

5th Year
2003-2004

NETWORK LIMITED



Board of Directors	:	Suman Ghose Hazra Sanjay Jain S. Rajaraman
Company Secretary	:	Chitra Bhalla
Auditors	:	S. Kapoor & Associates, Chartered Accountants
Registered Office	:	806, Siddhartha, 96, Nehru Place, New Delhi-110 019 Tel.: 26444812
Registrar and Share Transfer Agent	:	Alankit Assignments Ltd., 205-208, Anarkali Market, Jhandewalan Extension, New Delhi-110 055 Tel.: 011-51540060-63 Fax : 011-51540064

Notice

NOTICE is hereby given that the Fifteenth Annual General Meeting of the Company will be held on Tuesday, the 31st August, 2004 at Airforce Auditorium, Subroto Park, Dhaula Kuan, New Delhi-110 010 at 3.30 PM. to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2004, the Profit and Loss Account for the financial year ended on that date and the Report 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.

By Order of the Board
for Network Ltd.,

New Delhi
14th July, 2004

Chitra Bhalla
Company Secretary

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING 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 THE USE BY MEMBERS, IF REQUIRED. THE PROXY FORM DULY FILLED IN AND SIGNED ACROSS THE

REVENUE STAMP OF Re. 1.00 SHOULD REACH THE COMPANY'S REGISTERED OFFICE AT LEAST 48 HOURS BEFORE THE TIME OF THE MEETING.

2. The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, the 16th day of August, 2004 to Tuesday, the 31st day of August, 2004 (both days inclusive).
3. Members who are holding shares in identical names in more than one folio are requested to write to M/s. Alankit Assignments Limited, the Share Registrar and Transfer Agent enclosing their Share Certificates to enable the Company to consolidate their holding in one folio.
4. The Members are requested to notify immediately any change in their address to the Company's Registrar and Share Transfer Agent, quoting their folio numbers.
5. Members/Proxy holders are requested to produce at the entrance of the auditorium the enclosed admission slip duly completed and signed.
6. Information regarding re-appointment of Director:-
At the ensuing Annual General Meeting Mr. Sanjay Jain, Director retires by rotation and being eligible, offers himself for re-appointment. Mr. Sanjay Jain, is a non-executive independent Director of the Company. He is a Chartered Accountant, with vast experience in the area of legal, finance and accounts.

By Order of the Board
for Network Ltd.,

New Delhi
14th July, 2004

Chitra Bhalla
Company Secretary

Directors' Report

To the Members,

The Directors of your Company herewith present the Fifteenth Annual Report together with the Audited Accounts for the financial year ended 31st March, 2004.

FINANCIAL HIGHLIGHTS

	(Rs. in lacs)	
	2003-2004	2002-2003
Total income	64	73
Profit before Interest, Depreciation and Tax	25	36
Depreciation	0	1
Provision for Taxation for earlier years	2	-
Net Profit	23	35
Accumulated loss carried forward to Balance Sheet	4153	4177

OPERATIONS REVIEW

In view of the heavy accumulated losses and large financial liabilities of the Company, efforts are being made to settle the financial liabilities of the Company. Other operational issues are being handled on day to day basis.

DIVIDEND

In view of the accumulated losses, your directors do not recommend any dividend for the financial year ended 31st March, 2004.

PUBLIC DEPOSIT

Your Company has not accepted any deposits from the public during the year under review. As on 31st March, 2004, there were unclaimed deposits of Rs. 0.44 Lacs.

DIRECTORS

In accordance with the Articles of Association of the Company, Mr. Sanjay Jain, Director of the Company, retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment.

DIRECTORS' RESPONSIBILITY

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors hereby confirm:

- that in the preparation of the annual accounts for the financial year ended 31st March, 2004, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
- that appropriate accounting policies have been selected and applied consistently and that the judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2004 and of the profit of the Company for the said period;
- that the proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company

and for preventing and detecting fraud and other irregularities; and

- that the annual accounts have been prepared 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 Auditors' Report with notes to accounts are self explanatory and, therefore, do not call for further comments.

DELISTING OF EQUITY SHARES FROM THE DELHI STOCK EXCHANGE ASSOCIATION LIMITED

The Company's equity shares have been delisted from the Delhi Stock Exchange Association Limited and the Stock Exchange, Ahmedabad vide their letters no. DSE/LIST/NR/63 dated 4th March, 2004 and ASE/2004/95 dated 8th April, 2004 respectively, in terms of Clause 5(2) of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003. The Company's equity shares will continue to remain listed on the Stock Exchange, Mumbai.

PARTICULARS OF EMPLOYEES

During the year under review, none of the employees of the Company is covered under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

ADDITIONAL INFORMATION RELATING TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

As there has been no manufacturing activities in the Company during the year under review, the additional information required under 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 not provided. No foreign Exchange earnings & outgo were there during the year under review.

CORPORATE GOVERNANCE

A separate report on "Corporate Governance" is annexed hereto as part of Annual Report.

ACKNOWLEDGEMENT

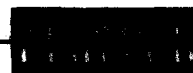
Your Directors wish to thank the Government authorities, creditors, employees and shareholders for their co-operation and assistance extended to the Company.

On behalf of the Board of Directors

14th July, 2004
New Delhi

Suman Ghose Hazra
Director

Sanjay Jain
Director

Report on Corporate Governance**1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

The Company is conscious of its responsibility as a good corporate citizen. The Company values transparency, professionalism and accountability.

2. COMPOSITION, CATEGORY AND DIRECTORSHIP IN OTHER COMPANIES**(i) Board of Directors.**

Name of the Director	Category	Directorship in Public Limited Companies	Details of Board Committees
Mr. Suman Ghose Hazra	Non- Executive, Independent	– HCL Infosolutions Ltd. – HCL Infinet Ltd.	Audit Committee – HCL Infosolutions Ltd.
Mr. Sanjay Jain	Non- Executive Independent	–	–
Mr. S. Rajaraman	Non- Executive Independent	–	–

(ii) Directors' Attendance Record:

During the financial year 2003-2004, 4 meetings of the Board were held on 30th June, 2003; 31st July, 2003; 30th October, 2003 and 28th January, 2004.

Details of Directors' attendance and other particulars:

Name of Director	No. of Board Meetings held	No. of Board Meetings attended	Whether attended last AGM
Mr. Suman Ghose Hazra	4	4	Yes
Mr. Sanjay Jain	4	4	Yes
Mr. S. Rajaraman	4	4	Yes

3. AUDIT COMMITTEE**(i) Terms of Reference**

The role and terms of reference of Audit Committee covers areas mentioned under clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956, besides other terms as may be referred by the Board of Directors.

(ii) Composition

The Committee, chaired by Mr. Sanjay Jain comprises of Mr. Suman Ghose Hazra and Mr. S. Rajaraman.

The committee met 4 times during the financial year 2003-2004 on the following dates: 30th June, 2003, 31st July 2003, 30th October 2003 and 28th January 2004. All the members were present in all the four meetings.

4. REMUNERATION COMMITTEE

As neither remuneration nor sitting fees is paid to the Directors, no remuneration committee has been set up.

5. INVESTORS' GRIEVANCE COMMITTEE

- (i) The Investors Grievance Committee is headed by Mr. Suman Ghose Hazra, an independent director to review and redress shareholders grievances and to attend to share transfers. The committee met thrice during the year. All the members were present in all the three meetings.

Ms. Chitra Bhalla, Company Secretary is the Compliance Officer.

- (ii) During the year, the company has received 19 complaints from the shareholders of which all were resolved. There are no pending share transfers as on 31st March, 2004.

6. GENERAL BODY MEETINGS

Location and time of last three Annual General Meetings.

Year	Location	Date	Time
2000-2001	Air Force Auditorium, Subroto Park, New Delhi.	27.09.2001	4.00 P.M.
2001-2002	Air Force Auditorium, Subroto Park, New Delhi.	17.09.2002	4.00 P.M.
2002-2003	Air Force Auditorium, Subroto Park, New Delhi.	06.09.2003	4.00 P.M.

No special resolutions were put through Postal Ballot last year. At present, there are no resolutions which are required to be passed by Postal Ballot.

7. DISCLOSURES

Related Party Transactions :

There are no related party transactions of the Company of material nature, with its Promoters, the Directors or the Management, their subsidiaries or relatives etc, that may have potential conflict with the interest of the Company at large.

Non Compliance by the Company, Penalties, Strictures :

The Company has complied with the requirements of the Stock Exchange/SEBI/any other Statutory Authority on all matters related to capital market during the last three years. There are no penalties or strictures imposed on the Company by Stock Exchange or SEBI or any Statutory authorities relating to the above.

8. MEANS OF COMMUNICATION

- | | | |
|----|---|---|
| a. | At present quarterly / half-yearly reports are not being sent to each household of shareholders. | |
| b. | The quarterly / half-yearly/ annual accounts results are published in the English and Hindi Newspapers. | |
| | – which newspaper normally published in | The Pioneer /Financial Times (English)
Dainik Jagran/ Veer Arjun (Hindi) |
| | – Any website where displayed | No |
| | – whether it also displays official news release | No |
| | – whether presentations made to institutional investors or to analyst | No |
| c. | The Management Discussion and Analysis forms a part of the Annual Report. | |

9. GENERAL SHAREHOLDERS INFORMATION**i) Annual General Meeting :**

Day & Date	Time	Venue
Tuesday, August 31, 2004	3.30 p.m.	Air Force Auditorium, Subroto Park, New Delhi.

ii) Financial Calendar

Financial Reporting for the quarter ended 30th June, 2004	30th July, 2004.
Financial Reporting for the quarter ending 30th September, 2004	30th October, 2004
Financial Reporting for the quarter ending 31st December, 2004	29th January, 2005
Audited Results for the financial year ending 31st March, 2005	29th June, 2005.

iii) Dates of Book Closure

16th August, 2004 to 31st August, 2004
(Both days inclusive)

iv) Dividend Payment Date

Not Applicable

v) Listing on Stock Exchanges

The Shares of the Company are listed on the Stock Exchange, Mumbai. Listing fees for the year 2004-2005 has been paid.

vi) Stock Code

Trading Symbol on The Stock Exchange, Mumbai : 523558

vii) Stock Market Data (Rs.) :

MONTH	HIGH	LOW	MONTH	HIGH	LOW
APRIL, 2003	3.30	1.55	OCTOBER, 2003	3.29	2.10
MAY, 2003	2.15	1.25	NOVEMBER, 2003	3.23	1.96
JUNE, 2003	3.50	1.40	DECEMBER, 2003	3.90	2.00
JULY, 2003	4.15	2.33	JANUARY, 2004	3.78	2.02
AUGUST, 2003	3.95	2.46	FEBRUARY, 2004	2.65	1.88
SEPTEMBER, 2003	4.10	2.10	MARCH, 2004	2.09	1.50

(Source: Closing share prices at Mumbai Stock Exchange)

viii) Registrar and Share Transfer Agent

M/s. Alankit Assignments Limited is the Registrar and Share Transfer Agent for the shares of the Company in both physical as well as electronic modes. All correspondence with regard to share transfers and matters related therewith may directly be addressed to the Share Registrar and Transfer Agent

at the address given below:

Name : Alankit Assignments Limited
Address : 205-208, Anarkali Complex,
Jhandewalan Extn.,
New Delhi-110 055
Telephone No. : 011-51540060-63
Fax No. : 011-51540064

Report on Corporate Governance (contd.)**ix) Share Transfer System:**

The shares of the Company are traded at the Stock Exchange, Mumbai. The Shares are traded in compulsorily demat mode. Physical shares, which are lodged with the Company for transfer, are processed and returned to the shareholders within a period of 30 days.

x) Distribution of Shareholding as on 31st March, 2004

Category	No. of Shares	% holding
A. Promoters' holding		
1. Promoters		
– Indian Promoters	9014152	74.99
– Foreign Promoters	Nil	–
2. Persons acting in concert	Nil	–
Sub Total (A)	9014152	74.99
B. Non-Promoters' holding		
3. Institutional Investors		
a. Mutual Funds and UTI	900	0.01
b. Banks, Financial Institutions, Insurance Companies (Central/ State Government Institutions/ Non-government institutions)	Nil	–
c. FII's	12300	0.10
4. Others		
a. Private Corporate Bodies	586818	4.88
b. Indian Public	2404737	20.02
c. NRI/OCBs	100	0.00
d. Any other (Please specify)	Nil	–
Sub Total (B)	3004855	25.01
Grand Total (A+B)	12019007	100.00

xi) Dematerialisation of shares and liquidity
As on 31st March, 2004, 18.52% shares of the Company are held in dematerialised form.

to Secretarial Department, Network Ltd., 806, Siddharth, 96, Nehru Place, New Delhi- 110 019. Tel No.: 0120-2548368, Fax: 0120-2523558.

xii) There are no outstanding GDRs/ADRs/Warrants or any Convertible Instruments.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

xiii) Plant Locations: The Company does not have any manufacturing unit.

In view of the heavy accumulated losses and large financial liabilities of the Company, efforts are being made to settle the financial liabilities of the Company. Other operational issues are being handled on day to day basis.

xiv) Address for Correspondence :

The shareholders may address their communication/ grievances/queries to the Registrar and Share Transfer Agents at their address mentioned above or