

D-Link (India) Limited

Annual Report 2010-11



D-Link®
Building Networks for People



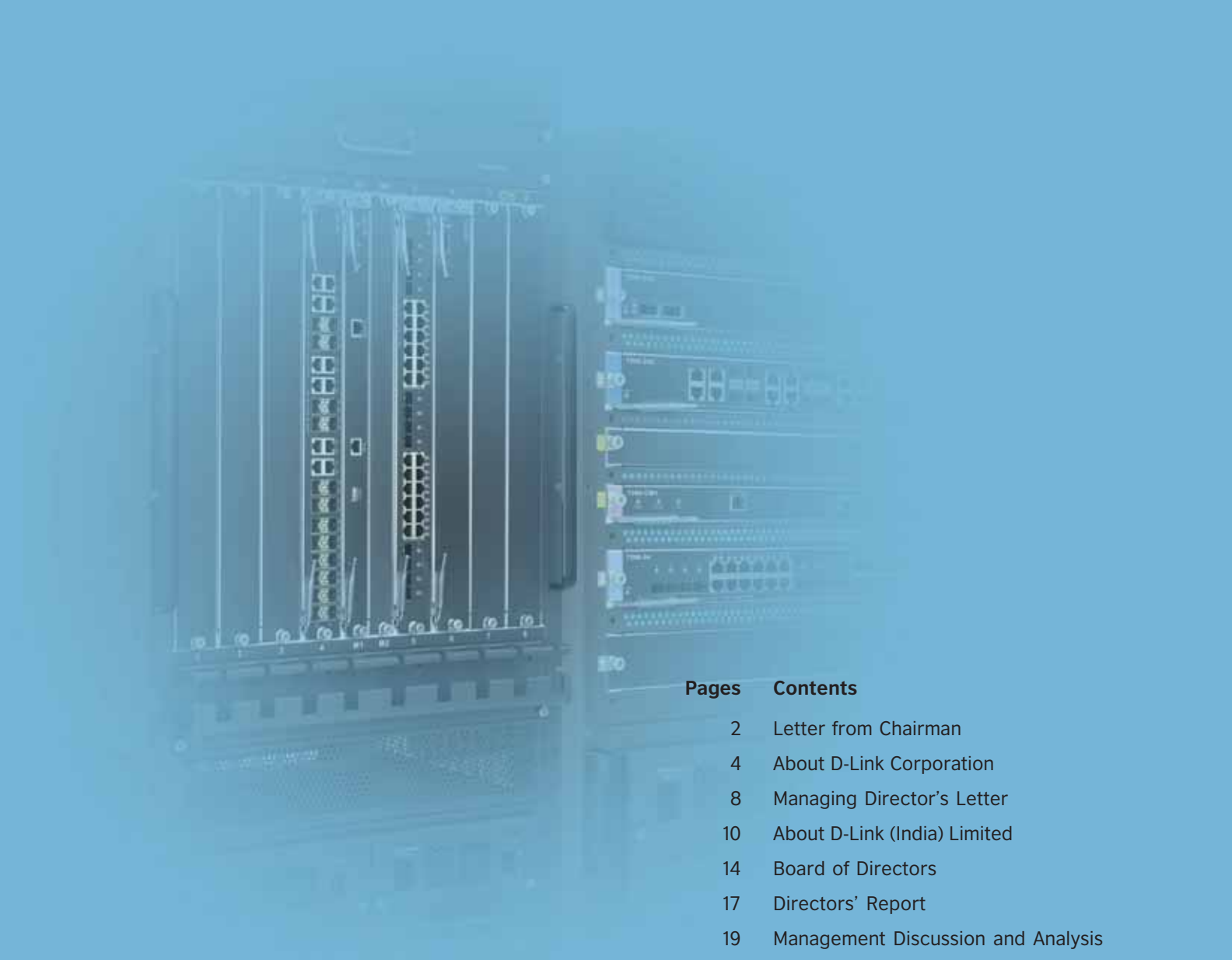
D-Link®
Building Networks for People



D-Link Corporation Celebrates 25th Years of Technology and Innovation

Founded in 1986, over the past 25 years, D-Link Corporation has grown and evolved as a major player in the networking industry. D-Link networking technology now surrounds us, enriching our homes and businesses, connecting us to the most important people in our lives. Today, D-Link stands ready to meet the demands of consumers and businesses with a broad range of products that are reliable, affordable and easy to use. D-Link is proud to offer advanced technology and practical innovations for the future.

D-Link (India) Limited is a part of D-Link Corporation engaged in Marketing and Distribution of D-Link branded Networking products in India and SAARC Countries.



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Disclaimer / Forward Looking Statement

In this Annual Report we have disclosed forward looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral that we periodically make, contains forward looking statements at that set out anticipated results based on the managements plans and assumptions. We cannot guarantee that these forward looking statements will be realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks in uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward looking statements, whether as a result of new information, future events or otherwise.

Letter from Chairman



A.P. Chen, *Chairman*

Dear Fellow Stakeholders,

Two years ago, we had taken a bold step by de-merging our former joint venture company and embarking on a solitary journey.

In these two years, the Indian networking market has been challenging and intensely competitive nevertheless, we have shown our determination and are indeed committed to going all the way to being all that we can be in this most promising of geographies. In that endeavour, we have the power of the multinational D-Link Corporation behind us, with its global footprint across more than 130 countries, and the established equity of this world-class brand in networking and communications.

The fast track to recovery

In India's speedy ongoing recovery from the global recessionary slump, the IT sector has played a key role. In particular, the networking products segment has been in the forefront of renewed growth. This growth continues to gain momentum, driven by increasing broadband deployment, rising PC populations, and new product innovation.

Enterprise networking in particular is increasingly being recognized as a critical enabler of productivity and cost-control; more and more companies are accordingly making significant budgetary allocations for networking solutions, with the prospect of generating growth at CAGR as high as 15%, to reach US\$ 1.7 billion in 2012.

Another positive dynamic is the Indian Government's mission to bring the benefits of IT to all strata of society, across various population demographics. Coupled with that, we observe renewed growth in the key verticals of a growing global economy: namely Telecom, Infrastructure, Manufacturing, Banking, Financial Services, Insurance, Education, Retail, Hospitality and Aviation. Networking forms an integral part of their development, auguring well for the future of major players in the industry.

End-to-end in meeting all ends

On this journey, we are excellently equipped with exactly the right mix of technologies, offerings, market presence, and repute both global and local. With our established status as a trusted end-to-end solutions provider, our acceptance cuts across all verticals. Just as importantly, our inherent design-and-development capability makes us uniquely responsive to the changing needs and expectations of our diverse customers, in a variety of application areas – Networking, Broadband, Digital Electronics, Voice/Data/Video Communications solutions. These capabilities are at the service of a broad market base, from individuals through Small

Office/Home Office set-ups, all the way to SMBs and large enterprises.

We are just as innovative in making our presence felt in the marketplace. With a year-round schedule of advertising, promotions, road shows, special programs and news events, we are constantly in the public eye. Our channel partners too play an invaluable role in extending our reach and visibility across the market.

Present needs and distant horizons

Our growth strategy, as always, is two-fold: serving the needs of our varied market constituencies with ever-improving products and ever-widening choice; and developing solutions with an eye to distant trends and future scenarios, so as to be well prepared. For example, given the immense potential of Wi-Fi and 3G, we are putting together a portfolio of offerings for their eventual dominance in networking. We also have a number of products in our global line-up which are poised for launch in India.

In other words, we are well prepared for whatever may lie ahead along the road. Taking pleasure in new scenarios and circumstances is one of the delights of traveling, for those of an adventurous spirit: as indeed we have shown ourselves to be the world over, in our role of not only welcoming change, but stimulating and enabling it.

I would like to thank all our shareholders, customers, bankers, channel partners, vendors and employees and look forward to their continued support to take D-Link (India) to new heights of success.

Thank you,

Yours Sincerely,

A.P. Chen
Chairman

D-Link Corporation

It is D-Link's strength as a true designer and planner of networking equipment that makes it a worldwide leader.

Company Overview

Founded in 1986, D-Link is a global leader in the design, manufacture and marketing of advanced networking, Broadband, Digital, Voice and Data Communications solutions.

Following our company motto, "Building Networks for People", D-Link continually meets the global networking and connectivity needs of digital home consumers, small office professionals, small- to medium-sized businesses, and enterprise environments.

D-Link's core competency is in Ethernet connectivity. In fact, we are the global leader in providing network connectivity solutions to small and medium-sized business. From the beginning, D-Link engineers have researched, designed and manufactured innovative, standards-based networking solutions. We sell our state-of-the-art hardware at the best prices. Price may be the deciding factor for many new customers, but D-Link innovation, reliability and service keeps them loyal year after year.

A major contributor to our success is our established and expanding network of global distribution and delivery channels that brings products to more than 70 countries every day. We do more than meeting the growing demand for computer networking and communications solutions - we fuel it. Our development of global distribution channels in more than 130 countries has resulted in double-digit growth every year for 20 years.

D-Link Corporation

Global Presence

D-Link Corporation headquarter is located in Taipei, Taiwan, Republic of China. More than 90 global offices serve North America, Asia and Europe, including the North American headquarters in Fountain Valley, California. D-Link maintains strategic operations in Canada, the United Kingdom, Germany, France, Spain, Italy, Greece, Turkey, Sweden, Norway, the Netherlands, Denmark, Finland, Russia, Israel, the Middle East, South Africa, Chile, Australia, Japan, Vietnam, Singapore, China, India and other countries on five continents.

Innovation Leader

Our engineers have been key contributors to the development of the rapidly expanding home and business networking environment. D-Link has been awarded patents and copyrights on a variety of technology platforms - including Application Specific Integrated Circuit (ASIC) computer chips, hardware technology designs, software applications and other intellectual properties. D-Link product solutions are high-performance and feature-rich by design.

As a key contributor to the Digital Home Working Group (DHWG), D-Link embraces industry standards as criterion for the development of new and innovative connectivity and communications solutions for home and business. D-Link products are certified by the FCC, the Wi-Fi Alliance and CableLabs.

**Local market understanding;
International resources**

D-Link has systematically expanded its market share by penetrating geographic targets through a strategy of establishing local business units supported by a strong corporate foundation.

Being operated as a global brand, customers view D-Link products as being promoted and distributed by people they know, whether they are in South Africa, Brazil, the Czech Republic, or any of the 160 offices around the world. This means that there is coordinated teamwork to produce cutting-edge products distributed to every corner of the world. Local teams communicate their needs that D-Link headquarters fills from its own state-of-the-art manufacturing facilities within timeframes that its competitors cannot match.

Confident in the resources of D-Link headquarters to develop and deliver state-of-the-art networking products, each local

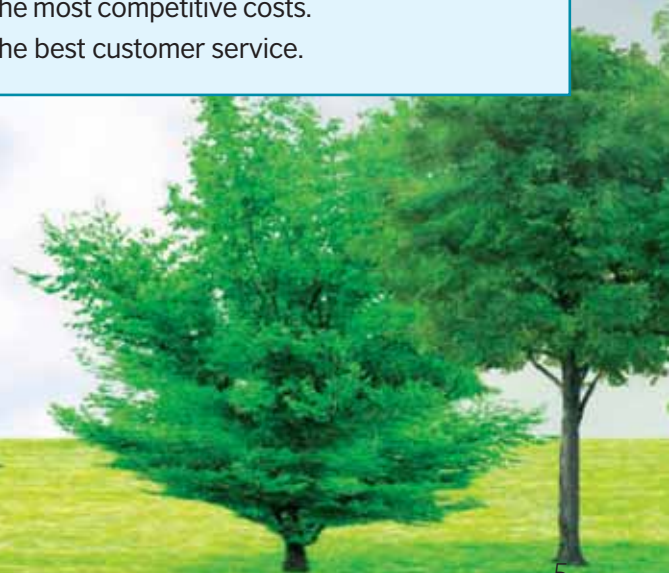
business unit – regardless of its location around the world – attacks its market aggressively. The Company's innovative technology products provide solutions for home and business, built with standards-based reliability. D-Link has become a trusted international brand that connects people to their lives, their work, and to each other.

The spirit of building connectivity for people is applied throughout all of D-Link.**Principles:**

- To introduce convenience, reliability and savings to SoHo/workgroup/enterprise networking.
- To deliver high-performance solutions that reflect the commitment of a team aimed at building connectivity for people.
- To meet people's demands for easier communication with a fair investment.
- To design valuable, high-quality, user-friendly products to reach out to all kinds of people.
- To believe in the desire of individuals to easily access information, entertainment and communication at home, at school or at work.
- To find ways to connect business partners with new markets and opportunities, helping them to attain success and growth objectives.

Values:

- World-class quality.
- Fastest response time on the market.
- The most competitive costs.
- The best customer service.



D-Link Corporation

D-Link has made a significant contribution to what world perceives networking to be, both in business and in home.

Business Solutions

D-Link delivers a wide range of powerful networking and connectivity solutions designed to bring exceptional value to business at the enterprise, workgroup and departmental processing levels.

D-Link switching and connectivity products are a dominant force in business environments, delivering increased network performance and scalability, while decreasing costs over time for the information technology (IT) manager and decision maker. ((D-Link delivers powerful solutions for deploying or upgrading to Gigabit Ethernet throughout an entire network including server farms, ISP backbone and campus-wide connectivity.

Consumers & the Digital Home

D-Link remains a worldwide leader and award-winning designer, developer, and manufacturer of connectivity solutions for consumers in the digital home.

D-Link has successfully extended its Digital Home campaign with numerous product introductions that deliver next-generation networking, storage, multimedia, gaming, VoIP and security solutions for the mass market consumer. The D-Link Digital Home strategy looks to where the consumer market is heading to deliver new entertainment and communication devices that are easy to use and of exceptional value.

Broadband

D-Link offers robust distribution, access and value-added solutions for the telecommunications market.

As broadband provides rapidly growing numbers of consumers with high-speed access to the Internet, D-Link continues to offer core connectivity devices and next-generation interactive media solutions. Internet service providers know their future depends on the ability to increase revenue from customer subscriptions and value-added services. D-Link utilizes its wide range of relationships with major service providers, presenting an extensive set of viable network extension and connectivity options for the service provider. These options include home networking, media streaming, content delivery, IP-based remote security monitoring, firewall protection, VoIP and video conferencing technology.

Product Design & Distribution

D-Link has mastered these activities with increased agility and introduced the right product to the right market at the right time with increased consistency and success for Consumer, Business and Broadband market segments.

D-Link continues to be a global leader in the design, development and manufacturing of network, broadband and communication technology. D-Link's fundamental strategy is its commitment to develop high-quality product and achieve manufacturing excellence.

Building Networks for People

The "Building Networks for People" tagline is based on the idea and mission to make technology affordable for the mass market consumer and small to medium business so that everyone can realize the benefits of technology. The company founders strive to empower consumers and businesses to share files, data and access, but more importantly... ideas. Since 1986, D-Link defines leading edge technology. From a true designer, developer and manufacturer D-Link delivers products that are standards-based, value priced and reliable.

D-Link Green™



A long journey begins with a single step.

Together, through small, individual steps, we can make a big difference for the environment. Choosing **D-Link Green™** technology is one step you can take when considering your networking needs.

D-Link Green devices are about providing eco-friendly alternatives without compromising performance. They are designed to help conserve energy, protect our environment from harmful substances and reduce waste by using recyclable packaging.

D-Link is a global leader in the networking industry, and does business in countries around the world. Our customers, employees and investors are increasingly concerned about “green computing.” We recognize our corporate responsibilities as an international entity, and we are committed to protecting the environment. It is our hope that through our company-wide “green computing” initiatives, we will help ensure a more beneficial future for generations to come.

We are proud of the fact that D-Link has led the green computing initiative since our company’s founding in 1986, and is on the forefront of developing environmentally and socially responsible products.

- D-Link Green is a direct reflection of the foundation of values and trust our company is built upon.
- To fulfill our social responsibilities, we have created an ISO 14001 certified environmental management system that allows our company as a whole to reduce our operations’ impact on the environment.
- D-Link is also an ENERGY STAR partner, and works to create energy-efficient products and practices.
- We design our products to be free of toxic chemicals in line with the RoHS directive and have set up recycling programs that meet WEEE guidelines.

D-link Green also includes our creation of the world’s first green networking technology, which allows our products to drastically reduce power consumption. We envision that products like these will help preserve the environment through waste reduction and energy savings.

Sustaining a better tomorrow is one that starts with protecting the environment. This philosophy has served D-Link well for over 20 years, and will continue to remain one of our guiding principles as our company continues to grow and achieve even more historic milestones.

Managing Director's Letter



Gary Yang, *Managing Director*

“ We intend to shape D-Link India’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. ”