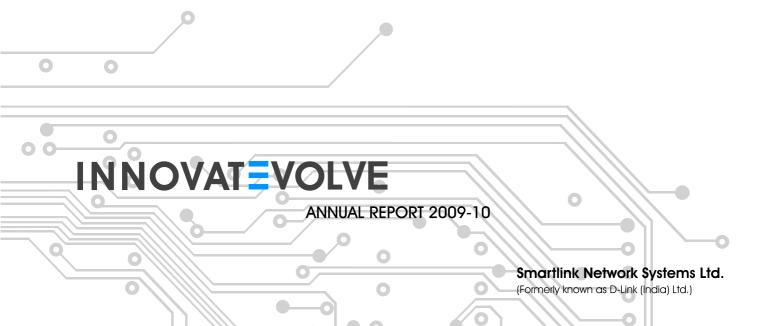
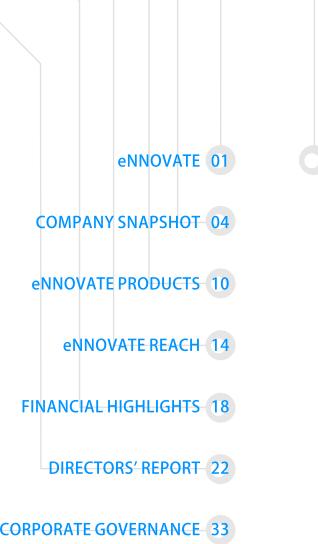




Ennovate





CORPORATE GOVERNANCE 33 REPORT

- 02 MESSAGE FROM THE CHAIRMAN
- 08 eNNOVATIVE BUSINESS MODEL
- **12 eNNOVATING AHEAD**
- 16 eNNOVATE SERVICE
- **20 BOARD OF DIRECTORS**
- **27 MANAGEMENT DISCUSSION** & ANALYSIS
- 42 FINANCIALS 2009-10

We do not just give our customers what they need, but also what they desire. We are a customer focused company. We are what our customers are. Our customers or their businesses have changed since computers came into being. Computers have redefined business. The world continues to become smaller. Boundaries for business are evaporating. Information is traveling faster, better and stronger. The cutting edge is speed. Speed of thought and execution.

And making it happen is the world of computing.

We make that happen. Smartlink Network Systems Ltd. (Smartlink) is the backbone. We are what networks your information highway. We are a leading Information Transport System company that delivers to our customers what they want. And our business defines the speed at which the world delivers information and computing.

Our business is in a continuous state of evolution. And evolution needs innovation. At Smartlink, evolution drives innovation and vice versa.

We continuously eNNOVATE.

And that's why we are India's number one Structured Cabling Systems (SCS) brand. We have won the PC Quest Users Choice Award for 'India's Most Wanted IT brand in Structured Cabling' for the last six years. We are India's only integrated company in our space.

We evolve. We innovate. We design. We develop. We manufacture. We market. We brand. We distribute. We sell. We service. We take feedback. We again evolve. We again innovate. We again design.

That's our business. Keep eNNOVATING.

MESSAGE FROM THE CHAIRMAN

Dear Shareholders,

It gives me great pleasure to say that in less than one year of the demerger of the erstwhile D-Link (India) Ltd., and being renamed as "Smartlink Network Systems Ltd.", we have established ourselves as one of the leading Networking Products company in India with a well established brand in the SCS segment under the name "DIGILINK". Today, we have our own distinct identity, business model, market share and future plans for our growth.

Welcome to the world of computing. Welcome to our company.

We are a unique company in the Active & Passive Networking Products space. We are fully integrated. We operate right across the value chain, having our own R&D, Manufacturing setup, Sales & Marketing, Service & Support and a 24 hours Call Centre. We have an all India base with 17 offices and international presence in the Middle East and Asia Pacific.

In 2009-10, our revenues grew by 7% and our profit after tax grew by 158%.

We are warming up.

Our growth depends on the use and networking of computers in homes, small & medium offices as well as enterprises and data centres, that are increasing day by day.

We connect computers to each other. We make internet reach everywhere. We are involved in both the Active & Passive range of networking products. Imagining the world without computers is impossible. And yet, computer penetration in India is quite low at just 7%. Internet penetration is still lower. In the time to come, the growth in this area is expected to be very high in India and we are going to play an important role in making this happen.

We believe that the brand plays an important role in our business. In trade it's the brand that talks and we have a strong and well established brand in the SCS segment - "DIGILINK". Under the "DIGILINK" brand, we have a comprehensive product portfolio of Copper & Fibre cables of varied categories ranging from low band width to very high band width applications. We are second in India with a market share of around 18%, well ahead of many multinationals.

We have a large manufacturing set-up in Goa, wherein we manufacture both Active & Passive Networking products. We are introducing a new brand in the active networking products range called "DIGISOL". In the time to come, DIGISOL is expected to garner a large market share in active range in India just like DIGILINK in passive range.

Under the DIGISOL brand, we plan to enter a wide range of active networking products segments like Switching, Routing, Wireless, Broadband, VoIP, etc. with which our manufacturing unit is already familiar.

We believe that the ITS business offers tremendous growth opportunity as passive networking is directly linked to the growth of IT infrastructure. The active networking products market was impacted in 2009-10 due to pressure on the LAN market. However, the WLAN market fared better. Enterprises delayed their infrastructure spend on computing and networking in a tough economic environment. The market is now recovering and we believe the postponement of investment last year will catch-up this year and we expect strong demand for both active and passive networking products.

We have also invested in creating a world-class manufacturing facility. Our in-house manufacturing and software development facilities help us customise products to cater to specific customer needs. We also do contract manufacturing for other companies to take advantage of scale.

One of the unique aspects of our business is that we have a distinct region based distribution structure since the early days, wherein we give our distributors the opportunity to grow in their respective territories and our business grows with them. We also have National Distributors who fulfill all large national-level corporate requirements as well as large OEM/Multi location contracts etc. "We believe we are in the right place at the right time with the right distinct brands and the right business model."



Over the years, we have established ourselves in the export market and have set-up a 100% owned subsidiary in the Middle East for the same. We are looking at expanding our geographic reach by penetrating deeper into the existing markets of the Middle East and Asia Pacific and also entering new markets like South America, Africa etc.

We operate an independent Service Network under the name "DIGICARE" to ensure the best service to our customers. Our service network is present across the country. Over and above our own products, we also service other brands like HP, IBM, Acer, Lenovo, HCL, LG, Wipro, PCS, D-Link, MSI, Gigabyte etc.

We believe in partnerships and are open to collaborations with other companies to accelerate growth and add more value to our customers.

As we look ahead, we are quite optimistic. A lot of IT spend on networking was postponed. That is being undertaken as we speak. New technology and new age need high speed computers and newer networking products. We are at the forefront of developing new products. We will be launching new products every quarter. We have the distribution in place that is well entrenched and growing every day. We are now aggressively looking at new geographies. We have a strong manufacturing set-up that ensures we make

products at the most competitive prices. We have a strong service network.

We believe we are in the right place at the right time with the right distinct brands and the right business model.

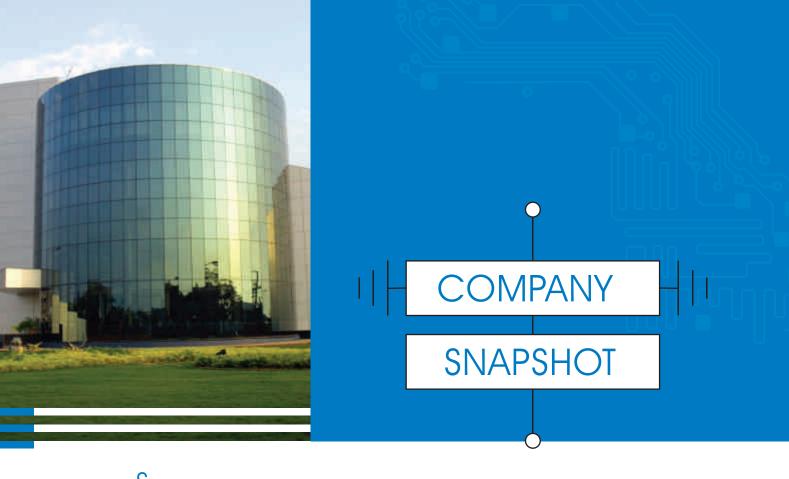
It's time to grow and create value for all our stakeholders.

Operating independently after the demerger with stateof-the-art infrastructure and robust systems in place, I am confident we can grow not only in the Networking Products space but also in other areas as well.

Before I conclude, I would like to express my gratitude to all the board members for their continued support and guidance. I would like to thank everyone in our team for their commitment and dedication which has enabled us to grow. I would also like to thank all our customers and shareholders for believing in us and in our vision.

Yours Sincerely,

K. R. Naik Executive Chairman



Smartlink Network Systems Ltd. (Smartlink) formerly known as D-Link (India) Ltd. is a leading player in Information Transport Systems and Converged Communication Systems, offering an integrated value proposition from design to development and from sales and marketing to service and support.

BUSINESS VERTICALS

Smartlink's networking products and related services address network operations, capacity management, and network research and development. Smartlink sells its products through Regional & National Distributors, Authorised Resellers, Multi brand Resellers, Value Added Resellers and System Integrators.



DIGILINK[®] has been an industry leader in providing the entire end-to-end range of structured cabling solutions for enterprises, small and medium business.

The products offered by DIGILINK[®] brand are:

COPPER

E400 - Cat 5e+: These cables & components are all optimised for Channel Performance at 10 Gbps for 400 Mhz.

G600 - Cat 6: These cables & components are all optimised for Channel Performance at 10 Gbps for 600 Mhz.

TG500 - Cat 6+: These cables & components are all optimised for Channel Performance at 10 Gbps at 10 Gbps for 500 Mhz.

TG800 - CAT 6(A): These cables & components are all optimised for Channel Performance at 10 Gbps at 10 Gbps for 800 Mhz.

FIBER

OP2: This includes range of 50µm/62.5µm Multimode fiber cables, patch assemblies, panels, adaptors & connectors. These cables and components are optimised for Channel performance at 500 Mhz.
OP3: This includes range of 50µm Multimode fiber cables, patch assemblies, panels, adaptors & connectors. These cables and components are optimised for Channel performance at 800 Mhz.
OP∞: This includes Single mode Fiber cables, patch assemblies, panels, adaptors & connectors. These cables and components are optimised for Channel performance at 800 Mhz.
OP∞: This includes Single mode Fiber cables, patch assemblies, panels, adaptors & connectors. These cables and components are optimised for unlimited channel performance.

DATA CENTRE SOLUTIONS

- Trunk Cable assemblies
- MPO connectors
- Fiber Management solutions
- High Density Aluminium Die Cast Patch Panels

RESIDENTIAL CABLING SOLUTIONS

- Cables specially designed for Residential Applications
- · Face plates matching home decor
- Data Connectors suitable for elite Electrical brand offerings
- Customised IMD faceplates

IPLMS

- Smart CLASSIx & SMARTen UTP Patch Panels
- CLASSIx & SMARTen UTP Smart Jumpers
- SMART SC & LC Patch Panels
- Fiber Patch Panel Solution
- SC & LC Smart Jumpers



Smartlink has recently entered in the active networking space, with its distinct brand called DIGISOL™

The Active networking products under the DIGISOL[™] brand are:

- Switching
- Wireless
- Broadband Routing
- Converged Communication



In order to be accessible to its customers, Smartlink provides superior repair, maintenance and support across the country through its service and support centre, known as DIGICARE[®]. These centres have a strong logistics support to manage back-end delivery support and expertise in repairing Networking Products, Motherboards, Notebooks, PDAs, and LCD Monitors. DIGICARE[®] operates through:

- 46 Return Material Authorisation (RMA) centres and Sevice Partners across the nation
- 24 x 7 Technical Assistance Centres (DTAC)
- Direct Service Division (DSD)



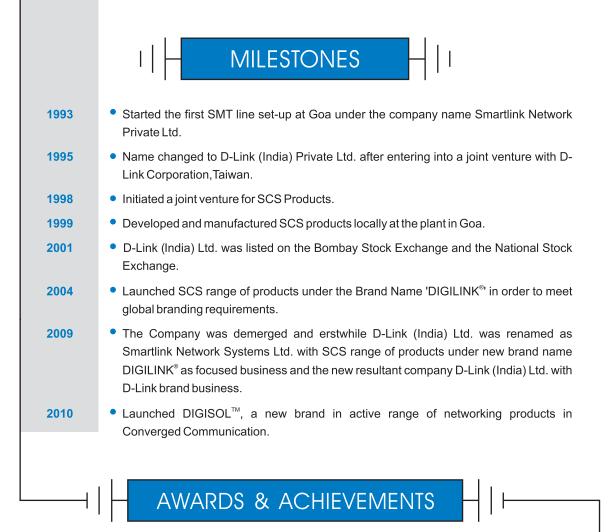
MISSION

- To enable our Customers Success in their business through our Future First Product offerings.
- To encompass Technological Innovation with sustained investments in People and Processes.
- To ensure highest levels of Trust and Transparency with all internal and external stakeholders.





- Commitment
- People Growth
- Customer Delight
- Highest Ethics & Integrity



- DIGILINK[®] was ranked as No. 1 in India's Most Wanted IT Brands for Structured Cabling by PC Quest Users Choice Awards 2009.
- In a channel survey done by CRN, DIGILINK[®] has been recognised as the 'Channel Champion' in Network Cabling 2009, second year in the row.
- DIGILINK[®] received the Channel Choice award for 'Best Structured Cabling Brand 2010' by DQ Channel.
- DIGILINK[®] was recognised as the 'Best Structured Cabling Company and Fastest growing brand' by VarIndia Star Nite Award 2009.
- DIGILINK[®] has been awarded the 'Most Trusted Company' in VarIndia Infotech Forum 2010.
- NCN recommended DIGILINK[®] SCS products as 'Products of the Year' for the year 2009.



