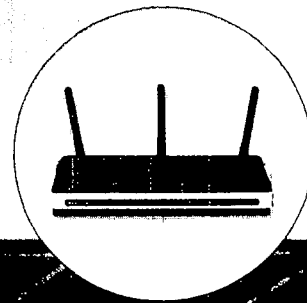
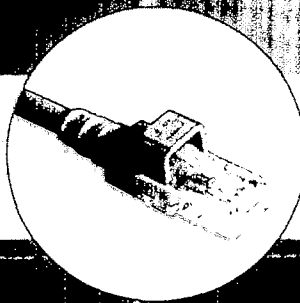
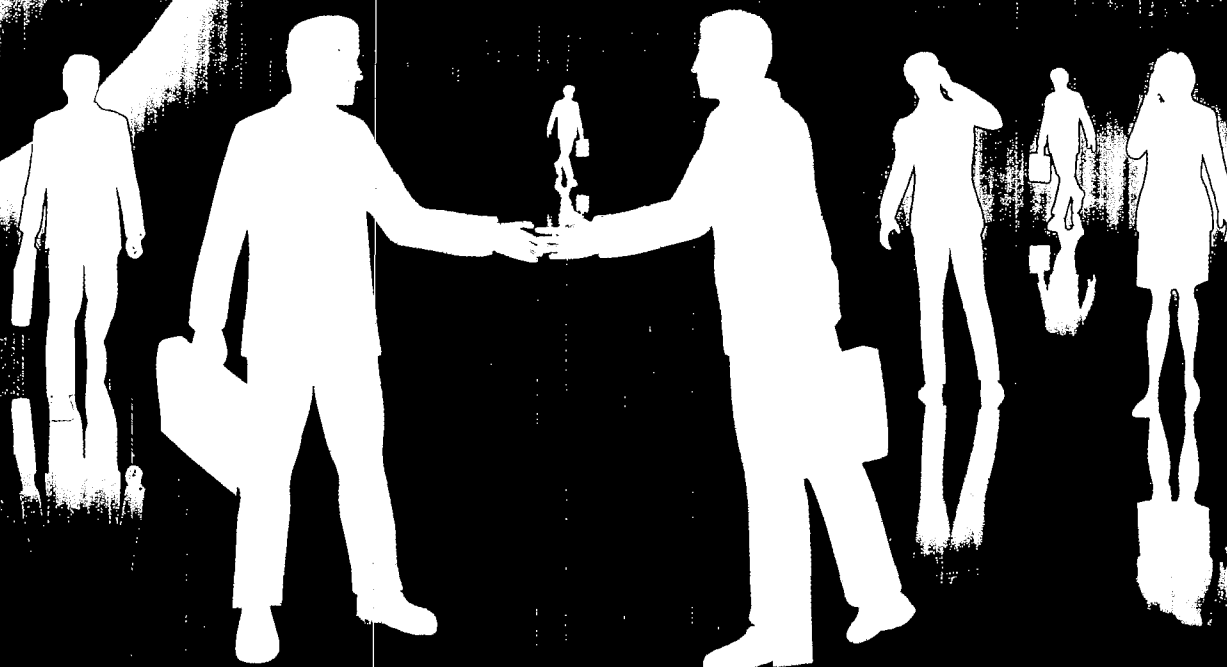


Annual Report 2007-08



Connections of Progress



Digi-Link®
Network with the best.
ISCS products from Digi-Link and Link

D-Link®
Building Networks for People

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LIMITED**

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uilding 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.

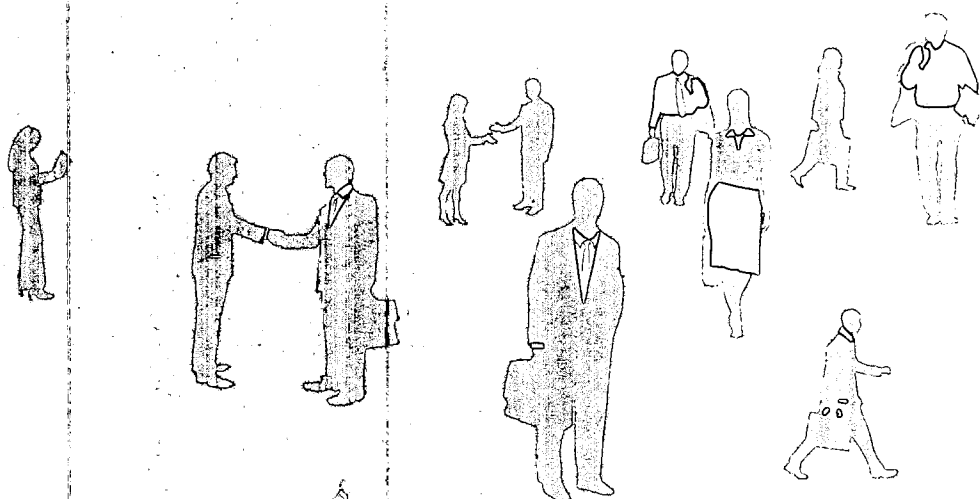
We have ramped up our associations with our Channel Partners and continue to equip them to reach customers as our extensions. Our Service Provider initiative is a pertinent fit in our efforts towards expanding our market reach.

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.

Report

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, complementing 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

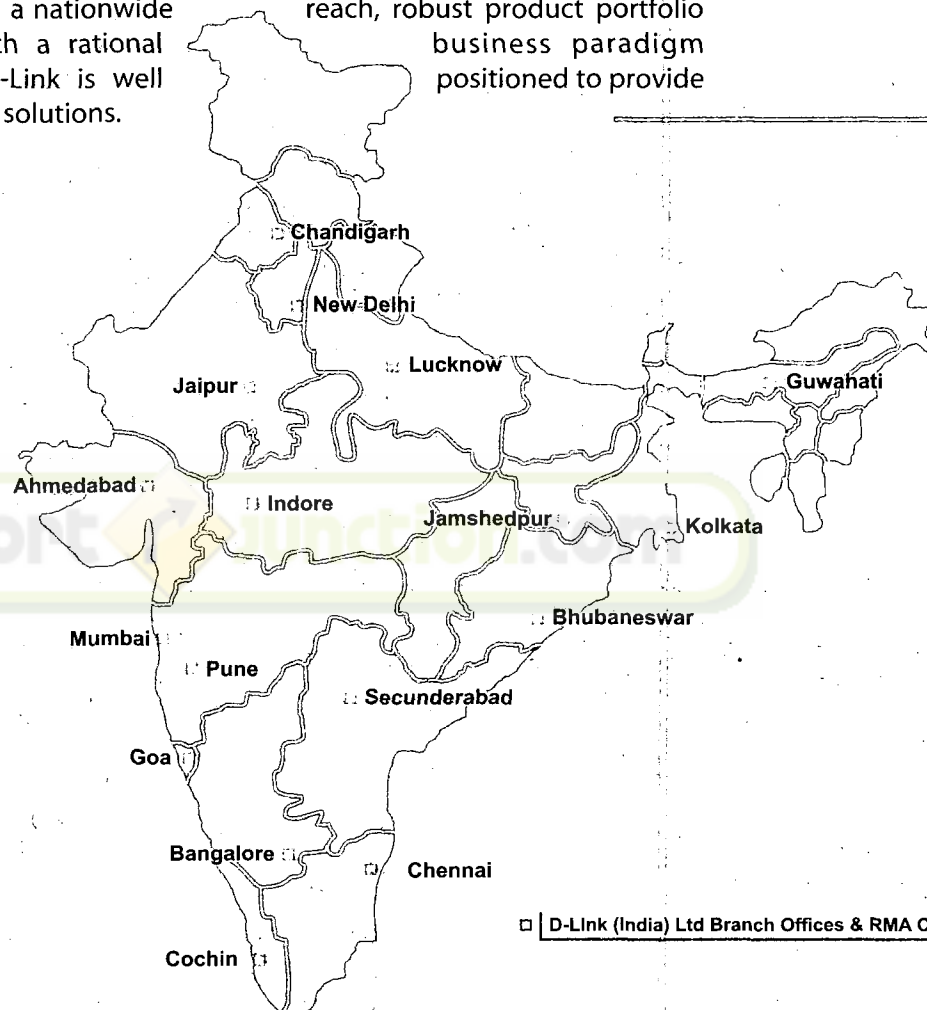


About Us

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.



□ D-Link (India) Ltd Branch Offices & RMA Centers

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

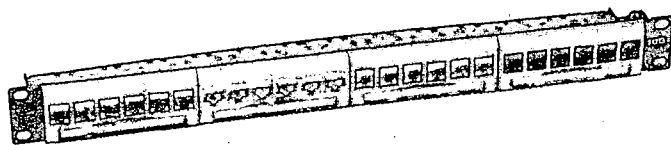
Broadband
Wireless Networking
Network Security
LAN Switches
Routers
Peripheral Sharing
Surveillance
Storage
IP Telephony
Digital Home

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)

6 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.

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

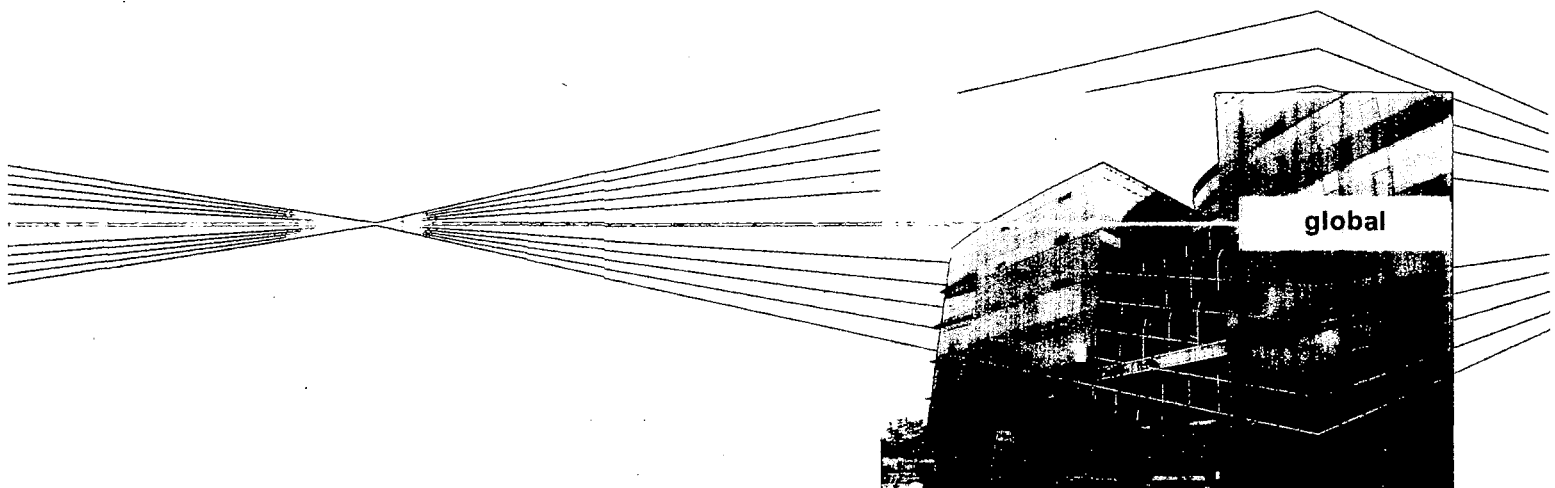
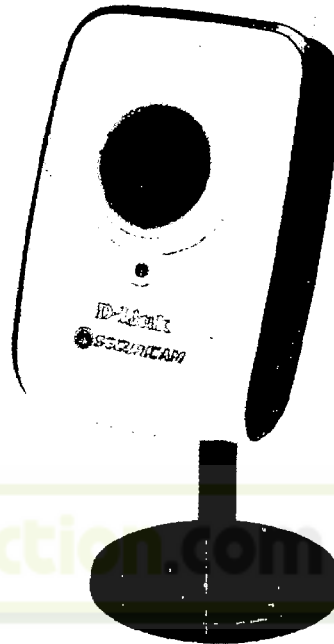
**WE HAVE
RE-ALIGNED
OUR BUSINESS
STRATEGIES TO
ACHIEVE THE MOST
FROM THE BOOM IN
THE SEGMENT.**



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.

