

ANNUAL REPORT

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CS	<input checked="" type="checkbox"/>		DPY	<input checked="" type="checkbox"/>
RO	<input checked="" type="checkbox"/>		DIV	<input checked="" type="checkbox"/>
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**NETWORK
LIMITED**

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1997/98

~~1996-97~~

Board of Directors	:	A. Mohan Rao Suman Ghose Hazra Pawan Dalmia
Company Secretary	:	S. Rajaraman
Auditors	:	Price Waterhouse, New Delhi
Bankers	:	State Bank of India State Bank of Patiala Hongkong & Shanghai Banking Corporation Ltd. ANZ Grindlays Bank plc. Union Bank of India
Registered Office	:	806-808, Siddhartha 96, Nehru Place New Delhi - 110 019.
Corporate Office	:	B-72, Sector-2 Noida - 201301. Distt. Ghaziabad (U.P.)
Registrar and Share Transfer Agent	:	Allied Computer Technics Pvt. Ltd. F-18, 3rd Floor, Block-A, Local Shopping Centre, Ring Road, Naraina, New Delhi - 110 028.

Notice

**NETWORK
LIMITED**

NOTICE is hereby given that the NINTH ANNUAL GENERAL MEETING OF NETWORK LIMITED WILL BE HELD on FRIDAY, 9TH OCTOBER, 1998 at 3.30 P.M. at AIR FORCE AUDITORIUM, SUBROTO PARK, DHAULA KUAN, NEW DELHI 110010 to transact the following business namely:

ORDINARY BUSINESS :

1. To receive, consider and adopt the profit and loss account for the period ended 31st March, 1998 and the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. A.Mohan Rao who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint M/s. S.Kapoor & Associates as Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration in place of M/s.Price Waterhouse, Chartered Accountants who have shown their unwillingness to be reappointed.

SPECIAL BUSINESS :

4. To consider and if thought fit to pass, with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED that Mr.Suman Ghose Hazra who was appointed as Additional Director of the Company by the Board of Directors and who cease to hold office under Article 81 read with Section 260 of the Companies Act, 1956 and in respect of whom the company has received a notice in writing proposing his candidature for the office of the Director, be and is hereby appointed as a Director of the Company. "

5. To consider and if thought fit to pass, with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED that Mr.Pawan Dalmia who was appointed as Additional Director of the Company by the Board of Directors and who cease to hold office under Article 81 read with Section 260 of the Companies Act, 1956 and in respect of whom the company has received a notice in writing proposing his candidature for the office

of the Director, be and is hereby appointed as a Director of the Company."

6. To consider and if thought fit to pass, with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED that pursuant to Section 94(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, Authorised Share Capital of the Company be increased from Rs.20,00,00,000 (Rupees Twenty Crores) divided into 2,00,00,000 (Two Crores) equity shares of Rs.10/- (Rupees Ten) each to Rs.40,00,00,000 (Rupees Forty Crores) divided into 4,00,00,000 (Four Crores) equity shares of Rs.10/- each (Rupees Ten) each.

"RESOLVED further that Clause V of the Memorandum of Association be altered to be read as under :

The authorised Share Capital of the Company is Rs.40,00,00,000 (Rupees Forty Crores) divided into 4,00,00,000 (Four Crores) equity shares of Rs.10/- each.

7. To consider and if thought fit to pass, with or without modification, the following resolution as Special Resolution:

"RESOLVED that the Articles of Association of the Company be altered pursuant to Section 31 of the Companies Act, 1956 in the following manner:

- A) For Article 3, substitute the following:

Share Capital: 3. The Authorized Share capital of the Company is Rs.40,00,00,000 (Rupees Forty Crores) divided into 4,00,00,000 (Four Crores) equity shares of Rs.10/-each.

- B) Article 15A inserted as per the following:

Buy back of shares: 15A. The Company may subject to the provisions of Section 68 of the Draft Companies(Amendment) Bill, 1997 and other applicable provisions, if any, purchase its own shares or other specified securities held by public, employees and institutions from the open market at such prevailing price or as may be derived at that time.

8. To consider and if thought fit to pass, with or without modification, the following resolution

Notice (contd.)

**NETWORK
LIMITED**

as Special Resolution:

"RESOLVED that the Main Object Clause 3 of the Memorandum of Association of the Company be and is hereby inserted as per the following:

3. To subscribe for, acquire, hold and sell shares, sharestocks, debentures, debenturestocks, bonds, mortgages, obligations, securities of any kind issued or guaranteed by any Government, sovereign, ruler, commissioners, trust, municipal. Local or other authority or body of whatever nature, whether in India or elsewhere as trade investments and buy and sell foreign exchange in accordance with applicable laws and generally to invest and deal with the moneys of the Company in such manner and extent as from time to time may be thought proper and to hold, sell or otherwise deal with such investments as may be deemed necessary.

FURTHER RESOLVED that object clause 27 under the Objects incidental or ancillary to the attainment of the Main Objects be and is hereby deleted".

9. To consider and if thought fit to pass, with or without modification, the following resolution as Special Resolution:

RESOLVED that subject to Section 81(1) of the Companies Act, 1956, the Board of Directors of the Company be and are hereby authorised to issue to the existing shareholders on right basis in the proportion of one equity share for every equity share held at such price as may be decided by the Board in accordance with all relevant guidelines of the appropriate authorities applicable at that time.

RESOLVED FURTHER that subject to Section 81(1A) of the Companies Act, 1956, the Board of Directors be and are hereby authorised to offer the shares to any person other than the existing shareholders in the manner most beneficial to the Company at such price as may be applicable at that time."

10. To consider and if thought fit to pass, with or without modification, the following resolution as Special Resolution:

"RESOLVED that pursuant to Section 81(3) of the Companies Act, 1956 and other applicable

provisions, if any and subject to the approvals from the appropriate authorities, the consent be and is hereby accorded to the Board of Directors for conversion of loans into equity share capital of the Company in the manner most beneficial to the Company."

11. To consider and if thought fit to pass, with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED that in accordance with the provisions of Sections 269, 309 read with Schedule XIII and other applicable provisions if any, of the Companies Act, 1956, the company hereby approve the appointment of Mr. A. Mohan Rao as Whole Time Director of the Company for a period of two years from April 1, 1997 to March 31, 1999 upon such terms and conditions as set out in the draft agreement."

12. To consider and if thought fit to pass, with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED that pursuant to the provisions of Section 293 (1) (a) and other applicable provisions, if any of the Companies Act, 1956 and subject to such approvals as may be necessary, the Board of Directors of the Company be and are hereby authorized to deal, negotiate and dispose of the property of the Company which are free from encumbrance situated in Bombay on such terms and conditions and in such manner as the Board of Directors may deem fit in the interest of the Company and for that purpose to sign, deal and deliver such instruments, assignments, contracts, deeds, conveyances or any other instrument that may be considered necessary usual or proper and to do such acts and things as may be necessary for the sale of said property."

By order of the Board

New Delhi
10th July, 1998

S. RAJARAMAN
Company Secretary

Regd. Office :
806-808, Siddhartha
96, Nehru Place
New Delhi 110019

Notice (contd.)**NOTES**

1. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.
2. Proxies in order to be effective must be deposited with the Registered Office of the Company NOT LATER THAN FORTY EIGHT HOURS of the time of the Meeting.
3. An Explanatory Statement under Section 173(2) of the Companies Act, 1956 in respect of Special Business proposed to be transacted at the Meeting is annexed hereto.
4. The Register of Members and the Share Transfer Books of the Company will be closed from 6th October, 1998 to 9th October, 1998 (both days inclusive).
5. The Members are requested to intimate their queries/requirements for clarifications on the Annual Report so as to reach the Company on or before 30th September, 1998 which will enable the Company to furnish the replies at the Annual General Meeting.
6. The Members are requested to notify their change of address, if any, to the Registered Office of the Company immediately.
7. No tiffin boxes, brief cases etc., are allowed inside the Meeting Hall for security reasons.

EXPLANATORY STATEMENT

Pursuant to Section 173(2) of the Companies Act, 1956 (annexed to the notice dated 10th July, 1998)

ITEM NO.4&5

Mr. Suman Ghose Hazra and Mr. Pawan Dalmia were appointed as Additional Directors of the Company by the Board of Directors in their meeting held on 30th March, 1998. According to the provisions of Article 81 read with Section 260 of the Companies Act, 1956, they hold office as Additional Directors only upto the date of ensuing Annual General Meeting. As required by Section 257 of the Companies Act, 1956, notices have been received from members signifying their intention to propose appointment of Messrs. Suman Ghose Hazra and Pawan Dalmia as Directors along with deposit of Rupees Five hundred each. The Board considers it is desirable that the Company should

continue to avail of their services.

The Directors recommend the resolution set out at items 4&5.

Mr. Suman Ghose Hazra and Mr. Pawan Dalmia may be deemed to be concerned or interested in their respective resolutions.

ITEM NO.6

The Authorized Share Capital of the Company is presently Rs.20 Crores. As the Company needs more funds for repayment of various liabilities and other business purposes, the share capital required to be increased to a substantial amount to enable the company freely to mobilise the funds. As required under Section 94 (1)(a) of the Companies Act, 1956, this resolution is placed for the approval of the shareholders.

The Directors recommend the resolution set out at item 6.

None of the Directors are interested in this resolution.

ITEM NO.7

A) In order to give effect to the proposal for increase of authorized capital from Rupees 20 crores to 40 crores as stated in item no.6, the Articles of Association of the Company need to be altered accordingly.

B) The Draft Companies (Amendment) Bill, 1997 has proposed to allow the companies to buy back their own shares. In order to facilitate the company to buy back its shares as and when the amended provisions come into force, the article needs to be amended accordingly. Therefore, this resolution is placed before the shareholders for approval subject to the approval of all appropriate authorities required for the purpose.

The Directors recommend the resolution set out at item 7.

None of the Directors are concerned or interested in this resolution.

ITEM NO.8

The Company is proposing to deal in financial services related activities and to this effect the

object clause of the Company is to be altered accordingly. Therefore, this resolution is placed before the shareholders for approval.

The Directors recommend the resolution set out at item 8.

None of the directors are concerned or interested in this resolution.

ITEM NO.9

In order to make payment against the outstanding liabilities and other business purposes, the Board of Directors of the Company propose to raise finance by issue of Rights Shares at par to the existing shareholders in the proportion of one equity share for every share held. The terms and conditions of offer on which the new equity shares will be issued will be detailed in the letter of Offer.

The Board of Directors may also offer to any person other than the existing shareholders at such applicable price in the manner most beneficial to the Company. The terms and conditions of such offer would also be detailed in the letter of offer.

The Directors recommend the resolution set out at item 9.

None of the Directors are concerned or interested in this resolution.

ITEM NO. 10

The Company has taken certain loans from various companies for its working capital requirements. It is proposed to convert those loans into equity share capital of the Company as the same has been agreed by lender companies. In order to give effect to this transaction, the approval of the shareholders is necessary. Accordingly, the approval of shareholders is sought to this resolution.

The Directors recommend the resolution set out at item 10.

None of the Directors are concerned or interested in this resolution.

ITEM NO. 11

The Board of Directors recommended the appointment of Mr.A.Mohan Rao as Whole Time Director in their meeting held on 24th May,1997 subject to the approval of members in general meeting. Now it is placed before the shareholders for their approval. Mr. A. Mohan Rao was not entitled for any remuneration as he was already in the position of whole time director in one of the Group Companies and Mr. A. Mohan Rao had declared that he was not willing to take any remuneration.

The Directors recommend the resolution set out at item 11.

None of the Directors are interested in this resolution except Mr. A. Mohan Rao.

ITEM NO. 12

The Company is owning property situated in Bombay and the property is not being utilised by the Company. The Company is proposing to sell the property at the prevailing market rate subject to the approval of the shareholders. The Company will be able to utilise the funds to make payments against outstanding liabilities involving Government dues and for other business purposes.

The Directors recommend the resolution set out at item 12.

None of the directors are concerned or interested in this resolution.

By order of the Board

Place: New Delhi
Date: 10th July, 1998

S.RAJARAMAN
Company Secretary

Directors' Report

**NETWORK
LIMITED**

TO THE MEMBERS

The Directors of your Company hereby present the Annual Report of the Company together with the Audited Accounts for 18 months' period ended 31st March, 1998.

FINANCIAL HIGHLIGHTS

	31st March 98 Current Period Rs. Lacs	30th Sept 96 Previous Period Rs. Lacs
Total Income	6127	10684
Loss before Depreciation and Taxes	1571	2741
Depreciation	117	195
Provision for Taxation	(26)	—
Net Loss	1662	2936

OPERATIONS REVIEW:

The Company's main product lines i.e. Electronic Typewriters & Faxes have become obsolete in view of availability of low cost computers, multilingual softwares & E-mail. As a result, financially the Company has been making losses since the year ended 30.9.96. Infact the entire tangible network was wiped out in the Financial Year 1995-96.

In order to protect the interests of shareholders, the promoters of the Company has made an open offer to acquire shares so that interested shareholders can opt to exit from the Company. Offer price was computed in conformity with the SEBI guidelines under the SEBI (Substantial acquisition of shares and take-over) Regulations, 1997.

The Company intends to dispose of the assets in order to settle its liabilities in addition to funding by Promoters.

Negotiation with Banks, Financial Institutions and other creditors for settlement of liabilities are in various stages of progress.

PUBLIC DEPOSIT:

As on 31st March '98 there were no unclaimed deposits.

DIRECTORS:

During the course of period the following additions were made to the Board :-

Mr. Suman Ghose Hazra and Mr. Pawan Dalmia were appointed as Additional Directors. In

accordance with Section 260 of the Companies Act, 1956, and the Articles of Association of the Company, Mr. Suman Ghose Hazra and Mr. Pawan Dalmia would be appointed as Directors in the forthcoming Annual General Meeting.

Mr. Shiv Nadar, Mr. Subroto Bhattacharya, Mr. A.K. Dang, Mr. Sujit Baksi, Mr. G.N. Gupta, and Mr. R. Chand have resigned from the Board.

AUDITORS:

The Auditors, Price Waterhouse, Chartered Accountants retire at the conclusion of the forthcoming Annual General Meeting and do not wish to be reappointed. M/s. S. Kapoor & Associates, Chartered Accountants are proposed to be appointed as Auditors till the conclusion of the next AGM.

CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS/OUTGO

Information pursuant to Section 217(1)(e) of the Companies Act, 1956 is given in the Annexure and forms part of this Report.

PARTICULARS OF EMPLOYEES:

A statement giving particulars of employees under Section 217(2A) of the Companies Act, 1956, read with the Companies (particulars of the Employees) Rule 1975 with respect to terms required therein is given in the Annexure and forms part of this report.

ACKNOWLEDGEMENT

The Board wishes to thank Consortium of Banks and Financial Institutions for their continued help and cooperation. The Board wishes to place on record their deep appreciation for the services rendered by the officers and the staff of the Company at all levels and for their dedication and loyalty.

FOR AND ON BEHALF OF THE BOARD

Place: New Delhi
Dated: 10th July, 1998

A. MOHAN RAO
Director

Annexure to Directors' Report**NETWORK
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The Company's operations involve very low consumption of energy. Energy conservation measures have already been implemented. However, efforts to conserve and optimize the use of energy through improved operational methods and other means will continue.

TECHNOLOGY ABSORPTION

No Further development.

FOREIGN EXCHANGE EARNINGS/OUTGO

Total Foreign exchange used & earned :-

	Rs. in lacs Period ended 31st March 98
a) CIF Value of Imports	74.07
b) Expenditure in Foreign Currency	0.76
c) Foreign exchange earned	26.35


FORM B

(See rule 2)

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT OF TECHNOLOGY ABSORPTION**1. RESEARCH & DEVELOPMENT (R & D)**

No further development.

2. FUTURE PLAN OF ACTION

The company is continuing with the existing business.

3. EXPENDITURE ON R & D

Nil

4. TECHNOLOGY ABSORPTION, ADOPTION & INNOVATION

- No further Development

- Particulars of Technology imported during last 5 years Nil

Auditors' Report

**NETWORK
LIMITED**

TO THE MEMBERS OF NETWORK LIMITED

1. We report that we have audited the attached Balance Sheet of Network Limited as at 31st March, 1998 and the relative Profit & Loss Account for the period ended on that date, both of which have been signed by us under reference to this report.
2. In our opinion, and to the best of our information and according to the explanations given to us, the Balance Sheet and Profit and Loss Account together with the accounting policies and notes there on and attached thereto, give in the prescribed manner the information required by the companies Act, 1956 and also give respectively subject to matters stated in paragraphs 2.1 to 2.4 below and the relevant notes referred to therein, with consequential effect on Company's loss for the period and the net assets, a true and fair view of the state of the Company's affairs as at 31st March, 1998 and its loss for the period ended on that date.
 - 2.1 Notes 1(b) and 1(c) on Schedule 23 regarding unprovided liability for excise duty.
 - 2.2 Note 4 on Schedule 23, regarding Company's ability to continue its operations on a going concern basis.
 - 2.3 Note 7 on Schedule 23 regarding non provision of interest.
 - 2.4 Note 8 on Schedule 23 regarding non provision for doubtful debts.
3. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for our audit. In our opinion, proper books of account have been kept as required by law so far as appears from our examination of the books and the above mentioned accounts are in agreement therewith.
4. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 dated 7th September, 1988 issued by the Central Government and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we further report that:-
 - i. (a) The Company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets.
 - (b) The fixed assets of the Company are physically verified by the Management according to a phased programme designed to cover all the items over a period of two years. Pursuant to this programme, a physical verification was carried out during the year of assets at the factory.
 - ii. The fixed assets of the Company have not been revalued during the period.
 - iii. The stocks of finished goods and raw materials of the Company at all its locations other than at bonded warehouse and stock with third parties have been physically verified by the Management during the period.
 - iv. In our opinion the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
 - v. The net discrepancies between the physical stocks and the book stocks which have been properly dealt with, were not material.
 - vi. In our opinion, read with Note 9 on Schedule 23 regarding non-inclusion of customs and excise duty payable in respect of uncleared goods, the valuation of stocks of finished goods and raw materials has been fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the earlier year.
 - vii. In our opinion read with Note 7 on Schedule 23 regarding non provision of interest and terms and conditions of unsecured loans taken by the Company during the period from the Companies listed in the register maintained under Section 301 of the Compa-

Auditors' Report (contd...)**NETWORK
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- nies Act, 1956 and outstanding as on March 31, 1998 are not prima facie prejudicial to the interests of the Company. The Company has not taken any loan, secured or unsecured from companies under the same management as defined under sub-section (IB) of Section 370 of Companies Act, 1956.
- viii. In our opinion the rate of interest and other terms and conditions of unsecured loans granted by the Company to companies listed in the Register maintained under Section 301 of the Companies Act, 1956 are not prima facie prejudicial to the interest of the Company. The Company has not granted any loan secured or unsecured to Companies, under the same management as defined under sub-section (IB) of Section 370 of the Companies Act, 1956, other than an interest free advance to a fully owned subsidiary Company and outstanding as on March 31, 1998.
 - ix. The parties (including employees) to whom loans or advances in the nature of loans have been given by the Company are repaying the principal amounts stipulated and are also loans and advances in the nature of loans where no interest is chargeable according to the terms of the loans and advances concerned.
 - x. In our opinion, there is an adequate internal control procedure commensurate with the size of the Company and nature of its business, for purchase of stores, raw materials including components, plant and machinery, equipment and similar assets and for the sale of goods.
 - xi. In our opinion, purchases of goods and materials and sale of goods, materials and services, made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of The Companies Act, 1956 and aggregating during the period Rs.50,000 or more in value in respect of each party have been made at prices which are reasonable having regard to the prevailing market prices for such goods, materials, or services or prices at which transactions for similar goods or services have been made with other parties.
 - xii. The Company has a system of determining unserviceable or damaged raw materials and finished goods on the basis of technical evaluation and on such basis, in our opinion, adequate amounts have been written off such stocks in the accounts.
 - xiii. The Company has discontinued accepting public deposits since October 15, 1996 and in case of public deposits received by the Company upto that date, the directives issued by the Reserve Bank of India and the provisions of Section 58A of the Companies Act, 1956 and the rules framed thereunder where applicable, have been complied with.
 - xiv. As the value of realisable scrap generated during the year is not considered to be significant, no detailed quantitative records have been maintained therefor. Proper records have, however been maintained in respect of sales and disposal of such stocks. The Company has no by-products.
 - xv. In our opinion, the Company's present internal audit system is commensurate with its size and nature of its business.
 - xvi. The Central Government has not prescribed the maintenance of cost records by the Company under Section 209(1)(d) of the Companies Act, 1956 for any of its products.
 - xvii. The Company has generally been regular in depositing during the period, Provident Fund and Employees State Insurance dues with the appropriate authorities.
 - xviii. At the last date of the financial year there were no amounts outstanding in respect of undisputed income tax, wealth tax, sales tax, customs duty and excise duty which were due for more than six months from the date they became payable.
 - xix. During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices, we have not come across any personal expenses other than those payable under contractual obligations or in accordance with