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D-Link (India) Ltd. is a part of the multinational D-Link Corporation, which has a presence in over 100 countries. Its core business is in the area of networking and communications. D-Link India is present in the high end enterprise segment with a complete range of co-branded products from Foundry Networks, Inc. of U.S.A. in India and present in the PC hardware and PC peripherals space through a JV with Gigabyte Technology, Taiwan.

D-Link India's product range enjoys substantial market share in India and ranks among the leaders in Modems, Structured Cabling, Wireless LAN and Switches.



D-Link (India) has a strong infrastructural presence with ISO 9001:2000 and ISO 14001:1996 certified state-of-the-art manufacturing plants in Goa; Software and R&D Centers in Goa and Bangalore; and a Global Tech Support Call Center in Mumbai. It has a nationwide network of 17 offices, 21 territory distributors, 325+ dealers and 3600+ resellers and 4 overseas distributors in SAARC countries providing active sales and service support.



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“D-Link India is the most unique and successful Business Unit of D-Link Corporation. We have over 30 Business Units serving over 100 countries...”

“D-Link India's manufacturing and R&D facilities are most impressive.... the quality of manufacturing is the best you would get anywhere around the world.”

“India has tremendous market potential, incomes are increasing and people are becoming more IT savvy.... we will be introducing more and more new products as the market matures and demand for such products increases.”

- Ken Kao, Chairman & CEO, D-Link Corporation, Taiwan



K.R. Naik, Chairman & Managing Director

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to report on our progress during the fiscal year ended 31st March, 2005 and on our vision for the future. It was a year in which we performed well financially as outlined in the subsequent sections of this annual report; but more importantly, it was a year marked by significant changes in the marketplace and we focused on strengthening our core capabilities and building a company ready to face challenges of the future.

Leading the way

Leading the way defines our approach to every aspect of our business. Leading with best-in-class products and solutions, leading with superior customer service and support, leading with sound and effective management and leading in the delivery of long-term value for our shareholders. As a result of our efforts over the last decade, D-Link is a well-recognized brand name in the networking and communications industry. We enjoy leading market shares in many of our product segments and feel privileged that our customers rely on us to provide mission critical networking and communications solutions.

Technology holds the key

Technology is the key engine that drives productivity increases for organizations as well as individuals. New IT products and practices allow businesses to quickly adapt to new challenges. New technologies present new opportunities for companies like ours as well as for our customers to become more efficient. In this information age, technology drives growth and we are fortunate to be in a sector set for explosive growth for many years ahead.

Growing IT Spending

Our growing economy, rising income levels and constant pressure to be globally competitive has enhanced the importance of technology and IT infrastructure in enterprises of all sizes today. Domestic IT spending is constantly increasing and in recent years this rise in spends has been further fuelled by unprecedented growth in telecom, banking and insurance verticals.

Our PC and Internet penetration are still at very low levels and massive investments would have to be made in this sector to achieve the targeted PC penetration of 65 per thousand from the existing 14 per thousand and internet penetration of 40 per thousand from the existing 5 per thousand by 2008. This would open up a huge market for a technology driven company like us.

All these make India one of the most exciting markets for IT hardware companies and most of the prominent global companies are operating in the Indian market. We are well prepared to face the challenge of competition and are confident that our understanding of the market coupled with the huge investments made in manufacturing, quality control and service and support infrastructure will always give us the edge.



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

The Broadband Revolution

Though a late starter, Indian broadband market is ready to hit the big time. Currently in the nascent stage, broadband infrastructure has started taking shape. Our window to the world is the web and broadband allows high-speed connection to the Internet speeding up connection and lowering business costs. I firmly believe that a broadband revolution is underway and will transform the world of business.

At home too, broadband will change the way we live and play. The hi-tech, digitally-connected, wireless-free home of the future with broadband at its heart, will allow families to use computers, phones, game consoles, TVs, media players and a host of other equipment simultaneously.

Broadband is no longer the future – it is happening already and will undoubtedly become our fastest growing segment with endless possibilities.

Wi Fi is here

Excitement for wireless products is escalating rapidly. New applications in digital, entertainment and music are opening the eyes of a new segment of consumers to the power of wireless connectivity. High performance enterprise class capabilities are becoming more affordable and reliable for even smaller businesses to deploy. All these developments augur well for us. As a company that has been in the forefront of innovation and technology, we can look forward to very exciting times ahead.

Alliances

We have been successful in forming strong alliances and establishing joint ventures to broaden our portfolio. Our tie-up with Foundry Networks of USA and our joint venture with Gigabyte Technology of

Taiwan illustrate our desire to join hands with world-class companies and constantly expand our portfolio. These alliances bring to our company a whole new range of product offerings as well as access to the latest technologies to enable us to meet the never ending challenges of offering new products to a market place hungry for innovation.

Software Development and R&D

We continue to lay great emphasis on our software development and R&D efforts and have made good progress in several new technology areas like IP protocols and security firewalls. I strongly believe that companies that have the ability to develop their own intellectual property will enjoy significant competitive advantage in the future.

Celebrating a decade of success

We were fortunate and privileged to have Mr. Ken Kao, Chairman of D-Link Corporation, Taiwan with us during our 10th anniversary celebrations. On behalf of all of us at D-Link India, I express my sincere appreciation to him for the time he spent with us, for sharing his vision and philosophy with us and for inspiring us to achieve new heights of excellence in the years ahead.

Financial Performance

During the year, our revenues grew by 23% to Rs. 2947 million and we posted healthy operating margins. However, our post tax profit declined largely due to decrease in other income, higher depreciation and higher provision for tax. There has also been higher investment and focus on R&D to develop our own new products; as a result, direct R&D revenue declined.

Our Competitive Edge

Organic growth does not happen overnight. It springs from the roots that are established through years of effort and innovation. Over the last 10 years, we have focused our energies and made massive investments in building a world-class manufacturing, marketing and service infrastructure. Simultaneously, we have leveraged our strengths to make D-Link a well-known and widely respected national brand. Further, our strong financial position enhances our ability to make investments and capitalize on opportunities to better serve our customers and improve shareholder value.

The Path Forward

Ours is the story of a company that is evolving, adapting to new market realities and changing customer expectations. It is now the story of a company that is successfully making transition from a company whose core business was networking to a company whose core business now encompasses networking, communications and consumer electronics.

Looking forward, we see the distinction between networking products, communications products and consumer electronic products continuing to blur as broadband becomes more affordable and offers greater bandwidth capabilities at more competitive price levels.

With changing trends, our product portfolio is rapidly evolving with products like broadband modems and feature-rich media players. These new products have the potential to become major growth drivers in future.

We are traversing a path that we believe will make D-Link a more dynamic company – a company with stronger foundation, stronger partnerships, stronger balance sheet and a stronger future for us all. With many opportunities ahead, I am confident that the Company remains well positioned for continued success in the years to come.

I wish to express my thanks to all our customers, shareholders, partners, business associates and the entire D-Link team for their support. Our greatest asset is our people and they are the reason we perform well and the reason why we remain so optimistic about our future. I seek your continued support as we strive to seek greater heights in our business and strive to create value for our shareholders, both now and in the future.

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

Sincerely,

K. R. Naik
Chairman & Managing Director



K. R. Naik, CMD, D-Link (India) Ltd.
with Ken Kao, Chairman & CEO,
D-Link Corporation during the
10th Anniversary celebrations
of D-Link (India) at Goa.



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
 Chandrasekhar Kopparapu

Company Secretary

K.G. Prabhu

Bankers

HDFC Bank
 Bank of India
 Citi Bank

Auditors

M/s Deloitte Haskins & Sells
 Chartered Accountants

Corporate Office

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

Registered Office

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

Software and R&D Center

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

www.dlink.co.in

Senior Executives

Prabodh Vyas
Director - Sales & Marketing

J.V. Avadhanulu
Director - Software Technology

C.M. Gaonkar
Director - Finance

K.V.S.S.S. Gunneswara Rao
Director - VoIP

Bhushan Prabhu
Vice President - Finance

Nitin Kunkolienker
General Manager - Commercial & Administration

Vinay Rane
General Manager - Production

Milind Tamhane
General Manager - SCS (Product Manufacturing)

Deepak Chodanker
General Manager - New Products

Shridhar Kadam
General Manager - Product Development & Engineering

Rajaram Jadhav
General Manager - Pre Sales / Tech Support

Tushar Sighat
General Manager - Sales (West)

Shekhar Kulkarni
General Manager - Sales (Central Areas)

Yogesh Sharma
General Manager - Sales (North)

Venkatesh Kamath
General Manager - Sales (South)

Debraj Dam
General Manager - Sales (East)

Vikas Pinjarkar
General Manager - Sales (SCS)

Aravindan S.
General Manager - Software Development

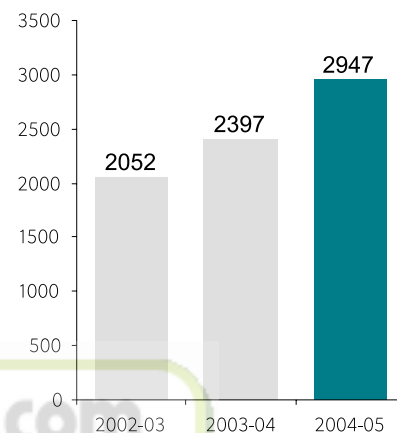
Rajiv Kapoor
General Manager - Business Development Enterprise Solutions

Financial Overview

| (Rs. in million) | 2002-03 | 2003-04 | 2004-05 |
|--|---------|---------|---------|
| Turnover (Gross) | 2052 | 2397 | 2947 |
| Profit before Depreciation & Tax | 283 | 404 | 413 |
| Profit before Tax | 247 | 363 | 359 |
| Profit after Tax | 221 | 313 | 286 |
| Equity Share Capital | 60 | 60 | 60 |
| Reserves | 1086 | 1306 | 1526 |
| Shareholders' Funds | 1146 | 1366 | 1586 |
| Gross Fixed Assets | 487 | 627 | 807 |
| Net Fixed Assets | 409 | 506 | 626 |
| Earnings per Share of Face Value Rs.2 (Rs.) | 7.37 | 10.46 | 9.54 |
| Net Asset Value per Share of Face Value Rs.2 (Rs.) | 38 | 46 | 53 |

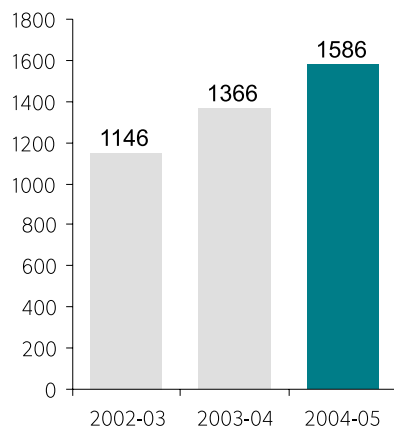
Turnover (Gross)

Rs. in million



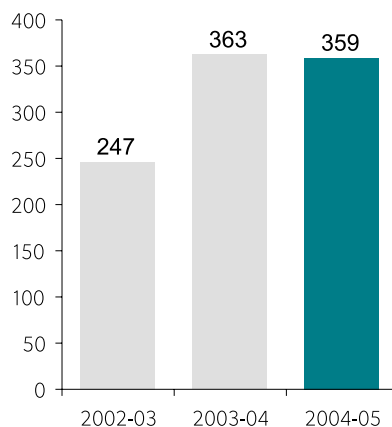
Shareholders' Funds

Rs. in million



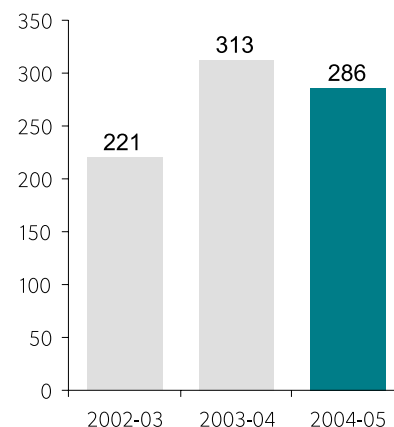
Profit before Tax

Rs. in million



Profit after Tax

Rs. in million





Directors' Report

To the Members,

Your Directors have pleasure in presenting before you their 12th Annual Report and Accounts for the year ended 31st March, 2005.

1. Financial Results and Appropriations

(Rs. in million)

| | 2004-05 | 2003-04 |
|--|---------|---------|
| Turnover (Gross) | 2947.20 | 2396.95 |
| Profit Before Depreciation and Tax | 412.90 | 403.69 |
| Less: Depreciation for the year | 54.23 | 40.84 |
| Profit Before Tax (PBT) | 358.67 | 362.85 |
| Less: Provision for Tax | | |
| a) Current Tax | 56.00 | 37.50 |
| b) Deferred Tax | 19.14 | 9.50 |
| Profit After Tax | 283.53 | 315.85 |
| Add/(Less) : Tax adjustment of Previous Year | 2.71 | (2.02) |
| Net Profit | 286.24 | 313.83 |
| Balance of profit brought forward | 711.68 | 524.63 |
| Amount taken over on amalgamation of Virtual Computers Private limited | (0.80) | - |
| Amount available for Appropriations | 997.12 | 838.46 |
| Transferred to General Reserve | 30.00 | 32.00 |
| Dividend | | |
| - Interim | 48.01 | 60.01 |
| - Final | 48.01 | 24.00 |
| Tax on Dividend | | |
| - Interim | 6.34 | 7.70 |
| - Final | 6.73 | 3.07 |
| Balance carried forward to Balance Sheet | 858.04 | 711.68 |
| Earning per Share (Rs.) | 9.54 | 10.46 |

2. Performance

In the financial year 2004-05, your Company's Turnover increased by 23% to Rs.2947.20 million as compared to Rs.2396.95 million in the previous year. The Net Profit stood at Rs.286.24 million as compared to Rs.313.83 million in the previous year. The reduction in Net Profit was mainly due to decrease in Other Income by over 44.7% and increase in provision for income tax by over 59.9%.

Your Company maintained its leadership position in various categories of active networking products like network cards, modems, unmanaged switches and improved its market position

in managed switches and wireless LAN. The Company also captured significant market share in passive networking products and grew at over 40% for the second successive year. It significantly increased its market share in motherboards. The Company's co-branding tie-up with Foundry Networks, Inc. was well received by the market.

During the year, the Company also launched broadband products and gained significant market share within a few months of the launch of Government of India's broadband initiatives in the country. Your Company has emerged as the leading player in the Broadband CPE (Customer Premise Equipment) market.

During the year, the Company acquired additional plot with building at Verna, Goa admeasuring about 3,900 sq. mtrs. keeping in mind the future expansion requirements.

The Technical Support Center started generating revenues during the year. As in the previous year, revenues from Software Division were lower primarily due to the shift in focus to development of own products. During the year, Firewalls based on Intel Xscale® Technology, designed by the Software Division were launched in the market.

3. Significant Developments

Your Company has completed a decade of successful operations in India. It was among the very first networking Company in the country and has over the years increased its product spectrum and infrastructural presence to emerge as a trusted brand and capture the Number 2 spot in the Indian networking industry.

Your Company has entered into an agreement with Gigabyte Technology Limited, Taiwan to expand the scope of the operations of the existing subsidiary, M/s Gigabyte Technology (India) Limited (formerly known as Digi Giga Systems Limited). Under the agreement, the subsidiary company will launch Gigabyte's complete global range of products. The subsidiary company will be the exclusive representative of Gigabyte in India. While your Company would continue to manufacture motherboards, the marketing of motherboards would be transferred to the subsidiary Gigabyte Technology (India) Ltd over a period of three years.

Your company has launched several feature-rich products in the intelligent switching category, wireless LAN space, structured cabling category and motherboard space thus delivering greater value to the customer and staying ahead of the competition. Towards the end of last year, your Company entered the UPS and Inverter market with its own brand of products.

Your Company will draw enormous strength from the fact that D-Link Corporation holds a dominant position in the Broadband space globally. It is a technology and market leader in the Broadband CPE space worldwide. D-Link Corporation became the world's first Company to design, develop and commercially deploy the ADSL 2+ technology Broadband modem cum router. It also introduced the Wireless Media Player which creates a seamless connection between computers and consumer electronics.

4. Dividend

Your Directors have proposed payment of a final dividend of 80% i.e. Re.1.60 per share. The Board of Directors at its meeting held on October 31, 2004 had declared 1st interim dividend @ Rs.1.60 per share. Consequently, the total dividend for the year (subject to approval of the final dividend by the members at the Annual General Meeting) would be Rs.3.20 (previous year Rs.2.80) per share.

5. Amalgamation

Your Company's Board, at its meeting held on October 18, 2003 approved the Scheme of Amalgamation of its 100% subsidiary Virtual Computers Private Limited with the Company. The shareholders at the Court convened meeting on January 21, 2004 approved the aforesaid amalgamation.

The Hon'ble High Court of Bombay at Panaji, Goa vide its order dated April 29, 2005 sanctioned the Scheme of Amalgamation. The assets and the liabilities of erstwhile Virtual Computers Private Limited have been taken over by your Company w.e.f. April 1, 2003 pursuant to the aforesaid scheme.

6. Employee Stock Option Plan

During the year under review D-LINK (INDIA) LTD. ESOP Trust granted 105,000 options to its eligible employees at a face value of Rs.2/- per share.

7. Management Discussion & Analysis Report

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

8. Corporate Governance

In accordance with Clause 49 of the Listing Agreement with the Stock Exchanges, a separate section on Corporate Governance is attached as a part of the Annual Report.

9. Awards & Recognition

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

- a) Golden Rhino Award – 2005 by 360 Magazine for Modems and Networking Cables, Hubs, Switches & Routers.
- b) Most Admired Networking Company by CRN Survey 2004 and ranked No.1 in Low End Networking Products and Structured Cabling and No.2 in High End Networking Products.
- c) VARIndia StarNite award for being the Best Networking Vendor
- d) DQ Channels 'Channels' Choice Award' for Networking Products.
- e) PCQuest Users' Choice Award for Structured Cabling Products.
- f) DIGIT award for Best Performance and Best Value for Wireless products.

g) PC Quest Editor's Choice Award for wireless products.

h) CHIP Best Value Award for wireless products.

10. Directors

Mr. Dattaraj Salgaocar, Director of the Company retires by rotation at the forthcoming Annual General Meeting and is eligible for re-appointment.

The Board at its meeting held on 20th April 2005 appointed Mr. Chandrasekhar Kopparapu as an additional Director. Mr. Chandrasekhar Kopparapu, who has a Bachelors degree in engineering and an MBA from USA, has over 15 years of experience in the IT field. The Board now seeks approval of the members to confirm his appointment as the Director of your Company.

11. 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 balance sheet date.

12. Auditors

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

13. Conservation of Energy, Research and Development, Technology Absorption, Foreign Exchange Earnings and Outgo

1. Energy and Technology Absorption

Your Company has taken effective steps to conserve energy and improve efficiency in energy consumption.

2. Technology Absorption

Imported machinery and technology are used in the manufacturing process. The technology adopted by the Company is one of the best in the country. The Company is, always, on the look out for ways and means to improve quality and 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 are stated in Notes forming part of the Accounts.

14. 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, the names and other particulars of employees are set out in the Annexure attached to this report.

15. 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