

*17<sup>th</sup>*  
Annual Report  
2005-2006

**NETWORK  
LIMITED**

Board of Directors	:	Gian Vijeshwar Rakesh Babbar Pankaj Shrimali
Manager	:	Aman Sawhney
Company Secretary	:	Ajay Mittal
Auditors	:	S. Kapoor & Associates Chartered Accountants
Bankers	:	HDFC Bank Vijaya Bank
Registered office	:	416, World Trade Centre Babar Road New Delhi 110 001 Tele: 011-23417282 Fax: 011-23417283
Corporate office	:	P-1, UGF, Vishal Chambers Sector-18, Noida – 201301 Tele: 0120-2512743 Fax: 0120-2512742
Registrar and Share Transfer Agent	:	Alankit Assignments Ltd. Alankit house, 2E/21 Jhandewalan Extension New Delhi – 110 055 Tel.: 011 – 41540060-63 Fax : 011-41540064

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## Notice

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NOTICE is hereby given that the Seventeenth Annual General Meeting of the Company will be held on Monday, 25<sup>th</sup> day of September, 2006 at 3.00 P.M. at MPCU Shah Auditorium, Shree Delhi Gujrati Samaj Marg, Civil Lines, Delhi 110054 to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31<sup>st</sup> March, 2006 and Profit and Loss Account for the Year ended on that date together with the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Gian Vijeshwar, who retires by rotation and being eligible, offers himself, for re-appointment.
3. To appoint auditors 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 the provisions of Section 269 and all other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the said Act, as amended, and subject to such other approval as may be necessary, consent of the Company be and is hereby accorded to the appointment of Mr. Aman Sawhney as "Manager" of the Company in terms of Section 2(24) of the Companies Act, 1956 without any remuneration for a period of one year with effect from 21<sup>st</sup> August, 2006.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

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

**"RESOLVED THAT** pursuant to the provisions of section 17 and all other applicable provisions, if any, of the Companies Act, 1956 and subject to such other approvals as may be necessary, Clause III C of the Memorandum of Association (MOA) of the Company regarding 'Other Objects' be and is hereby altered by insertion of the following newly proposed clauses as serially numbered immediately after existing clause 16 of Clause III C:-

- 17 To carry on the business of manufacturing, trading, product marketing, retailing, distribution, franchise, sale, purchase, supply, import, export or otherwise dealing in various apparels, pens, pencils, watches, pocket watches, diary, key chains and T-shirt, jackets, telephone, mobile, electronics & electric items and all other types of digital life style and new generation products.
- 18 To engage in Real Estate Promoters, Developers & Project Management Association including civil,

mechanical, electrical and other type, erection, commissioning projects, project trading as well as consultant for execution of projects on turnkey basis for equipments of industrial, domestic and other purposes.

- 19 To carry on the business of developing, managing an industrial park/ special economic zone, notified by the Central/ State Government from time to time.
- 20 To become member and/ or participant in trading, settlement and other activities of commodity exchanges (including National Multi Commodity Exchange) facilitating for itself or for clients, trade and clearing/ settlement of trade whether on spot, in future or any other manner permitted for the time being, in derivatives or any other variant in vogue of all the merchandise and commodities permitted under laws of India.
21. To carry on the business of consultants and advisors on issues relating to the corporate law, finance, taxation, management, administration and organization of industry and business, including rendering of services in business strategy, corporate planning, project evaluation, feasibility studies, equipment management, product development, human resource and market research for manufacturing, transport, service and other peripheral industries for extending, developing and improving all types of business or industries and all systems or processes relating to production, storage, marketing, distribution and sale of goods.
22. To carry on the business of providing consultancy, advisory services in all matters relating to setting up any business of Amusement & Entertainment of all sorts, for the public or private and to establish, develop, design, commission, erect, build, renovate, alter, enlarge, maintain, remove, replace, repair, remodel, refine or do any other related work on any basis including lease otherwise run and operate amusement parks, video game and promote, acquire, purchase, develop and sell properties for the purpose of Amusement & Entertainment Parks, Commercial complex, Shopping complex etc. in India or abroad.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds and things as it may in its absolute discretion consider necessary, expedient or appropriate to give effect to this resolution."

6. 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 149 (2A) and all other applicable provisions, if any, of the Companies Act, 1956 and subject to such other approvals as may be necessary, the consent of the Company be and is hereby accorded for commencing and undertaking all or any of the business specified in newly inducted and proposed sub-clauses 17 to 22 of "Other Objects" under Clause III C, at such time as may be deemed fit by the Board.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds and things as it may in its absolute discretion consider necessary, proper, desirable or appropriate to give effect to this resolution."

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

**"RESOLVED THAT** pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and are hereby altered by inserting Article 4 (iv) after Article 4(iii):

iv. Subject to the provisions of the Act and Articles and with the consent of the members of the Company in General Meeting, if required, the Board may issue Preference Shares, convertible or non-convertible, redeemable, with coupon or without coupon, Warrants, Fully Convertible Debentures (FCDs)/ Partly Convertible Debentures (PCDs) secured or unsecured, or any other financial instruments which would be convertible / exchanged into equity shares at a later date on such terms and conditions as may be decided by the Board.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds and things as the Board may in its absolute discretion consider necessary, expedient or appropriate to give effect to this resolution."

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

**"RESOLVED THAT** pursuant to Sections 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof) and the Memorandum and Articles of Association of the Company, the Listing Agreement with the concerned Stock Exchange and in accordance with the guidelines issued by the Securities & Exchange Board of India (SEBI) and clarifications thereon issued from time to time and subject to such approvals, permissions, consents and sanctions, if any, as may be necessary and subject to such conditions and modifications as may be prescribed by any of them while granting such approvals, permissions, consents and sanctions, which may be agreed to by the Board (which term shall include any committee constituted / to be constituted by the Board for exercising the powers conferred on the Board by this resolution), the consent of the Company be and is hereby accorded to the Board to create, offer, issue and allot 0.01% Cumulative Optionally Convertible Preference Shares (OCPS) of Rs. 100/- (Rupees one hundred only) each not exceeding Rs. 8,36,00,000/- (Rupees Eight Crores Thirty Six Lacs only) in one or more tranches from time to time, to Creditors of the Company, whether or not they are members of the Company on preferential basis to the extent and in the manner as may be decided by the Board in this behalf:

**RESOLVED FURTHER THAT**

- i. The OCPS to be so offered, issued and allotted shall be subject to the provisions of the Memorandum and Articles of Association of the Company;
- ii. The option to get the OCPS converted into equity share shall be exercised within a period 18(Eighteen) Months from the date of allotment;
- iii. If any equity shares are issued and allotted upon conversion of above said OCPS, such shares shall rank parri passu with the existing equity shares of the Company in all respects including payment of dividend.
- iv. The price for issue & allotment of equity shares on conversion of OCPS is in accordance with SEBI guidelines for preferential issues, with 26<sup>th</sup> August, 2006 being the relevant date i.e. the date 30days prior to the date of AGM of the Company where the proposed issue is to be considered.
- v. Notwithstanding anything contained in the above paragraph regarding the issue price, the minimum price at which shares are to be issued shall not be less than Rs. 20/- each.
- vi. The equity shares if so allotted, directly or upon conversion of OCPS shall be listed and traded on the concerned stock exchange.
- vii. If option to get the OCPS converted into equity shares is not exercised within 18 months from the date of allotment, then the Board be and is hereby authorised to offer, issue and allot 0.01% Cumulative Redeemable Preference Shares (CRPS) of Rs. 100/- each at par without carrying voting rights, arising upon settlement of OCPS, redeemable in five equal installments starting from 1<sup>st</sup> October, 2015 and the Board, in its absolute discretion, to make the said issue of CRPS on such terms and conditions as it may consider, appropriate and to accept any modification(s) to or to modify the terms of issue of the said CRPS including the authority to revise/ adjust the value, redemption period, Coupon rate, quantum of the CRPS in such manner as may be considered appropriate by the Board, subject to the provisions of the Companies Act, 1956 and SEBI Guidelines/ Regulations, without being required to seek any further consent or approval of the Company in General Meeting;

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds and things as the Board may in its absolute discretion consider necessary, expedient or appropriate for making the said issue as aforesaid and to settle all issues that may arise in this regard in such manner and to such person(s) as the Board may deem fit and proper in its absolute discretion to be most beneficial to the Company."

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

**"RESOLVED THAT** pursuant to Sections 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof) and the Memorandum and Articles of Association of the Company, the Listing Agreement with the concerned Stock Exchange and in accordance with the guidelines issued by the Securities & Exchange Board of India (SEBI) and clarifications thereon issued from time to time and subject to such approvals, permissions, consents and sanctions, if any, as may be necessary and subject to such conditions and modifications as may be prescribed by any of them while granting such approvals, permissions, consents and sanctions, which may be agreed to by the Board (which term shall include any committee constituted / to be constituted by the Board for exercising the powers conferred on the Board by this resolution), the consent of the Company be and is hereby accorded to the Board to offer, issue and allot upto 32,00,000 (Thirty Two Lacs) warrants carrying a right to subscribe to equal number of equity shares in the Company (hereinafter referred to as "Warrants") on preferential basis on such terms and conditions and in such manner as the Board may think fit without offering the same to any person/ shareholder/ member who on the date of offer is the holder of equity shares of the Company to the following individuals and/ or Body Corporate:

S. No.	Name of the individuals/ Company	No. of Warrants proposed to be allotted (upto)
1	M/s. Jaina Marketing Appliances Pvt. Ltd.	16,00,000
2	Mr. Ashok Sawhney & HUF	16,00,000
	<b>TOTAL</b>	<b>32,00,000</b>

**RESOLVED FURTHER THAT** the Warrants so issued shall have right to subscribe equal number of equity shares of nominal value of Rs. 10/- each, at a price computed in accordance with SEBI guidelines for preferential issues, as amended, with 26<sup>th</sup> August, 2006 being the relevant date i.e. the date 30 days prior to date of AGM of the Company.

**RESOLVED FURTHER THAT** notwithstanding anything contained in the above paragraph regarding the issue price, the minimum price at which the shares to be offered shall be not less than Rs. 20/- each.

**RESOLVED FURTHER THAT** the shares so allotted shall rank pari passu with the existing shares of the Company.

**RESOLVED FURTHER THAT** the shares so allotted, shall be listed and traded on the concerned stock exchange along with the existing equity shares of the company.

**RESOLVED FURTHER THAT** the option to get the Warrants converted into equity shares shall be exercised within a period of 18 (Eighteen) months from the date of allotment.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to offer, issue and allot requisite number of equity shares to the Warrant holders upon exercise of right to subscribe the shares.

**RESOLVED FURTHER THAT** subject to SEBI guidelines and other applicable laws, the Board be and is hereby authorised to decide and approve terms and conditions of the issue of above mentioned Warrants and to vary, modify or alter any of the terms and conditions, including size of the issue, as it may deem expedient.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board be and is hereby authorised, on behalf of the Company to do all such acts, deeds, matters and things as the Board may, in its absolute discretion, deem necessary or desirable, for such purpose, including without limitation to enter into arrangements / agreements and to settle all issues that may arise in regard to such issue as the Board, in its absolute discretion deem fit and to take all steps which are incidental, consequential, relevant or ancillary in this connection."

**10. 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 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) and provisions of the Memorandum and Articles of Association of the Company and the Listing Agreement with the concerned Stock Exchange and subject to any guidelines, regulations, approval, consent, permission or sanction of the Central Government, Reserve Bank of India, Securities and Exchange Board of India and any other appropriate authorities, institutions or Bodies (hereinafter collectively referred to as "the appropriate authorities"), and subject to such conditions as may be prescribed by any one of them while granting any such approval, consent, permission, and / or sanction (hereinafter referred to as "the requisite approvals"), which may be agreed to by the Board (which include any Committee which the Board may have constituted or hereinafter constitute to exercise its powers including the power conferred by this resolution), the Board be and is hereby authorised to issue, offer and allot on right basis and/ or public issue basis and/ or private placement basis and/ or any other basis, equity shares/ preference shares/ debentures/ bonds / warrants fully or partly convertible into equity shares/ preference shares, the right of conversion or to receive securities, at the option of the Company and/ or holder thereof to the shareholders /beneficial owners of shares of the Company, public, any other person(s) including Foreign Institutional Investors (FIIs), non-resident Indians or any other non residents, promoters, promoter groups, persons acting in



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concert, their relatives, associate, associate companies, their shareholders, trusts, societies, mutual funds, financial institutions, banks, companies, firms & bodies corporate as the Board may in its absolute discretion decide (hereinafter collectively referred to as "the investors") whether or not the Investors are members of the Company, to all or any of them, jointly or severally, such offer, issue and allotment to be made as such time(s), in such tranche or tranches, at such prices, at a discount or premium, and in such manner and form including in physical/ Demat, and on such terms and conditions as the Board may in its absolute discretion think fit and proper in accordance with the laws, rules, regulations and guidelines prevailing in this regard, provided that, the aggregate value of all securities issued and allotted shall not exceed Rs. 25 Crores.

**"RESOLVED FURTHER THAT** the Board or any Committee thereof be and is hereby authorised to issue and allot such number of shares as may be required to be issued and allotted as may be necessary in accordance with the terms of the offering, all such shares being pari passu with the then existing shares of the Company in all respects."

**RESOLVED FURTHER THAT** the shares so allotted, shall be listed and traded on the concerned stock exchange along with the existing equity shares of the company.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds and things as the Board may in its absolute discretion consider necessary, expedient or appropriate for making the said issue as aforesaid and to settle all matters/ issues that may arise in this regard in such manner and to such person(s) as the Board may deem fit and proper in its absolute discretion to be most beneficial to the Company."

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

**"RESOLVED THAT** pursuant to Sections 79A, 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force), the regulations issued by the SEBI including SEBI (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, the provisions of Income Tax Act, 1961 and rules issued thereunder, and in accordance with relevant provisions of Memorandum and Articles of Association of the Company, and such other provisions of law and other statutory requirements as applicable, approval be and is hereby accorded to the Board to prepare and finalize an employees stock option scheme ("ESOS") and to make such amendments and supplements as may be required under the applicable laws and to thereunder grant options on such terms and conditions and to such

eligible permanent employees (including whole-time directors) as the Board at its absolute discretion may decide from time to time.

**RESOLVED FURTHER THAT** the terms of reference of the Board for the administration and superintendence of the ESOS, shall include the following:

- to formulate the detailed terms and conditions of the ESOS, within the framework of the special resolution to be passed by the Shareholders of the Company;
- to identify and determine the eligible employees/ directors of the Company to whom options should be granted;
- to determine the quantum of options to be granted under the ESOS per employee/ Director;
- to determine the conditions under which option vested in employees may lapse in case of termination of employment for misconduct;
- to determine the procedure for making fair and reasonable adjustment to the number of options and to the exercise price in case of right issue, bonus issues and corporate actions; and
- to do such acts and deeds and exercise powers conferred on the ESOS Compensation Committee formed under the ESOS and/ or under the applicable laws.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to delegate all or any of the powers herein conferred, to a committee of the Board or any person or persons, as it may deem fit in its absolute discretion, in order to give effect to the above resolution.

**12. 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 372A and other applicable provisions, if any, of the Companies Act, 1956 and subject to such other approvals as may be required, the Board be and is hereby authorised to make an investment of a sum of Rs. 5 crores (Rupees Five Crores only) through subscription and /or any other negotiated deals and/or through incorporation of a new Company proposed to be incorporated as an overseas subsidiary of the Company, in excess of 60% of the paid-up capital and free reserves or 100% of its free reserves, whichever is more."

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to do all such acts, deeds and things as may be expedient and necessary to give effect to this resolution.

**By Order of the Board  
For Network Ltd.**

Sd/-

Ajay Mittal

Company Secretary

Place : New Delhi

Date : August 21, 2006

## Notice (contd.)

**NETWORK  
LIMITED****NOTES:**

1. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of special businesses is annexed hereto.
2. 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 OF THE COMPANY.
3. A BLANK PROXY FORM IS ENCLOSED FOR THE USE OF THE MEMBERS, IF REQUIRED. THE INSTRUMENT APPOINTING THE PROXY SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
4. Members/ Proxies should bring duly filled in and signed Attendance Slips sent herewith for attending the meeting.
5. The Register of Members and Share Transfer Books shall remain closed from 20<sup>th</sup> September, 2006 to 25<sup>th</sup> September, 2006 (both days inclusive).
6. As per Section 192A of the Companies Act, 1956 read with rules made thereunder, the special resolution mentioned under item no. 5 for alteration of object clause of the Memorandum of Association of the Company is required to be passed through postal ballot. However, The Board has decided to get the approval of members of the Company for item nos. 6, 7, 8, 9, 10, 11 & 12 through postal ballot so that shareholders can exercise their voting rights in case of important matters without attending AGM. The Board has appointed Mr. Sanjeev Kumar, M/s. Sanjeev & Associates, Chartered Accountants, New Delhi as Scrutinizer for conducting the Postal Ballots voting process in a fair and transparent manner. Mr. Sanjeev Kumar consented to act as Scrutinizer for the aforesaid purpose vide his letter dated 21/08/2006. Accordingly, Postal ballot form is enclosed with this notice. Member are requested to send the duly completed postal ballot in the pre-paid postage envelope to reach the scrutinizer not later than the close of working hours on Friday, 22<sup>nd</sup> September, 2006. For further details, members are requested to carefully read the instruction given in the postal Ballot form.
7. Members are requested to notify any change in their address to the Company's Registrar & Share Transfer Agent, quoting their folio number.
8. **Please note that as per rules of Auditorium, briefcases, hand-bags, snacks-boxes, cameras, walkman etc. are not allowed to be carried inside the Auditorium. Further, smoking and consuming of alcohol/ alcoholic drinks is prohibited in the Auditorium and on the stage.**
9. DETAILS OF DIRECTOR SEEKING APPOINTMENT AT THE ENSUING ANNUAL GENERAL MEETING (IN PURSUANCE OF CLAUSE 49 OF THE LISTING AGREEMENT)

<b>Name of the Director</b>	Gian Vijeshwar
<b>Date of Birth &amp; Age</b>	2 <sup>nd</sup> March 1945 ; Age : 61 Years
<b>Date of Appointment</b>	18 <sup>th</sup> February, 2005
<b>Qualifications</b>	M.A. (Public Administration)
<b>Expertise in specific functional Area</b>	He is having vast experience in Amusement Parks & Entertainment Industry
<b>List of Companies in which outside Directorship is held</b>	International Amusement Ltd. Appu Ghar Entertainment Pvt. Ltd. International Recreation Parks Pvt. Ltd. Unitech Amusement Parks Ltd. Appu Ghar Holdings Pvt. Ltd. Appu Ghar Securities & Solutions Pvt. Ltd. Appu Ghar Recreation Parks Pvt. Ltd. International Amusement Solutions Ltd. PPS Towers Pvt. Ltd. Onus Infrastructures & Developers Pvt. Ltd. UniqDwell Infrastructures & Developers Pvt. Ltd. Abodwell Buildcon Pvt. Ltd. International Amusement and Infrastructures Pvt. Ltd.
<b>Chairman/ Member of the committees of the board of the companies on which he is a director</b>	International Amusement Ltd. : Audit Committee - Chairman Share Transfer Committee - Chairman Share Application Committee - Chairman Share Allotment Committee - Chairman

**EXPLANATORY STATEMENT AS REQUIRED BY SECTION 173(2) OF THE COMPANIES ACT, 1956 ITEM NO. 4**

Mr. Aman Sawheny has appointed as Manager of the Company in terms of section 2 (24) of the Companies Act, 1956 with effect from 21<sup>st</sup> August, 2006 without any remuneration for a period of one year in the Board Meeting held on 21<sup>st</sup> August, 2006.

Mr. Aman Sawheny is a commerce graduate and MBA (operation Management & MIS) from Vanderbilt University, U.S.A. He has about 16 years experience in quality control, manufacturing and marketing of high quality precision wrist watches/dials & life style products.

As per the provisions of Schedule XIII of the Companies Act, 1956, the said appointment requires approval from the Members.

The Directors recommend and place before you the proposed resolution for your consideration and approval.

**ITEM NO. 5**

The Board has been considering the proposal for expanding the business activities in other beneficial fields. To sustain continuous growth, Your Company would like to take up any type of business as enumerated in the aforesaid object clause contained in the Resolution, which can be carried out with the existing business and to the benefit and in the interest of the Company. The existing objects clause enumerated in 'Other objects' in the Memorandum of Association of the Company do not have wide scope for providing future business opportunities to take up for. In order to enable the Company to take up various other business fields in order to grow in multi dimensional business activities. It is necessary to enlarge the scope of the object clause under 'other objects' in the Memorandum of Association of the Company and to incorporate various other objects in the aforesaid resolution. The Board recommends the proposed resolution for your consideration to be passed through postal ballot.

A copy of Memorandum and Article of Association of the Company along with the proposed amendment shall be open for inspection of the members of the Company at the Registered Office of the Company during business hours between 10.00 A.M. and 12.00 Noon on any working day upto and inclusive day of the Annual General Meeting.

None of the Director is concerned or interested in the proposed resolution.

**ITEM NO. 6**

To enable the company to undertake the newly proposed business as mentioned in item no. 5 of the notice, it would be necessary for the members under 149(2A) of the Companies Act, 1956 to accord their approval to the Company for commencing and undertaking the business as set out in the newly

inducted and proposed sub-clauses 17 to 22 of the Other Object Clause III (C) upon the said clause becoming effective. The Board recommends the proposed resolution for your consideration to be passed through postal ballot.

A copy of Memorandum and Article of Association of the Company along with the proposed amendment shall be open for inspection of the members of the Company at the Registered Office of the Company during business hours between 10.00 A.M. and 12.00 Noon on any working day upto and inclusive day of the Annual General Meeting.

None of the Director is concerned or interested in the proposed resolution.

**ITEM NO. 7**

In order to give effect to the proposed resolutions for allotment of Preference shares/ other instruments/ Warrants as set out under item nos. 8 & 9, it is necessary to alter the articles of association of the Company by making provisions to facilitate the Board to issue preference shares, warrants, Debentures or any such financial instruments in the near future.

As per section 31 of the Companies Act, 1956 alteration in the Articles of Association the Company can be done by approval of shareholders by passing of special resolution. The Board recommends the proposed resolution for your consideration to be passed through Postal Ballot.

A copy of Memorandum and Article of Association of the Company along with the proposed amendment shall be open for inspection of the members of the Company at the Registered Office of the Company during business hours between 10.00 A.M. and 12.00 Noon on any working day upto and inclusive day of the Annual General Meeting.

None of the Director is concerned or interested in the proposed resolution.

**ITEM NO. 8**

The Members of the Company at their 16<sup>th</sup> Annual General meeting held on 24<sup>th</sup> August, 2005 authorised the Board to issue the 0.01% Cumulative Redeemable Preference Shares upto an amount of Rs. 10 Crores to Creditors of the Company, in settlement of their dues from the Company, and/ or any individual, Body Corporate or any other persons. The Board had constituted a committee to negotiate with the Creditors and to take their consent but no final decision was taken by the Creditors and company. The Board discussed the matter and decided to place the new resolution before the member for their approval to issue OCPS to the Creditors in settlement of their dues.

It is proposed to issue OCPS with a coupon rate of 0.01% to the Creditors in settlement of their dues on such terms and conditions as may be agreed to with the Creditors. The Board shall constitute a committee of Directors to negotiate with the creditors and take their consent. To facilitate the Board to issue OCPS, it



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is proposed to get the approval of the members to issue OCPS upto an amount of Rs. 8,36,00,000/- (Eight Crores Thirty Six Lacs Rupees only). The Board may also allocate such number of OCPS.

**Disclosures, which are required to be given in terms of SEBI Guidelines on Preferential Issues:**

**a) The objects of the issue through preferential offer:**

The object of the issue is to convert the amount of Rs. 836 Lacs to be payable to Creditors of the Company, into 836000 OCPS convertible into equity shares within a period of 18(Eighteen) months from the date of allotment.

**b) Intentions of promoters / directors / key management persons to subscribe to the offer:**

The entire issue is envisaged for allotment only to Creditors of the Company.

**c) Share holding pattern before and after the offer (applicable if all the 0.01% OCPS are converted into equity shares)**

Existing Promoter - PPS Towers Pvt. Ltd. hold 75.03% and public including financial institutions, banks and mutual funds hold balance 24.97% of the existing equity of 12019007 equity shares. The post allotment shareholding pattern will be as follows:

PPS Towers Pvt. Ltd., Promoter of the Company will hold - 55.67% and proposed Allottees (creditor of the Company) & public including financial institutions, banks and mutual funds will hold balance 44.33 % of the then equity of Rs. 16199007 shares.

**d) Proposed time within which the allotment shall be completed:**

The Board proposes to allot the OCPS of Rs. 100/- each within a period of fifteen days of the date of passing of this resolution under Sections 81(1A) of the Companies Act, 1956, in the Annual General Meeting.

**e) The identity of the proposed Allottees and the percentage of post preferential issue capital that may be held by them.**

The proposed Allottees (Creditors of the Company) shall be, which upon conversion under this item, will hold 25.80% of the post issue capital. In case equity shares are allotted under item no. 8 to Individuals and Bodies Corporate., it will hold 21.55% of the post capital of Rs. 19.40 Crores.

**OCPS of Rs. 100/- each, if issued, shall have following terms and conditions.**

**Terms & Conditions**

1. The preference shares shall carry a dividend @ 0.01% p.a. from the date of allotment upto a period of 18 months.
2. Each OCPS is optionally convertible, into five equity share of Rs. 10/- each/ into such number of

equity shares of Rs. 10/- each on the basis of price to be computed in accordance with the SEBI Guidelines for preferential issues at the option of the registered holder within a period of 18 (eighteen) months from the date of allotment.

3. The Board shall be given one month's notice in writing for any conversion by the registered holders of the Preference shares.
4. OCPS in respect of which no notice for exercising option for conversion has been received by the Board within a period of seventeen months from the date of allotment, shall, after the period of eighteen months; without any act on the part of the registered holders and unless otherwise redeemed earlier, get settled by conversion into/ allotment of CRPS.
5. The day of the expiry of 18 months from the date of allotment of OCPS of Rs. 100/- each shall be the deemed date of allotment of new CRPS.
6. The new CRPS arising out of operation under clause 4 above shall be redeemable in five equal installments starting from 01<sup>st</sup> October, 2015.
7. The Board shall give one month's notice in writing for any redemption to the registered holders of CRPS.
8. In terms of provisions of the Companies Act, 1956, consent of the members by way of a special resolution is required for allotment of further shares, equity or preference, to any person other than the existing members. Consent of the members is therefore sought to authorize the Board to create, issue and allot the OCPS and equity shares on conversion.
9. The Statutory Auditors' Certificate shall be placed before the meeting mentioning that this issue of OCPS/ equity shares is being made in accordance with SEBI guidelines for preferential issues as amended.

The Directors recommend the proposed resolution to be passed through postal ballot for your consideration and approval.

Mr. Rakesh Babbar, Director of the Company may deemed to be concerned or interested in this resolution.

**ITEM NO. 9**

The Company has entered into MOU with SWISS MILITARY S.A. for marketing, promotion, retailing, distribution, supply, sale, purchase, export, import, franchisee, dealership etc. of various lifestyle products of SWISS MILITARY S.A. & its Swiss principal and to act as an exclusive distributor of SWISS MILITARY S.A. throughout the territory of India. The fund requirements for these shall be met through a combination of internal accruals and debt. To meet future capital requirement for exploring newly inducted object clauses, some Individuals

and Bodies Corporate and/or any other persons have expressed their intention to subscribe on a preferential basis, upto 32,00,000 (Thirty Two Lacs) Warrants carrying a right to subscribe to equal number of equity shares,

Raising of capital through preferential allotment is one of the most cost effective method since no merchant banker is required to be appointed and other issue related expenses are also not to be incurred.

**The salient features of this preferential issue are:**

- 32,00,000 (Thirty Two Lacs) Warrants having a right to subscribe equal number of equity shares shall be issued and allotted pursuant to the aforesaid resolution. The equity shares shall be issued at a price, computed in accordance with SEBI guidelines for preferential issues, however the minimum price at which the shares to be offered shall not be less than Rs. 20/- each.
- The Warrants and the resultant shares shall be locked in for a period of three years from the date of allotment of warrants.
- The right attached to Warrants to subscribe to equal number of equity shares representing 21.03% of the diluted share capital of the Company shall be exercised within a period of 18 (eighteen) months.
- An amount equivalent to at least 10% of the fixed price is proposed to be called along with the application and the allotment of Warrants shall be made within 15 days of this resolution. The said amount shall be adjusted against the price payable subsequently for acquiring the shares by exercising the option and shall be forfeited if option to acquire shares not exercised.
- The Warrants shall have no voting or dividend rights attached to them.
- Shareholding pattern of the Company before and after subscription to the equity shares consequent to the proposed issue of warrants shall be :  
Existing Promoter - PPS Towers Pvt. Ltd. hold 75.03% and public including financial institutions, banks and mutual funds hold balance 24.97% of the existing equity of 12019007 equity shares. The post allotment shareholding pattern will be as follows:  
PPS Towers Pvt. Ltd., Promoter of the Company will hold 59.25% and proposed allottees & public including financial institutions, banks and mutual funds will hold balance 40.75% of the then equity of 15219007 shares.
- The above shareholding pattern may change from time to time depending upon the transfer of shares by the existing shareholders.
- Assuming that the right attached to entire Warrants is exercised by the option holders, the proposed allotment shall be made as under:

Proposed Allottee	Proposed Allotment (in Nos.)	%age	Post Allotment Holding (in Nos.)	%age
M/s. Jaina Marketing Appliances Pvt. Ltd.	1600000	10.51	1600000	10.51
Mr. Ashok Sawhney & HUF	1600000	10.51	1600000	10.51

Due to above preferential allotment of Warrants and the resultant issue of equity shares, no change in management control is contemplated. In terms of provisions of the Companies Act, 1956, consent of the members by way of a special resolution is required for allotment of further shares, equity or preference, or any financial instruments, to any person other than the existing members. Consent of the members is therefore sought to authorize the Board to create, issue and allot the warrants and equity shares on conversion.

The Statutory Auditors' Certificate shall be placed before the meeting mentioning that this issue of Warrants / equity shares is being made in accordance with SEBI guidelines for preferential issues as amended.

The Directors recommend the proposed resolution for your consideration to be passed through postal ballot. None of the Directors of the Company is concerned or interested.

**ITEM NO. 10**

In order to meet the additional financial and working capital requirements for developing the retail chain for Swiss Military products and also for exploring newly proposed object clauses, the Board proposes to issue securities for a value not exceeding Rs. 25 Crores.

The Board is seeking authority from the shareholders to make further issue of capital by way of equity shares/ preference shares/ convertible debentures/ convertible bonds fully or partly convertible and/ warrants with a right exercisable by the warrant-holders on rights basis / public issue basis / private placement basis / by way of preferential allotment / any other basis keeping in view the prevailing law/s, also in terms of Section 81 (1A) of the Companies Act, 1956, it is required to obtain approval of the shareholders, by way of passing of a special resolution in a General Meeting, to enable it to make further issue of capital as detailed in the Resolution to the maximum extent of not exceeding Rs. 25 Crores. Your Directors recommend passing of the Resolution contained in item No. 10 as a special resolution through postal ballot.

None of the Directors are interested or concerned in the proposed resolution except the Equity Shares as may be held by them or by their relatives or the company (ies) in which they or their relatives may be members or Directors.

**ITEM NO. 11**

The Board is of the view that the efforts and loyalties of the Company's employees and directors should be recognized and rewarded, and that they should be made