

Annual Report 2013-14



Innovation

Execution

Heritage

D-Link (India) Limited

Business Solutions



Consumer Solutions



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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, contain forward looking statements 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.

Message from Chairman



A.P. Chen
Chairman

“ We will continue to invest in refining our core technologies, continue to respond to, and even anticipate, the dictates of the marketplace, continue to respect our relationships with our customers and associates, and continue in our quest for efficiency and productivity in our operations. ”

Dear Fellow Stakeholders,

Last year, I spoke to you of the 'light at the end of the tunnel', that is, the strong likelihood that we were all in the end stages of the global economic downturn. The year just past has borne out my optimism. Worldwide IT spending shows every sign that rapid growth has commenced, especially in networking products, and in the devices market - which itself is dependent on the networking infrastructure.

Here in India, which is one of the most cherished markets in D-Link's global spread, domestic IT services are expected to grow as much as 12% in the year ahead. The economy is moving towards a higher gear. Industrial production is reviving, service industries are growing, and inflation is poised to ease. Enterprises of every variety, from the modest home businesses to the mightiest conglomerates, are beginning to invest in setting up or strengthening their networking foundations. At the same time, the government is actively promoting the spread of broadband availability, and that too is boosting the need for networking hardware. And it's not just a quantum increase in networking power, but growing sophistication too, in terms of complex applications, mobility in operation, intricate interconnectivity among all kinds of devices, the increasingly pervasive presence of the 'Cloud' - all the conveniences that the present generation of youth takes for granted.

Who could be better placed than D-Link to feed these growing appetites? We already have a dominant presence in networking products for the Enterprise segment, and are more than equipped for a full-scale onslaught in Government, Education, Banking, Financial Services and Insurance (BFSI), Manufacturing, Customer Premise Equipment and other segments that are in the forefront of demand today, or will be tomorrow. We have best in class IPv6 compliant Switches, Routers, 3G & 4G WiFi Products with next generation 11AC wireless standards, storage devices, IP Surveillance, Structured Cabling solutions and Lifestyle range of products suitable for any business or consumer domain.

D-Link is a leading player in this market and has led in market share in unit terms in WLAN, and port shipment in switches, right through all four quarters of 2013-14.

Obviously, the promise of growth is bound to draw more competition, more intensely from more players. It would not be out of place of me to say that we at D-Link feel secure in taking them all on. We have formed strategic alliances to beef up our arsenal of sophisticated offerings, for segments ranging from small enterprises to giant data centres and multilocal corporate. Our service capability is a model of accessibility and responsiveness. And we command the respect and well-earned loyalty of System Integrators up and down the country, the best possible evangelists for the D-Link brand.

We will continue to invest in refining our core technologies, continue to respond to, and even anticipate, the dictates of the marketplace, continue to respect our relationships with our customers and associates, and continue in our quest for efficiency and productivity in our operations. In other words, we will continue to do all the things that helped us achieve leadership in our chosen domains, and that will keep us there no matter what challenges the future may bring.

In closing, I would like to offer heartfelt thanks to our shareholders, partners and business associates for the support that is always forthcoming from them. We at D-Link may be helping shape the future for all of us... but it's you to whom that future belongs.

Thank you.

Sincerely,

A. P. Chen
Chairman

Globalization through localization



About D-Link Corporation

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 Corporation headquarter is located in Taipei, Taiwan. With active presence worldwide having 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.

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.

LOCAL MARKET UNDERSTANDING, INTERNATIONAL PRESENCE

Unity: a strategy for success executed on a global scale. D-Link is the award-winning designer, developer, and provider of Wi-Fi and Ethernet networking, broadband, multimedia, voice and data communications, and digital electronics solutions. D-Link has systematically expanded its market share by penetrating geographic targets through a strategy of establishing in-country business units supported by a strong corporate foundation.

Confident in the resources of D-Link headquarters to develop and deliver state-of-the-art networking products, each local business – regardless of its location around the world – effectively penetrates the market. D-Link's innovative products provide solutions for home and business, each 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.



Message from Managing Director



Gary Yang
Managing Director

“ We will move ahead, with greater vigour to tap into the enormous opportunities presented by the Indian market, execute our plans seamlessly and sustain the growth momentum. ”

Dear Stakeholders,

In the year just past, we have seen the very early signs of unmistakable economic recovery in most geographies, including here in India. We expect the growth momentum to gather steam in India, especially with a new government at the helm, elected by a thumping majority on its plank of development.

Globally, IT spending will amount to 3.2% more than in the previous year, according to the latest forecast by Gartner Inc. It's a forecast which mirrors the outlook here in India.

In India, we find that domestic IT services business, after some years of stagnancy, is expected to grow by 9-12% in fiscal 2014-15, according to NASSCOM. Indian networking in particular is being transformed with the advent of new technologies, higher bandwidth, and more sophisticated connectivity, especially in the wireless segment. And then there is the growing population of PCs, tablets, smartphones and other devices that feed on networks, especially of the wireless variety. It's going to be a lively market indeed, subject to constant innovation and change.

D-Link is very advantageously placed to serve this market as one of the leaders in networking products. We have a commanding market share in several segments and remain the top-of-mind name in this arena.

However, we must not forget that the market is in constant flux. Every new brainwave in technology can transform customer expectations overnight. So we have to stay on our toes. We have to remain steady and reliable and we have to be responsive to trends with far-reaching potential.

In preparation for the growth years ahead, we have also established a clear differentiator for D-Link vis-a-vis its competition. That edge lies in our mydlink Cloud Services, an added-value offering that is much appreciated. We have also taken a strong integrated position from one end of networking to the other, in our 5S package, that spans Switching, Structured Cabling, Surveillance & Storage, Security and Software.

Hidden in that package is the recognition that the line between hardware and software is becoming increasingly blurred. They used to be worlds apart, but are now being integrated, and offered together as solutions. Just as hand-held devices are inseparable from the Operating Systems (OSs) and Applications (Apps) that they run, so too are more and more hardware components offered with software capabilities built in.

We did not previously have the in-house capability to address this trend, but now we do. We have made the strategic acquisition of TeamF1, a Hyderabad-based software house known for its capabilities in the area of embedded systems. This gives us an in-house corps of exceptionally talented software designers; they can work with our hardware engineers as co-developers of new lines of intelligent solutions for the Indian as well as overseas markets. The possibilities are endless.

During the year, we pursued our business goals as well, with great success. Our Turnover was in excess of Rs.4,800 million, a leap upward from the previous year's figure of Rs.3,500 million - in fact, the highest annual turnover since we began operations in India. We have delivered consistent growth quarter after quarter. And we posted a Net Profit of Rs.135 million compared to about Rs.123 million in the previous year.

I am sure that the present year, and those to follow, will give you even more reason to rejoice. You expect great things of us, and we are committed to delivering them – with your good wishes and constant support, as always. To all our stakeholders, business partners and associates, I say thank you for being with us on every step of our journey.

Sincerely,

Gary Yang
Managing Director

Message from CEO



Tushar Sighat
CEO

“Our success has been founded on the three pillars of *Focus, Teamwork* and *Speed* and we have now added a fourth pillar to drive our growth - *Innovation*. The acquisition of TeamF1 is in line with this strategy and will enable us to develop products for the Indian market with a global perspective.”