,000



Schedules Forming Part of the Accounts (contd.)

	08 Rupees	07 As at 31st March, 2007 Rupees
NIL (Previous year, 500,000) units in Reliance Mutual Fund - Monthly Interval Fund-Series 2-Retail-Dividend Plan	-	5,000,000
1,930,624.5370 (Previous year, NIL) JM Short Term Fund-Institutional Plan-Dividend	20,095,515	-
NIL (Previous year, 2,109,615.8380) units in JM Mutual Fund - Money Manager Fund Super Plus-Plan-Daily Dividend	-	21,096,580
706,260.4380 (Previous year, 657,312.4840) units in Principal Income Fund-STP-Weekly Dividend	7,721,523	7,191,603
250,000 (previous year, 250,000) units in ING Vysya Mutual Fund - ING Dynamic asset allocation fund - Dividend Plan	2,500,000	2,500,000
500,158.9340 (Previous year, NIL) ING Fixed Maturity Fund -42 Retail Dividend	5,001,589	-
1,065,609.1960 (Previous year, NIL) Lotus India Arbitrage Fund-Dividend	10,663,495	-
511,529.1120 (Previous year, NIL) Lotus India Quarterly Interval Fund - Plan B - Dividend	5,115,296	-
512,554.1430 (Previous year, NIL) Lotus India Quarterly Interval Fund - Plan E - Dividend	5,125,541	-
1,545,072.7960 (Previous year, NIL) Lotus India Liquid Plus Fund-Inst Daily Dividend	15,474,986	-
1,204,093.8730 (Previous year, NIL) Lotus India Quarterly Interval Fund - Plan C -dividend	12,042,139	-
5,308,909.0123 (Previous year, NIL) HSBC Liquid Plus-Institutional Daily dividend	53,155,451	-
941,978.2470 (Previous year, NIL) SBI Arbitrage Opportunities Fund-Dividend	10,001,266	-
10,001.7820 (Previous year, NIL) MIRAE Asset Liquid Plus Fund - Institutional Dividend Plan (Daily)	10,015,769	-
2,000,000 (Previous year, NIL) Templeton fixed Horizon Fund Series II-Plan A -Institutional -Growth Plan	20,000,000	-
57,494.6250 (Previous year, NIL) Templeton India Short Term Income Retail Plan - Quarterly Dividend	60,156,265	-
503,738.8780 (Previous year, NIL) TATA Fixed Horizon Fund Series 17 Scheme D - Regular Plan	5,037,400	-
	1,035,654,720	706,782,197
(ii) In Debentures (unquoted)		
10 (previous year, 10) units in Citicorp Finance (India) Limited	10,000,000	10,000,000
	10,000,000	10,000,000
(iii) In Bonds (quoted)		
NIL (previous year, 1) units in Housing and Urban Development Corporation Limited - 7.35% HUDCO 2013	-	1,079,605
	-	1,079,605
	1,045,654,720	717,861,802
Less: Provision	2,991,860	345,493
Total current investments (B)	1,042,662,860	717,516,309
Total (A+B)	1,043,172,260	792,825,009
Notes:		
1. Aggregate value of investments (net of provision)		
Unquoted - cost/ fair value	1,043,172,260	791,945,009
Quoted - cost	-	1,079,605
- market value	-	880,000
2. Investments purchased and sold during the year - Refer note 11 of schedule 16.		
SCHEDULE 6		
INVENTORIES (Refer note 18 of Schedule 16)		
Stores, spares and packing materials	5,880,150	1,004,959
Stock-in-trade		
Raw materials and components	115,914,739	117,756,534
Work-in-progress	16,861,484	32,392,729
Finished goods	200,381,623	177,612,287
	333,157,846	327,761,550
Total	339,037,996	328,766,509



Schedules Forming Part of the Accounts (contd.)

	08	07
	Rupees	As at 31st March, 2007 Rupees
SCHEDULE 7		
SUNDRY DEBTORS (unsecured)		
Debts outstanding for a period exceeding six months	40,449,420	50,470,576
Other debts*	571,329,563	466,827,123
	611,778,983	517,297,699
Less: Provision	26,045,487	24,343,752
Total	585,733,496	492,953,947
Notes		
(a) Considered good	585,733,496	492,953,947
Considered doubtful	26,045,487	24,343,752
	611,778,983	517,297,699
(b) * Includes amounts in respect of which the Company holds deposits	22,857,664	27,099,053
SCHEDULE 8		
CASH AND BANK BALANCES		
Cash on hand	337,966	114,498
(including cheques on hand Rs.Nil; previous year, Rs.34,600/-)		
Balances with scheduled banks		
- In current / cash credit accounts (Refer note 19 of Schedule 16)	39,850,375	48,969,899
- In deposit accounts	4,981,534	5,169,085
(includes interest accrued Rs.338,644/-, previous year, Rs.266,165/-)		
	44,831,909	54,138,984
Total	45,169,875	54,253,482
SCHEDULE 9		
LOANS AND ADVANCES		
(Unsecured)		
Loans		
- To a subsidiary company	-	96,973
- To others	-	2,319,026
	-	2,415,999
Advances recoverable in cash or in kind or for value to be received (Refer Note 2(f) of schedule 16)	128,362,191	78,924,247
Balance with Central Excise and Customs	1,868,002	1,059,297
Deposits	15,455,905	13,682,702
Advance payment of taxes (net)	8,651,208	6,787,950
	154,337,306	102,870,195
Less : Provision	1,186,129	-
Total	153,151,177	102,870,195
Notes:		
1. Loans and advances in the nature of loans due from: (in accordance with clause 32 of Listing Agreement)		
Subsidiary companies		
Intercorridor Systems Limited	-	96,973
Maximum balance outstanding at any time during the year	196,973	1,222,297
Others (interest-free loans with no repayment schedules)		
Employees	826,241	886,678
Maximum balance outstanding at any time during the year	2,449,288	1,325,220
SCHEDULE 10		
CURRENT LIABILITIES		
Sundry creditors		
- Total outstanding dues of micro enterprises and small enterprises	500,205	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	432,736,124	303,146,973
	433,236,329	303,146,973
Temporary overdrawn bank balance	21,841,080	9,895,375
Other liabilities	37,523,571	38,023,945
Total	492,600,980	351,066,293



Schedules Forming Part of the Accounts (contd.)

	08 Rupees	07 As at 31st March, 2007 Rupees
SCHEDULE 11		
PROVISIONS		
For Income tax [including Rs.121,274/- (net) for Wealth tax] (net of payments)	23,744,826	13,552,615
Fringe benefit tax (net of payments)	1,167,127	219,456
Proposed dividend	60,009,700	60,009,700
Corporate dividend tax	10,198,649	10,198,649
For Gratuity	5,782,594	3,635,804
For Leave encashment	4,495,555	1,795,500
Total	105,398,451	89,411,724
		Previous Year Rupees
SCHEDULE 12		
OTHER INCOME		
Interest		
(Tax deducted at source Rs.760,912/- ; previous year, Rs.157,446/-)		
- On fixed deposits with banks	1,311,467	234,018
- On bonds (current investments; non-trade)	11,679	657,299
- On delayed payments, etc.	3,786,867	2,209,959
Rent Income	5,110,013	3,101,276
Duty drawback	6,842,500	3,435,500
Dividend on current investments (non-trade)	9,037,975	6,629,625
Profit on sale of current investments (non-trade)	51,688,393	20,058,782
Provision for doubtful debts written back	15,031,490	10,954,406
Provision for diminution in value of current investments (non-trade) written back	17,547,363	6,936,009
Profit on sale of fixed assets (net)	345,494	503,074
Recovery of bad debts written off	1,662,465	-
Sundry balances written back	1,279,824	-
Provision for gratuity written back	7,966,702	9,621,520
Exchange differences (net)	-	1,166,198
Miscellaneous income	25,748,660	16,845,095
	4,776,325	10,230,463
Total	147,037,204	89,481,948
SCHEDULE 13		
INCREASE / (DECREASE) IN STOCKS OF FINISHED GOODS AND WORK-IN-PROCESS		
Stock as at 31st March, 2008		
Finished goods	200,381,623	177,612,287
Work-in-progress	16,861,484	32,392,729
	217,243,107	210,005,016
Less: Stock as at 1st April, 2007		
Finished goods	177,612,287	229,825,737
Work-in-progress	32,392,729	15,648,771
	210,005,016	245,474,508
Increase / (Decrease)	7,238,091	(35,469,492)
SCHEDULE 14		
MANUFACTURING AND OTHER EXPENSES		
Raw materials and components consumed	403,404,070	1,056,160,142
Payments to and provisions for employees :		
Salaries, wages and bonus	271,558,731	201,750,305
Contribution to provident and other funds	6,405,478	6,624,480
Staff welfare expenses	13,940,903	8,804,956
Gratuity	4,040,524	41,110
Leave encashment	3,685,874	3,281,540
	299,631,510	220,502,391
Stores, spares and packing material consumed	22,213,456	18,112,345
Power and fuel	29,094,623	24,180,625
Rent	19,509,243	12,167,002



Schedules Forming Part of the Accounts (contd.)

	08	07
	Rupees	Previous Year Rupees
Operating lease rentals	2,627,537	4,554,850
Rates and taxes	1,746,021	1,349,526
Insurance	9,462,829	8,488,984
Repairs and maintenance		
Buildings	1,907,639	1,652,714
Machinery	396,560	325,703
Others	9,124,101	6,754,866
	11,428,300	8,733,283
Travelling and conveyance expenses	34,991,585	24,378,552
Communication expenses	13,488,471	11,821,295
Advertisement and sales development expenses	40,282,764	22,761,619
Commission on sales	8,997,781	9,304,989
Warranty servicing expenses	46,601,331	24,917,232
Loss on sale / discard of fixed assets (net)	-	8,083,836
Provision for diminution in value of current investments (non-trade)	2,991,860	225,888
Provision for diminution in value of long term investments (trade)	-	4,799,900
Provision for doubtful debts and advances	20,435,227	8,429,845
Sundry balances written off	10,694,297	4,603,086
Donations	205,200	356,000
Directors sitting fees	745,000	290,000
Bad debts written off	11,731,705	16,700,349
Miscellaneous expenses *	62,805,231	50,934,079
Total	1,053,088,041	1,541,855,818
* Includes Legal and professional, Printing and stationery, Bank charges, Audit fees etc.		
SCHEDULE 15		
INTEREST AND FINANCE CHARGES		
On security deposits from dealers	1,844,741	2,049,673
On short term loans from banks	2,859,324	1,356,790
On cash credit accounts etc.	210,300	128,841
On others	484,037	1,196,106
Total	5,398,402	4,731,410

SCHEDULE 16**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS****A SIGNIFICANT ACCOUNTING POLICIES****Basis of preparation of financial statements**

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

Use of estimates

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

Fixed assets**i) Tangible assets**

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

ii) Intangible assets

Intangible assets are stated at cost less accumulated amortisation. Computer software is amortised over a period of ten years, (except ERP software which is amortised over a period of three years). Goodwill arising on amalgamation is amortised over a period of five years.



Schedules Forming Part of the Accounts (contd.)

SCHEDULE 16 (contd.)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

Assets taken on Lease (Hire Purchase)

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

Depreciation

- i. Cost of leasehold land/premises and structural improvements are amortized over the period of lease.
- ii. Depreciation on other assets is provided on the straight line basis at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956, except Motor vehicles and Computers which are depreciated over a period of five and four years respectively.

Impairment loss

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

Investments

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

Inventories

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

- (i) Raw materials, components, stores and spares - on weighted average basis (Refer note 18 below);
- (ii) Work-in-progress 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.

Employee 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.



Schedules Forming Part of the Accounts (contd.)

SCHEDULE 16 (contd.)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

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 and Deferred tax are accounted for in accordance with Accounting Standard 22 on "Accounting For Taxes on Income", (AS 22). Current tax is measured at the amount expected to be paid to / recovered from the tax authorities, using the applicable tax rates.

Deferred income tax reflect the impact of the current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years / period. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available except that deferred tax assets arising on account of unabsorbed depreciation and losses are recognised if there is virtual certainty that sufficient future taxable income will be available to realise the same. (Refer Note no. 8 below).

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.

Tax on distributed profits is accounted in accordance with the provisions of the Income-tax Act, 1961 and is disclosed in accordance with the Guidance Note on Accounting for Corporate Dividend Tax issued by the Institute of Chartered Accountants of India.

Contingent Liability

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



Schedules Forming Part of the Accounts (contd.)

SCHEDULE 16 (contd.)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

B. Notes on Accounts

	08 Rupees	07 Previous Year Rupees
1. Estimated amount of contracts remaining to be executed on capital account and not provided for	6,491,956	40,379,278
2. Contingent liabilities, in respect of		
a. Claims against the Company not acknowledged as debts		
- Claim filed by erstwhile distributors in various Metropolitan / Civil Courts. The Company has arrived at amicable out of Court settlement by filing deed of settlement in Metropolitan / Civil Courts by paying Rs.800,000/- (previous year Nil) as compensation.	-	1,091,241
b. Show cause notices received from customs authorities relating to imports made in earlier years. The Company has filed replies to these notices and does not expect any demand to materialize	242,733,026	242,733,036
c. Disputed demands of custom duty pending before the Customs, Excise and Service Tax Appellate Tribunal (CESTAT) {pending with Commissioner of Customs (Appeals) in the previous year}	2,414,221	2,414,221
d. Show cause notices received from excise authorities in connection with valuation of products manufactured by the Company for the purpose of calculation of excise duty.		
- The Company has filed reply to these notices and does not expect any demand to materialize	4,333,506	38,423,002
- Disputed demand of excise duty pending before CESTAT	34,089,496	-
- Disputed penalty demands of Excise Authorities pending before the CESTAT	34,089,496	-
e. Disputed penalty demands of Excise Authorities pending before the CESTAT/ {pending with CESTAT/ Commissioner of Excise (Appeals) in the previous year}	802,041	802,041
f. Custom duty paid under protest		
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.		
The same is included under advances recoverable in cash or in kind in Schedule 9 pending resolution of the dispute.	11,196,170	8,649,626
3. a. Managerial Remuneration under section 198 of the Companies Act, 1956, paid to the Executive Chairman and Managing director		
Salary	19,653,622	3,480,574
Contribution to Provident fund	16,380	9,360
Perquisites *	-	-
Commission	1,773,816	1,345,331
Total	21,443,818	4,835,265
Notes:		
The above remuneration excludes:		
i) contribution to gratuity fund as the incremental liability has been accounted for the Company as a whole.		
ii) sitting fees of Rs 85,000/-.		
* Does not include monetary value of non cash perquisites as per Income-tax Act, 1961.		
b. Commission payable to Independent Directors	1,773,816	1,345,331
c. Computation of net profit as per section 349 read with section 309(5) and section 198 of the Companies Act, 1956		
Profit before tax as per Profit and Loss account	381,709,355	267,533,354
Less: Profit on sale of current investments (non-trade) (net)	15,031,490	10,954,406
Provision for diminution in value of current investments (non-trade) written back	345,494	503,074
Provision for diminution in value of long term investments (trade) written back	8,299,300	-
Compensation for transfer of business to Gigabyte Technology India Limited	90,420,000	-
Provision for doubtful debts written back	17,547,363	6,936,009
	250,065,708	249,139,865



Schedules Forming Part of the Accounts (contd.)

SCHEDULE 16 (contd.)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

B. Notes on accounts (contd.)

	Rupees	Previous Year Rupees
Add: Managerial remuneration	23,217,634	6,180,596
Directors sitting fees	745,000	290,000
Provision for doubtful debts	20,435,227	8,429,845
Provision for diminution in value of current investments (non-trade)	2,991,860	225,888
Provision for diminution in value of long term investments (trade)	-	4,799,900
Loss on sale of long term investments (trade)	57,307,739	-
Profit for the year	354,763,168	269,066,094
Commission on above Percentage	3,547,632 1.00%	2,690,662 1.00%
4. Payment to auditors		
a. as auditors	710,000	710,000
b. as advisor or in any other capacity in respect of: - for other services (certification, etc)	265,000	225,000
c. for expenses	50,528	23,254
d. for service tax	120,510	-
Total	1,146,038	958,254

5. The Company has adopted the Revised Accounting Standard (Revised AS 15) on "Employee Benefits" w.e.f April 1, 2007. In accordance with the transitional provision of Revised AS 15, the incremental liability at the beginning of the year amounting to Rs.453,104/- (net of deferred tax of Rs.229,898) in respect of compensated absence and Rs.573,315/- (net of deferred tax of Rs.290,892) in respect of gratuity has been adjusted against the General reserve. The impact on the profit of the current year due to adoption of Revised AS 15 is not ascertainable.

	Gratuity (Funded)
I. Reconciliation of opening and closing balances of Defined Benefit obligation	
Defined Benefit obligation at beginning of the year	8,075,413
Current Service Cost	2,383,800
Interest Cost	569,487
Actuarial (gain) / loss	1,449,974
Benefits paid	(1,913,642)
Settlement cost	-
Defined Benefit obligation at year end	10,565,032
II. Reconciliation of opening and closing balances of fair value of plan assets	
Fair value of plan assets at beginning of the year	3,575,422
Expected return on plan assets	210,100
Actuarial gain/(loss)	152,637
Employer contribution	2,757,921
Benefits paid	(1,913,642)
Settlement cost	-
Fair value of plan assets at year end	4,782,438
III. Reconciliation of fair value of assets and obligations	
Present value of obligation as at 31st March, 2008	10,565,032
Fair value of plan assets as at 31st March, 2008	4,782,438
Amount recognized in Balance Sheet	(5,782,594)
IV. Expense recognized during the year (Under the head "Payments to and Provisions for Employees" - Refer Schedule 14)	
Current Service Cost	2,383,800
Interest Cost	569,487
Expected return on plan assets	(210,100)
Actuarial (gain) / loss	1,297,337
Net Cost	4,040,524
V. Actuarial assumptions	
Discount rate (per annum)	8%
Expected rate of return on plan assets (per annum)	8%
Rate of escalation in salary (per annum)	6%



Schedules Forming Part of the Accounts (contd.)

SCHEDULE 16 (contd.)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

B. Notes on accounts (contd.)

- 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 for the previous four annual periods have not been furnished as the revised AS-15 was adopted by the Company in the financial year 2007-08.
- VIII. The contributions expected to be made by the Company during the financial year 2008-09 have not been ascertained.
- IX. The plan assets are managed by the Gratuity trust formed by the Company. The management of funds is entrusted with Life Insurance Corporation of India. The details of investments made by them are not available.
- X. The disclosure as required under AS-15 regarding the Company's defined contribution plans is as follows :
- i. The Company has in addition to above accounted for provident fund contribution aggregating to Rs.5,105,649/-.
6. Additional information pursuant to the provisions of paragraphs 3, 4C and 4D of part II of schedule VI to the Companies Act, 1956:

	Quantity (nos.)		Previous year	
	Quantity (nos.)	Value - Rs.	Quantity (nos.)	Value - Rs.
a. <u>Turnover</u>				
Networking products	5,206,091	2,945,058,038	5,147,697	3,051,986,913
Sale of Services		84,321,632		24,799,001
Total		3,029,379,670		3,076,785,914
b. <u>Raw materials and components consumed</u>				
Integrated circuits	1,216,587	60,230,524	5,644,286	265,463,688
Cables	1,650,269	14,667,019	101,010,618	234,904,852
PCBs	2,367,940	24,468,193	1,911,953	66,069,622
Connectors	6,479,605	38,408,497	13,176,150	40,112,184
Diodes	2,946,397	11,091,546	9,010,695	39,979,412
Inductor/Beadcore/Transformer	2,823,545	10,307,995	5,418,936	14,558,639
Others		244,230,296		395,071,745
Total		403,404,070		1,056,160,142
c. <u>Manufactured goods (networking products)</u>				
Opening stock	570,841	53,944,230	536,693	161,503,222
Closing stock	785,086	46,026,246	570,841	53,944,230
d. <u>Traded goods (networking products)</u>				
Opening stock	82,596	123,668,057	126,997	68,322,515
Closing stock	148,780	154,355,378	82,596	123,668,057
Purchases	651,447	1,557,753,192	754,608	994,737,802
e. <u>Installed capacity (networking products) (on double shift basis; as certified by the management)</u>	5,313,100		5,313,100	
f. <u>Actual production (networking products)</u>	4,835,073		4,382,836	
			Previous year	
	Rupees	% age to total consumption	Rupees	% age to total consumption
g. <u>Raw materials consumed</u>				
imported	327,144,415	81.10	1,041,415,394	98.60
indigenous	76,259,655	18.90	14,744,748	1.40
Total	403,404,070	100.00	1,056,160,142	100.00
h. <u>Stores, spares and packing materials consumed</u>				
imported	1,116,800	5.03	742,803	4.10
indigenous	21,096,656	94.97	17,369,542	95.90
Total	22,213,456	100.00	18,112,345	100.00



Schedules Forming Part of the Accounts (contd.)

SCHEDULE 16 (contd.)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

B. Notes on accounts (contd.)

	08 Rupees	07 Previous Year Rupees
i. <u>C.I.F. value of goods imported</u>		
Raw materials and components	330,731,510	971,300,367
Stores, spares and packing materials	889,105	1,602,896
Capital goods	5,678,944	58,820,872
Traded goods	1,311,815,709	837,169,908
j. <u>Expenditure in foreign currency</u>		
Travelling expenses	5,359,589	1,819,207
Professional fees	6,732,971	1,984,158
Salaries and reimbursement of expenses, etc.	1,475,354	-
k. <u>Earnings in foreign exchange</u>		
F.O.B. value of exports	184,067,627	117,298,260
Income from services	26,957,213	7,600,829
l. <u>Amount remitted during the year in foreign currency on account of dividend</u>		
Number of non-resident shareholders	4	4
Number of shares held by them on which dividend is due	11,048,497	11,048,497
Year to which dividend relates	2006-07	2005-06
Amount of dividend remitted in Rupees	22,096,994	22,096,994
Other than the above, the Company has not remitted any amount in foreign currencies on account of dividends during the year and does not have information as to the extent to which remittances, if any, in foreign currencies on account of dividend have been made by non-resident shareholders		
7. 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		(Amount in Rupees)
Outstanding principal amount and interest as on 31st March 2008		
- Principal Amount		490,200
- Interest due thereon		-
Amount of interest paid along with the amounts of payment made beyond the appointed day		-
Amount of interest due and payable (where the principal has already been paid but interest has not been paid)		10,005
The amount of interest accrued and remaining unpaid at the end of each accounting year.		-
The amount of further interest remaining due and payable even in succeeding years, until such date when the interest dues as above are actually paid for the purpose of disallowance as a deductible expenditure under section 23 of the Act		-
8. The tax effect of significant timing differences that has resulted in deferred tax assets and liabilities are given below:		Previous year
a. Deferred Tax Liability		
Depreciation	(61,406,202)	(72,655,666)
Total	(61,406,202)	(72,655,666)
b. Deferred Tax Asset		
Provision for doubtful debts	7,546,450	7,213,119
Others	3,493,543	1,236,064
Total	11,039,993	8,449,183
Deferred Tax (net)	(50,366,209)	(64,206,483)
9. Earnings per share is calculated by dividing the profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year, as under:		
Profit attributable to equity shareholders (Rupees)	285,340,512	219,272,323
Weighted average number of equity shares outstanding during the year	30,004,850	30,004,850
Basic/ diluted earnings per share including exceptional items (Rupees) (net of tax)	9.51	7.31
Nominal value per share (Rupees)	2.00	2.00



Schedules Forming Part of the Accounts (contd.)

SCHEDULE 16 (contd.)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

B. Notes on accounts (contd.)

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

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

Currency	Amount Outstanding at year end in Foreign currency	Amount Outstanding at year end in Rupees	Exposure to Buy / Sell
US Dollar	414,875 (44,632)	16,644,801 (1,939,252)	Buy Sell

Figures in brackets are those of the previous year

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

Amount receivable in foreign currency on account of the following:

			Previous Year	
	In foreign Currency	In Rupees	In foreign Currency	In Rupees
Debtors	USD 1,640,724	65,793,042	USD 713,735	31,011,792
Loans and advances	USD 484,921	19,445,333	USD 261,664	11,369,286

Amount payable in foreign currency on account of the following:

			Previous Year	
	In foreign Currency	In Rupees	In foreign Currency	In Rupees
Creditors	USD 7,257,068	291,495,416	USD 4,593,768	200,005,152
	EUR 49		EUR 49	
	JPY 849,858		JPY 844,445	

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

	Rupees	Previous year Rupees
	Exchange gain	30,051,299
Exchange loss	4,302,639	17,487,004



Schedules Forming Part of the Accounts (contd.)

SCHEDULE 16

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

B. Notes on accounts (contd.)

11. Investments purchased and sold during the year

	08	Rupees Amount	07	Previous year Rupees Amount
	Units		Units	
1 In Equity Shares				
MIC Electronics Limited	3,963	594,450	-	-
Nitin Fire Protection Industries Limited	1,602	304,380	-	-
Time Technoplast Limited	4,615	1,453,725	-	-
Meghmani Organics Limited	34,444	654,436	-	-
Vishal Retail Limited	2,341	632,070	-	-
Roman Tarmat Limited	1,946	340,550	-	-
Allied Digital Services Limited	3,027	575,130	-	-
Everonn Systems India Limited	3,526	493,640	-	-
Simplex Projects Limited	1,840	340,400	-	-
Omaxe Limited	1,351	418,810	-	-
Zylog Systems Limited	1,451	507,850	-	-
Central Bank of India	7,618	777,036	-	-
Take Solutions Limited	827	603,710	-	-
Religare Enterprises Limited	1,292	239,020	-	-
Mundra Port & Special Economic Zone Limited	2,972	1,307,680	-	-
Edelweiss Capital Limited	1,541	1,271,325	-	-
Kolte Patil Developers Limited	3,138	455,010	-	-
BGR Energy systems Limited	2,817	1,352,160	-	-
Future Capital Holdings Limited	1,206	922,590	-	-
Rural Electrification Corporation Limited	13,136	1,379,280	-	-
Sun TV Limited	-	-	967	846,125
Reliance Petroleum Limited	-	-	28,004	1,680,240
DS Kulkarni Developers Limited	-	-	6,926	1,904,650
Tech Mahindra Limited	-	-	3,351	1,223,115
Action Construction Equipment Limited	-	-	9,982	1,297,660
Gwalior Chemical Industries Limited	-	-	30,930	2,505,330
Development Credit Bank limited	-	-	39,826	1,035,476
Info edge (India) Limited	-	-	1,525	488,000
Parsvanath Developers Limited	-	-	5,610	1,683,000
Sobha Developers Limited	-	-	825	528,000
Ess Dee Aluminum Limited	-	-	4,201	945,225
Tanla Solutions Limited	-	-	5,526	1,464,390



Schedules Forming Part of the Accounts (contd.)

SCHEDULE 16

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

B. Notes on accounts (contd.)

Investments purchased and sold during the year

	08		Previous year	
	Units	Rupees Amount	Units	Rupees Amount
CNN-Global Broadcast News limited	-	-	1,512	378,000
Akruti Nirman limited	-	-	2,626	1,418,040
Cinemax India Limited	-	-	7,645	1,184,975
Redington (India) Limited	-	-	10,760	1,215,880
Firstsource Solutions Limited	-	-	11,699	748,736
Power Finance Corporation Limited.	-	-	24,418	2,075,530
Mindtree Consulting limited	-	-	1,298	551,650
Idea Cellular limited	-	-	60,877	4,565,775
2 In Futures				
Copper 30 November 2007 Future	25	6,606,800	-	-
Copper 29 February 2008 Future	124	34,646,500	-	-
Copper 30 April 2008 Future	50	17,004,600	-	-
3 Units in Mutual funds				
Units in ABN AMRO Mutual Fund				
ABN Amro Liquid fund-Daily Dividend	500,072.672	5,000,727	10,875.714	108,757
Units in HDFC Mutual fund				
HDFC Cash Management fund - Savings plus plan-Wholesale-Daily Dividend	76,672,465.974	795,337,991	20,792,698.935	221,159,466
HDFC FMP-3-Months Plan	74,290.000	742,900	506,825.000	5,069,112
HDFC FMP 90D April 2007 (5) - Wholesale Plan Dividend	1,000,000.000	10,000,000	-	-
HDFC Arbitrage Fund-Wholesale Plan-Monthly-Dividend	5,302,040.718	53,021,884	-	-
HDFC Cash Management Fund-Call Plan Daily Dividend	-	-	4,335,587.637	45,205,438
Units in ING Mutual Fund				
ING Liquid Fund Institutional - Daily Dividend Option	4,897,869.938	49,037,964	1,001,696.838	10,027,286
ING Daily Dividend	-	-	-	-
ING Liquid Fund - Daily Dividend Option	463,655.349	5,001,589	-	-
ING Short Term Plan-Dividend Plan	-	-	2,722,823.502	30,505,153



Schedules Forming Part of the Accounts (contd.)

SCHEDULE 16 (contd.)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

B. Notes on accounts (contd.)

Investments purchased and sold during the year

	08		Previous year	
	Units	Rupees Amount	Units	Rupees Amount
Units in Prudential Mutual Fund				
Pru ICICI Liquid Daily Dividend-Super Institutional Plan	140,420,530.373	1,404,259,819	-	-
Prudential ICICI STP-DR-Fortnightly	3,964.810	43,714	6,296,289.047	69,408,922
ICICI Prudential Sweep Cash Option	141,371.833	1,413,718	19,037.834	190,378
Prudential ICICI Equity and Derivatives Fund:				
Prudential ICICI FMP Series 34-3 Months Plus A-Retail-Dividend	1,975,689.223	21,007,895	-	-
ICICI Prudential -Flexible Income Plan Dividend - Daily Dividend	2,020.868	20,209	-	-
ICICI Prudential Institutional Short Term Plan-Fortnightly Dividend	8,038,965.338	85,000,000	-	-
Pru ICICI- Blended - Plan A	4,603,025.657	51,071,161	-	-
Pru ICICI -Super IP-Old	-	-	1,461,423.706	15,996,744
Pru ICICI -Super IP-New	-	-	38,238,165.054	382,381,651
Pru ICICI -FMP	-	-	26,953,693.387	269,536,990
ICICI Floating rate Fund	-	-	1,616.501	16,165
			17,793.152	133,134
Units in Birla Sun Life Mutual Fund				
Birla Cash Plus-Retail-Dividend	30,761.279	503,544	-	-
Birla Cash Plus- Institutional	104,561,561.879	1,047,654,569	140,115,490.896	1,404,686,305
Birla Sun Life -Cash Manager-IP-Daily Dividend	2,499,250.224	25,000,001	-	-
Birla FMP-Series 2-Quarterly Dividend-Payout	-	-	997,108.386	9,992,921
Units in Templeton Mutual Fund				
Templeton Floating Rate Income Fund Long Term Plan Retail Option- Dividend	1,899,236.341	20,229,584	-	-
TITMA- Regular Plan-Daily Dividend	25,990.180	39,305,990	-	-
Units in Kotak Mahindra Mutual Fund				
Kotak Liquid Institutional-Daily Dividend	3,435,231.266	42,006,351	2,654,172.977	32,455,493
Kotak Flexi Debt Scheme - Daily Dividend	7,148,940.888	71,711,741	-	-



Schedules Forming Part of the Accounts (contd.)

SCHEDULE 16 (contd.)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

B. Notes on accounts (contd.)

Investments purchased and sold during the year

	08		Previous year	
	Units	Rupees Amount	Units	Rupees Amount
Kotak Equity Arbitrage Fund-Dividend	2,163,117.425	22,843,212	-	-
Kotak FMP 3 months - Series 3 Dividend	9,150.217	91,527	-	-
Kotak Cash Plus	-	-	81,285.375	1,847,647
Kotak Long Term Floater	-	-	2,008,827.130	20,181,883
Units in SBI Mutual Fund				
Magnum Insta Cash fund-Daily Dividend	597,079.793	10,001,266	-	-
Units in Standard Chartered Mutual Fund				
Standard Chartered Fixed Maturity Plan-Quarterly Series 9 - Dividend	611,181.830	6,111,818	-	-
Standard Chartered Arbitrage Fund -Plan B- Dividend	2,002,811.744	20,443,149	-	-
GSSIF-Short term -PlanB-Fortnightly Dividend	621,237.161	6,315,016	-	-
Standard Chartered Liquidity Manager-Daily Dividend	-	-	2,945,867.640	29,461,622
Units in Reliance Mutual Fund				
Reliance monthly Interval Fund-Series 2-Retail-Dividend	1,006,373.288	10,068,365	-	-
Reliance monthly Interval Fund-Series I-Institutional Dividend	999,190.656	10,000,000	-	-
Reliance Liquid Fund -Treasury Plan-Institutional Option-Daily Dividend	654,381.721	10,003,664	2,006,794.150	20,157,366
Units in ILFS Mutual Fund				
IL&FS Liquid Account Institutional Plan - Growth	-	-	-	-
Units in UTI Mutual Fund				
UTI Liquid Cash Plan Institutional Daily Income option	88,209.691	89,924,993	556,660.509	567,485,149
UTI FMP Qtly Series I-Dividend Plan	9,247.698	92,477	-	-
UTI Money Market fund-Daily Dividend	4,593,603.731	81,087,127	-	-
UTI FMP Quarterly Series II Dividend Plan	23,039.300	230,393	-	-
UTI Fixed Maturity Plan Quarterly Series I Institutional Dividend Plan	2,057,651.655	20,576,517	-	-
UTI Liquid plus-Daily Dividend	179,964.887	180,996,248	-	-



Schedules Forming Part of the Accounts (contd.)

SCHEDULE 16 (contd.)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

B. Notes on accounts (contd.)

Investments purchased and sold during the year

	08		Previous year	
	Units	Rupees Amount	Units	Rupees Amount
UTI Money Market fund- Income option	4,987,909.747	88,149,473	-	-
UTI Spread Fund	-	-	2,000,000.000	21,180,400
UTI Money Market fund- Daily Dividend	-	-	15,996,984.902	280,651,031
UTI Money Market fund- Income	-	-	36,670,263.255	641,058,168
Units in Deustche Mutual fund				
DWS Insta Cash Plus Fund-Daily Dividend	3,786,984.695	39,009,729	-	-
DWS Insta Cash Fund-Growth	1,144,741.060	15,000,000	-	-
DWS Short Maturity Fund - Growth	1,136,882.009	15,003,091	-	-
DWS Short Maturity Fund Weekly Dividend	1,499,685.100	15,404,659	-	-
DWS money Plus Advantage Fund - Regular Plan	1,005,563.621	10,137,926	-	-
Deutsche-DWS Money Plus-regular Plan-Weekly Dividend-	-	-	3,155,153.762	31,652,187
Units in JM Mutual fund				
JM Money Manager Fund Super Plus-Plan-Daily Dividend	7,925.709	79,257	2,083,915.386	21,131,527
JM Fixed Maturity Fund-Series V- Quarterly Plan1- Institutional Dividend plan	2,161,624.321	21,616,246	-	-
JM High Liquidity Fund Institutional Plan-Daily Dividend	1,997,138.692	20,003,141	-	-
Units in LIC				
LIC Mutual Fund -Dividend Plan	-	-	1,469,296.066	16,133,018
LIC FMP Series 10-3 months Dividend plan	-	-	1,638,297.146	16,382,971
Units in Lotus Mutual Fund				
Lotus India Short Term Plan- Institutional Daily Dividend	1,027,686.699	10,340,594	-	-
Lotus India FMP 1 Month - Series III -Dividend	503,092.504	5,030,925	-	-
Lotus India Liquid Fund- Institutional Daily Dividend	1,700,016.312	17,003,053	-	-
Units in MIRAE Mutual Fund				
MIRAE Asset Liquid Fund - Institutional - Dividend Plan (Daily)	9,994.718	10,001,859	-	-



Schedules Forming Part of the Accounts (contd.)

SCHEDULE 16 (contd.)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

B. Notes on accounts (contd.)

12. Lease transactions

(a) Finance leases

Lease rentals outstanding as at 31st March, 2008 in respect of fixed assets taken on finance lease are as under
Rupees

Due	Total minimum lease payments outstanding as at 31st March 2008	Interest not due	Present value of minimum lease payments as at 31st March, 2008	Total minimum lease payments outstanding as at 31st 2007	Interest not due	Present value of minimum lease payments as at 31st March, 2007
not later than 1 year	1,834,843	135,242	1,699,601	2,501,011	305,276	2,195,735
later than 1 year and not later than 5 years	951,660	32,708	918,952	3,091,226	180,634	2,910,592
later than 5 years	-	-	-	-	-	-
Total	2,786,503	167,950	2,618,553	5,592,237	485,910	5,106,327

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

(b) Operating leases

The company has taken premises / vehicles on cancelable 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. 2,627,537/- (previous year Rs. 4,554,850/-)

Future lease rentals in respect of fixed assets taken on non-cancelable operating lease basis are as follows:

Due	Total minimum lease rentals payable	Previous year Rupees Total minimum lease rentals payable
not later than 1 year	-	1,424,640
later than 1 year and not later than 5 years	-	-
later than 5 years	-	-
Total	-	1,424,640

13. Related party disclosures

Names of related parties where control exists

Gigabyte Technology (India) Limited (upto 26-10-2007)

Intercorridor Systems Limited.

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

Gigabyte Technology (India) Limited
(upto 26-10-2007)

Subsidiary company

Intercorridor Systems Limited

Subsidiary company

Mr. Kamalaksha R. Naik

Key management person

Mr. Jango Dalal

Key management person

Lanner Electronics India Limited
(upto 31-03-2008)

Associate company (Also refer note 20 below)

Virtual Computer Crafts

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



Schedules Forming Part of the Accounts (contd.)

SCHEDULE 16 (contd.)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

B. Notes on accounts (contd.)

Details of related party transactions during the year

Nature of transactions						Rupees
	Subsidiary Gigabyte Technology (India) Limited	Intercorridor Systems Limited	Associate company	Key management person	**	Total
Turnover	54,787 (196,542,279)	12,782 -	- (38,461)	- -	- -	67,569 (196,580,740)
Sale of Fixed Assets	- (846,631)	- (101,403)	- -	- -	- -	- (948,034)
Rent income	2,175,000 (2,783,500)	156,000 (172,000)	- (120,000)	- -	- -	2,331,000 (3,075,500)
Interest income	- -	4,422 (89,269)	- (9,133)	- -	- -	4,422 (98,402)
Services and contract income	27,064,205 (7,926,300)	- -	- -	- -	- -	27,064,205 (7,926,300)
Compensation received for business transfer	90,420,000 -	- -	- -	- -	- -	90,420,000 -
Purchase of goods	99,332 (677,548)	- -	- (2,080)	- -	- -	99,332 (679,628)
Purchase of fixed assets	304,200 (2,666,277)	- -	- -	- -	- -	304,200 (2,666,277)
Managerial remuneration and sitting fees						
Mr. Kamalaksha R. Naik	- -	- -	- -	8,383,176 (4,890,265)	- -	8,383,176 (4,890,265)
Mr. Jangoo Dalal	- -	- -	- -	13,145,642 -	- -	13,145,642 -
Services and contract expense	- -	2,288,683 (1,851,190)	- -	- -	- -	2,288,683 (1,851,190)
Dividends paid	- -	- -	- -	11,236,456 (11,236,456)	- -	11,236,456 (11,236,456)
Loan given during the year	- -	100,000 (14,194)	- (204,643)	- -	- -	100,000 (218,837)
Repayment of loan given during the year	- -	100,000 (14,194)	- -	- -	- -	100,000 (14,194)
<u>As at the year-end</u>						
Amount due to	- -	- -	- (2,080)	3,798,816 (1,345,331)	- -	3,798,816 (1,347,411)
Amount due from	- (26,239,454)	378,995 (2,098,376)	- (165,498)	- -	- -	378,995 (28,503,328)

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

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



Schedules Forming Part of the Accounts (contd.)

SCHEDULE 16 (contd.)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

B. Notes on accounts (contd.)

14. 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

Particulars	Domestic	Exports	Unallocated	Total
Revenues from external customers (net) (including sale of services)	2,695,555,328 (2,690,102,019)	217,444,497 (130,749,733)	- -	2,912,999,825 (2,820,851,752)
Segment assets	1,612,185,679 (1,585,964,230)	65,793,042 (32,951,044)	1,096,993,343 (799,612,960)	2,774,972,064 (2,418,528,234)
Additions to fixed assets during the year	80,556,463 (92,086,690)	- -	- -	80,556,463 (92,086,690)

Figures in brackets are for the previous year

15. Research and Development expenditure under Department of Scientific and Industrial Research (DSIR) approved facility Rs.16,029,621/- (previous year Rs.14,034,209/-) on revenue account has been incurred during the year.

Particulars	Rupees	Previous year Rupees
Salaries	12,083,235	7,473,816
Other expenses	3,946,386	6,560,393
	16,029,621	14,034,209

16. 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"

17. Hitherto, the Company followed the policy of providing depreciation on Computers @ 8.46% / @ 16.21%, 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 computers and their estimated useful life, has changed this policy and now follows the policy of depreciating all computers uniformly @ 25%. As a result of this change in the method of providing for depreciation, the charge of depreciation for the year is higher by Rs.7,526,211/- and the profit for the year is lower by the like amount.

18. Hitherto, the Company followed the policy of valuing inventory at lower of cost and net realizable value for raw materials, components, stores and spares and trading stock calculated on FIFO basis. During the year, the Company has used weighted average as the basis of calculation instead of the aforesaid FIFO basis. As a result of this change in the method of valuation, the value of the related closing stock is higher by Rs.1,514,073/- and the profit for the year is higher by the like amount.

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

20. The Company held investments (unquoted) in an associate, viz., Lanner Electronics India Limited (Lanner) aggregating to Rs.9,599,800/- The Company had made provision towards diminution in the previous year, to the extent of Rs.4,799,900/- (being 50% of value of Investments made). During the current year, the Company has sold the entire investment for a consideration of Rs.700,000/-. The resultant loss of Rs.4,099,900/-(net of provision for diminution made in the previous year written back) has been included in "Exceptional items" in the Profit and loss account.

21. The Company held investments (unquoted) in Mercury Link Systems Limited (Mercury) aggregating to Rs.3,499,400/- The Company had made provision towards diminution for the entire value of Investments in the earlier years. During the current year, the Company has sold the entire investment for a consideration of Rs.100,000/-. The resultant gain of Rs.100,000/-(net of provision for diminution made in the earlier years written back) has been included in "Exceptional items" in the Profit and loss account.



Schedules Forming Part of the Accounts (contd.)

SCHEDULE 16 (contd.)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

B. Notes on accounts (contd.)

22. The shareholders at the Annual General Meeting held on 6th August, 2005 had approved the transfer of business in relation to the sales and marketing of Gigabyte Motherboards to Gigabyte Technology (India) Limited over a period of 3 years for such consideration as may be arrived at by an Independent Valuer appointed for the purpose. During the year vide Agreement dated 31st August, 2007, the Company has completed all formalities for the said transfer for a total consideration of Rs. 90,420,000/-. The consideration has been included in "Exceptional items" in the Profit and loss account.
23. The Board of Directors as part of its strategy to focus on the core networking business of the Company had at its meeting held on 30th July, 2007 approved the transfer and sale of shares held by the Company in Gigabyte Technology (India) Limited to Gigabyte Technology, Taiwan or its Subsidiaries/Associates at a price which shall not be less than the Net Asset Value. The necessary agreement for the same was executed on 13th September, 2007 and the shares were transferred on 26th October, 2007 for a consideration of Rs.24,990,861/-. The resultant loss of Rs.45,008,539/- has accordingly has been included in "Exceptional items" in the Profit and loss account.
24. During the current year, based on a physical verification exercise conducted by the company, the following fixed assets have been written off :

	Gross book value	Accumulated depreciation
Office Equipments	1,720,798	1,036,370
Furniture & Fixtures	2,827,955	1,949,502
Electrical Installation	2,061,220	1,174,169
Computers	26,364,799	26,206,414
Air conditioners	777,794	434,593

Further, the company has scrapped Plant and machinery aggregating to Rs.60,555,311/- (Gross block value); Rs. 26,541,521/- (Accumulated depreciation) on account of phasing out of the said plant and machinery.

The resultant loss on account of the above, aggregating to Rs.36,965,308/- has been included in "Exceptional items" in the Profit and loss account.

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

The accounting of ESOP's granted by the Trust to the employees of the Company is done in accordance with The SEBI (ESOS and ESOS) 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/ESOS 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"

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

signatures to schedules 1 to 16

As per our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

A. B. Jani
Partner

Mumbai, dated : 22nd June, 2008

For and on behalf of the Board

K.R.Naik
Executive Chairman

K.G. Prabhu
Company Secretary

Mumbai, dated : 22nd June, 2008

Jangoo Dalal
Managing Director & CEO

Bhushan Prabhu
Chief Financial Officer



Schedules Forming Part of the Accounts (contd.)

SCHEDULE 16 (contd.)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

B. Notes on accounts -cont-

Balance sheet abstract and Company's general business profile

I. Registration details

Registration no.

1 3 4 1

Balance sheet date

3 1 0 3 0 8

State code

2 4

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

Public issue

N I L

Bonus issue

N I L

Rights issue

N I L

Private placement

N I L

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

Total liabilities

2 7 7 4 9 7 2

Sources of funds

Paid-up capital

6 0 0 1 0

Share application money

N I L

Unsecured loans

N I L

Application of funds

Net fixed assets

6 0 8 7 0 7

Net current assets

5 2 5 0 9 3

Accumulated losses

N I L

Total assets

2 7 7 4 9 7 2

Reserves and surplus

2 0 5 0 6 4 6

Secured loans

2 6 1 8

Net Deferred tax liability

5 0 3 6 6

Investments

1 0 4 3 1 7 2

Miscellaneous expenditure

N I L

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

Turnover

3 0 6 7 2 7 5

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

✓ 3 8 1 7 0 9

Earnings per share (Rupees)

Refer note 9 of schedule 16

Total expenditure

2 6 9 0 0 1 2

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

✓ 2 8 5 3 4 1

Dividend %

1 0 0

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

Item code no. (ITC code)

8 4 7 1 8 0 . 0 0

Product description

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

Item code no. (ITC code)

8 5 1 7 5 0 . 0 0

Product description

M O D E M S

Item code no. (ITC code)

8 5 4 4 1 0 . 0 0

Product description

C A B L E S

For and on behalf of the Board

K.R.Naik

Executive Chairman

Jangoo Dalal

Managing Director & CEO

K.G. Prabhu

Company Secretary

Bhushan Prabhu

Chief Financial Officer

Mumbai, dated : 22nd June, 2008



Statement Pursuant to Section 212 of the Companies Act, 1956 Relating to Subsidiary Company

1.	Name of the Subsidiary Company	Intercorridor Systems Limited
2.	The financial year of the Subsidiary Company ended on	31st March 2008
3.	a) Number of Equity Shares held by D-Link (India) Limited in the Subsidiary as at the end of the financial year of the Subsidiary (including shares held by the Nominee) b) Capital and Reserves of the Subsidiary at the end of the financial year of the Subsidiary. (i) Capital (ii) Reserves and Surplus (c) Extent of interest of D-Link (India) Limited in the Capital of the Subsidiary at the end of the financial year of the Subsidiary	49,940 Rs.5,00,000/- Rs. 955,379 /- 99.88%
4.	The net aggregate amount of the profits/(losses) of the subsidiary so far as they concern the members of D-Link (India) Limited since it became the subsidiary of D-Link (India) Limited	Rs. 1,359,089 /-
5.	The net aggregate amount of the Subsidiary's profit/(loss) not dealt with in D-Link (India) Limited's Accounts: a) Profit/(Loss) for the Subsidiaries financial year ended 31st March 2008 b) Profit/(Loss) for the previous financial year	 (Rs.136,798/-) Rs. 866,189/-
6.	The net aggregate amount of the profit/(loss) of Subsidiary dealt with in D-Link (India) Limited's Accounts: a) For the Subsidiaries financial year ended 31st March 2008 b) For its previous financial year	 Nil Nil

For and on behalf of the Board

K R Naik
Executive Chairman

Jango Dalal
Managing Director & CEO

K G Prabhu
Company Secretary

Bhushan Prabhu
Chief Finance Officer

Mumbai, dated :22nd June 2008.



Director's Report

To,

The Members of the Company

Your Directors have pleasure in presenting the Fourth Annual Report together with Audited Statement of Accounts of the Company for the period ended 31st March 2008.

FINANCIAL RESULTS

	(Rs. in Lakhs)	
	2007-2008	2006-2007
Income	28.93	38.69
Profit/ (Loss) before Tax	(1.22)	14.98
Less: Provision for Tax		
(a) Current Tax	-	1.69
(b) Deferred Tax	0.03	4.51
(c) Fringe Benefit Tax	0.12	0.12
Profit/ (Loss) after Tax	(1.37)	8.66
Balance of the previous year brought forward	10.92	2.26
Transfer to General Reserve	-	-
Dividend	-	-
Corporate Dividend Tax	-	-
Balance carried forward to Balance Sheet	9.55	10.92

OPERATIONS

The total income of the Company for the year stood at Rs.28.93 lakhs as compared to income of Rs. 38.69 lakhs in the previous year. The Company recorded a Loss of Rs. 1.37 lakhs after deduction of tax as compared to a profit of Rs. 8.66 Lakhs in the previous year under review.

DIVIDEND

Your Company has not recommended any dividend during the current year, due to loss incurred by the company.

DIRECTORS

Mr. Nitin Kunkolienker, Director retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment.

AUDITORS

M/s. S. P. Bhandare & Associates, Chartered Accountants retire at the ensuing Annual General Meeting of the Company, and being eligible, offer themselves for re-appointment.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Your Company is primarily engaged in Training activities and the operations involve very low energy consumption. However, the company will continue with its efforts to conserve energy.

No comment is being made on technology absorption considering the nature of activities undertaken by your company during the year under review.

The detailed information on Foreign Exchange Earnings and Outgoings is furnished in the notes to accounts.

PERSONNEL

There were no employees, employed for the period ended 31st March, 2008, who were in receipt of remuneration amounting to Rs.24,00,000/- per year or Rs.2,00,000/- per month, as the case may be. Hence, the statement of particulars of employees as per section 217(2A) of the Companies Act, 1956 read with relevant Rules is not attached.

FIXED DEPOSITS

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

DIRECTOR'S RESPONSIBILITY STATEMENT

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

- in the preparation of annual accounts, the applicable accounting standards have been followed
- the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company as at March 31, 2008 and the Loss of the Company for the year ended March 31, 2008.
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- the annual accounts have been prepared on a 'going concern' basis

ACKNOWLEDGMENT

The Board also expresses its appreciation of the support extended by the employees of the Company, business associates, Bankers and other Agencies during the period in the Company and look forward to their continued patronage.

The Directors also place on record their appreciation for the support, guidance and cooperation extended by the Local Government Authorities.

For and on behalf of the Board

K. R. Naik
Chairman

Verna, dated 8th May 2008



Auditors' Report

The Members of Intercorridor Systems Limited.

1. We have audited the attached balance sheet of Intercorridor Systems Limited as at 31st March 2008, the profit and loss account and also the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 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 above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
 - (iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account.
 - (iv) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section(3C) of section 211 of the Companies Act, 1956.
 - (v) On the basis of written representations received from the directors, as on 31st March 2008 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the balance sheet, of the state of affairs of the company as at 31st March 2008;
 - (b) in the case of the profit and loss account, of the Loss for the year ended on that date; and
 - (c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

For S. P. Bhandare & Associates.
Chartered Accountants

S. P. Bhandare
Proprietor
M. No. 35615

Place: Verna-Goa
Date: 8th May 2008



Annexure To The Auditors' Report

Re: Intercorridor Systems Limited.

Annexure referred to in paragraph 3 of our report of even date,

In terms of the information and explanations given to us and the books and records examined by us in the course of audit and to the best of our knowledge and belief we state that:

- (i)
 - (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) All the assets have been physically verified by the management during the year. No material discrepancies were noticed on such verification.
 - (c) During the year, the company has not disposed off substantial part of fixed assets.
- (ii) The Company does not have any inventory. Accordingly, clause 4 (ii) of the Order is not applicable.
- (iii)
 - (a) The company has taken unsecured loan from one party covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 1,96,973.00 and the year end balance of loan taken from such party was Rs. NIL.
 - (b) In our opinion, the rate of interest on such loan is not, prima facie, prejudicial to the interest of the Company. The Company is regular in payment of interest. Further as the loan taken by the company is not subject to any other terms and conditions the questions of i) other terms being prejudicial, ii) regular payment of principal and iii) reasonable steps for recovery of overdue amounts, do not arise.
 - (c) The company has not granted any loans secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the company and the nature of its business for the purchases of inventory, fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- (v)
 - (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
 - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us the company has not accepted any deposits from the public.
- (vii) The company is not a listed company. Further the company neither had a paid up and reserves exceeding Rs. 50 lakhs as at the commencement of the financial year concerned nor is having an average annual turnover exceeding five crore rupees for a period of three consecutive financial years immediately preceding the financial year concerned. Hence the question of reporting upon the internal audit system being commensurate with the size and nature of the business of the company does not arise.
- (viii) We are informed that the Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956.
- (ix)
 - (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty and other material statutory dues applicable to it. Further since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.



Annexure To The Auditor's Report (contd.)

- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education protection fund, employees state insurance, income tax, sales tax, wealth tax, service tax, customs duty and excise duty were in arrears, as at 31st March 2008 for a period of more than six months from the date they became payable.
- (c) According to the information and explanation given to us, there are no dues of income tax, sales tax, wealth tax, service tax, customs duty and excise duty which have not been deposited on account of any dispute.
- (x) In our opinion, the accumulated losses of the company are not more than fifty percent of its net worth. Further, the company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) The Company has not taken any loans from financial institution, bank or debenture holder. Accordingly, clause 4 (xi) of the Order is not applicable.
- (xii) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly clause 4(xii) of the Order is not applicable.
- (xiii) In our opinion, the company is not a chit fund or a nidhi mutual benefit fund/society. Therefore the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xv) The company has not given any guarantee for loans taken by others from banks or financial institutions. Accordingly clause 4(xv) of the Order is not applicable.
- (xvi) The Company has not raised any term loan. Accordingly clause 4(xvi) of the Order is not applicable.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short term basis have been used for long-term investment.
- (xviii) The company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
- (xix) The company has, during the year, not issued any debentures.
- (xx) The company has, during the year, not raised any money by public issues.
- (xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For **S. P. Bhandare & Associates**

Chartered Accountants

S. P. Bhandare

Proprietor

M. No. 35615

Place: Verna-Goa

Date: 8th May 2008



Balance Sheet

As at 31st March, 2008

	Schedule No.	Rupees	08 Rupees	07 As at 31st March, 2007 Rupees
SOURCES OF FUNDS				
Shareholders' funds				
Share capital	1	500,000		500,000
Reserves and surplus		955,379		1,092,177
			1,455,379	1,592,177
Loan funds				
Unsecured loans	2		-	96,973
Deferred tax liability (net)			595,983	592,587
Total			2,051,362	2,281,737
APPLICATION OF FUNDS				
Fixed assets				
Gross block	3	4,364,635		4,311,085
Less: Depreciation		1,907,080		1,039,156
Net block		2,457,555		3,271,929
Capital work-in-progress		-		-
			2,457,555	3,271,929
Current assets, loans and advances				
Sundry debtors	4	111,468		1,106,750
Cash and bank balances	5	18,767		52,978
Loans and advances	6	389,161		120,748
		519,396		1,280,476
Less: Current liabilities and provisions				
Current liabilities	7	913,284		2,256,298
Provisions	8	12,305		14,370
		925,589		2,270,668
Net current assets			(406,193)	(990,192)
Total			2,051,362	2,281,737
Significant accounting policies and Notes on accounts	10			

As per our report of even date attached

For **S.P.Bhandare & Associates**
Chartered Accountants

S. P.Bhandare
Proprietor
M.NO.35615

Place: Verna-Goa
Date: 8th May 2008

For and on behalf of the Board

K.R.Naik
Director

Nitin Kunkolienker
Director

Verna, dated 8th May, 2008



Profit and Loss Account

For the year ended 31st March, 2008

	Schedule No.	08 Rupees	07 Previous year Rupees
INCOME			
Training Income		2,893,107	3,868,922
Other Income		3,772	-
Total		2,896,879	3,868,922
EXPENDITURE			
Operations and Other expenses	9	2,146,250	1,433,641
Depreciation		867,924	845,467
Interest and finance charges		4,422	92,130
Total		3,018,596	2,371,238
PROFIT/(LOSS) BEFORE TAX		(121,717)	1,497,684
Provision for tax :			
Current tax		-	168,580
Fringe benefit tax		11,685	11,725
Deferred tax		3,396	451,190
		15,081	631,495
PROFIT/(LOSS) AFTER TAX		(136,798)	866,189
Balance brought forward from previous year		1,092,177	225,988
Amount available for appropriation		955,379	1,092,177
APPROPRIATIONS			
Balance carried to Balance sheet		955,379	1,092,177
		955,379	1,092,177
Basic and Diluted Earnings per share		(2.74)	17.32
(refer note 10 of schedule 4)			
Significant accounting policies and Notes on accounts	10		

As per our report of even date attached

For **S.P.Bhandare & Associates**
Chartered Accountants

S. P.Bhandare
Proprietor
M.NO.35615

Place: Verna-Goa
Date: 8th May 2008

For and on behalf of the Board

K.R.Naik
Director

Nitin Kunkolienker
Director

Verna, dated 8th May, 2008



Cash Flow Statement

For the year ended 31st March, 2008

08 07
Rupees Previous year
Rupees

	08	07
	Rupees	Previous year Rupees
A. Cash flows from operating activities		
Profit/(Loss) before tax	(121,717)	1,497,684
Adjustment for:		
Depreciation	867,924	845,467
Operating profit before working capital changes	746,207	2,343,151
Decrease/(Increase) in trade receivables	995,282	(1,106,750)
(Increase) in loans and advances	(6,837)	(310,521)
(Decrease)/Increase in trade and other payables	(1,343,014)	74,176
Cash generated from Operations	391,638	1,000,056
Direct taxes paid	(275,326)	-
Net cash from operating activities	116,312	1,000,056
B. Net cash (used in) investing activities		
Purchase of fixed assets	(53,550)	(108,903)
	(53,550)	(108,903)
C. Cash flows from financing activities		
Repayment of short term borrowings	(96,973)	(1,114,025)
Net cash (used in) financing activities	(96,973)	(1,114,025)
Net increase/ (decrease) in cash and cash equivalents	(34,211)	(222,872)
Cash and cash equivalents at the beginning of the year	52,978	275,850
Cash and cash equivalents at the end of the year	18,767	52,978

As per our report of even date attached

For **S.P.Bhandare & Associates**
Chartered Accountants

S. P.Bhandare
Proprietor
M.NO.35615

Place: Verna-Goa
Date: 8th May 2008

For and on behalf of the Board

K.R.Naik
Director

Nitin Kunkolienker
Director

Verna, dated 8th May, 2008



Schedules Forming Part of the Accounts

08 07
Rupees As at
31st March, 2007
Rupees

SCHEDULE 1		Rupees		As at						
SHARE CAPITAL				31st March, 2007						
				Rupees						
Authorised capital										
50,000 equity shares of Rs. 10/- each				500,000	500,000					
Issued, subscribed and paid-up capital										
50,000 equity shares of Rs. 10/- each fully paid up				500,000	500,000					
Total				500,000	500,000					
SCHEDULE 2										
UNSECURED LOANS										
Other loans and advances from D-Link (India) Limited				-	96,973					
Total				-	96,973					
SCHEDULE 3										
FIXED ASSETS				(Rupees)						
Nature of assets	Gross block				Depreciation			Net block		
	As at 1st April, 2007	Additions	Deductions	As at 31st March, 2008	Upto 1st April, 2007	For the year	Deductions	As at 31st March, 2008	As at 31st March, 2008	As at 31st March, 2007
Office equipment	7,500	5,450	-	12,950	85	539	-	624	12,326	7,415
Training Equipment	4,202,182	-	-	4,202,182	1,034,126	840,436	-	1,874,562	2,327,620	3,168,056
Computers	101,403	48,100	-	149,503	4,945	26,949	-	31,894	117,609	96,458
Total	4,311,085	53,550	-	4,364,635	1,039,156	867,924	-	1,907,080	2,457,555	3,271,929
Previous year	4,202,182	108,903	-	4,311,085	193,689	845,467	-	1,039,156	3,271,929	
SCHEDULE 4										
SUNDRY DEBTORS										
(unsecured and considered good)										
Debts outstanding for a period exceeding six months				52,968	-					
Other debts				58,500	1,106,750					
Total				111,468	1,106,750					
SCHEDULE 5										
CASH AND BANK BALANCES										
Cash on hand				18,767	2,544					
Bank balance - with a scheduled bank in current account				-	50,434					
Total				18,767	52,978					
SCHEDULE 6										
LOANS AND ADVANCES										
(unsecured and considered good)										
Advances recoverable in cash or in kind or for value to be received				35,860	29,023					
Advance payment of Taxes (net)				353,301	91,725					
Total				389,161	120,748					
SCHEDULE 7										
CURRENT LIABILITIES										
Sundry creditors (Includes Rs.378,995/- (previous year Rs.2,001,403/-) to D-Link india Limited)				846,014	2,021,275					
Other liabilities				67,270	235,023					
Total				913,284	2,256,298					



Schedules Forming Part of the Accounts (contd.)

08 07
Rupees As at
31st March, 2007
Rupees

SCHEDULE 8 PROVISIONS	Rupees	As at 31st March, 2007 Rupees
For tax (net)	-	-
Fringe benefit tax (net)	12,305	14,370
	12,305	14,370
SCHEDULE 9 OPERATIONS AND OTHER EXPENSES		Previous year Rupees
Payments to and provisions for employees:		
Salaries & bonus	1,427,604	954,676
Staff welfare expenses	20,225	29,001
	1,447,829	983,677
Rent	157,609	172,000
Training Material	127,420	19,872
Training Expenses	166,619	40,016
Repair & Maintenance Computers	13,193	-
Travelling and conveyance expenses	160,272	166,531
Communication Expenses	10,813	
Payment to auditors		
Audit fees (including service tax, Rs. 1,224/-, previous year Rs. 1,224/-)	11,224	11,224
Preliminary expenses written of	-	-
Miscellaneous expenses (including Office Expenses, Printing and stationery, Bank charges, etc.)	51,271	40,321
Total	2,146,250	1,433,641

**SCHEDULE 10
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS**

A. SIGNIFICANT ACCOUNTING POLICIES

1 Basis of accounting

The financial statements are prepared under historical cost convention, on accrual basis. Revenue (income) is recognised when no significant uncertainty as to determination or realisation exists.

2 Fixed assets

Fixed assets are carried at cost of acquisition or construction less accumulated depreciation.

3 Depreciation

Depreciation on assets is provided on straight line basis. For this purpose the life of asset of Training equipment and Computers is considered as five years. Depreciation on other assets is provided at the rates and in the manner specified in schedule XIV to the Companies Act, 1956

4 Foreign currency transactions

Transactions in foreign currency are recorded at prevailing rates of exchange in force at the time they are effected. At the year end, monetary items denominated in foreign currency are reported using the closing rates of exchange. Exchange differences arising on re-statement of liabilities pertaining to the acquisition of fixed assets are adjusted in the carrying amount of respective fixed assets. Other differences are recognised as income or expenses in the period in which they arise.

5 Taxes on income

Tax expense comprise both current tax and deferred tax at the applicable enacted /substantively enacted rates. Current tax represents the amount of income tax payable/ recoverable in respect of the taxable income/ loss for the reporting period. Deferred tax represents the effect of timing differences between taxable income and accounting income for the reporting period that originate in one period and are capable of reversal in one or more subsequent periods.

6 Contingent liabilities

These, if any, are disclosed in the Notes on accounts. Provision is made in the accounts in respect of those contingencies which materialise into liabilities after the year end till the approval of the accounts by the Board of Directors and which have material effect on the position stated in the Balance sheet.



Schedules Forming Part of the Accounts (contd.)

	08 Current year Rupees	07 Previous year Rupees
SCHEDULE 10 (contd.)		
B. Notes on accounts		
1 Payment to auditors		
a. as auditors	10,000	5,000
b. as advisor or in any other capacity in respect of: for other services(certification,etc)	-	-
c. for expenses	-	-
d. for service tax	1,224	612
2 C.I.F. value of goods imported	120,301	-
3 Earnings in foreign currency	-	55,999
4 Amount of exchange gain included in the Profit and Loss account	3,772	-
5 Components of deferred tax assets/ (liabilities) are as under		
Depreciation	595,983	623,376
Income tax loss	-	(30,789)
	595,983	592,587
6 Earnings per share is calculated by dividing the profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year, as under:		
Profit after tax (Rupees)	(136,798)	866,189
Profit after tax attributable to equity shareholders (Rupees)	(136,798)	866,189
Weighted average number of equity shares outstanding during the year	50,000	50,000
Basic/ diluted earnings per share (Rupees)	(2.74)	17.32
Nominal value per share (Rupees)	10.00	10.00
7 Related party disclosures		
Names of related parties where control exists		
D-Link (India) Limited		
List of related parties with whom transactions have taken place during the year and nature of relationship		
Name of the related parties Nature of relationship		
D-Link (India) Limited Holding Company		
Details of related party transactions during the year		
	Current year Rupees	Previous year Rupees
Training Income	2,041,378	1,742,886
Purchase of fixed assets	-	101,403
Rent Expenses	157,609	172,000
Operating Expenses	-	-
Interest Expenses	4,422	89,269
Loan taken during the year	100,000	14,194
Amount due to	378,995	2,098,376
8 The company operates in only one segment viz training.		
9 Previous years figures have been regrouped, wherever necessary, to correspond with those of the current year.		

signatures to schedules 1 to 10

As per our report of even date attached

For **S.P.Bhandare & Associates**
Chartered Accountants**S. P.Bhandare**
Proprietor
M.NO.35615Place: Verna-Goa
Date: 8th May 2008

For and on behalf of the Board

K.R.Naik
Director**Nitin Kunkolienker**
Director

Verna, dated 8th May, 2008



Schedules Forming Part of the Accounts (contd.)

Additional information pursuant to the provisions of part IV of schedule VI to the Companies Act, 1956

Balance sheet abstract and Company's general business profile

I. Registration details

Registration no.

U 7 2 2 0 0 G A 2 0 0 4 P L C 0 0 3 5 4 3

State code

2 4

Balance sheet date

3 1 0 3 0 8

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

Public issue

N I L

Rights issue

N I L

Bonus issue

N I L

Private placement

N I L

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

Total liabilities

2 9 7 7

Total assets

2 9 7 7

Sources of funds

Paid-up capital

5 0 0

Reserves and surplus

9 5 5

Share application money

N I L

Secured loans

N I L

Unsecured loans

N I L

Net Deferred tax liability

5 9 6

Application of funds

Net fixed assets

2 4 5 7

Investments

N I L

Net current assets

(4 0 6)

Accumulated losses

N I L

Miscellaneous expenditure

N I L

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

Turnover

2 8 9 7

Total expenditure

3 0 1 9

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

✓ 1 2 2

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

✓ 1 3 7

Earnings per share (Rupees)

(2 . 7 4)

Dividend %

N I L

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

Item code no. (ITC code)

8 5 2 4 9 0 . 0 9

Product description

C O M P U T E R S O F T W A R E

For and on behalf of the Board

K.R.Naik
Director

Nitin Kunkolienker
Director

Verna, dated 8th May, 2008



Auditors' Report

To, the Board of Directors of D-Link (India) Limited

1. We have audited the attached Consolidated Balance sheet of D-Link (India) Limited (the Company) and its Subsidiaries (collectively referred to as "the Group"), as at 31st March, 2008 and also the Consolidated Profit and Loss account and the Consolidated Cash-flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of Intercorridor Systems Limited (subsidiary), whose financial statements reflect total assets of Rs. 2,976,951/- as at 31st March, 2008, total revenues of Rs. 2,896,879/- and net cash outflows amounting to Rs. 34,211/- for the year then ended. These financial statements and other financial information have been audited by other auditors whose report has been furnished to us, and our opinion, is based solely on the report of the other auditors.
4. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21, 'Consolidated Financial Statements' and Accounting Standard (AS) 23 on 'Accounting for Investments in Associates in Consolidated Financial Statements' notified in the Companies (Accounting Standard) Rules 2006.
5. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanation given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India :
 - a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2008;
 - b) in the case of the Consolidated Profit and Loss Account, of the profit for the year ended on that date; and
 - c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For Deloitte Haskins & Sells
Chartered Accountants

A. B. Jani
Partner

Membership no. 46488

Mumbai, dated : 22nd June, 2008



Consolidated Balance Sheet

As at 31st March, 2008

	Schedule No.	Rupees	08 Rupees	07 As at 31st March, 2007 Rupees
SOURCES OF FUNDS				
Shareholders' funds				
Share capital	1	60,009,700		60,009,700
Employees stock options outstanding		13,331,948		11,418,006
Reserves and surplus	2	2,051,600,456		1,832,167,503
			2,124,942,104	1,903,595,209
Minority interest			1,746	66,502,846
Loan funds				
Secured loans	3		2,618,553	6,313,692
Deferred tax liability (net)			50,962,192	64,606,070
Total			2,178,524,595	2,041,017,817
APPLICATION OF FUNDS				
Fixed assets				
Gross block	4	904,982,780		898,521,733
Less: Depreciation		301,850,934		297,716,648
Net block		603,131,846		600,805,085
Capital work-in-progress		8,032,968		52,928,285
			611,164,814	653,733,370
Investments	5		1,042,672,860	718,754,008
Current assets, loans and advances				
Inventories	6	339,037,996		357,402,979
Sundry debtors	7	585,465,969		635,731,540
Cash and bank balances	8	45,188,642		102,505,344
Loans and advances	9	153,540,338		118,840,923
		1,123,232,945		1,214,480,786
Less: Current liabilities and provisions				
Current liabilities	10	493,135,268		455,831,224
Provisions	11	105,410,756		90,210,743
		598,546,024		546,041,967
Net current assets			524,686,921	668,438,819
Miscellaneous expenditure				
(to the extent not written off or adjusted)				
Preliminary expenses			-	91,620
Total			2,178,524,595	2,041,017,817
Significant accounting policies and notes on accounts 16				

As per our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

A. B. Jani
Partner

Mumbai, dated : 22nd June, 2008

For and on behalf of the Board

K.R.Naik
Executive Chairman

K.G. Prabhu
Company Secretary

Mumbai, dated : 22nd June, 2008

Jangoo Dalal
Managing Director & CEO

Bhushan Prabhu
Chief Financial Officer



Consolidated Profit and Loss Account

For the year ended 31st March, 2008

	Schedule No.	Rupees	08 07 Rupees	Previous year Rupees
INCOME				
Turnover (gross)			3,286,031,733	3,571,547,989
Less: Excise duty			150,048,978	270,650,375
Turnover (net)			3,135,982,755	3,300,897,614
Sale of services			68,667,606	20,048,737
Other income	12		157,202,730	95,911,306
Increase/(Decrease) in stocks of finished goods and work-in-progress	13		47,302,817	(100,005,560)
Total			3,409,155,908	3,316,852,097
EXPENDITURE				
Manufacturing and Other expenses	14		1,252,718,628	1,648,503,106
Purchase of traded goods			1,674,445,920	1,320,023,875
Excise duty			455,848	(10,070,876)
Depreciation (Refer Note 13 of Schedule 16)		76,601,472		78,713,229
Less: Transferred from Revaluation Reserve		769,228		769,228
			75,832,244	77,944,001
Interest and finance charges	15		5,430,375	4,845,933
Total			3,008,883,015	3,041,246,039
PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS				
Exceptional items (Refer Note 16 to 20 of Schedule 16)			400,272,893	275,606,058
			42,427,456	-
PROFIT BEFORE TAX			357,845,437	275,606,058
Provision for tax				
- Current tax [(including Rs. 121,200/- (previous year, Rs.141,810/-) for wealth tax]			109,906,200	52,853,580
- Deferred tax			(13,557,210)	115,642
- Fringe benefit tax			5,178,487	3,663,274
			101,527,477	56,632,496
Excess provision for tax in respect of earlier years			-	7,297,197
PROFIT AFTER TAX			256,317,960	226,270,759
Minority interest			35,067,851	(646,028)
Share of Loss from investment in an associate			-	(2,231,715)
			291,385,811	223,393,016
Balance brought forward from previous year			1,120,441,781	989,257,114
Amount available for appropriations			1,411,827,592	1,212,650,130
APPROPRIATIONS				
Proposed dividend			60,009,700	60,009,700
Corporate dividend tax			10,198,649	10,198,649
Transferred to General reserve			29,000,000	22,000,000
Balance carried to Balance sheet			1,312,619,243	1,120,441,781
Basic and Diluted Earnings per share (Face value of Rs. 2/- per share) (Refer Note 6 of Schedule 16)			9.71	7.45
Significant accounting policies and notes on accounts	16			

As per our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

A. B. Jani
Partner

Mumbai, dated : 22nd June, 2008

For and on behalf of the Board

K.R.Naik
Executive Chairman

K.G. Prabhu
Company Secretary

Mumbai, dated : 22nd June, 2008

Jangoo Dalal
Managing Director & CEO

Bhushan Prabhu
Chief Financial Officer



Consolidated Cash Flow Statement

For the year ended 31st March, 2008

08 07
Rupees Previous year
Rupees

	08 Rupees	07 Previous year Rupees
A. Cash flows from operating activities		
Profit before tax	357,845,437	275,606,058
Adjustments for:		
Depreciation	75,832,244	77,944,001
(Profit)/ Loss on sale of fixed assets (net)	(1,595,751)	8,083,836
Loss on discard of fixed assets (included in Exceptional Items)	36,965,308	-
Loss on sale of long term investments (trade) (included in Exceptional Items)	3,399,400	-
Loss on sale of subsidiary/associate (included in Exceptional Items)	5,562,148	-
Provision for diminution in value of current investments (non-trade)	2,991,860	225,888
Interest and finance charges	5,430,375	4,845,933
Provision for Gratuity	1,328,231	(1,146,302)
Provision for leave encashment	2,074,310	1,900,867
Unrealised exchange differences	(1,607,214)	(5,671,410)
Interest income	(5,364,998)	(3,678,100)
Dividend income	(51,688,393)	(20,180,930)
Provision for doubtful debts written back	(17,669,578)	(6,936,009)
Provision for diminution in value of current investments (non-trade) written back	(345,494)	(503,074)
Provision for diminution in value of long term investments (trade) written back (included in Exceptional Items)	(3,499,400)	-
Provision for doubtful debts and advances	20,815,261	9,008,654
Bad debts written off	12,174,671	16,700,396
Sundry balances written back	(7,966,702)	(9,621,520)
Sundry balances written off	10,694,297	4,603,086
Profit on sale of current investment (non-trade)	(15,031,490)	(10,964,914)
Preliminary expenses written off	30,540	91,620
Operating profit before working capital changes	430,375,062	340,308,080
(Increase) / Decrease in trade receivables	(117,944,816)	152,718,078
(Increase) / Decrease in inventories	(54,915,091)	162,053,669
(Increase) / Decrease in loans and advances	(71,985,417)	22,311,979
Increase / (Decrease) in trade and other payables	258,717,465	(155,107,064)
Cash generated from Operations	444,247,203	522,284,742
Direct taxes paid	(101,737,388)	(44,917,629)
Net cash from operating activities	342,509,815	477,367,113
B. Cash flows from investing activities		
Purchase of fixed assets	(80,684,741)	(93,349,245)
Purchase of investments	(5,469,421,507)	(4,941,003,411)
Sale of fixed assets	8,107,656	10,383,119
Sale of investments	5,156,760,060	4,669,035,977
Sale of subsidiary	24,990,861	-
Sale of associate	700,000	-
Dividend received	51,688,393	20,180,930
Interest received	5,519,368	3,384,741
Net cash (used in) investing activities	(302,339,910)	(331,367,889)
C. Cash flows from financing activities		
Repayment of long-term borrowings	(2,584,521)	(4,734,979)
Dividend paid	(70,208,349)	(68,426,060)
Interest paid	(5,430,375)	(4,845,933)



Consolidated Cash Flow Statement

For the year ended 31st March, 2008 (contd.)

	08 Rupees	07 Previous year Rupees
Net cash (used in) / generated from financing activities	(78,223,245)	(78,006,972)
Net increase / (decrease) in cash and cash equivalents	(38,053,340)	67,992,252
Cash and cash equivalents at the beginning of the year	102,012,330	34,020,078
Less : Adjustment on account of Gigabyte Technology (India) Limited (Refer Note 18 of Schedule 16)	(19,108,992)	-
	82,903,338	34,020,078
Cash and cash equivalents at the end of the year	44,849,998	102,012,330
Notes :		
1. Components of cash and cash equivalents include cash, bank balances in current and deposit accounts as disclosed under Schedule 8 of the accounts		
2. Purchase of fixed assets are stated inclusive of movements of capital work in progress between the commencement and end of the period and are considered as part of investing activity		
Reconciliation of cash and cash equivalents		
As per Balance sheet - schedule 8	45,188,642	102,505,344
Interest accrued on bank deposits	(338,644)	(493,014)
As per Cash flow statement	44,849,998	102,012,330

As per our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

A. B. Jani
Partner

Mumbai, dated : 22nd June, 2008

For and on behalf of the Board

K.R.Naik
Executive Chairman

K.G. Prabhu
Company Secretary

Mumbai, dated : 22nd June, 2008

Jangoo Dalal
Managing Director & CEO

Bhushan Prabhu
Chief Financial Officer



Schedules Forming Part of The Consolidated Accounts

	Rupees	Rupees	As at 31st March, 2007 Rupees
SCHEDULE 1			
SHARE CAPITAL			
Authorised			
35,000,000 Equity Shares of Rs. 2/- each		70,000,000	70,000,000
Issued, subscribed and paid-up			
30,004,850 Equity Shares of Rs.2/- each fully paid-up		60,009,700	60,009,700
Total		60,009,700	60,009,700
SCHEDULE 2			
RESERVES AND SURPLUS			
Capital reserve			
State government subsidy			
As per last Balance sheet		2,500,000	2,500,000
Securities premium account			
As per last Balance sheet		483,749,133	483,749,133
General reserve			
As per last Balance sheet	182,908,469		160,908,469
Less : Adjustment on account of transitional provisions of revised Accounting Standard 15 (Refer Note no. 7 of schedule 16)	1,026,419		-
Add : Share of Adjustment on account of transitional provisions of revised Accounting Standard 15 of Gigabyte Technology (India) Limited	51,138		
Add: Transferred from Profit and Loss account	29,000,000		22,000,000
		210,933,188	182,908,469
Revaluation reserve			
As per last Balance sheet	42,568,120		43,337,348
Less: Transferred to Profit and Loss Account	769,228		769,228
		41,798,892	42,568,120
Surplus in Profit and Loss account		1,312,619,243	1,120,441,781
Total		2,051,600,456	1,832,167,503
SCHEDULE 3			
SECURED LOANS			
Loans and advances from Banks			
Dues under hire purchase agreements (Refer note below)		2,618,553	6,313,692
Total		2,618,553	6,313,692

Note:

Secured by hypothecation of assets purchased under hire purchase agreements



Schedules Forming Part of The Consolidated Accounts (contd.)

Nature of assets	Rupees									
	Gross block					Depreciation			Net block	
	As at 1st April, 2007	Additions	Deductions/ Adjustments	As at 31st March, 2008	Upto 31st March, 2007	For the year	Deductions/ Adjustments	As at 31st March, 2008	As at 31st March, 2007	
Leasehold land/ premises	24,513,538	-	-	24,513,538	4,123,703	1,636,127	-	18,753,708	20,389,835	
Buildings	210,756,374	63,149,890	-	273,906,264	31,960,264	7,452,815	-	234,493,185	178,796,110	
Plant and machinery	290,018,644	6,526,392	61,871,898	234,673,138	89,496,603	22,692,091	27,378,157	149,862,601	200,522,041	
Electrical installations	28,113,826	12,563,440	2,613,134	38,064,132	8,322,460	1,378,955	1,328,391	29,691,108	19,791,366	
Furniture, fittings and office equipment	54,303,898	9,098,684	8,137,768	55,264,814	19,989,021	3,779,180	4,361,821	35,858,434	34,314,877	
Air conditioners	31,389,197	4,495,983	1,339,694	34,545,486	8,401,888	1,516,933	587,507	25,214,172	22,987,309	
Motor vehicles	6,957,002	85,586	2,097,009	4,945,579	1,930,969	965,167	541,884	2,591,327	5,026,033	
Computers	178,144,437	9,644,799	28,276,691	159,512,545	95,877,655	23,216,965	27,098,763	67,516,688	82,266,782	
Assets acquired on hire purchase - Vehicles	824,196,916	105,564,774	104,336,194	825,425,496	260,102,563	62,638,233	61,296,523	563,981,223	564,094,353	
Intangible assets - Computer Software	28,085,671	-	14,782,817	13,302,854	16,132,271	3,587,529	11,170,663	4,753,717	11,953,400	
- Goodwill	18,341,041	20,015,284	-	38,356,325	4,742,961	4,796,091	-	28,817,273	13,598,080	
	27,898,105	-	-	27,898,105	16,738,853	5,579,619	-	5,579,633	11,159,252	
Total	898,521,733	125,580,058	119,119,011	904,982,780	297,716,648	76,601,472	72,467,186	603,131,846	600,805,085	
Previous year	864,004,722	79,276,756	44,759,745	898,521,733	245,296,209	78,713,229	26,292,790	297,716,648		
Capital work-in-progress [including capital advances Rs.8,032,968/- (previous year Rs.18,859,275/-)]								8,032,968	52,928,285	
								611,164,814	663,733,370	

Notes:

- Leasehold land/premises include:
 - Plots of land of the aggregate gross value of Rs.14,036,538/- (previous year Rs.14,036,538/-) taken on lease from the Goa Industrial Development Corporation (GIDC) for an initial period of thirty years with an option to extend the lease to ninety/ninety-five years.
 - Land and premises of the aggregate gross value of Rs.1,686,000/- (previous year Rs.1,686,000/-) taken on lease from Maharashtra Industrial Development Corporation (MIDC) for an initial period of ten years with an option to extend the lease to ninety-five years.
 - Plot of land of the aggregate gross value of Rs.8,791,000/- (previous year Rs.8,791,000/-) taken on lease cum sale basis from the Karnataka Industrial 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 fulfillment of certain conditions and payment of additional amount to be finally fixed by KIADB. Title deeds in respect of the above are in the names of GIDC, MIDC and KIADB respectively.
- Gross block as at 31st March 2008 include fixed assets of Rs. 10,743,124/- (previous year, Rs. 16,053,906/-) acquired on hire purchase basis on which the vendors have a lien.
- Included above are the following figures pertaining to erstwhile subsidiary Gigabyte Technology (India) Limited :

Gross Block	(Rupees)
Additions	74,728
Deductions / adjustments	4,687,470
Depreciation	
Deductions / adjustments	1,360,680



Schedules Forming Part of The Consolidated Accounts (contd.)

08 07
Rupees As at
31st March, 2007
Rupees

SCHEDULE 5		
INVESTMENTS		
(a) Long-term investments (unquoted)		
(i) Non-trade	10,000	10,000
(ii) Trade	-	1,227,699
Total long-term investments (A)	10,000	1,237,699
(b) Current investments (non-trade)		
(i) In Mutual funds Units (unquoted)	1,035,654,720	706,782,197
(ii) In Debentures (unquoted)	10,000,000	10,000,000
(iii) In Bonds (quoted)	-	1,079,605
	1,045,654,720	717,861,802
Less: Provision	2,991,860	345,493
Total current investments (B)	1,042,662,860	717,516,309
Total (A+B)	1,042,672,860	718,754,008
Note		
Aggregate value of investments (net of provision)		
Unquoted - cost/ fair value	1,042,672,860	718,019,896
Quoted - cost	-	1,079,605
market value	-	880,000
SCHEDULE 6		
INVENTORIES (Refer note 14 of Schedule 16)		
Stores, spares and packing materials	5,880,150	1,018,652
Stock-in-trade		
Raw materials and components	115,914,739	139,058,320
Work-in-progress	16,861,484	32,392,729
Finished goods	200,381,623	184,933,278
	333,157,846	356,384,327
Total	339,037,996	357,402,979
SCHEDULE 7		
SUNDRY DEBTORS (Unsecured)		
Debts outstanding for a period exceeding six months	40,502,388	53,983,316
Other debts*	571,009,068	607,313,248
	611,511,456	661,296,564
Less: Provision	26,045,487	25,565,024
Total	585,465,969	635,731,540
Notes		
(a) Considered good	585,465,969	635,731,540
Considered doubtful	26,045,487	25,565,024
	611,511,456	661,296,564
(b) * includes amount in respect of which the Company holds deposits	22,857,664	27,099,053



Schedules Forming Part of The Consolidated Accounts (contd.)

08 07
Rupees As at
31st March, 2007
Rupees

SCHEDULE 8		
CASH AND BANK BALANCES		
Cash on hand (including cheques on hand Rs.Nil ; previous year, Rs.34,600/-)	356,733	142,423
Balances with scheduled banks		
- In current / cash credit accounts (Refer note 15 of Schedule 16)	39,850,375	56,966,987
- In deposit accounts (includes interest accrued Rs.338,644/-, previous year, Rs.493,014/-)	4,981,534	45,395,934
	44,831,909	102,362,921
Total	45,188,642	102,505,344
SCHEDULE 9		
LOANS AND ADVANCES		
(Unsecured)		
Loans - to others	-	2,319,026
Advances recoverable in cash or in kind or for value to be received (Refer Note 3 (f) of schedule 16)	128,393,851	93,532,029
Balance with Central Excise and Customs	1,868,002	1,109,297
Deposits	15,460,105	13,779,702
Advance tax (net)	9,004,509	8,100,869
	154,726,467	118,840,923
Less : Provision	1,186,129	-
Total	153,540,338	118,840,923
SCHEDULE 10		
CURRENT LIABILITIES		
Sundry creditors :		
Total outstanding dues of micro enterprises and small enterprises	500,205	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	433,203,142	406,542,058
	433,703,347	406,542,058
Temporary overdrawn bank balance	21,861,309	9,895,375
Other liabilities	37,570,612	39,393,791
Total	493,135,268	455,831,224
SCHEDULE 11		
PROVISIONS		
For Income tax [including Rs.121,274/- (net) for Wealth tax] (net of payments)	23,744,826	13,825,147
Fringe benefit tax (net of payments)	1,179,432	398,610
Proposed dividend	60,009,700	60,009,700
Corporate dividend tax	10,198,649	10,198,649
For Gratuity	5,782,594	3,877,770
For Leave encashment	4,495,555	1,900,867
Total	105,410,756	90,210,743



Schedules Forming Part of The Consolidated Accounts (contd.)

08 07
Rupees Previous year
Rupees

	08 Rupees	07 Previous year Rupees
SCHEDULE 12		
OTHER INCOME		
Interest (Tax deducted at source Rs.760,912/- ; previous year, Rs.157,446/-)		
- On fixed deposits with banks	1,504,038	751,132
-On bonds (current investments; non-trade)	11,679	657,299
- On delayed payments, etc.	3,849,281	2,269,669
	5,364,998	3,678,100
Rent Income	5,202,555	480,000
Duty drawback	9,037,975	7,798,826
Dividend on current investment (non-trade)	51,688,393	20,180,930
Profit on sale of current investments (non-trade)	15,031,490	10,964,914
Provision for doubtful debts written back	17,669,578	6,936,009
Provision for diminution in value of current investments (non-trade) written back	345,494	503,074
Profit on sale of fixed assets (net)	1,595,751	
Recovery of bad debts written off	1,279,824	-
Sundry balances written back	7,966,702	9,621,520
Excess provision for gratuity written back	-	1,146,302
Exchange differences (net)	37,418,396	22,394,174
Miscellaneous income	4,601,574	12,207,457
Total	157,202,730	95,911,306
SCHEDULE 13		
INCREASE / (DECREASE) IN STOCKS OF FINISHED GOODS AND WORK-IN-PROGRESS		
<u>Stock as at 31st March, 2008</u>		
Finished goods	200,381,623	184,933,278
Work-in-process	16,861,484	32,392,729
	217,243,107	217,326,007
Less: <u>Stock as at 1st April, 2007</u>		
Finished goods	184,933,278	301,682,796
Work-in-process	32,392,729	15,648,771
	217,326,007	317,331,567
Less: Adjustment on account of Gigabyte Technology (India) Limited (Refer Note 18 of Schedule 16)		
Closing stock of finished goods as at 31st July, 2007	47,385,717	-
Increase / (Decrease)	47,302,817	(100,005,560)



Schedules Forming Part of The Consolidated Accounts (contd.)

	08 Rupees	07 Previous year Rupees
SCHEDULE 14		
MANUFACTURING AND OTHER EXPENSES		
Raw materials and components consumed	591,953,266	1,138,545,917
Payments to and provisions for employees		
Salaries, wages and bonus	277,930,364	221,500,094
Contribution to provident and other funds	6,468,126	7,006,688
Staff welfare expenses	14,052,707	9,004,174
Gratuity	4,040,524	-
Leave encashment	3,743,129	1,900,867
	306,234,850	239,411,823
Stores, spares and packing material consumed	22,657,399	18,238,551
Power and fuel	29,094,623	24,180,625
Rent	19,543,392	12,596,017
Operating lease rentals	2,627,537	4,554,850
Rates and taxes	1,746,021	1,352,876
Insurance	9,774,354	9,113,792
Repairs and maintenance:	-	
Buildings	1,907,639	1,652,714
Machinery	396,560	325,703
Others	9,134,475	6,634,787
	11,438,674	8,613,204
Travelling and conveyance expenses	36,764,234	27,757,103
Communication expenses	13,676,522	12,621,204
Advertisement and sales development expenses	41,555,740	25,635,209
Commission on sales	9,039,810	9,539,912
Warranty servicing expenses	46,601,331	24,917,232
Loss on sale/discard of fixed assets (net)	-	8,083,836
Provision for diminution in value of current investments (non-trade)	2,991,860	225,888
Provision for doubtful debts and advances	20,815,261	9,008,654
Preliminary expenses written off	30,540	91,620
Sundry balances written off	10,694,297	4,603,086
Donations	205,200	356,000
Directors sitting fees	745,000	290,000
Bad debts written off	12,174,671	16,700,396
Miscellaneous expenses *	62,354,046	52,065,311
Total	1,252,718,628	1,648,503,106
* Includes Legal and professional, Printing and stationery, Bank charges, Audit fees etc.		
SCHEDULE 15		
INTEREST AND FINANCE CHARGES		
On security deposits from dealers	1,844,741	2,049,673
On short term loans from banks	2,891,297	1,356,790
On cash credit account etc.	210,300	128,841
On others	484,037	1,310,629
Total	5,430,375	4,845,933



Schedules Forming Part of The Consolidated Accounts (contd.)

SCHEDULE 16

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of financial statements

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

Use of estimates

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

Fixed assets

i) Tangible assets

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

ii) Intangible assets

Intangible assets are stated at cost less accumulated amortisation. Computer software is amortised over a period of ten years, (except ERP software which is amortised over a period of three years). Goodwill arising on amalgamation is amortised over a period of five years.

Assets taken on Lease (Hire Purchase)

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

Depreciation

- i. Cost of leasehold land/ premises and structural improvements are amortized over the period of lease.
- ii. Depreciation on other assets is provided on the straight line basis at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956, except Motor vehicles and Computers which are depreciated over a period of five and four years respectively.

Impairment loss

At the end of each accounting period, the group 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 realizable value, on the following basis:

- (i) Raw materials, components, stores and spares - on weighted average basis (Refer note 13 below);
- (ii) Work-in-progress and finished goods - on the basis of absorption costing comprising of direct costs and overheads other than financial charges.



Schedules Forming Part of The Consolidated Accounts (contd.)

SCHEDULE 16 (contd.)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES (contd.)

Revenue recognition

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

Retirement 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 benefit tax. Current tax and Deferred tax are accounted for in accordance with Accounting Standard 22 on "Accounting For Taxes on Income", (AS 22). Current tax is measured at the amount expected to be paid to / recovered from the tax authorities, using the applicable tax rates.

Deferred income taxes reflect the impact of the current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years / period. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available except that deferred tax assets arising on account of unabsorbed depreciation and losses are recognised if there is virtual certainty that sufficient future taxable income will be available to realise the same. (Refer Note no. 5 below).

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.

Tax on distributed profits is accounted in accordance with the provisions of the Income-tax Act, 1961 and is disclosed in accordance with the Guidance Note on Accounting for Corporate Dividend Tax issued by the Institute of Chartered Accountants of India.

Contingent Liability

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



Schedules Forming Part of The Consolidated Accounts (contd.)

SCHEDULE 16 (contd.)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

B. Notes on accounts

1. The Consolidated Financial Statements of D-Link (India) Limited ('the parent company'), its subsidiaries (hereinafter together referred as 'the group') and an associate company have been prepared in accordance with Accounting Standard 21 on 'Consolidated Financial Statements' (AS-21) and Accounting Standard 23 on 'Accounting for Investments in Associates in Consolidated financial statements' (AS-23).

The details of such enterprises are as under:

	08	07 Previous year
a. <u>Subsidiary (incorporated in India)</u>		
Interconnector Systems Limited (ISL)		
- Percentage holding	99.88%	99.88%
- Date of the financial statements	31st March, 2008	31st March, 2007
Gigabyte Technology (India) Limited (GTIL)		
Percentage holding	Nil	51.59%
Date of the financial statements	31st July, 2007	31st March, 2007
b. <u>Associate company (incorporated in India)</u>		
Lanner Electronics India Limited		
- Ownership interest	Nil	32%
- Amount of goodwill (net) included in carrying amount of investment	-	2,299,800
- Date of the financial statements	Not Applicable	31st March, 2007
2. Estimated amount of contracts remaining to be executed on capital account and not provided for	6,491,956	40,379,278
3. Contingent liabilities, in respect of :		
a. Claims against the Parent Company not acknowledged as debts		
- Claim filed by erstwhile distributors in various Metropolitan / Civil Courts.	-	1,091,241
The Parent Company has arrived at amicable out of Court settlement by filing deed of settlement in Metropolitan / Civil Courts by paying Rs.800,000/- (previous year Nil) as compensation.		
b. Show cause notices received by the parent company from customs authorities relating to imports made in earlier years. The parent company has filed replies to these notices and does not expect any demand to materialize	242,733,036	242,733,036
c. Disputed demands of custom duty pending before the Customs, Excise and Service Tax Appellate Tribunal (CESTAT) {pending with Commissioner of Customs (Appeals) in the previous year}	2,414,221	5,355,839
d. Show cause notices received by the Parent Company from excise authorities in connection with valuation of products manufactured for the purpose of calculation of excise duty.		
- The Parent Company has filed replies to these notices and does not expect any demand to materialize	4,333,506	38,423,002
- Disputed demand of excise duty pending before CESTAT	34,089,496	-
- Disputed penalty demands of Excise Authorities pending before the CESTAT	34,089,496	-



Schedules Forming Part of The Consolidated Accounts (contd.)

SCHEDULE 16 (contd.)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

B. Notes on accounts (contd.)

08 **07**
Previous year

e. Disputed penalty demands of Excise Authorities against the Parent Company pending before the CESTAT/ {pending with CESTAT/ Commissioner of Excise (Appeals) in the previous year}	802,041	802,041
f. Custom duty paid under protest The raw material/trading material/software imported by the group 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 group for certain items and has demanded additional duty for the same. The group has paid such differential duty under protest. The same is included under advances recoverable in cash or in kind in Schedule 9 pending resolution of the dispute.	11,196,170	14,014,483
4. Balances of current assets, loans and advances and current liabilities in ISL are subject to confirmation and consequent reconciliation and adjustments, if any		
5. Deferred Tax Asset in respect of unabsorbed losses and depreciation under the Income- tax Act, 1961, pertaining to ISL has not been recognized in view of non availability of virtual certainty supported by convincing evidence about realisability of the Deferred Tax Asset in future. The tax effect of significant timing differences that has resulted in deferred tax assets and liabilities are given below:		
	Rupees	Previous year Rupees
a. Deferred Tax Liability Depreciation	(62,002,185)	(73,588,413)
Total	(62,002,185)	(73,588,413)
b. Deferred Tax Asset Provision for doubtful debts Others	7,546,450 3,493,543	7,632,382 1,349,961
Total	11,039,993	8,982,343
Deferred Tax (net)	(50,962,192)	(64,606,070)
6. Earnings per share is calculated by dividing the profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year, as under:		
Profit attributable to equity shareholders (Rupees)	256,317,960	226,270,759
Minority interest (Rupees)	35,067,851	(646,028)
	291,385,811	225,624,731
Share of Loss from investment in an associate (Rupees)	-	(2,231,715)
Profit after tax attributable to equity shareholders (Rupees)	291,385,811	223,393,016
Weighted average number of equity shares outstanding during the year	30,004,850	30,004,850
Basic/ diluted earnings per share (Rupees)	9.71	7.45
Nominal value per share (Rupees)	2.00	2.00



Schedules Forming Part of The Consolidated Accounts (contd.)

SCHEDULE 16 (contd.)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

B. Notes on accounts (contd.)

7. The Parent Company has adopted the Revised Accounting Standard (Revised AS 15) on "Employee Benefits" w.e.f April 1, 2007. In accordance with the transitional provision of Revised AS 15, the incremental liability at the beginning of the year amounting to 453,104/- (net of deferred tax of Rs.229,898/-) in respect of compensated absence and Rs.573,315/- (net of deferred tax of Rs.290,892/-) in respect of gratuity has been adjusted against the General reserve. The impact on the profit of the current year due to adoption of Revised AS 15 is not ascertainable.

Gratuity (Funded)

I. Reconciliation of opening and closing balances of Defined Benefit obligation	
Defined Benefit obligation at beginning of the year	8,075,413
Current Service Cost	2,383,800
Interest Cost	569,487
Actuarial (gain) / loss	1,449,974
Benefits paid	(1,913,642)
Settlement cost	-
Defined Benefit obligation at year end	10,565,032
II. Reconciliation of opening and closing balances of fair value of plan assets	
Fair value of plan assets at beginning of the year	3,575,422
Expected return on plan assets	210,100
Actuarial gain/(loss)	152,637
Employer contribution	2,757,921
Benefits paid	(1,913,642)
Settlement cost	-
Fair value of plan assets at year end	4,782,438
III. Reconciliation of fair value of assets and obligations	
Present value of obligation as at 31st March, 2008	10,565,032
Fair value of plan assets as at 31st March, 2008	4,782,438
Amount recognized in Balance Sheet	(5,782,594)
IV. Expense recognized during the year (Under the head "Payments to and Provisions for Employees" - Refer Schedule 14)	
Current Service Cost	2,383,800
Interest Cost	569,487
Expected return on plan assets	(210,100)
Actuarial (gain) / loss	1,297,337
Net Cost	4,040,524
V. Actuarial assumptions	
Discount rate (per annum)	8%
Expected rate of return on plan assets (per annum)	8%
Rate of escalation in salary (per annum)	6%

- VI.** The assumptions of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment.
- VII.** The amounts of the present value of the obligation, fair value of the plan assets, surplus or deficit in the plan, experience adjustments arising on plan liabilities and plan assets for the previous four annual periods have not been furnished as the revised AS-15 was adopted by the Parent Company in the financial year 2007-08.
- VIII.** The contributions expected to be made by the Company during the financial year 2008-09 have not been ascertained.
- IX.** The plan assets are managed by the Gratuity trust formed by the Parent Company. The management of funds is entrusted with Life Insurance Corporation of India. The details of investments made by them are not available.
- X.** The disclosure as required under AS-15 regarding the Company's defined contribution plans is as follows :
- i. The parent Company has in addition to above accounted for provident fund contribution aggregating to Rs.5,105,649/-.



Schedules Forming Part of The Consolidated Accounts (contd.)

SCHEDULE 16 (contd.)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

B. Notes on accounts (contd.)

8.

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

The following are the outstanding forward exchange contracts entered into by the Parent Company

Currency	Amount Outstanding at year end in Foreign currency	Amount outstanding at year end in Rupees	Exposure to Buy / Sell
US Dollar	414,875 (44,632)	16,644,801 (1,939,252)	Buy Sell

Figures in brackets are those of the previous year

- b) The year end foreign currency exposures of the group that have not been specifically hedged by a derivative instrument or otherwise are given below:

Amount receivable in foreign currency on account of the following:

			Previous Year	
	In foreign Currency	In Rupees	In foreign Currency	In Rupees
Debtors	USD 1,640,724	65,793,042	USD 740,315	32,166,693
Loans and advances	USD 484,921	19,445,333	USD 261,664	11,369,286

Amount payable in foreign currency on account of the following:

			Previous Year	
	In foreign Currency	In Rupees	In foreign Currency	In Rupees
Creditors	USD 7,257,068	} 291,495,416	USD 6,817,385	} 296,665,795
	EUR 49		EUR 49	
	JPY 849,858		JPY 844,445	

9. Lease transactions

(a) Finance leases

Lease rentals outstanding as at 31st March, 2008 in respect of fixed assets taken on finance lease are as under:

Due	Total minimum lease payments outstanding as at 31st March 2008		Present value of minimum lease payments as at 31st March, 2008	Total minimum lease payments outstanding as at 31st March, 2007		Present value of minimum lease payments as at 31st March, 2007
	Interest not due			Interest not due		
not later than 1 year	1,834,843	135,242	1,699,601	2,887,171	393,082	2,494,089
later than 1 year and not later than 5 years	951,660	32,708	918,952	4,103,172	283,569	3,819,603
later than 5 years	-	-	-	-	-	-
Total	2,786,503	167,950	2,618,553	6,990,343	676,651	6,313,692



Schedules Forming Part of The Consolidated Accounts (contd.)

SCHEDULE 16 (contd.)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

B. Notes on accounts (contd.)

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

(b) Operating leases

The Parent 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. 2,627,537/- (previous year Rs. 4,554,850/-)

Future lease rentals in respect of fixed assets taken on non-cancellable operating lease basis are as follows:

Due	Total minimum lease rentals payable	Previous year
		Total minimum lease rentals payable
not later than 1 year	-	1,424,640
later than 1 year and not later than 5 years	-	-
later than 5 years	-	-
Total	-	1,424,640

10. Related party disclosures

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
Mr. Kamalaksha R. Naik	Key management person
Mr. Jango Dalal	Key management person
Lanner Electronics India Limited (upto 31-03-2008)	Associate company
Virtual Computer Crafts	Enterprise over which key management person and his relatives are able to exercise significant influence.

Details of related party transactions during the year

Nature of transactions	Rupees			Total
	Associate company	Key management person	**	
Turnover	-	-	-	-
	(38,461)	-	-	(38,461)
Rent income	-	-	-	-
	(120,000)	-	-	(120,000)
Interest income	-	-	-	-
	(9,133)	-	-	(9,133)
Purchase of goods	-	-	-	-
	(2,080)	-	-	(2,080)
Managerial remuneration and sitting fees				
Mr. Kamalaksha R. Naik	-	8,383,176	-	8,383,176
	-	(4,890,265)	-	(4,890,265)
Mr. Jango Dalal	-	13,145,642	-	13,145,642
	-	-	-	-
Dividends paid	-	11,236,456	-	11,236,456
	-	(11,236,456)	-	(11,236,456)
Loan given during the year	-	-	-	-
	(204,643)	-	-	(204,643)
<u>As at the year end</u>	-	3,798,816	-	3,798,816
Advance due to	(2,080)	(1,345,331)	-	(1,347,411)
Amount due from	-	-	-	-
	(165,498)	-	-	(165,498)

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



Schedules Forming Part of The Consolidated Accounts (contd.)

SCHEDULE 16 (contd.)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

B. Notes on accounts (contd.)

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

11. Segment information

(A) Segment information for primary reporting (by business segment) The Group has its operations in developing, manufacturing, marketing, distributing and servicing I.T related products (viz. networking products, computers, peripherals etc.) These products are sold to distributors, Original Equipment Manufacturers (OEM's) and System Integrators (SI). The primary reporting segment for the Group, therefore, is the business segment, viz., I.T. related products.

(B) Segment information for secondary segment reporting (by geographical segments) The secondary reporting segment for the Group is the geographical segment based on location of customers, which is as follows

- i) Domestic
- ii) Export

Information about secondary segments

Particulars	Domestic	Exports	Unallocated	Total
Revenues from external customers (net) (including sale of services)	2,987,205,864 (3,190,196,618)	217,444,497 (130,749,733)	- -	3,204,650,361 (3,320,946,351)
Segment assets	1,614,411,566 (1,723,501,998)	65,793,042 (34,105,945)	1,096,866,011 (829,360,221)	2,777,070,619 (2,586,968,164)
Additions to fixed assets during the year	80,684,741 (93,349,245)	- -	- -	80,684,741 (93,349,245)

Figures in brackets are those of the previous year

12. 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"
13. Hitherto, the group followed the policy of providing depreciation on Computers @ 8.46% / @ 16.21%, in accordance with Schedule XIV of the Companies Act, 1956. During the year, the group, in order to have more appropriate presentation of the fixed assets and having regard to the extent of usage of computers and their estimated useful life, has changed this policy and now follows the policy of depreciating all computers uniformly @ 25%. As a result of this change in the method of providing for depreciation, the charge of depreciation for the year is higher by Rs.7,526,211/- and the profit for the year is lower by the like amount.
14. Hitherto, the Parent Company followed the policy of valuing inventory at lower of cost and net realizable value for raw materials, components, stores and spares and trading stock calculated on FIFO basis.

During the year, the Company has used weighted average as the basis of calculation instead of the aforesaid FIFO basis. As a result of this change in the method of valuation, the value of the related closing stock is higher by Rs.1,514,073/- and the profit for the year is higher by the like amount.
15. Cash Credit account with the bank is secured by hypothecation of movable assets, stock, stores, work-in-process, book debts both present and future.



Schedules Forming Part of The Consolidated Accounts (contd.)

SCHEDULE 16 (contd.)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

B. Notes on accounts (contd.)

16. The Parent Company held investments (unquoted) in an associate, viz., Lanner Electronics India Limited (Lanner) aggregating to Rs.9,599,800/-. The share of losses in the associate were adjusted in the carrying amount of the investment in the consolidated financial statements as per the requirements of AS 23. The book value of investment as on 31st March, 2007 was Rs.1,227,699/-. During the current year, the Company has sold the entire investment for a consideration of Rs.700,000/-. The resultant loss of Rs.527,699/- is accounted for in the Consolidated financial statements of the Group based on the financial statements of Lanner till 31st March, 2007 as the financial statements thereafter till the date of sale of investment are not available. The loss on sale of the associate has been included in "Exceptional items" in the Profit and Loss account.
17. The Parent Company held investments (unquoted) in Mercury Link Systems Limited (Mercury) aggregating to Rs.3,499,400/- The Parent Company had made provision towards diminution for the entire value of Investments in the earlier years. During the current year, the Parent Company has sold the entire investment for a consideration of Rs.100,000/-. The resultant gain of Rs.100,000/-(net of provision for diminution made in the earlier years written back) has been included in "Exceptional items" in the Profit and loss account.
18. The Board of Directors of the Parent Company as part of its strategy to focus on the core networking business had at its meeting held on 30th July, 2007 approved the transfer and sale of shares held by the Parent Company in Gigabyte Technology (India) Limited to Gigabyte Technology, Taiwan or its Subsidiaries/Associates at a price which shall not be less than the Net Asset Value. The Net Asset Value was calculated on the basis of audited Financial Statement of Gigabyte for the period ended on/ as at 31st July, 2007. The necessary agreement for the same was executed on 13th September, 2007 and the shares were transferred on 26th October, 2007 for a consideration of Rs.24,990,861/-. The loss on sale of the subsidiary aggregating to Rs.5,034,449/- has been accounted for in the Consolidated Financial Statements of the group in accordance with Accounting Standard 21 "Consolidated Financial Statements" (AS-21) on the basis of net assets attributable to the Parent Company as at 31st July 2007 and has been included in "Exceptional items" in the Profit and loss account.
19. During the current year, based on a physical verification exercise conducted by the Parent Company, the following fixed assets have been written off :

	Gross book value	Accumulated depreciation
Office Equipments	1,720,798	1,036,370
Furniture & Fixtures	2,827,955	1,949,502
Electrical Installation	2,061,220	1,174,169
Computers	26,364,799	26,206,414
Air conditioners	777,794	434,593

Further, the Parent Company has scrapped Plant and machinery aggregating to Rs.60,555,311/- (Gross block value); Rs. 26,541,521/- (Accumulated depreciation) on account of phasing out of the said plant and machinery.

The resultant loss on account of the above, aggregating to Rs.36,965,308/- has been included in " Exceptional items " in the Profit and loss account.



Schedules Forming Part of The Consolidated Accounts (contd.)

SCHEDULE 16 (contd.)

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

B. Notes on accounts (contd.)

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

The accounting of ESOP's granted by the Trust to the employees of the Parent 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 Parent Company to prepare its accounts as if the ESOS/ESPS scheme was administered by itself (rather than by the Trust). The Parent 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 correspond with those of the current year.

signatures to schedules 1 to 16

As per our attached report of even date

For Deloitte Haskins & Sells
Chartered Accountants

A. B. Jani
Partner

Mumbai, dated : 22nd June, 2008

For and on behalf of the Board

K.R.Naik
Executive Chairman

K.G. Prabhu
Company Secretary

Mumbai, dated : 22nd June, 2008

Jango Dalal
Managing Director & CEO

Bhushan Prabhu
Chief Financial Officer



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Verna Plateau,
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