



NETWORK LIMITED

Board of Directors	:	Gian Vijeshwar Rakesh Babbar Pankaj Shrimali Vijay Kalra
Manager	:	Aman Sawhney
Company Secretary	:	Ajay Mittal
Auditors	:	S. Kapoor & Associates Chartered Accountants
Bankers	:	State Bank of Mysore 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: 0120-2511808 Fax: 0120-4016570
Registrar and Share Transfer Agent	:	Alankit Assignments Ltd. Alankit house, 2E/21 Jhandewalan Extension New Delhi – 110 055 Tel.: 011 – 42541955 Fax : 011-42540064

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Notice

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NOTICE is hereby given that the Eighteenth Annual General Meeting of the Company will be held on Wednesday, 29th day of August, 2007 at 2.00 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 31st March, 2007 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. Rakesh Babbar, 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 Mr. Vijay Kalra, who was appointed as an Additional Director of the Company pursuant to section 260 of the Companies Act, 1956 and Article 81 of the Articles of Association of the Company and who holds office up to the date of ensuing Annual General Meeting and in respect of whom the company has received a notice under section 257 of the Companies Act, 1956 in writing, proposing his candidature for the office of director, be and is hereby appointed as Director of the Company liable to retire by rotation."

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 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 re-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 21st August, 2007.

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."

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 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 74,50,000 (Seventy Four Lacs Fifty Thousands) 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, to the following individuals and/ or Body(ies) Corporate whether or not they are members of the Company on the date of offer as per details:

S. No.	Name of the individuals/ Company	No. of Warrants proposed to be allotted (upto)
1	Paliwal Infrastructure Pvt. Ltd.	2000000
2	Paliwal Overseas Pvt. Ltd.	1500000
3	Ashok Sawhney & Sons (HUF)	1900000
4	Mr. Ravi Madan	1450000
5	Finco Securities Pvt. Ltd.	600000
	TOTAL	7450000

RESOLVED FURTHER THAT the Warrants so issued shall have right to subscribe to 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 30th July, 2007 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. 50/- 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 of warrants.

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 to the shares.

RESOLVED FURTHER THAT subject to SEBI guidelines and other applicable laws, the Board be

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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."

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 Sections 80,81, 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 entered into by the Company with the Stock Exchange where the shares of the Company are listed and in accordance with the guidelines issued by the Securities & Exchange Board of India (SEBI) and clarifications thereon issued from time to time, if applicable, 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 of Directors of the Company (hereinafter referred to as "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 5,00,000 (Five Lacs) Non-Cumulative Redeemable Preference Shares (NCRPS) of Rs. 100/- (Rupees one Hundred only) each at par aggregating upto Rs. 5,00,00,000/- (Rupees Five Crores only) without carrying voting rights, with zero coupon rate, in one or more tranches from time to time, to PPS Towers Pvt. Ltd., redeemable at the option of the Company but before the end of third year from the date of allotment of these NCRPS.

NCRPS, if issued shall have the following terms and conditions:

i. The Company shall have option to redeem these NCRPS at any time from the date of allotment at following values:

Period of redemption from the date of allotment	Redemption value per share (Rs.)
After 6 months but before 12 months	105
After 12 months but before 24 months	110
After 24 months but before 36 months	115

- ii. The Board shall give one month's notice in writing for any redemption to the registered holder (s) of NCRPS
- iii. NCRPS to be so issued and allotted shall be subject to the provisions of the Memorandum and Articles of Associations of the Company;
- iv. NCRPS shall not entitled the holders thereof to any voting rights, excepts in respects of the Resolutions which directly affect the rights attached to the preference shares.
- v. The Board be and is hereby authorized, in their absolute discretion, to make the said issue of NCRPS on such terms and conditions as they may consider appropriate and to accepts any modification(s) to or to modify the terms of issue of the said NCRPS including the authority to revise/ adjust the value, redemption period, Coupon rate, quantum of the NCRPS in such manner as may be considered appropriate by the Board, subject to the provision 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;
- vi. The NCRPS are not proposed to be listed on Stock Exchange.

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."

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 Section 372A and other applicable provisions of the Companies Act, 1956 and subject to other requisite approvals, if any, approval of the members be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "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) to make investments through direct subscription or market purchase or off-market negotiated deals on such terms as may be decided by the Board, of the funds of the Company in excess of 60% of the Paid-up Share Capital and free reserves of the Company or 100% of the free reserves of the Company, whichever is more, in the shares and derivatives products of Companies listed on the Bombay Stock Exchange (BSE) and /or the National Stock Exchange (NSE) and having market capitalization of more than Rs. 25 crores on the date of the investment, Units of Mutual Funds registered with SEBI either in the Debt funds and/ or Balanced funds and/ or Equity funds and/ or MIP(s) and/ or G-sec funds and / or Hybrid funds either in open ended or close ended either cumulative or non-

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cumulative or any combination thereof and also mutual funds of Nationalized Banks/ Scheduled Banks/ Foreign Banks/ UTI and/ or any other Corporate Bodies formed under the Act of the parliament.

RESOLVED FURTHER THAT without prejudice to above, investments within the limits not requiring the approval of shareholders, shall be done by Board of Directors in the manner it may think beneficial and in the interest of the Company.

RESOLVED FURTHER THAT the aggregate of the aforesaid investments outstanding at any time shall not exceed Rs. 25,00,00,000/- (Rupees Twenty Five Crores only).

RESOLVED FURTHER THAT the aforesaid limit of Rs. 25,00,00,000/- (Rupees Twenty Five Crores only) of investments is in addition to the limit of investments, if any, earlier approved by the members under section 372A of the Companies Act, 1956.

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

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 Section 372A and other applicable provisions of the Companies Act, 1956 and subject to other requisite approvals, if any, approval of the members be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "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) to invest upto Rs. 10.00 Crores (Rupees Ten Crores only) in one or more tranches by way of subscription, purchase or otherwise in the securities of J S Hospitality Services Pvt. Ltd. notwithstanding the fact that the aggregate of the investments so far made, securities provided, loans/guarantees so far given by the Company along with the proposed investments exceed 60% of the paid-up capital and free reserves or 100% of its free reserves, whichever is more".

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take all decisions and steps necessary, expedient and proper in respect of the above investment including timing, the type, the amount and other terms and conditions of such investment and varying the same through transfer, sale, disinvestment or otherwise, either in part or in full, as it may, in its absolute discretion, deem appropriate."

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 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. 10 crores (Rupees Ten Crores only) in one or more tranches in the share capital of new company(ies) to be incorporated as overseas subsidiary(ies) of the Company notwithstanding the fact that the aggregate of the investments so far made, securities provided, loans/guarantees so far given by the Company along with the proposed investments exceed 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."

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 provisions of Section 31 and 310 of the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and are hereby altered by deleting therefrom the existing clause (2) of Article 83 and substituting in its place new article:

2. The Board of Directors may decide to pay to Non-Executive Directors, by way of sitting fees an amount not exceeding the maximum amount as prescribed under the provisions of Companies Act, 1956 and rules and regulations made thereunder (including any amendment or re-enactment thereof), for each meeting of the Board or any committee or sub-committee thereof attended by them.

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."

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 309 and 310 of the Companies Act, 1956, the consent of the Company be and is hereby accorded to authorize the Board to the payment of sitting fees to Non-executive Directors including Independent Directors within the maximum permissible limits prescribed under the Companies Act, 1956 or by the Central Government, from time to time, for attending meeting of the Board or any committee thereof.

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."

13. 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

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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 2007") 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 wholtime 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 2007, shall include the following:-

- to formulate the detailed terms and conditions of the ESOS 2007, 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 2007 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 2007 and/ or under the applicable laws.

RESOLVED FURTHER THAT for the purpose of giving effect to the aforesaid resolution, the Board be and is hereby authorized, on behalf of the Company to do all such acts, deeds, matter and things as the Board may, in its absolute discretion, deem necessary or desirable for such purpose and to settle all issues that may arise in regard to such issue or offer, allocation, allotment and utilization of the proceeds (including power to amend or modify any terms of such issue or allotment) without being required to seek any further consent or approval of the shareholders, as it may in its absolute discretion deem fit and further to execute all documents and writings as may be necessary, proper, desirable or expedient and to give such directions and/or instructions as it may from time to time decide and to accept and give effect to such modifications, changes, variations,

alterations, deletions, additions as regards the terms and condition of ESOS 2007.

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."

14. 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 extend the benefits of Employees Stock Option Scheme ("ESOS 2007") proposed in Resolution no. 13 in this notice to eligible employees/ directors of the subsidiary (ies) and/ or holding Company and/ or such other persons, as may from time to time be allowed under prevailing laws, rules and regulations, and/ or amendment thereto from time to time, on such terms and conditions as may be decided by the Board.

RESOLVED FURTHER THAT for the purpose of giving effect to the aforesaid resolution, the Board be and is hereby authorized, on behalf of the Company to do all such acts, deeds, matter and things as the Board may, in its absolute discretion, deem necessary or desirable for such purpose and to settle all issues that may arise in regard to such issue or offer, allocation, allotment and utilization of the proceeds (including power to amend or modify any terms of such issue or allotment) without being required to seek any further consent or approval of the shareholders, as it may in its absolute discretion deem fit and further to execute all documents and writings as may be necessary, proper, desirable or expedient and to give such directions and/or instructions as it may from time to time decide and to accept and give effect to such modifications, changes, variations, alterations, deletions, additions as regards the terms and condition of ESOS 2007."

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

Sd/-

**Place : New Delhi
Date : July 28, 2007**

**Ajay Mittal
Company Secretary**

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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 the attendance slip duly filled in and signed for attending the meeting with the copy of notice.
5. The Register of Members and Share Transfer Books shall remain closed from 24th August, 2007 to 29th August, 2007 (both days inclusive).
6. Members are requested to notify any change in their address to the Company's Registrar & Share Transfer Agent, quoting their folio number.
7. **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.**
8. DETAILS OF DIRECTOR SEEKING APPOINTMENT AT THE ENSUING ANNUAL GENERAL MEETING (IN PURSUANCE OF CLAUSE 49 OF THE LISTING AGREEMENT)

Name of the Director	Rakesh Babbar	Vijay Kalra
Date of Birth & Age	3 rd July, 1955 ; Age : 52 Years	4 th April, 1969; Age 38 Years
Date of Appointment	24 th August, 2005	10 th Jan., 2007
Qualifications	B.Com	B.Com. F.C.A.
Expertise in specific functional Area	He is having vast experience in Retail, Amusement Parks & Entertainment Industry	He is having 12 year of experience in Accounts, Finance & Taxation field.
List of Companies in which outside Directorship is held	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. Appu Ghar Infrastructures and Developers Pvt. Ltd. Team Buildcon Pvt. Ltd. Appu Ghar Build Tech & Infrastructure Pvt. Ltd. VLS Capital Ltd. VLS Finance Ltd. South Asian Enterprises Ltd.	Nil
Chairman/ Member of the Committees of the Board of the Companies on which he is a Director	International Amusement Ltd. : Audit Committee – Member Share Transfer Committee – Member Remuneration Committee - Member Share Application Committee - Member Share Allotment Committee - Member	Nil

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Mr. Vijay Kalra was appointed by the Board of Directors of the Company on 10th January, 2007 as an Additional Director in terms of Section 260 of the Companies Act, 1956 and Article 81 of the Articles of Association of the Company to hold office till the date of the ensuing General Meeting and eligible for appointment as a Director.

The Company has received a notice in writing from a member along with the deposit of Rs. 500/- pursuant to Section 257 signifying his intention to propose Mr. Vijay Kalra as a candidate for the office of Director.

The Board of Directors consider that Mr. Vijay Kalra's appointment as a Director would be in the interest of the Company and recommend his appointment for which your approval is required.

None of the Directors except Mr. Vijay Kalra himself may be deemed to be concerned or interested in the proposed resolution.

ITEM NO. 5

The present period of Mr. Aman Sawhney as Manager of the Company will expire on 20th August, 2007. Mr. Aman Sawhney has been appointed as Manager of the Company in terms of section 2(24) of the Companies Act, 1956 with effect from 21st August, 2007 without any remuneration for a period of one year in the Board Meeting held on 28th July, 2007.

Mr. Aman Sawhney is a commerce graduate and MBA (Operation Management & MIS) from Vanderbilt University, U.S.A. He has about 17 years of 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. 6

The Company is in the process of expansion/diversification of its activities, some individuals and Bodies Corporate and/ or any other persons have expressed their intention to subscribe on a preferential basis, upto 74,50,000 (Seventy Four Lac Fifty Thousand) warrants carrying a right to subscribe to equal number of equity shares. The funds to be raised from proposed issue of warrants pursuant to this resolution will be utilized for expansion/ diversification activities, long term working capital / normal capital expenditure requirements of the Company.

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

The salient features of this preferential issue are:

- Upto 74,50,000 (Seventy Four Lac Fifty Thousand) Warrants having a right to subscribe to 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 guideline for preferential issues, however the minimum price at which the shares to be offered shall not be less than Rs. 50/- each.
- The Warrants and the resultant shares shall be locked in for a period of one year from the date of allotment of warrants.
- The right attached to warrants to subscribe to equal number of equity shares representing 31.78% 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 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 the entire amount received shall be forfeited if option to acquire shares is not exercised by the applicant.
- 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:

	Per-Allotment Holdings as on 28.07.2007		Post-Allotment Holding*	
	No. of Shares	% age of Total Capital	No. of Share	% age of Total Capital
Promoters- PPS Towers Pvt. Ltd.	8865450	55.43	8865450	37.82%
Public				
- Pallwal Infrastructure Pvt. Ltd.	-	-	200000	08.53%
- Pallwal Overseas Pvt. Ltd.	4000	00.03	1504000	06.42%
- Ashok Sawhney & sons (HUF)	1600000	10.00	3500000	14.93%
- Mr. Ravi Madan	-	-	1450000	06.18%
- Finco Securities Pvt. Ltd.	-	-	600000	02.56%
- Other includes Mutual Funds, Financial Institutions, Banks	5523457	34.34	5523457	23.56%

*Assuming that the right attached to entire Warrants is exercised by the option holders.

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 shares, preference shares, 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 Auditor's Certificate shall be placed

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before the meeting mentioned that this issue of Warrants/equity shares is being made in accordance with SEBI guidelines for preferential issues as amended. The Board recommends the proposed resolution as special resolution for your approval and consideration. None of the Directors of the Company is concerned or interested.

ITEM NO. 7

To strengthen the capital base of the Company and in order to meet working capital/ normal capital expenditure requirements of the Company, the company proposes to issue Non- cumulative Redeemable Preference Shares (NCRPS) upto an aggregate value of Rs. 5.00 Crores (Rupees Five Crores only) in one or more tranches, on private placement basis to PPS Towers Pvt. Ltd. The Company have received Rs.2,39,75,000/- (Rupees Two Crores Thirty Nine Lac Seventy Five Thousand only) till date towards the issue.

The detailed terms and conditions of issue including the price, rate of dividend, premium of redemption or premature/early redemption, redemption period etc. will be determined by the Board of Directors of the Company.

Mr. Gian Vijeshwar, Mr. Rakesh Babbar and Mr. Pankaj Shrimali are common directors in PPS Towers Pvt. Ltd. and Network Limited.

The Board recommends the proposed resolution as a special resolution for your approval and consideration.

ITEM NO. 8

The surplus funds of the Company, not immediately required for the business of the Company are required to be invested by the Board of the Company, from time to time, in financial securities viz. shares, derivatives, mutual funds of listed/unlisted companies and/also entering into partnership/ joint ventures etc. for the said purposes.

In terms of the requirement of the first proviso to section 372A (1) of Companies Act, 1956, your approval is being sought for making the proposed investment. The proposed investment shall be made out of the surplus funds of the Company. Further, the Company has not accepted any deposits from the public in terms of Section 58A of the Companies Act, 1956.

None of the Directors is interested in the resolution except such Directors, who either themselves or whose relatives may be appointed as Directors of the proposed Company or as member of the proposed company.

The Board recommends the proposed resolution as special resolution for your approval and consideration.

ITEM NO. 9

The Company was approached by JS Hospitality Services Pvt. Ltd. to establish a strategic investment tie-up. Looking at the grand success of all of its restaurants such as Pind Balluchi, Park Balluchi and Grand Vatika etc. and rewards and recognition won by the Company at national level. Your Directors have

decided to in-principle invest in equity shares of JS Hospitality Services Pvt. Ltd. upto Rs. 10 crores (Rupees Ten crores only) subject to the Memorandum of Understanding (MOU) being entered between the parties..

In terms of the requirement of the first proviso to section 372A (1) of Companies Act, 1956, your approval is being sought for making the proposed investment. The proposed investment shall be made out of the proceeds of allotment of warrants and other resources. Further, the Company has not accepted any deposit from the public in terms of Section 58A of the Companies Act, 1956.

None of the Directors is interested in the resolution except such Directors, who either themselves or whose relatives may be appointed as Directors of the proposed Company or as member of the proposed company.

The Board recommends the proposed resolution as special resolution for your approval and consideration.

ITEM NO. 10

The Board has been considering the proposal for expanding the retail business and to look into other expansion & diversification overseas in future and to effect the same, the Board proposes to incorporate overseas subsidiary(ies).

In terms of the requirement of the first proviso to section 372A (1) of Companies Act, 1956, your approval is being sought for making the proposed investment. The proposed investment shall be made out of the proceeds of allotment of warrants and other resources. Further, the Company has not accepted any deposits from public in terms of Section 58A of the Companies Act, 1956.

None of the Directors is interested in the resolution except such Directors, who either themselves or whose relatives may be appointed as Directors of the proposed Company or as member of the proposed company.

The Board recommends the proposed resolution as special resolution for your approval and consideration.

ITEM NO.11

In order to give effect to the proposed resolution for payment of sitting fees to Non-Executive Directors, it is necessary to alter the Articles of Association of the Company by making provisions to facilitate the Board to pay the sitting fees to Non-Executive Directors in the near future.

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

A copy of Memorandum and Articles 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

Notice (contd.)

**NETWORK
LIMITED**

working day upto and inclusive day of the Annual General Meeting.

All the Non-Executive Directors are interested in the proposed resolution.

ITEM NO. 12

In view of the time and attention devoted and valuable services rendered by the Non-Executive Directors, it is necessary to reward their efforts. The Board has decided to get the approval of members for the same. Hence, the approval of the members is sought by way of special resolution authorizing the Board to fix the suitable sitting fees from time to time as per maximum permissible limits mentioned in the Companies Act, 1956 and other rules and regulations made thereunder.

The Board recommends the proposed resolution as special resolution for your approval and consideration.

All the Non-Executive Directors are interested in the proposed resolution.

ITEM NO. 13

The Shareholders, in their meeting held on 25th September, 2006 has passed a resolution approving allotment of equity shares under Employee Stock Option Scheme ("ESOS"), however equity shares were not issued to shareholders under ESOS. The Board decided to get fresh approval of members for ESOS 2007.

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 stakeholders in the company. To achieve this end, an employee stock option scheme ("ESOS 2007") has been contemplated and options would be granted under such ESOS 2007 on such terms and conditions, and to such permanent employees of the Company as decided by the ESOS Compensation Committee formed under the ESOS 2007 from time to time.

The following are the salient features of the ESOS 2007:

- (1) Total number of options shall be 15, 00,000 (and such other adjusted figure in case of any corporate actions such as bonus, stock split, right issue, merger and sale of the division).
- (2) such permanent employees/ directors (including whole- time directors) of the company as may be decided by the ESOS Compensation Committee from time to time shall be entitled to participate in the ESOS.
- (3) Minimum and maximum vesting period shall be one and five year(s), respectively, from the date of grant of options.
- (4) Exercise price or pricing formula for the options shall be at par and/or at an average of the prevailing market price on the close of the previous day of trading on the Bombay Stock Exchange, to the day on which the options are being exercised whichever is less.
- (5) Maximum number of options that may be allotted to an employee/ director shall be 2,00,000 and in the aggregate to all employees under the ESOS

shall be as stated in paragraph (1) above.

- (6) The Company shall use one of the applicable methods (i.e. intrinsic value or fair value) to value its options.
- (7) The appraisal process for determining the eligibility of the permanent employees for ESOS shall be as follows:
 - (a) Performance of the employees in contributing to the business results, organizational strength and market position of the Company;
 - (b) Employee's potential and criticality to the role(s) assigned;
 - (c) Level in the organization;
 - (d) Any other criteria that may be determined by the ESOS Compensation Committee.

Further, the Board shall cause the Company to confirm to the accounting policies as specified in the SEBI (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, if applicable. In case the Company calculates the employee compensation cost using the intrinsic value of the options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized, if it had used the fair value of the options shall be disclosed in the Director's Report and impact of this difference on profits and earnings shall also be disclosed.

In case the Options are granted to the Directors of the Company, then such Directors may be deemed to be interested in this item of business.

The Board recommends the proposed resolution as special resolution for your approval and consideration.

ITEM NO. 14

As per the SEBI Guidelines, a separate resolution is required to be passed if the benefits of ESOS are to be extended to employees of subsidiary (ies) and/ or holding company. This separate resolution is being proposed accordingly; to cover those employees, and/ or such other persons as may be permitted from time to time, under prevailing laws, rules and regulations and/ or amendments thereto from time to time. This may be read with explanatory statement for item no. 13.

In case the Options are granted to the Directors of the Company, then such Directors may be deemed to be interested in this item of business.

The Board recommends the proposed resolution as special resolution for your approval and consideration.

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

Sd/-

Ajay Mittal

Company Secretary

**Place : New Delhi
Date : July 28, 2007**