



D-Link (India) Limited

(Formerly known as Smartlink Network Systems Limited).

Registered office:

L-5, Verna Electronic City,

Verna Plateau, Verna, Goa - 403722

NOTICE

NOTICE is hereby given that the first Annual General Meeting of the Company will be held at the registered office of the Company at L-7, Verna Electronic City, Verna Goa -403722 on Friday, the 25th September 2009 at 10.00 a.m. to transact the following business:

ORDINARY BUSINESS;

1. To receive, consider, approve and adopt the Audited Balance Sheet of the Company as at 31st March, 2009, and the Profit and Loss Account for the financial year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To declare dividend for the year ended 31st March, 2009.
3. To appoint a Director in place of Mr. K. R. Naik, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint M/s Deloitte, Haskins & Sells, Chartered Accountants the retiring Auditors of the Company as Auditors, who shall hold office from the conclusion of this Annual General Meeting, until the conclusion of the next Annual General Meeting on such remuneration as may be fixed by the Board of Directors.

SPECIAL BUSINESS

5. **To consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution:**
"RESOLVED THAT Mr. A. P. Chen, who was appointed as an Additional Director and holds office upto the date of this Annual General Meeting as per the provisions of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, subject to retirement by rotation.
6. **To consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution:**
"RESOLVED THAT Mr. Rajaram Ajgaonkar, who was appointed as an Additional Director and holds office upto the date of this Annual General Meeting as per the provisions of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, subject to retirement by rotation.
7. **To consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution:**
"RESOLVED THAT Ms. Hui Lin, who was appointed as an Additional Director and holds office upto the date of this Annual General Meeting as per the provisions of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, subject to retirement by rotation.
8. **To consider and if thought fit, to pass with or without modification, the following resolution as an ordinary resolution:**
"RESOLVED THAT Mr. Gary Yang, (Yao Chuan Yang) who was appointed as An Additional Director and holds office upto the date of this Annual General Meeting as per the provisions of the Companies Act, 1956, be and is hereby appointed as a Director of the Company".
9. **To consider and if thought fit, to pass with or without modification, the following resolution as a special resolution:**
"RESOLVED THAT in accordance with the provisions contained in the Articles of Association and the provisions of Section 81(1A) and such other provisions of the Companies Act, 1956 ("the Act") as may be applicable, in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("the Guidelines"), for the time being in force and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee including Compensation Committee which the Board may constitute to exercise its powers, including the powers conferred by this resolution), consent of the Company be and is hereby accorded to the Board to offer, issue and allot at any time to or for the benefit of such person(s) who are in permanent employment of the Company, including Directors of the company, whether whole-time or not, whether working in India or out of India under a Scheme titled "D-Link Employee Stock Option Plan 2009" (hereinafter referred to as the "ESOP Scheme 2009" or "Scheme" or "Plan") such number of equity shares and/or equity linked instruments (including Options), and/or any other instruments or securities (hereinafter collectively referred to as "Securities") of the Company which may result into the issue of equity shares not exceeding 30,00,000 (Thirty Lakhs Only) Equity Shares of the Company of the face value of Rs. 2/- each, at such price, in one or more trenches and on such terms and conditions as may be fixed or determined by the Board in accordance with the applicable provisions of the law or guideline as may be prevailing at that time"



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"RESOLVED FURTHER THAT the said Securities may be allotted directly to such employees/directors or in accordance with a Scheme framed in that behalf and / or through a trust which may be setup in any permissible manner and that the scheme may also envisage for providing any financial assistance to the employees or to the trust to enable the employee/trust to acquire, purchase, subscribe or hold the securities of the Company."

"RESOLVED FURTHER THAT the new Equity Shares to be issued and allotted by the Company in the manner aforesaid shall rank pari passu in all respects with the then existing Equity Shares of the Company."

"RESOLVED FURTHER THAT for the purpose of giving effect to any offer, issue or allotment of Securities, the Board be and is hereby authorised on behalf of the Company to evolve, decide upon and bring in to effect the Scheme and make any modifications, changes, variations, alterations or revisions in the said Scheme from time to time or to suspend, withdraw or revive the Scheme from time to time as may be specified by any statutory authority and to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit or necessary or desirable for such purpose and with power on behalf of the Company to settle any issues, questions, difficulties, or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the Company".

By order of the Board

Shrinivas Adkesar
Company Secretary

July, 18, 2009.

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Notes:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY OR PROXIES SO APPOINTED NEED NOT BE A MEMBER OF THE COMPANY.**
THE INSTRUMENT APPOINTING THE PROXY SHALL BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE TIME FIXED FOR HOLDING THE MEETING.
2. The explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the special businesses as set out in the notice is annexed hereto.
3. The Register of members and the Share transfer register will remain closed from Friday the 4th September 2009 to Friday, the 11th, September 2009 (both days inclusive) for the purpose of payment of dividend declared by the Board on 27th June 2009.
4. There are no unclaimed dividends for the period ending 31st March 2009 and hence no unclaimed dividend is due for transfer to the Investor Education and Protection Fund (IEPF), established by the Central Government.

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EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**Item No. 5.**

Mr. A P Chen was appointed as an Additional Director of the Company w.e.f. 30th March 2009 and holds office upto the date of this Annual General Meeting of the Company, in terms of section 260 of the Companies Act, 1956. Notice has been received from a member of the Company under section 257 of the Companies Act, 1956, signifying his intention to propose the candidature of Mr A P Chen for the office of Director and to move the resolution as set out in item no.5 of this notice.

The Directors recommend the resolution as set out in item no.5 of the notice to be approved as an ordinary resolution by the shareholders.

None of the Directors except Mr. A P Chen is deemed to be interested or concerned in the resolution.

Item no. 6.

Mr. Rajaram Ajgaonkar was appointed as an Additional Director of the Company w.e.f. 30th March 2009 and holds office upto the date of this Annual General Meeting of the Company, in terms of section 260 of the Companies Act, 1956.

Notice has been received from a member of the Company under section 257 of the Companies Act, 1956, signifying his intention to propose the candidature of Mr. Rajaram Ajgaonkar for the office of Director and to move the resolution as set out in item no.6 of this notice.

The Directors recommend the resolution as set out in item no.6 of the notice to be approved as an ordinary resolution by the shareholders.

None of the Directors except Mr. Rajaram Ajgaonkar is deemed to be interested or concerned in the resolution.

Item no. 7.

Ms. Hui Lin was appointed as an Additional Director of the Company w.e.f. 30th March 2009 and holds office upto the date of this Annual General Meeting of the Company, in terms of section 260 of the Companies Act, 1956.

Notice has been received from a member of the Company under section 257 of the Companies Act, 1956, signifying his intention to propose the candidature of Ms Hui Lin for the office of Director and to move the resolution as set out in item no.7 of this notice.

The Directors recommend the resolution as set out in item no. 7 of the notice to be approved as an ordinary resolution by the shareholders.

None of the Directors except Ms. Hui Lin is deemed to be interested or concerned in the resolution.

Item no. 8.

Mr. Gary Yang (Yao Chuan Yang) was appointed as an Additional Director of the Company w.e.f. 30th March 2009 and holds office upto the date of this Annual General Meeting of the Company, in terms of section 260 of the Companies Act, 1956.

Mr. Gary Yang was also appointed as Managing Director w. e. f. 15th July 2009 for a period of 4 years by the Board of Directors at its meeting held on 13th June 2009 subject to approval of Shareholders and Central Government. The shareholders approved the appointment of Managing Director at the Extra Ordinary General Meeting held on 19th June 2009.

Notice has been received from a member of the Company under section 257 of the Companies Act, 1956, signifying his intention to propose the candidature of Mr. Gary Yang for the office of Director and to move the resolution as set out in item no.8 of this notice.

The Directors recommend the resolution as set out in item no. 8 of the notice to be approved as an ordinary resolution by the shareholders.

None of the Directors except Mr. Gary Yang is deemed to be interested or concerned in the resolution.

Item no. 9.

Pursuant to Clause 11(d) (i), of the Scheme of Arrangement between the company and Smartlink Network Systems Ltd. sanctioned by the High Court of Bombay at Goa vide its order dated 27th February 2009, the Company will have to put in place a suitable stock option scheme on terms and conditions not less favourable to the employees than those of the Stock Option Scheme II which will be offered to such employees of the Demerged Undertaking entitled to be issued options under Stock Option Scheme II. Accordingly, Company proposes to adopt suitable Employees Stock Option Plan. The Compensation Committee will be constituted by the Board to implement the ESOP plan.

The Company is in the Networking industry - part of information Technology Industry. There is severe scarcity of talent in this industry and retaining senior employees only by monetary compensation is proving to be difficult. It was therefore considered necessary in order to retain such senior employees by suitably compensating them by granting of stock options convertible into equity shares of the Company.



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In order to grant stock options to senior employees and to retain and motivate them, it is proposed to introduce a new scheme called "D-Link Employees Stock Option Plan 2009" subject to the approval of the shareholders and the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 as amended (the "SEBI Guidelines").

In accordance with the requirements of clause 17.4 and clause 19.2 of the SEBI Guidelines the Company shall comply with the accounting policies specified in the Schedule I of the said Guidelines. In case the company calculates the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value method for valuing the options, shall be disclosed in the Directors' Report and also the impact of this difference on profits and on EPS of the company shall be disclosed in the Directors' Report.

In accordance with the requirements of clause 17.4 and clause 19.2 of the SEBI Guidelines the Company shall comply with the accounting policies specified in the Schedule I of the said Guidelines.

The salient features of the Employee Stock Option Scheme are set-out below:

Total Options to be Allocated maximum of 30,00,000 Options convertible into 30,00,000 equity shares of Rs.2/- each under the Scheme each entitling the holder thereof to be issued and allotted one Equity Share in the Company at the price as stated here in below.

Identification of classes of employees entitled to participate in the ESOP

People who are "employees" of the Company, including Directors, as defined in the Guidelines (including any statutory modification(s) or re-enactment of the Act or the Guidelines, for the time being in force), and as may be decided by the Compensation Committee from time to time.

Under the prevailing regulations, an employee who is a promoter or belongs to the promoter group or a Director, who hold directly or indirectly more than 10% of the equity shares of the company, will not be eligible to participate in the ESOP.

Requirements of vesting and period of vesting: Vesting of options will commence after a period of 1 year from the date of grant, and may extend up to 7 years from the date of grant. The vesting may occur in tranches, subject to the terms and conditions of vesting, as may be stipulated by the Compensation Committee in its absolute discretion, and which may include performance appraisal of the employee and achievement of other performance or other milestones

Exercise Price of options: The Grant Price for all or any Options shall be determined by the Compensation Committee as the case may be but shall be not less than 80% of the Market Price as determined under the Guidelines.

Exercise Period and the process of Exercise The exercise period will commence from the date of vesting, and will expire not later than 7 years from the date of grant of options, or such other period as may be decided by the Compensation Committee from time to time.

The Options will be exercisable by the Employees by a written application to the company to exercise the Options, in such manner, and on execution of such documents, as may be prescribed by the Compensation Committee from time to time.

The options will lapse if not exercised within the specified exercise period.

Appraisal Process for determining the eligibility of employees to ESOP:

The appraisal process for determining the eligibility of the employee will be specified by the Compensation Committee, and will be based on criteria such as the seniority of the employee, length of service, performance record, merit of the employee, and/or any such other criteria that may be determined by the Compensation Committee at its sole discretion.

Maximum number of options to be issued per employee and in aggregate:

The maximum number of Options granted per employee will not exceed 1% of the paid up Equity shares of the Company.

Corporate Action: The number of options granted and/or the exercise price will be proportionately adjusted in the event of corporate actions such as bonus issues, rights issues, merger and amalgamations, de-merger and all such actions which may call for proportionate adjustment in the number of Options and/or the Exercise Price subject to the Exercise Price not being less than the face value of the Shares.

The Board recommends the resolution to the members for their approval.

By order of the Board

Shrinivas Adkesar
Company Secretary

July, 18, 2009.

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