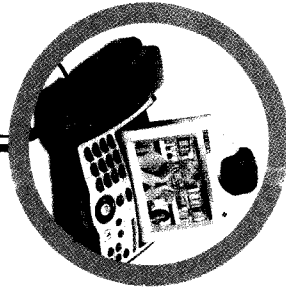
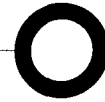
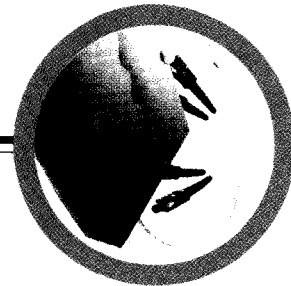
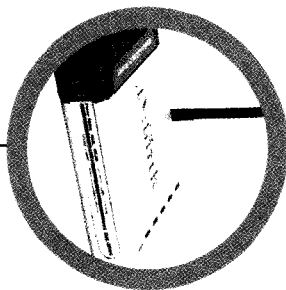


D-LINK (INDIA) LIMITED ANNUAL REPORT 2006-07



reportjunction.com



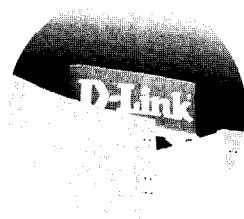
D-Link®
Building Networks for People

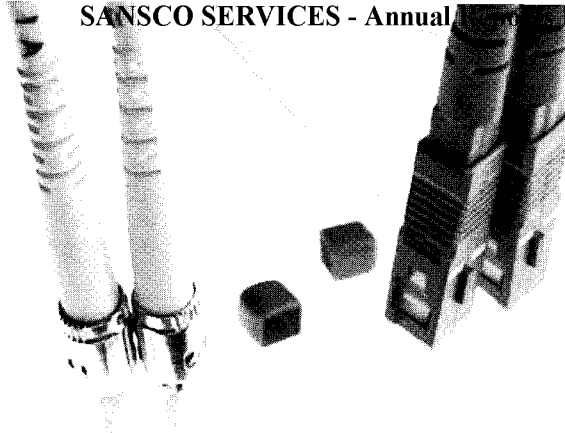
VISION STATEMENT

TO BE INDIA'S PREMIER TECHNOLOGY COMPANY
IN THE NETWORKING FIELD, THROUGH
CONSTANT FOCUS ON R&D, MANUFACTURING
AND AN UNPARALLELED SERVICE NETWORK

CONTENTS

02	Letter to our Shareholders
16	Board of Directors
18	Corporate Information
21	Directors' Report
26	Management Discussion and Analysis
31	Report on Corporate Governance
37	Auditors' Report
40	Balance Sheet
41	Profit and Loss Account
42	Cash Flow Statement
44	Schedules Forming Part of the Accounts
67	Statement Relating to Subsidiary Companies
68	Directors' Report
69	Auditors' Report
72	Balance Sheet
73	Profit and Loss Account
74	Cash Flow Statement
75	Schedules Forming Part of the Accounts
87	Directors' Report
88	Auditors' Report
91	Balance Sheet, Profit and Loss Account
92	Cash Flow Statement
93	Schedules Forming Part of the Accounts
97	Auditors' Report
98	Consolidated Balance Sheet
99	Consolidated Profit and Loss Account
100	Consolidated Cash Flow Statement
102	Schedules Forming Part of the Consolidated Accounts



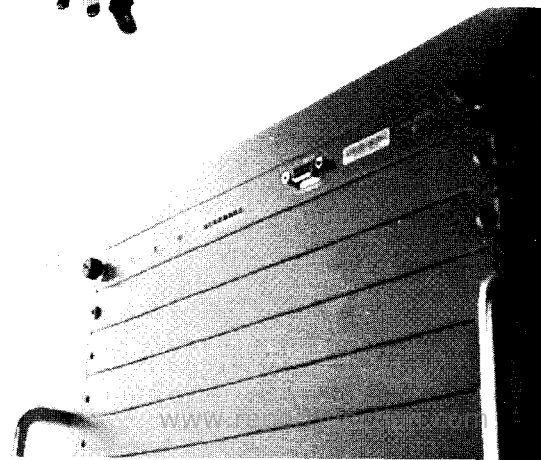
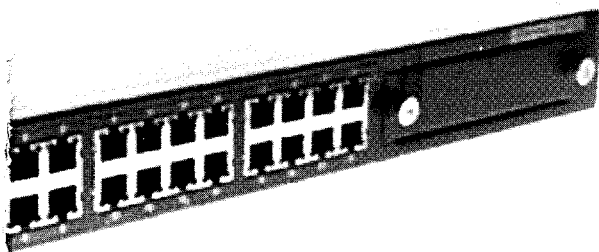


D-Link®
Building Networks for People

WE ARE SIMPLIFYING BUSY
LIVES ACROSS THE WORLD.

In this day and age, distances across the globe are pulled closer and closer. With the complete gamut of active and passive networking products in our offerings, we are transcending all barriers to help connect lives across the world, everyday.

Today, the networking marketplace has miles of growth ahead of itself. At D-Link, we foster an uncompromising zeal to succeed in this fast paced world. This passion is leading us to connect many more lives, delivering superior stakeholder value in times to come!



WE ARE WELL POISED FOR AN
EXPANDING GLOBAL
MARKETPLACE FOR BOTH ACTIVE
AND PASSIVE NETWORKING
PRODUCTS.

K. R. Naik

Chairman & Managing Director

Dear Shareholders,

We live in exciting times. Today, the changing pace of technology is having an indelible impact on our lives. This tempo has in turn unleashed challenging demands of the marketplace. As the world commands increasingly more efficient solutions at the most reasonable prices, D-Link is at the center of this exciting and compelling industry. With our products finding their way into homes and offices across the globe, we are providing the basic tools that help to connect lives everyday.

During the year, we took a conscious decision to move towards our forte of networking products. Despite the considerable effect of reduction in the non core products contribution to our topline, I am pleased to report that our core business grew handsomely by 19%. This ensured that, we were still able to maintain our revenues at Rs.3051.99 million for the current year, marginally more than Rs.3014.77 million, recorded for the previous year.

In particular, our income from services grew to Rs.24.79 million during the year, against Rs.4.02 million in the previous year. Going forward, I expect the service component of the business to be a strong bottom-line contributor in the long run. Other income during the period grew to Rs.89.48 million as compared to Rs. 54.62 million, led by hefty forex gains of Rs. 16.85 million, in comparison with Rs.2.64 million in the previous year.

Today, we are already witnessing a marketplace brimming with opportunities. However, it is the ability to tap this market to the fullest of its potential that sets a leader apart. At D-Link, we are sensitive to the vast opportunity that lies ahead of us. More importantly, we are well-poised to take commercial advantage of a favourable marketplace.

In many ways, the bygone fiscal was a year of introspection for the Company. We have realigned our actions to our vision, to convert prospects into profitable business. I believe that an astute marketing approach is going to be imperative to our growth. True to this belief, we have engaged highly competitive marketing strategies. We have also organised ourselves to serve our channel partners and direct customers most efficaciously. Within our channel sales group, we have further appointed dedicated System Integrators to promote our high end products directly to our customers. These measures enable us to feel the pulse of our clients and incessantly deliver to their expectations.

A comprehensive basket of offerings comprising active and passive components is one of the key success factors that are increasingly shaping our business. You will be pleased to learn that, during the year under consideration, our passive products business exceeded Rs.1000 million. Independent of our active products, we've introduced the **"Digi-Link"** brand of passive products range, in our domestic as well as international markets. **Digi-Link** has already found acceptance in key markets throughout India and the world. Additionally, **Digi-Link** passive products are also gaining popularity with users of prominent active product brands, other than D-Link. The establishment of an independent brand within a short span of time and the appointment of separate retail distributors in some cases, surely augurs well for our passive products business. I am hopeful that it will eventually emerge as a globally recognised brand in the passive product range.

During FY2006-07, we pinned our focus on developing a business model with a ubiquitous presence across the entire horizontal value chain. By partnering with the new breed of speciality electronics retail stores, we're also getting as close as possible to the customer.

"Innovation is the future that you do yourself having chosen the right technology".

I advocate the above philosophy. At D-Link, our success invigorates us to identify and achieve new milestones in our journey towards excellence. Today, we have all the growth enablers already in place and we have embarked on a journey with confident strides.

The Company has already streamlined its business model to participate in the entire value chain.

Leveraging on our strengths in the SOHO space, we have ambitious plans to cater to the needs of the fast growing SMBs and Enterprises.

We have also instilled emphasis on strengthening our R&D bedrock and thereby on developing our own Intellectual Property rights. Three years ago, we developed and manufactured Routers and the entire range of VoIP products from our in-house facility in Goa. Through this mindset, I expect your Company to come out with highly competitive and technologically advanced products and solutions. This marks the beginning of a trend that will record many more successful years in the future. Through our parent company, D-Link Corporation, we already have a global platform to reach out to global markets for our existing and new solutions. We enjoy a distinct competitive advantage in being able to cater to the global market dynamics through a readymade marketing infrastructure. Furthermore, I expect our strong brand recall to be an added fillip in driving our growth.

The experience of our eminent board members are an invaluable asset to the organisation. Under the active circumspection of a highly efficient board, D-Link is well poised to take on the opportunities that the future may hold.

I express my regret to announce that due to exigencies of work, Mr.Chandrashekhara Kopparapu was constrained to resign from the board. While accepting his resignation, the board puts on record, the valuable contribution made by him during his tenure as a director of your Company.

The talent, skills and passion of our workforce are indispensable to reach our goals. During FY2006-07, we continued to focus on training our employees across all planes to elevate their level of performance. Our employee-friendly work environment is fashioning a group of leaders to take the Company forward.

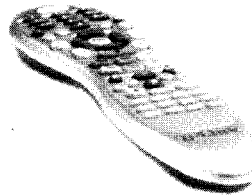
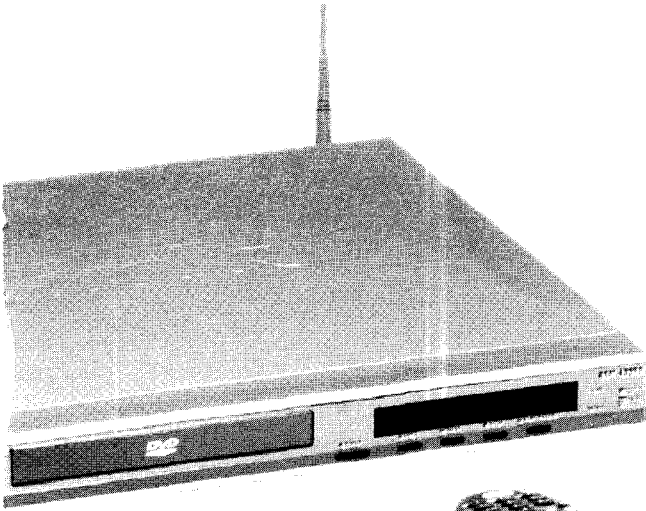
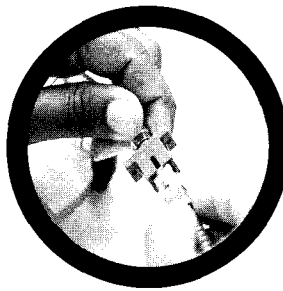
I take this opportunity to put on record my sincere appreciation of all the stake holders of this company, shareholders, customers for their continued faith and patronage and employee's and channel partners for their dedication. Last but not the least, I would like to convey my sincere thanks to M/s D-Link Corporation Taiwan, for their continued and unstinting support and guidance

Sincerely,



K. R. Naik
Chairman & Managing Director

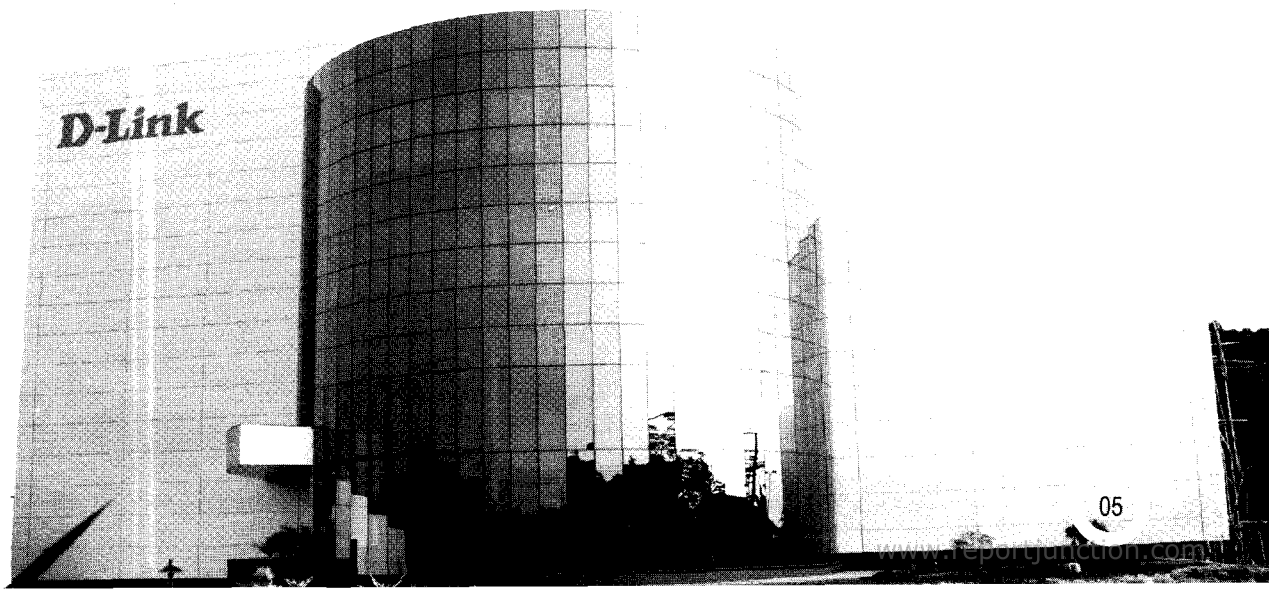


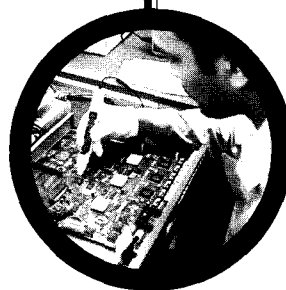


OUR
MANUFACTURING
PROWESS HAS
PRIMED US TO TAKE
ON A NEW WAVE
OF GROWTH.

As the demand for a greater variety and volume of networking products is on the rise, manufacturing products in India is becoming increasingly viable. In line with this changing trend, we have consolidated our facilities by supplanting obsolete machines with modern, efficient equipment. Our prudent investments in building world-class capabilities, coupled with our adherence to six sigma practices in manufacturing, have led to optimal productivity. The versatility of our RoHS compliant Surface Mount Technology (SMT) lines allow us to manufacture a wide variety of IT products. Backed by our manufacturing and research expertise, we are able to offer low-cost, customised solutions under one umbrella.

With globally-compliant facilities to our credit, we are well geared to meet the growing demands of a growing market.





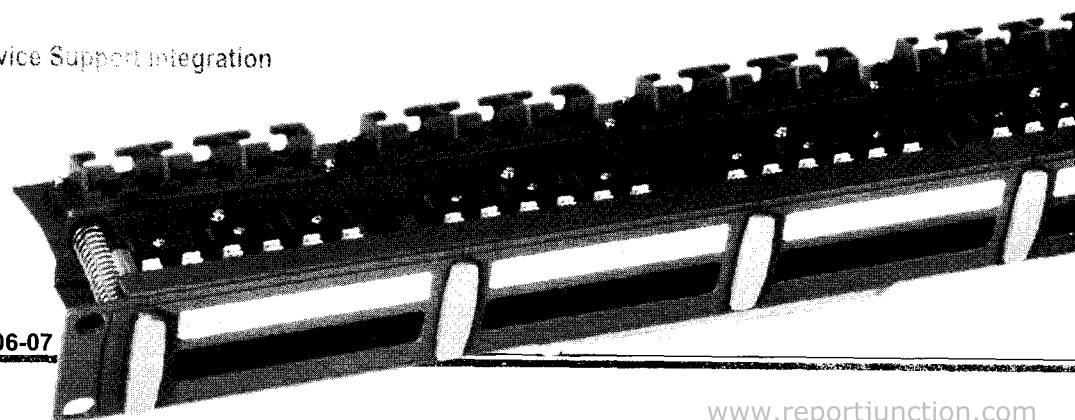
We have ambitious plans to move up the value pyramid: from connecting people and SMBs, to also building multifaceted networks for large enterprises. The fast growing SMB sector is investing heavily to meet its networking requirements, presenting a multitude of opportunities in this arena. Our experience in serving the SOHO market has positioned us well to cater to the needs of the SMB and Enterprise segments.

NETWORKS ARE NOT JUST ABOUT CONNECTING INDIVIDUALS.

In line with our goals, we have restructured our business model to encompass a robust R&D base; globally-compliant manufacturing facilities; excellent marketing and distribution network; a reliable support system and a strong intellectual property base.

○ PRESENT : ACROSS THE ENTIRE VALUE CHAIN

- Research & Development
- Intellectual Property Rights
- Manufacturing
- Marketing and Distribution
- Service Support Integration



IT IS ALSO ABOUT BEING THE VITAL
NERVOUS SYSTEM ON
WHICH COMPLEX ENTERPRISES
SUBSIST ON.



IT'S NOT JUST ABOUT HAVING
END TO END SOLUTIONS.

