

D-Link[®]
Building Networks for People



D-Link (India) Limited
Annual Report 2000-2001

Our Mission : Building Networks for People



D-Link understands that people are not just "end-users" of technology. In fact, people are the network where ideas start, where improvements are made and opportunities are created. The needs of people drive the advances in technology: the need for information; the need for effective communication; and the need for more efficient performance.

D-Link continues to be instrumental in introducing convenience, affordability, and reliability to home, office and enterprise networking. D-Link's high performance and cost-effective data communications and networking solutions, reflect the Company's commitment to satisfy people's demands for easier, faster communications at affordable prices.

D-Link networks connect people and businesses to new markets and opportunities, helping them achieve success and growth.

D-Link's commitment to connectivity continues to evolve as technology advances and people's communications and networking needs change. The rapid growth of the Internet and e-commerce continues to bring in new opportunities for faster and inexpensive networks. The dominance of IP as the protocol of choice in the convergence of data, voice, video and fax communication over a single wired or wireless network is generating demands for cost effective IP-based equipment and services.

D-Link will continue to innovate for even higher speeds and greater efficiency and even lower prices in order to truly meet its commitment to "Building Networks for People."

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The year under review was one of unprecedented activity and saw the fulfilment of so many of the dreams we had when we started the Company. With the setting up of the R&D and Software Development Centres, D-Link today has capabilities in R&D, product design and development, software development, manufacturing, marketing, distribution and service and has become a truly technology driven integrated IT company. Our resources and skills give us a tremendous competitive edge and equip us well to meet the changes and challenges of this sunrise industry.

The year was also one of outstanding performance with our growth rates substantially higher than the industry. Our Sales grew by 102% to Rs.1646 million while our Net Profit grew by 173% to an impressive Rs.187 million. These results were achieved in a highly competitive business environment and the high levels of performance, professionalism and dedication of our employees, were the key success factors.

Changes and Challenges

We live in the information age. Technology dominates every facet of our lives like never before. The explosive growth of the Internet has brought about dramatic changes in the way we live, work and play. The Internet is also rapidly transforming the way business is done. To remain competitive, companies will have to apply e-business technology and seamlessly integrate their internal business processes to effectively manage their customers, suppliers and partners.

Predicted for decades, convergence is finally happening. Wireless phones, personal computers and televisions are beginning to take on one another's functions. The way in which we are interconnecting and networking these gadgets indicate that we are ready for convergence to sweep us off our feet.

This digital revolution will ultimately touch everyone who communicates. The benefits of the Internet - anywhere, anytime connectivity - are now being blended with the strength of the traditional voice networks in a single converged communications network.

These changes present some of the most exciting opportunities for business and success will be achieved by those companies that not only manage change but learn to thrive on it.

The challenge is to create a world where information and communication are both affordable and accessible. In this scenario, networking has become a vital link for connecting people together to achieve these objectives.

Strategy

Our growth strategies are built on our strengths and focused on the industry's expanding opportunities.

At D-Link, our overriding objective is to build value for our shareholders. We are determined to achieve that through a multi-pronged strategy :

- Major investments in R&D and Software Development towards making D-Link a technology driven company.
- Investments in state-of-the-art manufacturing facilities to increase capacity and benefit from economies of scale.
- Alliances with world leaders in well defined, high-end technology segments.
- Leveraging D-Link's distribution infrastructure to offer new generation products and gain the first-mover advantage in emerging growth areas.



Directors (left to right): A.P. Chen, Tony Tsao, Dattaraj V. Salgaocar and K.M. Gaonkar.

- Constantly accessing advancements in technology and new product developments at D-Link centres worldwide with a view to introducing them in India at opportune times.

Achievements

The past year has seen D-Link acquire vital momentum in each of these initiatives towards creating essential capabilities for the challenges that lie ahead.

Our third manufacturing facility has commenced production in Goa and showcases the finest technologies and equipment.

We have set up R&D and Software Development facilities in Bangalore, Mumbai and Goa. More importantly, we have been able to attract outstanding talent that has given this business a head start.

We signed up an alliance with Clarent Corporation of USA, a world leader in IP telephony technology. VoIP is revolutionising the way the world communicates and this could well emerge as a significant business stream for us in future.

D-Link launched a range of digital home products during the year. With a digital revolution taking place in homes and offices across the country, these products have the potential to become big winners.

Our established products continued to perform well during the year. Variants were introduced to keep pace with the changing technology in each of our product lines. Our growth and increased market shares in these segments reflect the soundness of our strategy.

Our maiden IPO was a success and has considerably strengthened our financial resources.

Strong links with

D-Link Corporation, Taiwan

We enjoy a very special relationship with D-Link Corporation of Taiwan. Their investment in D-Link (India) - their first investment outside Taiwan -

has been invaluable and their contribution to our growth and success has been immense. They constantly give us valuable insight into the global trends impacting our industry, help us to assimilate cutting edge technology and impart intensive training to our people at all levels.

We are indeed fortunate to have access to their world-class technology and worldwide resources. Just this factor alone gives us a competitive edge few Indian companies can match.

Commitment

D-Link is well positioned for continued success and growth in a dynamic and growing industry.

We shall strive to find genuine market needs and satisfy those needs with innovative products and marketing.

We place tremendous emphasis on building long-lasting customer relationships that start with sales of products and solutions and are built on outstanding service quality. We will endeavour to leverage these by offering a larger portfolio of products and solutions to our customers.

Our strengthened financial base will enable us to seize the opportunities in line with our strategies.

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

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

Thank you.

Sincerely,

K R Naik
Chairman & Managing Director



D-Link (India) Ltd. : Dedicated to Connectivity

Promoted by Mr. K.R. Naik, D-Link (India) Ltd. commenced business in 1993 and is part of the multinational D-Link Corporation Group of Taiwan, which has a substantial financial stake in the Indian company.

For the past eight years, D-Link has devoted its energies to developing, producing and marketing high value networking products.

Today, D-Link is a brand with maximum visibility and penetration in India, in its market segment. D-Link has a strong and distinct brand image in networking,

internetworking and structured cabling products.

With its entry into newer segments like VoIP and Digital Home products, D-Link has become a one stop shop for all Communications, Local Area Network (LAN), Wide Area Network (WAN), Gigabit Area Network (GAN), Metropolitan Area Network (MAN), Virtual Private Network (VPN), Voice Over IP, Intranet and Extranet needs.

D-Link holds the top position in India in the range of NICs, Hubs and Modems and ranks among the leaders in a range of other networking products like Switches and Routers.

Two years ago, D-Link entered the field of Structured Cabling and has already become a leading player in this business.

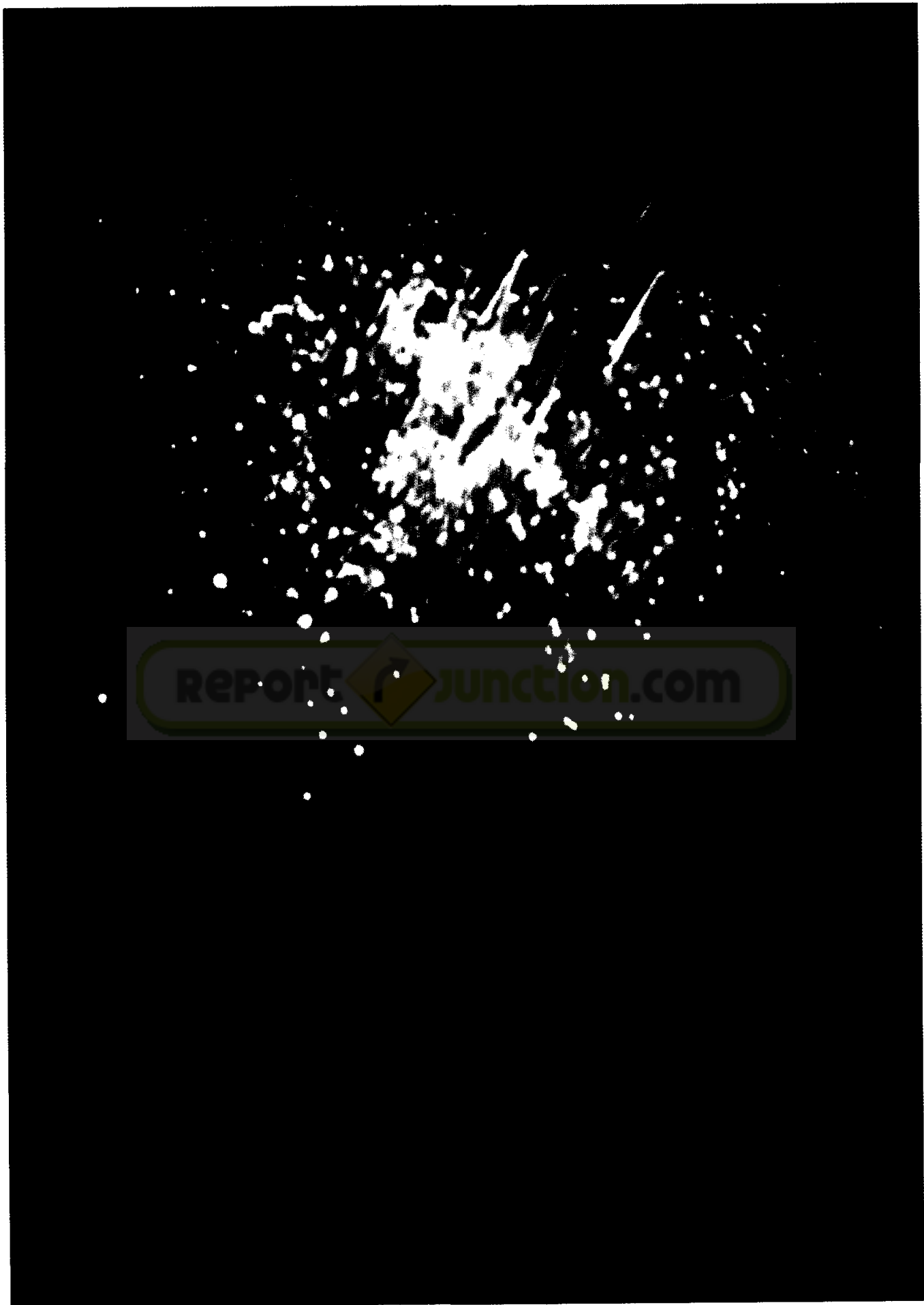
D-Link pioneered the Digital Home concept in India with the launch of a range of products like MP3 Player / Recorder, Digital Camera, Video Grabber, etc. and enjoys the advantage of being a first mover in this field.

Milestones

March 1993	: D-Link India Pvt. Ltd. founded
March 1993	: Commencement of Mumbai Head Office
July 1994	: First SMT plant in Goa commissioned
March 1998	: ISO 9002 Certification
April 1998	: Internet Product Line launched with the introduction of Modems
July 1998	: Structured Cabling Systems launched
February 1999	: D-Link turns "Limited"
July 1999	: Structured Cabling plant commissioned
August 1999	: Second SMT plant in Goa commissioned
February 2000	: D-Link Infotech Center (R&D and Software Division) launched
July 2000	: Digital Home products launched
August 2000	: Tie-up with Clarent Corporation, USA to distribute VoIP products
November 2000	: Joint Venture with Lanner Electronic of USA
March 2001	: Initial Public Offer
April 2001	: Third SMT plant in Goa commissioned
May 2001	: ISO 14001 Certification

Recognitions

Voice & Data (May 2001)
- By far D-Link is the volume king of the Indian networking industry.
- D-Link is the clear leader in the NIC market (47% market share).
- D-Link is the king of the Hubs category with 65.31% market share.
- D-Link, by its pure reach, held its No.1 position in dial-up Modems (45.06% market share).
- D-Link continues to harness its stranglehold in Structured Cabling (No.3 - 13.33% market share) and LAN Switches (No.4 - 3.8% market share)
PC World (Jan 2001)
- Techies Award for Best Networking Vendor
PC Quest (Sept 2000)
- Users' Choice Award for Modems and ISDN products
PC World (Sept 2000)
- Editors' Choice Award for Modems and ISDN products
Communication Today (Nov-Dec 1999)
- D-Link voted as No.1 Modem in India.
DQ Channels India (Dec 1999)
- D-Link voted as the favourite ahead of others in NICs/Hubs/Routers/ Switches.
Computer World (Aug 1999)
- D-Link ranked as No.1 Indian Networking & Datacom Major and No. 2 Best Seller in Switches.





An ISO 9002 and ISO 14001 certified company, D-Link has three state-of-the-art plants in Goa. These plants have new generation, high speed SMT lines and manufacture products that conform to the most stringent international quality standards.

The range of products manufactured include NICs, hubs, switches, modems, information outlets, patch cords, patch panels and fiber optic products.

D-Link also markets a wide range of products sourced from D-Link Corporation, Taiwan. Today, D Link's portfolio has a range of over 200 products sold and serviced through its nationwide network of offices, 23 territory distributors, 300 dealers and 3000 resellers.

D-Link has set up Software Development and R&D Centres at Goa, Bangalore and New Mumbai, which are engaged in the design of new products and development of internetworking software for the Indian as well as international markets.

Agreement with CISCO Systems, U.S.A.

D-Link has a two tier, non-exclusive Distributor Agreement with CISCO Systems of U.S.A. to supply CISCO products and technology to customers.

Joint Venture with Lanner of U.S.A.

D-Link made its foray into the industrial PC market with a joint venture with Lanner Electronics of U.S.A. This company, Lanner Electronics India, will bring specialised



industrial PCs for various applications in automation and process control, environment monitoring, telecommunications, defence, utilities, chemical, steel, oil and gas industries.

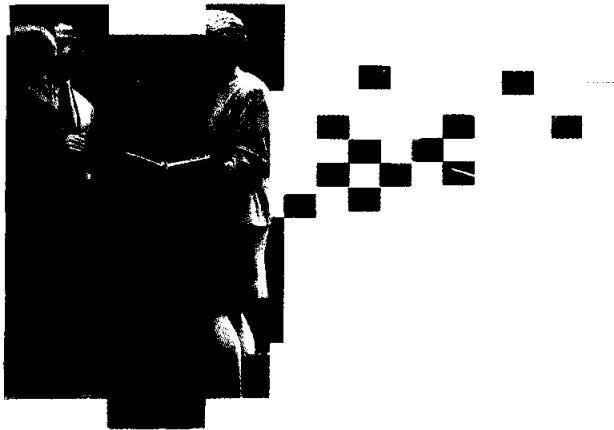


Tie-up with Clarent Corporation, U.S.A.

Internet telephony is a key platform for realising the long-promised business advantages of voice-data convergence and the merging of PSTN (Public Switched Telephone Network) with the Internet.

D-Link has formed a distribution relationship with Clarent Corporation to bring Voice over Internet Protocol (VoIP) solutions to India. Clarent Corporation is a worldwide leader in providing carrier-grade, phone-to-phone Internet Protocol telephony solutions.

D-Link will market Clarent's VoIP products in India and Sri Lanka and plans to target Internet Service Providers, traditional telecommunications service providers and government organisations.



D-Link Corporation, Taiwan : A World Leader in Networking



March 1995
Hubby



January 1999
Dual-Speed Hubs



February 1998
FlexSWITCH



February 1999
Fast Ethernet Starter Kits



October 1999
Fast Ethernet PC Cards
February 2000
USB Radio

D-Link Corporation is an award-winning designer, developer and manufacturer of networking, broadband, digital electronics, voice and data communications solutions for the digital home, Small Office/Home Office (SOHO), Small to Medium Business (SMB), and Workgroup to Enterprise environments.

Specialising in workgroup and departmental applications, D-Link Corporation's products include PC LAN Adapters, Ethernet/Fast Ethernet Hubs and Switches, Remote Bridges and Routers, and other internetworking products. By concentrating resources in networking, D-Link Corporation has become one of the few companies in the world to provide complete, reliable networking solutions.

Emphasising teamwork, innovation and solid management, the Company stays ahead of the pack and in the forefront of networking technology. It delivers a full range of products from hardware to software and integrated solutions that have received wide acclaim from the world's most authoritative sources.

Over the years, D-Link Corporation has successfully fielded challenges from other networking vendors. As a measure of corporate performance, its sales have been robust all over the world, with strong shipments to all main economies across five continents and major markets in the Americas, Europe, Asia, Oceania and the rest of the world.

With plants in Taiwan, China, India and the USA, D-Link Corporation has been able to streamline production, cut cost of components and move products

faster from the plants to the customers.

The Company's services are truly global in range and scope. Its products are marketed today in over 70 countries worldwide. It has regional headquarters in North America, Europe and Asia Pacific and twenty seven offices worldwide. By spreading operations geographically while remaining dedicated to the core business, the Company has been able to quickly take advantage of the opportunities offered by the world economy.

A high growth company, D-Link Corporation's revenues have risen from just a few million US Dollars in 1986, the first year of its operation, to over US \$ 500 million in 2000. D-Link Corporation has been profitable every year since its inception, and continues to grow at a rate that will allow the Company to experience continued prosperity.

Key to the Company's success is its globally acclaimed price/performance products and strong supplier-customer relationships. Through a focused R&D program and its state-of-the-art facilities, D-Link Corporation has been able to deliver powerful yet low-cost products that enjoy high recognition from all levels of business users and home consumers. The Company has also fostered a strong partnership with resellers, distributors, VARs, system integrators,

D-Link Corporation headquarters in Taipei



