

TWELFTH ANNUAL REPORT 2000-2001

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**NETWORK
LIMITED**

Board of Directors	: Suman Ghose Hazra S. Murali Sanjay Jain
Company Secretary	: S. Rajaraman
Auditors	: S. Kapoor & Associates, Chartered Accountants
Registered Office	: 806-808, Siddhartha 96, Nehru Place, New Delhi-110 019 Tel.: 6444812
Head Office	: B-72, Sector-2, Noida - 201 301. Distt. Ghaziabad (U.P.) Tel.: (91) 4526537, 4548367
Registrar and Share Transfer Agents – Physical Mode	: Allied Computer Technics Pvt. Ltd. F-18, 3rd Floor, Block-A, Local Shopping Centre, Ring Road, Naraina, New Delhi-110 028. Tel.: 5796461, 5795118
Electronic Mode	: Alankit Assignments Ltd. 205-208, Anarkali Market, Jhandewalan Extension, New Delhi-110 055 Tel.: 3513512-16, 3610220-24

Notice**NETWORK
LIMITED**

NOTICE is hereby given that the Twelfth Annual General Meeting of the Company will be held on Thursday, 27th September, 2001 at 4 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 audited Balance Sheet of the Company as at 31st March, 2001, 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. Sanjay Jain who retires by rotation 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 an Ordinary Resolution:

"RESOLVED that pursuant to Section 269 read with Schedule XIII and Section 309 and other applicable provisions, if any, of the Companies Act, 1956, approval be and is hereby accorded to the Company for re-appointment of Mr. Suman Ghose Hazra as Manager of the Company for a further period of two years with effect from 1st February, 2001 to 31st January, 2003 upon such terms and conditions as set out in the draft agreement."

5. To consider and if thought fit to pass, with or without modification(s), 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 properties of the Company situated at B-72 and B-124, 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, Mr. Suman Ghose Hazra and Mr. Sanjay Jain, Directors of the Company and Mr. S. Rajaraman, Company Secretary be and are hereby severally authorised 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 properties.

By Order of the Board

Noida
20th July, 2001

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

Notice (contd...)**NETWORK
LIMITED**

of Re.1.00 should reach the Company's Registered Office at least 48 hours before the time 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 16th September, 2001 to 27th September, 2001 (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 20th September, 2001 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 Registration counters will open from 2.30 p.m. on the day of the meeting.
8. The Members are advised that the Company's shares are compulsorily traded in Electronic Mode with effect from 30th October, 2000. The Board has appointed Alankit Assignments Limited as Registrar and Share Transfer Agent for Electronic Mode having office at 205-208, Anarkali Market, Jhandewalan Extension, New Delhi 110 055 and the telephone nos. are 011-3513512-16, 3610220-24.

further period of two years commencing from 1st February, 2001 and upto 31st January, 2003 subject to the approval of the shareholders. Mr. Suman Ghose Hazra has vast experience in the field of Finance and the Company will be highly benefitted on his re-appointment as Manager. Further Mr. Suman Ghose Hazra has not opted for any remuneration in respect of his re-appointment as Manager. The Board is of the opinion that it is desirable that the Company should continue to avail of his services.

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

None of the Directors are interested in this resolution except Mr. Suman Ghose Hazra.

ITEM NO. 5

The Company is proposing to sell the properties situated at B-72 and B-124, Sector 2, Noida, U.P. at the prevailing market price subject to the approval of the shareholders and other necessary approvals from the appropriate authorities. The Company will be able to utilise the funds to settle the outstanding liabilities.

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

None of the Directors are interested in this resolution.

By Order of the Board

Place: Noida
Dated: 20th July, 2001

S. Rajaraman
Company Secretary

EXPLANATORY STATEMENT

Pursuant to Section 173(2) of the Companies Act, 1956 (annexed to the notice dated 20th July, 2001)

ITEM NO. 4

The Board of Directors in their meeting held on 25th January, 2001 has re-appointed Mr. Suman Ghose Hazra, as a Manager of the Company for a

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

Directors' Report**TO THE MEMBERS**

Your Directors herewith present the Twelfth Annual Report of the Company together with the Audited Accounts for the year ended 31st March, 2001.

FINANCIAL HIGHLIGHTS

	2000-2001 (Rs. in lacs)	1999-2000 (Rs. in lacs)
Total Income	58	103
Loss before Depreciation and Taxes	106	653
Depreciation	12	15
Provision for Taxation	-	-
Net Loss	118	668
Loss brought forward from previous year	4591	3923
Income Tax Refund received relating to previous year	(32)	-
Debenture Redemption Reserve written back	(269)	-
Accumulated Losses carried forward to Balance Sheet	4408	4591

In view of the Loss of Rs. 118 lacs incurred during the current year and accumulated losses of Rs. 4408 lacs incurred upto the current year, the directors regret their inability to declare any dividend.

OPERATIONS REVIEW

Your Company has during the year fully redeemed the debentures and also repaid the loans outstanding to the banks and financial institutions. In order to settle the remaining liabilities, the Company intend to dispose of the fixed assets.

PUBLIC DEPOSIT

As on 31st March, 2001, there were unclaimed deposits of Rs. 0.44 lacs.

DIRECTORS

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

DIRECTORS' RESPONSIBILITY STATEMENT U/S 217(2AA) OF THE COMPANIES ACT, 1956.

The Directors hereby confirm:

- that in the preparation of the annual accounts, the applicable accounting standards had been followed alongwith proper explanation relating to material departures;
- that the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that the directors had prepared the annual accounts on a going concern basis.

AUDITORS AND AUDITORS' REPORT

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, offer themselves for re-appointment. The clauses 2.1 and 2.2 referred to in the Auditors' Report are explained in Notes 3 and 5 on Schedule 22 of the Notes to Accounts and, therefore, do not call for further comments.

Directors' Report (contd...)**NETWORK
LIMITED****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, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is appended to and forms part of this Report.

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.

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.

DEMATERIALISATION OF SECURITIES

As per the directions of Securities and Exchange Board of India, the Company's shares are traded compulsorily in Dematerialised form with effect from 30th October, 2000. The Board has appointed M/s. Alankit Assignments Limited, New Delhi as Registrar and Share Transfer Agent for the Electronic mode of securities.

ACKNOWLEDGEMENT

The Board wishes to place on record its gratitude to the employees, creditors, banks, financial institutions and shareholders for their continued support and co-operation.

For and on behalf of the Board

Place: Noida

Suman Ghose Hazra

Dated: 20th July, 2001

Director

Annexure to Directors' Report**A. CONSERVATION OF ENERGY**

The Company has taken measures to reduce the energy conservation.

B. RESEARCH AND DEVELOPMENT

No further development.

C. TECHNOLOGY ABSORPTION

No further development.

D. FOREIGN EXCHANGE EARNINGS/OUTGO

Total Foreign Exchange used & earned:

	Rs. in lacs
	Year ended
	31st March, 2001
a) CIF Value of Imports	Nil
b) Expenditure in Foreign Currency	5.98
c) Earnings in Foreign Currency	23.10

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, 2001 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, 2001 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 abovementioned accounts are in agreement therewith.
4. On the basis of the written representations received from the Directors as on March 31, 2001, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2001 from being appointed as a Director in terms of clause(g) of sub-section (1) of Section 274 of the Companies Act, 1956.
5. 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 explanation 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.
 - 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 with in the books of accounts.
 - vi. In our opinion, the valuation of stocks of finished goods 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 regis-

Auditors' Report (contd...)

ter maintained under Section 301 of the Companies Act, 1956 and outstanding as on March 31, 2001 are not prima facie prejudicial to the interest of the Company. The Company has not taken any loan, secured or unsecured from companies under the same management as defined under sub-section (1B) of Section 370 of the 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 interests of the Company. The Company has not granted any loan secured or unsecured to Companies, under the same management as defined under sub-section (1B) of Section 370 of the Companies Act, 1956.
- 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 regular in payment of interest, wherever stipulated.
- 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 year 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 of 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 not accepted any public deposits during the year.
- 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 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 year, Provident Fund and Employees State Insurance dues with the appropriate authorities.
- xviii. At the last date of 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