

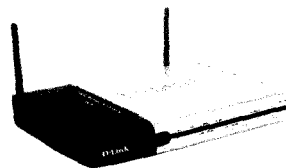
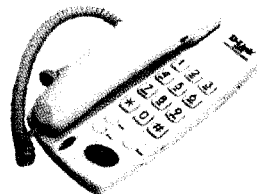
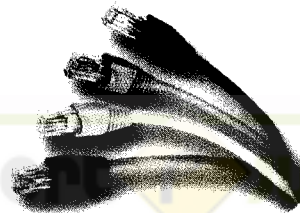
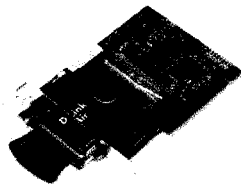
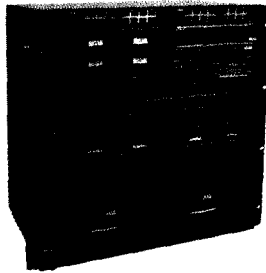


D-Link®

D-Link (India) Limited

Annual Report 2002-2003





D-Link (India) Ltd. is a part of the multinational D-Link Corporation, which has its own overseas business units in 26 countries. D-Link's core business lies in the area of networking and communications.

D-Link's product range has a substantial market share in India and ranks among the leaders in Switches, Structured Cabling, Leased Line Modems, NICs, Hubs and Modems. With convergence of technology, it has entered into newer segments like VoIP, Firewalls, NAS, Digital Home products and Built-in LAN Motherboards, D-Link has become a name for all Communication, LAN, WAN, Wireless, MAN, VPN, Intranet and Extranet needs.

D-Link (India) has three state-of-the-art ISO 9002 and ISO 14001 certified plants in Goa and Software and R&D Centers at Goa and Bangalore.

D-Link (India) has a nationwide network infrastructure of 16 offices, 20 territory distributors, 300 dealers and 3000 resellers along with 3 overseas distributors in SAARC countries providing active sales and service support.



D-Link (India) Ltd.
Regd. Off.: L- 5, Verna Electronic City,
Verna Plateau, Verna, Goa-403722

NOTICE :

Notice is hereby given that the Tenth Annual General Meeting of the Members of the Company will be held at L- 7, Verna Electronic City, Verna Plateau, Verna, Goa –403722 on Saturday, 19th July, 2003 at 11.00 a.m. to transact the following business :

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2003, and the Profit and Loss Account for the financial year ended on that date and the Reports of the Directors and Auditors.
2. To declare dividend on Equity Shares for the financial year ended 31st March, 2003
3. To appoint a Director in place of Mr. A.P. Chen, who retires by rotation and is eligible for re-appointment.
4. To appoint Auditors and fix their remuneration.

Verna, dated May 17, 2003

Registered Office:

L- 5, Verna Electronic City,

Verna Plateau, Verna, Goa-403722

By Order of the Board

K.G. Prabhu

Company Secretary

Notes :

1. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.
2. Proxies, in order to be effective, must be received at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from July 1, 2003 to July 4, 2003. The dividend, if any declared at this meeting, will be payable on or after 26th July, 2003 to the members whose name appears on the Register of Members of the Company on July 4, 2003. In respect of the shares held in electronic form, the dividend will be payable on the basis of beneficiary ownership as per details furnished by National Securities Depository Limited and Central Depository Services (India) Limited for this purpose at the end of business hours on 30th June, 2003.
4. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, dividend for the financial year ended 31st March, 1996 and thereafter which remain unclaimed for a period of 7 years will be transferred by the Company to the **Investor Education and Protection Fund (IEPF)** established by the Central Government pursuant to Section 205C of the Companies Act, 1956.

Information in respect of such unclaimed dividend when due for transfer to the said Fund is given below:

Financial year ended	Date of declaration of Dividend	Last date of claiming unpaid Dividend	Due date for transfer to IEP Fund
31.03.2001	29.09.2001	28.09.2008	28.10.2008
31.03.2002	24.08.2002	23.08.2009	22.09.2009

Note: There are no unclaimed dividend for the period 31st March, 1996 upto 31st March, 2000.

Information as required by Clause 49(VIA) of the Listing Agreement :

As required by Clause 49(VIA) of the Listing Agreement with the Stock Exchange, the information relating to the Directors proposed to be appointed/re-appointed is provided hereunder :

Mr. A.P. Chen :

Mr. A.P. Chen, aged 51 years, possesses a Bachelor's Degree in Electronics Engg. and a Master's Degree in Business Administration from Chiao-Tung University.

Mr. A.P. Chen joined the Board on 5th February, 1999. He does not hold any directorships in other Companies.

Verna, dated May 17, 2003

Registered Office:

L- 5, Verna Electronic City,

Verna Plateau, Verna, Goa-403722

By Order of the Board

K.G. Prabhu

Company Secretary



D-Link (India) Ltd.
Regd. Off.: L - 5, Verna Electronic City,
Verna Plateau, Verna, Goa-403722

ATTENDANCE SLIP

Please complete the Attendance Slip and hand it over at the entrance of the Meeting Hall. Joint Shareholders may obtain Additional Attendance Slip on request :

Name & Address of the Shareholder (s) :

Ledger Folio/DP &

Client ID No.(s) :

No. of Shares :

I hereby record my presence of the 10th ANNUAL GENERAL MEETING of the Company held on Saturday, July 19, 2003 at 11.00 a.m.

SIGNATURE OF THE SHAREHOLDER/REPRESENTATIVE /PROXY*

*Strike out whichever is not applicable.

.....cut here.....



D-Link (India) Ltd.
Regd. Off.: L - 5, Verna Electronic City,
Verna Plateau, Verna, Goa-403722

FORM OF PROXY

Report Junction.com

Proxy No. :

Ledger Folio/DP &

Client ID No(s) :

No. of Shares :

I/We of

being a member of D-Link (India) Limited hereby appoint

..... of

or failing him of

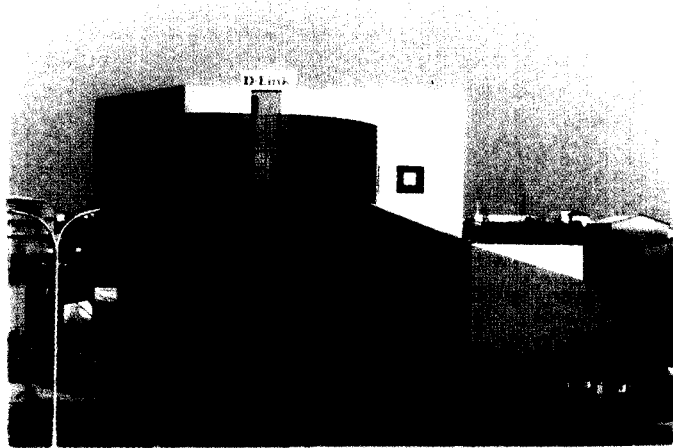
as my/our proxy to vote for me/us on my/our behalf at the 10th ANNUAL GENERAL MEETING of the Company to be held on Saturday, July 19, 2003 and at any adjournment thereof.

Signed this day of, 2003.

Affix Revenue
Stamp
of 30 paise

NOTE: The Proxy Form duly completed must be returned so as to reach the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the Company.

All those members wishing to ask questions during the Annual General Meeting should forward the questions to the Registered Office of the Company, atleast 7 days before the date of the Annual General Meeting.



Plant 3 at Goa



Plant 2 at Goa



Software and R&D Center at Bangalore

Audited Financial Statements for the year 2002-2003

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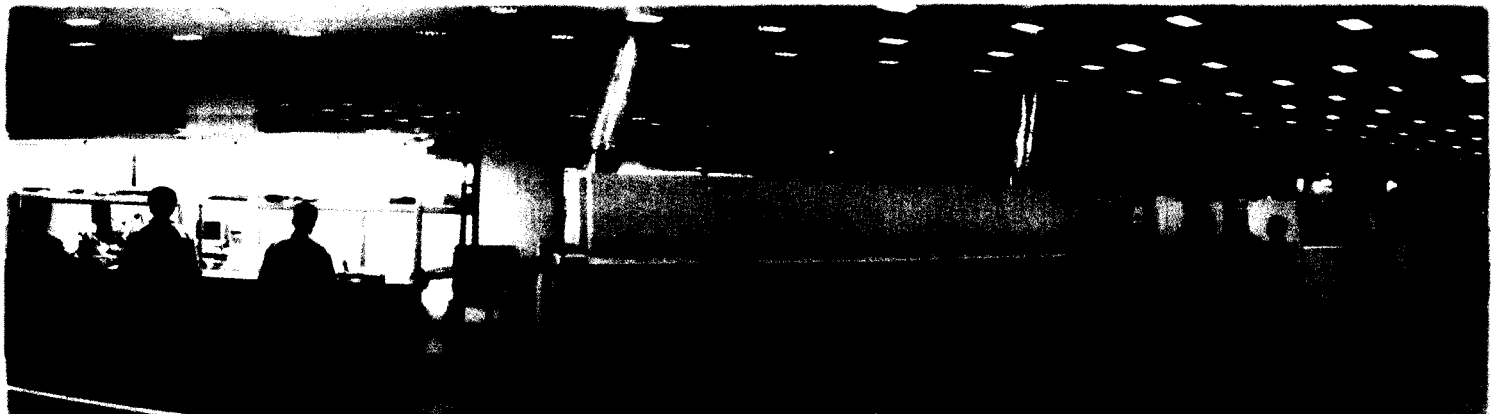
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Virtual Computers Private Limited

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SMT Line at Plant 3, Goa

D-Link (India) Limited
Annual Report 2002-2003



Chairman's Letter

K.R. Naik
 Chairman & Managing Director

Dear Shareholders,

It is my privilege to share with you our performance for the fiscal year ended 31st March, 2003 and the outlook for our future.

Growing Market

After a fairly long period of economic slowdown and recession, the IT industry showed signs of revival in the year under review. PC sales registered healthy growth during the year indicating a favourable trend for our products.

Fuelled by major investments and growth in sectors like telecom, banking and IT enabled services, the networking business is now emerging as one of the fastest growing segments in the IT industry.

Performance

Spurred on by the growing demand, especially in the last two quarters of the year, our sales and profits registered handsome growth. Gross Turnover increased by 18% to Rs.2052 million while Net Profit grew by 21.50% to Rs.222 million.

In all our product segments, we either maintained or expanded our market share during the year. Return on investments remained impressive and we generated strong cash flow as earnings and operating margins increased as compared to the previous year.

Achievements

The year was marked with several important milestones and achievements.

Our Software and R&D Center, which moved to a new state-of-the-art facility in Bangalore in May 2002, developed low cost IP phones which have the potential to become big winners.

D-Link received the MAIT award for excellence in exports which speaks volumes of the quality and competitiveness of our products in the global market place.

D-Link was voted as the 4th most admired IT vendor in the country after such illustrious names like Hewlett Packard, Samsung and Intel.

D-Link entered into a strategic tie-up with Corning Inc. of USA, a world leader in optical fiber, to use their latest products including InfiniCor® and SMF-28® fibers in its structured cabling products.

During the year, D-Link also entered into a tie-up with KELTRON to bring the latest networking technology to Kerala.

We launched a series of new products during the year including network security products, wireless LAN products, Layer 3 switches for enterprise networking segment, internet camera and a range of LCD monitors.

The launch of Enterprise class products like routers and routing switches signifies an important movement up the value chain for the company. In addition to its strong leadership position in the LAN segment, it is now well placed to provide end-to-end solutions for the WAN segment as well.



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

D-Link Corporation of Taiwan

D-Link Corporation of Taiwan have made exceptional progress and are today a force in the global networking arena.

D-Link Corporation added more manufacturing units in China to cater to the growing market for their products. They introduced one or two new products every month in the world market. Their award winning products like i2eye Video Phone, Multimode Wireless Access Point, Multimode Wireless Routers, etc. have captured significant market share in the most advanced markets of the world.

D-Link Corporation have a significant stake in D-Link (India) and their contribution to our growth has been immense.

D-Link Corporation continuously introduces new technology products and access to their world-class technology and global resources gives us a competitive edge few Indian companies can match.

Strategy

We operate in a market which offers us enormous potential and we have a sound and coherent strategy - the right products at the right time to market.

We have set up one of the most advanced and extensive manufacturing facilities. We shall continue our commitment to world-class manufacturing and are convinced that with strong R&D and design capabilities, our products will make a mark in the world market in the near future.

We have acquired two large sized plots with buildings thereon adjacent to our existing complex in Goa to meet the requirements of our future expansion plans.

Our goal is to continuously fill the pipeline with a stream of new products and services, designed to meet customers' needs.

We are confident in our ability to create end-to-end solutions for the entire range of networking applications. Our entry into the WAN segment, for which the Indian market is estimated at around Rs.700 crores, could well take us into another orbit of growth.

Vision

Our Vision revolves around People, Customers, Technology, Quality, Innovation and Performance. As such, it is a never-ending process.

Our commitment to this Vision will lead to exceptional products, solutions and service for our customers, consistent and improved profitability for the company and continued creation of long term value for our shareholders.

Acknowledgement

This is the continuation of a never-ending journey. I am privileged to be on this journey surrounded by talented employees, loyal customers and dedicated shareholders. I am grateful for the commitment of our people and business associates.

I thank you all for your faith in D-Link.

Sincerely,

K.R. Naik
Chairman & Managing Director

D-Link (India) Limited

Annual Report 2002-2003

Management and Other Data

Board of Directors

K.R. Naik, Chairman and Managing Director

A.P. Chen

Tony Tsao

Dattaraj V. Salgaocar

K.M. Gaonkar

Company Secretary

K.G. Prabhu

Bankers

HDFC Bank

Bank of India

State Bank of India

Global Trust Bank

Auditors

M/s Deloitte Haskins & Sells

Chartered Accountants

Solicitors

M/s. Madhukar Munim & Company

Corporate Office

D-Link House
Bandra-Kurla Complex Road, Plot No.5
Off C.S.T. Road, Santacruz (East)
Mumbai 400 098.

Senior Executives

Prabodh Vyas

Director - Sales

J.V. Avadhanulu

Director - Software Technology

C.M. Gaonkar

Director - Finance

K.V.S.S. Gunneswara Rao

Director - VoIP

Nitin Kunkolienker

General Manager - Comm. & Admin. (Goa)

Vinay Rane

General Manager - Production

Milind Tamhane

General Manager - SCS Fiber

Deepak Chodanker

General Manager - SCS Copper

Shridhar Kadam

General Manager - Development & Production Support

Rajaram Jadhav

General Manager - Pre Sales / Tech Support

Tushar Sighat

General Manager - Sales (Mumbai)

Shekhar Kulkarni

General Manager - Sales (Central Areas)

Yogesh Sharma

General Manager - Sales (North)

Venkatesh Kamath

General Manager - Sales (South)

Vikas Pinjarkar

General Manager - SCS

Aravindan S.

General Manager - Software Development

Registered Office

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

Software and R&D Center

#65, 35th Main, 100ft. Ring Road,
2nd Stage, BTM Layout,
Bangalore 560 076

www.dlink.co.in



Financial Overview

(Rs. in million)

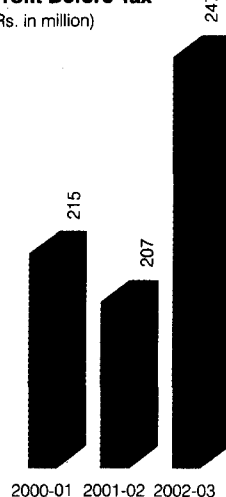
	2000-01	2001-02	2002-03
Sales	1646	1743	2052
Profit before Depreciation & Tax	224	233	283
Profit before Tax	215	207	247
Profit after Tax	188	182	221
Equity Share Capital	45	60	60
Reserves	349	919	1086
Shareholders' Funds	824	979	1146
Gross Fixed Assets	129	455	487
Net Fixed Assets	106	406	409
Earnings per Share of Face Value Rs.2 (Rs.)*	8.47	6.07	7.37
Net Asset Value per Share of Face Value Rs.2 (Rs.)*	36	33	38

*Each equity share of Rs.10 was split into 5 equity shares of Rs.2 each during the year 2001-02.

Sales
(Rs. in million)



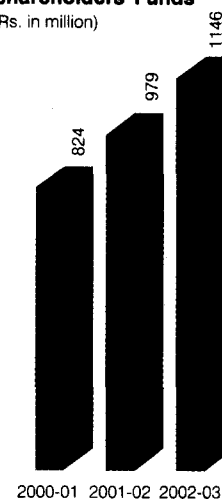
Profit Before Tax
(Rs. in million)



Profit After Tax
(Rs. in million)



Shareholders' Funds
(Rs. in million)



D-Link (India) Limited
Annual Report 2002-2003

Directors' Report

To the members,

Your directors have pleasure in presenting before you their 10th Annual Report and Accounts for the year ended 31st March, 2003.

1. Financial Results and Appropriation

(Rs. in million)

Turnover (Gross)	2051.80	1743.22
Profit Before Depreciation and Tax	282.94	233.16
Less : Depreciation for the year	35.54	25.65
Profit Before Tax (PBT)	247.40	207.51
Less : Provision for Tax		
a) Current Tax	16.50	14.00
b) Deferred Tax	9.63	11.38
Profit After Tax	221.27	182.13
Balance of profit brought forward	380.00	239.39
Credit Balance taken over on amalgamation	-	8.50
Less : Transfer to General Reserve	22.50	20.00
Proposed Dividend 80% (PY 50%)	48.01	30.00
Tax on Dividend	6.15	-
Balance of profit carried forward	524.63	380.00
Earnings per Share (Rs.)	7.37	6.07

2. Performance

The Company has shown marked improvement in profitability during the year under report. Sales increased by 17.70% over the previous year. Profit after tax for the year at Rs.221.27 million represents an increase of 21.50% over the previous year.

The Company's Networking business recorded significant increase in sales and profits, mainly on account of improvement in the overall industry coupled with substantial increase in sale of motherboards, switches and structured cabling products.

The Company's Software and R&D Division at Bangalore started developing intellectual property for products to be manufactured by D-Link (India) Ltd. As a result, revenue from this division declined marginally to Rs.69.60 million as compared to the previous year.

For future expansion, the Company has acquired two plots admeasuring approx. 19,000 sq. mtrs. adjacent to the existing manufacturing facilities at Verna, Goa alongwith structures thereon from Economic Development Corporation of Goa Limited under Tender-cum-Auction at a total consideration of Rs.20 million in April, 2003.

3. Dividend

Your Directors have recommended a dividend of 80% i.e. Rs.1.60 per share.

4. Public Issue

The Company had successfully completed its Initial Public Offering in March 2001. The Company has utilised Rs.413.70 million as per the details given below out of the total public issue proceeds of Rs.428.90 million.

Projections V/s Actual Utilisation of Issue Proceeds:

(Rs. in million)

a	Networking Products	143.00	151.60
	Cost of Land & Building and cost of setting up a new SMT Line.		
b	Fiber Optic Products	20.20	2.60
	Cost of setting up Fiber Optic Products Manufacturing/Assembly facilities		
c	Software Division	290.90	111.10
	Cost of Acquiring Software tools & Computer Systems Technology Acquisitions and adding infrastructure in the following :		
	A) Core Programming Areas		
	B) Application Programming Areas		
d	Structured Cabling Equipments/Machinery cost for Structured Cabling	8.20	7.00
e	Margin Money for Working Capital	40.70	40.70
f	IPO Expenses & Contingencies	47.00	40.70
g	Repayment of Bank Overdraft		60.00
h	Investments in Government Bonds/Mutual Funds		15.20
	TOTAL	550.00	**428.90

** Total Amount received by way of Public Issue Proceeds.