

NETWORK LIMITED

ELEVENTH
ANNUAL
REPORT
1999-2000

Board of Directors	: Suman Ghose Hazra S. Murali Sanjay Jain
Company Secretary	: S. Rajaraman
Auditors	: S. Kapoor & Associates, Chartered Accountants
Bankers	: State Bank of Patiala Hongkong & Shanghai Banking Corporation Ltd.
Registered Office	: 806-808, Siddhartha 96, Nehru Place, New Delhi-110 019
Head Office	: B-72, Sector-2, Noida - 201 301. Distt. Ghaziabad (U.P.) Tel.: (91) 4526537, 4548367
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. Tel.: 5796461, 5795118

Notice

**NETWORK
LIMITED**

NOTICE is hereby given that the Eleventh Annual General Meeting of the Company will be held on Thursday, 21st September, 2000 at 4 p.m. at Air Force Auditorium, Subroto Park, Dhaula Kuan, New Delhi 110010 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2000, Profit and Loss account for the financial year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. S. Murali who retires by rotation in accordance with the Articles of Association of the Company and, being eligible, offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration. M/s. S. Kapoor & Associates, Chartered Accountants, the retiring Auditors, being eligible, offer themselves for re-appointment.

SPECIAL BUSINESS

4. To consider and if thought fit to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED that pursuant to Section 21 and all other applicable provisions, if any, of the Companies Act, 1956, the name of the Company be changed from NETWORK LIMITED to eTYPE HOLDINGS LIMITED.

RESOLVED FURTHER that the Company be and is hereby authorised to get fresh Certificate of Incorporation being issued by the Registrar of Companies, NCT of Delhi and Haryana and to do all acts, deeds or things as may be necessary to give effect to the said change".

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

"RESOLVED that pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956 the existing Articles of Association of the Company be and are hereby altered as under:

- i. **Insert the following new definitions in Article 1:**

"Beneficial Owner" shall mean beneficial owner as defined in clause (a) of sub-section (1) of Section 2 of the Depository Act, 1996;

"Depository Act, 1996" shall include Depository Act, 1996 and any statutory modification or re-enactment thereof; and

"Depository" shall mean a Depository as defined under clause (e) of sub-section (1) of Section (2) of the Depository Act, 1996.

- ii. **In Article 1 of the Articles of Association, the definition of "Member" shall be altered as follows:**

"Member" means a person:

- a) whose name is entered in the Register of Members as holding any share(s) either solely or jointly;
- b) subscribers to the Memorandum of the Company; and
- c) Beneficial Owner(s)

- iii. **Insert Article 15B after Article 15A of the Articles of Association as under:**

Subject to the provisions of Section 79A and subject to any special rights or privileges for the time attached to any

shares in the capital of the Company then issued, the Company may issue equity shares to employees or directors at a discount or for consideration other than cash for providing know-how or making available rights in the nature of intellectual property rights or value additions, by whatever name called or for the performance of past or future services.

iv. Article 17 (i) of the Articles of Association shall be altered to include a proviso:

Provided, however that, no share certificate(s) shall be issued for shares held by the "beneficial owner(s)".

v. Insert Article 18A after Article 18 of the Articles of Association as under:

The Company shall be entitled to dematerialise its existing shares, rematerialise its shares held in the Depositories and/or to offer its fresh shares or buyback its shares in a dematerialised form pursuant to the Depository Act, 1996 and the rules framed thereunder, if any.

vi. Insert Article 47A after Article 47 of the Articles of Association as under:

- i. Every holder of shares in or holders of debentures of the Company may, at any time, nominate, in the prescribed manner, a person to whom his shares in, or debentures of, the company shall vest in the event of his death.
- ii. Whether the shares in, or holders of debentures of, the Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the shares or debentures of the company shall vest in the event of death of all the joint holders.
- iii. Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamen-

tary or otherwise, in respect of such shares in or debentures of, the Company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the shares in, or debentures of, the Company, the nominee shall, on the death of the shareholder or holder of debentures of, the company or, as the case may be on the death of the jointholder becomes entitled to all the rights in the shares or debentures of the Company or, as the case may be, all the jointholders, in relation to such shares in, or debentures of, the company to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner.

- iv. Where the nominee is a minor, it shall be lawful for the holder of the shares or holder of the debentures, to make the nomination to appoint, in the prescribed manner, any person to become entitled to shares in, or debentures of, the Company, in the event of his death, during the minority.

- v. Any person who becomes a nominee may upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either-

- to be registered himself as holder of the share(s) or debenture(s) as the case may be; or
- to make such transfer of the share(s) or debenture(s) as the deceased shareholder or debenture holder, as the case may be, could have made.

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

"RESOLVED that the Main Objects Clause 3 of the Memorandum of Association of the company be and is hereby inserted as under:

To subscribe for, acquire, hold and sell shares, sharestocks, debentures, debenture stocks, 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 objects clause 27 under the Objects incidental or ancillary to the attainment of the Main Objects be and is hereby deleted".

7. 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 all 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 authorised to deal, negotiate and dispose of the property of the company situated at B93B, Sector 2, Noida, U.P. 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 instruments 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."

FURTHER RESOLVED that Mr. Suman Ghose Hazra and Mr. Sanjay Jain, directors of the Company be and are severally authorised to sign, deal and deliver such instruments, assignments, contracts, deeds or any other instrument that may be considered necessary, usual or proper."

By Order of the Board

New Delhi
27th July, 2000

S. RAJARAMAN
Company Secretary

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. A blank proxy form is enclosed for use by Members, if required. The proxy form duly signed across the revenue stamp of Re. 1.00 should reach the Company's Registered Office at least 48 hours before the date of the meeting.
2. An Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 18th September, 2000 to 21st September, 2000 (both days inclusive).
4. The Members are requested to intimate their queries/requirements for clarifications on the Annual Report so as to reach the Company on or before 10th September, 2000 which will enable the Company to furnish the replies at the Annual General Meeting.
5. The Members are requested to notify their change of address, if any, to the Registered Office of the Company immediately.
6. No tiffin boxes, brief cases etc., are allowed inside the Meeting Hall for security reasons.
7. The Members are advised that the Company's shares would be traded compulsorily in Dematerialised Form with effect from 30th October, 2000 vide SEBI Circular No. SMDRP/POLICY/CIR-23/2000 dated May 29, 2000. The Board has approved the appointment of Alankit Assignments Limited having office at 205-208, Anarkali Market, Jhandewalan Extension, New Delhi 110 055 as Registrar and Share Transfer Agent for Electronic Mode and the telephone nos. are 011- 3513512-16, 3610220-24.

EXPLANATORY STATEMENT

Pursuant to Section 173(2) of the Companies Act, 1956 (annexed to the notice dated 27th July, 2000)

ITEM NO. 4

In view of the changes proposed in the business operations of the company, the Committee of Directors in their meeting held on 6th April, 2000 recommended the change of name from NETWORK LIMITED to eTYPE HOLDINGS LIMITED and applied to the Registrar of Companies for name availability and Registrar of Companies vide their letter dated 14th July, 2000 confirmed the availability of the new name. The company will apply for registration of the new name, subject to the approval of the Members, with the Registrar of Companies, NCT of Delhi and Haryana. Accordingly, the approval of the shareholders is sought to this resolution.

The Directors recommend the resolution set out at item no.4.

None of the Directors are interested in this resolution.

ITEM NO.5:

The Securities and Exchange Board of India vide Circular No. SMDRP/POLICY/CIR-23/2000 dated May 29, 2000 has directed that the Company's shares will be traded compulsorily in dematerialised form with effect from 30th October, 2000. Consequent upon the introduction of the Company's shares into Depository system, some of the provisions of the Articles of Association of the company relating to the issue, transfer/transmission, dealing in shares, etc are proposed to be amended to conform to the requirements of the Depositories Act, 1996.

Further the Companies Act, 1956 has been amended by the Companies (Amendment) Act, 1999. One of the amendments provides for facility to the shareholders to nominate a person to whom his shares in the company shall vest in the event of his death.

In order to be consistent with the provisions of the Companies Act, it is proposed to insert/amend certain Articles in the Articles of Association of the Company.

Accordingly, the approval of the shareholders is sought to this resolution.

The Directors recommend the resolution set out at item no.5.

None of the Directors are interested in this resolution.

ITEM NO.6

The company is proposing to deal in the activities relating to financial services and consequently the objects 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 no.6.

None of the Directors are interested in this resolution.

ITEM NO.7

The company is proposing to sell the property which is free from all encumbrances situated at B93B, Sector 2, Noida, U.P. at the prevailing market rate subject to the approval of the shareholders and all other necessary approvals from the appropriate authorities. The company will be able to utilise the funds to settle the outstanding liabilities.

In view of the above, your Directors recommend the resolution set out at item no.7.

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

By Order of the Board

Place : New Delhi
Dated : 27th July, 2000

S. RAJARAMAN
Company Secretary

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

Directors' Report**NETWORK
LIMITED****TO THE MEMBERS**

The Directors of your company herewith present the Eleventh Annual Report of the Company together with the Audited Accounts for the year ended 31st March, 2000.

FINANCIAL HIGHLIGHTS

	31st March '00 Current Year Rs. Lacs	31st March '99 Previous Year Rs. Lacs
Total Income	103	1197
Loss before Depreciation And Taxes	653	810
Depreciation	15	35
Provision for Taxation	-	-
Net Loss	668	845

In view of the Loss of Rs.668 lacs incurred during the current year, the directors regret their inability to declare any Dividend.

OPERATIONS REVIEW:

Pursuant to the approval of the shareholders in their meeting held on 23rd September, 1999, the company during the year, had issued 55,75,000 Equity Shares of Rs.10/- each at a premium of Rs.35/- per share on preferential basis to Promoter Group & Associate Companies and to others and accordingly these shares were allotted to them and full consideration was received by the company. This issue was intended to extinguish the outstanding liabilities to the maximum extent and thus to meet the promoter's objective of repayment of the liabilities.

Your Company intend to dispose of the remaining assets in order to settle its liabilities in addition to the funding made by Promoters.

During the year, the liabilities of certain banks have been fully repaid and settlements have been

reached with other banks and the company is repaying the amount as per the settlement.

PUBLIC DEPOSIT:

As on 31st March, 2000, there were unclaimed deposits of Rs. 0.44 lacs.

DIRECTORS:

Mr. S. Murali, Director retires by rotation at the forthcoming Annual General Meeting and, being eligible, offers himself for re-appointment.

AUDITORS

The Auditors of the Company, M/s. S. Kapoor & Associates, Chartered Accountants retire at the conclusion of the forthcoming Annual General Meeting and being eligible offers themselves for re-appointment.

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

During the year, there was no manufacturing activity and information pursuant to Section 217(1)(e) of the Companies Act, 1956 is not applicable.

PARTICULARS OF EMPLOYEES:

During the year, there were no employees covered under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

YEAR 2000 COMPLIANCE:

The Company has achieved Y2k transition without any problem.

DEMATERIALISATION OF SECURITIES

The Securities and Exchange Board of India, vide

Directors' Report

**NETWORK
LIMITED**

Circular No. SMDRP/POLICY/CIR-23/2000 dated May 29, 2000, has directed that the Company's shares would be traded compulsorily in Dematerialised form with effect from 30th October, 2000. The Board has appointed M/s. Alankit Assignments Limited as Registrar and Share Transfer Agent for the Electronic mode.

CORPORATE GOVERNANCE

The new clause 49 of the Listing Agreement with regard to Corporate Governance is applicable to your company from the next financial year 2001-2002.

ACKNOWLEDGEMENT

The Board wishes to thank the 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 employees of the Company at all levels and for their dedication and loyalty.

For and on behalf of the Board

Place : New Delhi	Suman Ghose Hazra
Dated : 27th July, 2000	Director



Auditors' Report

TO THE MEMBERS OF NETWORK LIMITED

1. We report that we have audited the attached Balance Sheet of Network Limited as at 31st March, 2000 and the relative Profit & Loss Account for the year 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 thereon 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 2.2 below and the relevant notes referred to therein, with consequential effect on Company's loss for the years and the assets, a true and fair view of the state of the Company's affairs as at 31st March, 2000 and its loss for the year ended on that date.
 - 2.1 Note 3 on Schedule 22, regarding Company's ability to continue its operations on a going concern basis.
 - 2.2 Note 5 on Schedule 22 regarding non provision of interest.
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 maintained and mandatory accounting standards, to the extent applicable, have been compiled by the Company 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 have been physically verified by the Management during the year and obsolete, damaged and non-usable items found have been written off. In this regard refer Note 8 on Schedule-22.
 - ii. The fixed assets of the Company have not been revalued during the year.
 - iii. The stocks of finished goods and raw materials of the Company at all its locations have been physically verified by the Management during the year.
 - 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 discrepancies noticed between the physical stocks and the book stocks which were not material, have been properly dealt within the books of account.
 - vi. In our opinion, the valuation of stocks of finished goods and raw material has been fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the earlier years.
 - vii. In our opinion read with Note 5 on Schedule 22 regarding non-provision of interest and terms and conditions of unsecured loans taken by the Company from the Companies listed in the register maintained under Section 301 of the Companies Act, 1956 and outstanding as on 31st March, 2000 are not prima facie prejudicial to the interest of the Company.