

# NETWORK LIMITED

*Regd. Office :* W-41, Okhla Industrial Area, Phase - II, New Delhi-110020

## NOTICE OF AGM OF THE COMPANY

**NOTICE** is hereby given that the Twenty First Annual General Meeting of the Company will be held on Wednesday, 14<sup>th</sup> day of July, 2010 at 2.00 P.M. at MPCU Shah Auditorium, Shree Delhi Gujarati Samaj Marg, Delhi – 110 054 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, 2010 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. Ashok Sawhney, who retires by rotation and being eligible, offers himself, for re-appointment.
3. To appoint a Director in place of Mr. Avinash Chander Sharma, who retires by rotation and being eligible, offers himself, for re-appointment.
4. 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**

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

**“RESOLVED THAT** Mr. Aman Sawhney, 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.”

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 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 securities (Equity Shares and/or Preference Shares, convertible or non-convertible, redeemable at par or at premium and/or Debentures, Fully /partly convertible Debentures, Secured unsecured, non-convertible, redeemable and/or any other type of financial instruments) of companies, whether under the same group or not and/or in the securities of Companies, which have previously been approved by the members of the Company, in one or more tranches, and/or in the shares, derivatives products, debentures 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 Crs. (Rupees Twenty Five Crores only) on the date of the investment, Commodities, Derivatives, Future & Options, Swaps, Currency Trading, Investment in units of Mutual Funds (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-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), Insurance Products, Private Equity, Money Market Instruments and other incidental business and also entering into partnership/ joint ventures etc. for the said purposes.

**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. 50 Crs. (Rupees Fifty Crores only).

**RESOLVED FURTHER THAT** the aforesaid limit of Rs. 50 Crs. (Rupees Fifty 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."

**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 314 and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modifications or re-enactment thereof, consent and approval of the Company be and is hereby accorded to Mr. Pankaj Shrimali, Director of the Company, to hold and continue to hold office or place of profit in the Company, as Professional advisors & Consultants, on such remuneration and such terms and conditions as may be decided by the Board, subject to an overall limit of Rupees Five Lacs per month or Rupees Sixty Lacs per annum".

**"RESOLVED FURTHER THAT** the Board be and is hereby authorised to decide in overall limits specified in this regard, the exact remuneration to be paid to Mr. Pankaj Shrimali, terms and conditions of appointment from time to time and to do all such acts, deeds, matters and things, make and execute all applications, writing and instruments as the Board may in its absolute directions deem necessary or desirable and delegate the said authority to any person(s) as the Board may deem fit in its discretion for the purpose of giving effect to this resolution without being required to seek any further consent or approval of members or otherwise, with the invert that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

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

**Place : New Delhi  
Date : June 8, 2010**

Sd/-  
**Ajay Mittal  
Company Secretary**

**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 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 8<sup>th</sup> July, 2010 to 14<sup>th</sup> July, 2010 (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	<b>Mr. Ashok Sawhney</b>	<b>Mr. Avinash Chander Sharma</b>	<b>Mr. Aman Sawhney</b>
Date of Birth & Age	1 <sup>st</sup> July, 1938 Age: 71 Years	16 <sup>th</sup> March, 1946 Age: 64	4 <sup>th</sup> April, 1969 Age: 41
Date of Appointment	27 <sup>th</sup> May, 2008	27 <sup>th</sup> May, 2008	17 <sup>th</sup> May, 2010
Qualifications	B.A.	B.A.	M.B.A
Expertise in specific functional Area	He is having vast experience in manufacturing Watch Dials field.	He is having vast experience in manufacturing and export of textile products, handloom products	He is having 19 years of experience in quality control, manufacturing and marketing of High quality precision wrist watches/ Dials and Life style products
List of Companies in which outside Directorship is held	1. Network Retail Limited 2. NRVInfrastructure Pvt Ltd 3. Appu Ghar Infrastructures and Developers Pvt Ltd 4. Standard Suppliers Pvt Ltd	1. Paliwal Infrastructure Pvt Ltd 2. Paliwal Overseas Pvt Ltd 3. Paliwal Industries Pvt Ltd 4. Paliwal Fabrics Pvt Ltd 5. NRV Infrastructure Pvt. Ltd	1. Libra Research & Business Solutions Pvt Ltd 2. Appu Ghar Infrastructures and Developers Pvt Ltd 3. AAA Products Pvt Ltd
Chairman/ Member of the Committees of the Board of the Companies on which he is a Director	Nil	Nil	Nil

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

Mr. Aman Sawhney was appointed by the Board of Directors of the Company on 17<sup>th</sup> May, 2010 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.

He is also the Manager of the Company u/s 2(24) of the Companies Act, 1956. Mr. Aman Sawhney is a commerce graduate and MBA (Operation Management & MIS) from Vanderbilt University, USA. He has 19 years of experience in quality control, manufacturing and marketing of High quality precision wrist watches/ Dials and Life style products. He has been rendering valuable services as Manager of the company and it would be in the interest of the Company to consider appointment of Mr. Aman Sawhney as director also and the Board recommends his appointment, for which your approval is required

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. Aman Sawhney as a candidate for the office of Director.

Except, Mr. Ashok Sawhney, who is father of Mr. Aman Sawhney, none of the Directors may be deemed to be concerned or interested in the proposed resolution.

**ITEM NO. 6**

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 the securities of unlisted companies and/or in the securities of companies, which have previously been approved by the members of the Company and/or in financial securities viz. Shares, Securities and Commodities, Derivatives, Future & Options, Swaps, Currency Trading, Investment in units of Mutual Funds, Insurance Products, Private Equity, Money Market Instruments and other incidental business 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 are directors or members of the Companies, in which the company will invest the funds of the Company.

**ITEM NO. 7**

The Board of Directors of the Company in its meeting held on 17.05.2010 appointed Mr. Pankaj Shrimali, Director of the Company, to hold and continue to hold an office or place of profit as Professional advisors and consultants, on remuneration as set out in the resolution proposed, is subject to the approval of members of the Company.

Pankaj Shrimali is a fellow member of the Institute of Chartered Accountants of India, Institute of Company Secretaries of India, Institute of Cost and Works Accountants of India. He was a rank holder in Intermediate and Final Examination of the Institute of Chartered Accountants of India. He was also awarded the merit scholarship on the basis of his performance in the Intermediate Examination of the Institute of Company Secretaries of India. He secured 1<sup>st</sup> position in B.com (Hons) examination in prestigious Shriram College of Commerce and 2<sup>nd</sup> position in the entire university of Delhi.

He has over 25 year of experience in area of Finance, Accounts, Secretarial, Corporate Management, Legal & Corporate consultancy services, Strategic Management, Investment Banking for reputed corporate houses etc.

The Board of Directors has recommended the proposed resolution set out in item no. 7 of this notice for your approval by way of special resolution.

Except Mr. Pankaj Shrimali, no other Director is concerned or interested in the proposed resolution.

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

Sd/-

**Place : New Delhi  
Date : June 8, 2010**

**Ajay Mittal  
Company Secretary**

**TO THE MEMBERS OF  
NETWORK LIMITED**

Your Directors have pleasure in presenting their 21<sup>st</sup> Annual Report of the Company together with the Audited Accounts of the Company for the Financial Year ended 31<sup>st</sup> March, 2010.

**FINANCIAL HIGHLIGHTS**

The highlights of Financial Results for the Financial Year ended 31<sup>st</sup> March, 2010 (9months) in comparison to the Financial Year ended 30<sup>th</sup> June, 2009 (15months) are as follows:

(Rs In Lacs )

PARTICULARS	STAND -ALONE		CONSOLIDATED	
	31 <sup>st</sup> March 10 9 Months	30 <sup>th</sup> June 2009 15 Months	31 <sup>st</sup> March 10 9Months	30 <sup>th</sup> June2009 15 Months
Total Income	83.51	353.29	128.10	383.05
Total Expenditure	24.69	583.47	105.95	626.84
Profit/(Loss) before Depreciation & Tax	58.82	(230.18)	22.15	(243.79)
Depreciation	65.06	32.24	70.56	34.07
Profit/(Loss) before Tax	(6.24)	(262.42)	(48.41)	(277.86)
Provision for Fringe Benefit Tax	-	1.15	-	1.15
Profit/(Loss) after Tax	(6.24)	(263.57)	(48.41)	(279.01)
Add:- Profit/(Loss) brought forward	(263.57)	-	(279.31)	(0.29)
Profit/(Loss) carried forward to Balance Sheet	(269.81)	(263.57)	(327.72)	(279.31)

**ECONOMIC SCENARIO**

The economic scenario is showing signs of a turnaround with Asian economies experiencing a relatively stronger rebound. The global economic performance improved during the latter half of the calendar year 2009, promoting the IMF to reduce the projected rate of economic contraction in 2009 from 1.1 percent to 0.8 percent in January 2010. Consequently, the IMF also revised the projection of global growth for 2010 from 3.1 percent to 3.9 percent. However, significant risk remain: (1) in many economies, the recovery is largely driven by government spending whilst consumer sentiments remain fragile; (2) High level of global liquidity have led to steep increase in commodity prices; (3) emerging markets are likely to face increased inflationary pressures and (4) developed economies are facing large budget deficits.

There are concerns that the global recovery phase may be fragile, as economies of developed countries,

particularly USA and Europe, continue to be beset with problems of high unemployment, low consumer spending and depressed housing markets. Besides, the recent crisis in Portugal, Ireland, Spain and Greece indicate that there would be many pitfalls along the road to recovery and that normalcy is still some time away.

India's growth inflation dynamics are in contrast to the overall global scenario. The Indian Economy is recovering steadily for growth slowdown but inflationary pressures, triggered by the supply side factors, have developed into a wider inflationary cycle.

Although the growth momentum of the Indian economy was substantially impacted with the onset of the global economic slowdown, the severity of the impact was considerably less when compared to most developed economies. The fiscal and monetary policies implemented by the Government of India helped the economy to weather the downturn phase. The outlook of the Indian economy turned positive towards the end of 2009, driven by the uptrend in industrial production and recuperating consumption and investment demand. The Reserve Bank of India has projected the final real GDP growth for 2009-10 in the range of 7.2 percent to 7.5 percent with a forecast of 8.0 percent for 2010-11.

**OPERATIONAL REVIEW**

During the financial year under review, the company registered a cash profit of Rs.58.82 Lacs on standalone basis and Rs.22.15 Lacs on consolidated basis as against cash loss of Rs.230.18 Lacs on standalone basis and Rs.243.79 Lacs on consolidated basis in the previous year.

The Company had restructured the operations of life style products – Retail division in its subsidiary and had cut down unviable and uneconomical activities/outlets. Despite all the measures taken by the company, the subsidiary still incurred a loss of Rs.42.18 Lacs (cash loss of Rs.36.67 Lacs). However, the effective steps taken by the company enabled it to weather the challenges imposed by the retail subsidiary and achieved better performance in FY 2010.

Your company continues with its tasks to build businesses with long term goals based on its intrinsic strengths in terms of Corporate and Investment research. To accelerate further value creation, your company continues to evaluate new areas of growth by way of collaboration, association and strategic investments. The initiative also aimed at rationalizing and streamlining operations, mergers, de-merger,

hiving off, disposal etc. of existing businesses/ subsidiaries to bring about efficiencies and reducing the cost structures. The Company has also filed an application to become Trading Member of Bombay Stock Exchange.

The company has also initiated the steps to realize the infertile and slow moving assets/ investments to create liquidity to further consolidate its strengths and position itself to take advantage of the opportunities. The company has also constituted a committee of directors and consultants, headed by its Chairman to take effective steps in the direction.

#### **OPPORTUNITIES AND THREATS**

The Company is exploring new opportunities for long term value creation, by way of collaboration, associate and strategic investment. The company is also taking steps to realize infertile and slow moving assets/ investments to create liquidity so that the company can take advantage of opportunities.

Investment's performance is closely linked to the Indian Capital Market and consequently to the risks associated with market operations. The value of the company's investments may be affected by factors affecting capital markets such as price and volume volatility, interest rates, government policy changes, political and economic developments, crude oil prices and economic performance abroad.

#### **DIVIDEND**

In view of net loss incurred by the Company, your directors do not recommend any dividend for the Financial Year ended 31<sup>st</sup> March, 2010.

#### **PUBLIC DEPOSITS**

The Company has not accepted any deposits from the public in terms of Section 58A of the Companies Act, 1956 during the year under review.

#### **AUDIT COMMITTEE**

The Audit Committee presently comprises of the following Directors as its members:

1. Mr. Vijay Kalra
2. Mr. G S Goyal
3. Mr. Ashok Sawhney

The Audit Committee met three times during the year.

#### **AUDITORS & AUDITORS OBSERVATIONS**

The auditors of the Company M/s. S. Kapoor & Associates, Chartered Accountants, holds office until the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Board of Directors recommends the re-appointment of the Auditors.

The Auditors have observed in their report the coverage of Internal Audit needs to be strengthened having regard to the size of the company and nature of its business. The management is taking necessary steps and the area of internal audit will be strengthened to meet the industry norms.

#### **INTERNAL CONTROL SYSTEMS AND ADEQUACY**

An adequate system of internal control is in place which mandates maintaining proper accounting records and assures reliability of financial information.

#### **DIRECTORS**

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. Aman Sawhney was appointed as an additional director w.e.f. 17.05.2010 by the Board of Directors of the Company to hold office till the conclusion of ensuing Annual General Meeting. A notice together with money deposit have been received under section 257 of the Companies Act, 1956 from a member proposing Mr. Aman Sawhney to be appointed as Director of the Company, Your Board recommend for appointment of Mr. Aman Sawhney as Director of the Company.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the company, Mr. Ashok Sawhney and Mr. Avinash Chander Sharma, Directors retires by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment. Your Board also recommends for re-appointment of Mr. Ashok Sawhney and Mr. Avinash Chander Sharma as Directors of the Company.

Brief resume of Mr. Ashok Sawhney, Mr. Avinash Chander Sharma and Mr. Aman Sawhney, nature of their expertise in specific functional areas and name of companies in which they holds the directorship and membership/ chairmanship of committees of the Board, as stipulated under clause 49 of the Listing Agreement with Stock Exchange, appear in the Notice of Annual General Meeting.

#### **SUBSIDIARY COMPANY**

Network Retail Limited is the wholly owned subsidiary of your company.

In compliance with provisions of the Section 212 of the Companies Act, 1956 the audited statement of accounts along with Report of the Board of Directors and Auditors Report of your Company's subsidiary namely, Network Retail Limited is annexed to the this Annual Report.

**CONSOLIDATED FINANCIAL STATEMENTS**

In accordance with Accounting Standard-21 (Consolidated Financial Statements), the consolidated Financial Statements form part of this report. The Financial Statements have been prepared from audited financial statements received from subsidiary company, as approved by their respective Board.

**CHANGE IN CAPITAL STRUCTURE**

The Share Allotment Committee Meeting in its meeting held on 5<sup>th</sup> October 2009, has made allotment of 11,14,000 nos. of equity shares of Rs.10/- each at a premium of Rs.40/- each in lieu of 5,57,000 Optionally Convertible Preference shares of Rs.100/- each. Consequent to the above, the paid up Equity Share Capital of the Company has increased from 48.03 Crores to 49.14 Crores.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirements under Section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- a) That in the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit/ loss of the Company for that period;
- c) That the Directors had taken proper and sufficient care 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;
- d) That the Directors had prepared the annual accounts on a going concern basis.

**PARTICULARS OF EMPLOYEES**

During the year under review, none of employees are covered under section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended.

**CONSERVATION OF ENERGY, TECHNOLOGY****ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO**

- Your Company did not carry out any activity relating to Research & Development, Technology Absorption during the year under review. Hence particulars in this regard as per the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is not required.
- As the Company is not involved in any manufacturing or processing activities, the particulars as per the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, regarding conservation of energy and technology absorption are not applicable.
- There is no foreign exchange earnings or outgo during the current financial period.

**HUMAN RESOURCE AND INDUSTRY RELATIONS**

The Company recognizes the importance and contribution of its human resources for its growth and development and is committed to the development of its people.

The Company has cordial relations with employees and staff. There are no industry relation problems during the year and company does not anticipate any material problems on this count in the current year.

**CORPORATE GOVERNANCE**

In terms of the listing agreement with Stock Exchange, the company is required to comply with the corporate governance provisions. As a listed company, necessary measures have been taken to comply with the listing agreements with the stock exchange. The annexed report on Corporate Governance along with a certificate of compliance from the practicing Company Secretary forms part of this report.

**ACKNOWLEDGEMENT**

Your Directors acknowledge the support of the shareholders and also wish to place on record their appreciation of employees for their commendable efforts, teamwork and professionalism. The Directors also express their grateful thanks to the Banks, Government Authorities, Customers, Suppliers, Employees and other Business Associates for their continued cooperation and patronage.

**For and on behalf of the Board of Directors**

**Sd/-**

**Date : June 8, 2010**

**ASHOK SAWHNEY**

**Place : New Delhi**

**CHAIRMAN**

## NETWORK LIMITED

### REPORT ON CORPORATE GOVERNANCE



#### REPORT ON CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement a Report on Corporate Governance is given below:

##### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance deals with the laws, procedures and practices which determine Company's ability to take managerial decisions and in particular relations with shareholders, customers, suppliers and employees. The objective of Good Corporate Governance is to enhance the long-term shareholders value and maximize interest of other stakeholders. The Company believes that the systems and actions must dovetail for enhancing the performance and shareholder's value in the long term. The Company is conscious of its responsibility as a good corporate citizen. The Company values transparency, professionalism and accountability.

##### 2. BOARD OF DIRECTORS

The Board comprises of the following members :

Name of the Director	Category	No. of positions held in other Public Companies		
		Board	Committee **	
			Membership	Chairmanship
Mr. Ashok Sawhney	Non – Executive	01	-	-
Mr. Aman Sawhney*	Executive	-	-	-
Mr. Avinash Chandar Sharma	Non – Executive Independent	-	-	-
Mr. Pankaj Shrimali	Promoter Non – Executive	02	-	01
Mr. Vijay Kalra	Non – Executive Independent	01	-	-
Mr. G S Goyal	Non – Executive Independent	-	-	-

\*Mr. Aman Sawhney was appointed as director with effect from 17-05-2010.

\*\*Membership/ Chairmanship of Audit Committee, Remuneration Committee and Investor's/ Shareholder's Grievances Committee only.

##### Directors' Attendance Record

During the Financial Year 2009-10, 3 (Three) meetings of the Board of Directors were held on 10.08.2009, 30.10.2009 and 30.01.2010. The intervening period between the Board Meetings was well within the maximum time gap of four months as prescribed in clause 49 of the Listing Agreement.

Name of Directors	No. of Board Meeting	Attendance at the Board Meeting	Whether attended Last AGM
Mr. Ashok Sawhney	03	03	Yes
Mr. Aman Sawhney*	-	-	Yes
Mr. Avinash Chander Sharma	03	03	No
Mr. Pankaj Shrimali	03	03	Yes
Mr. Vijay Kalra	03	03	Yes
Mr. G S Goyal	03	03	Yes

\*Mr. Aman Sawhney was appointed as director with effect from 17-05-2010.

The details under clause 49 of Listing Agreement of the directors – Mr. Ashok Sawhney, Mr. Avinash Chander Sharma and Mr. Aman Sawhney seeking appointment at the Annual General Meeting is given under the notes to the notice of the Annual General Meeting.

##### 3. AUDIT COMMITTEE

###### (a) Terms of Reference

The Audit Committee has been constituted as per Section 292A of the Companies Act, 1956 and the provisions of the Clause 49 of the Listing Agreement. The Audit Committee is responsible for effective supervision of the financial reporting process, ensuring financial and accounting controls and compliance



**NETWORK LIMITED****REPORT ON CORPORATE GOVERNANCE (CONTD.)**

with financial policies of the Company. The other roles 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 from time to time.

**(b) Composition**

The Audit Committee presently comprises of Mr. Vijay Kalra, Mr. G S Goyal and Mr. Ashok Sawhney.

**(c) Attendance**

The Committee met three (3) times during the Financial Year 2009-2010 on the following dates: 10.08.2009, 30.10.2009 and 30.01.2010

<b>Name of the Directors</b>	<b>Category</b>	<b>Designation</b>	<b>Attendance at the Audit Committee Meeting</b>
Mr. Vijay Kalra	Non – Executive independent	Chairman	03
Mr. Ashok Sawhney	Non – Executive	Member	03
Mr. G S Goyal	Non – Executive Independent	Member	03

**4. REMUNERATION COMMITTEE**

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

**5. INVESTORS GRIEVANCE COMMITTEE**

- (i) In compliance with the requirements of the Corporate Governance under the Listing Agreement with the Stock Exchange, the Company has constituted an “Investors’ Grievance Committee” to look into issues relating to shareholders including share transfer. The Email ID – network.limited@gmail.com is exclusively for redressal of investor grievances

**(ii) Composition:**

<b>Name of the Directors</b>	<b>Category</b>	<b>Designation</b>
Mr. Vijay Kalra	Non – Executive Independent	Chairman
Mr. Avinash Chander Sharma	Non – Executive Independent	Member
Mr. Pankaj Shrimali	Non – Executive Independent	Member

The committee met three (3) times during the year on 10.08.2009, 30.10.2009 and 30.01.2010.

- (iii) Mr. Ajay Mittal, Company Secretary is the Compliance Officer of the Company to look after the compliances under the Listing Agreement and other SEBI Rules & Regulations etc.

- (iv) During the year, the company has received four complaints from the shareholders, which were resolved. There was no pending complaint & share transfers as on 31<sup>st</sup> March., 2010

**6. ANNUAL GENERAL MEETINGS**

<b>Financial Year</b>	<b>Location</b>	<b>Date</b>	<b>Time</b>	<b>No. of Special Resolution(s) passed</b>
2008-09	Shri Sathya Sai International Centre, Pragati Vihar, Lodhi Road (Opp.Sai Baba Temple) New Delhi – 110 003	15.09.2009	4.00 P.M.	Four
2007-08	MPCU Shah Auditorium, Shree Delhi Gujrati Samaj Marg, Civil Lines, New Delhi – 110 054	24.09.2008	10.00 A.M.	One
2006-07	MPCU Shah Auditorium, Shree Delhi Gujrati Samaj Marg, Civil Lines, New Delhi – 110 054	29.08.2007	2.00 P.M.	Nine

## NETWORK LIMITED

### REPORT ON CORPORATE GOVERNANCE (CONTD.)



#### POSTAL BALLOT

During the year under review, two special resolutions were put through Postal Ballot vide notice of last Annual general Meeting. Mr. Nitin Agrawal, V.K. Bajaj & Co., Chartered Accountants, New Delhi was the scrutinizer for conducting the postal ballot process. Mr. Ashok Sawhney, Chairman and Mr. Ajay Mittal, Company Secretary were authorised by the Board of Directors to conduct the postal ballot process and were responsible for the postal ballot process. The details of special resolutions so passed are given below:

Date of Notice	Date of passing of Resolution	Particulars of Resolution	Result
1 0.08.2009	15.09.2009	Special Resolution under section 17(1) of the Companies Act, 1956 for alteration of "Other Objects" of the Object clause of the Memorandum of Association of the Company.	Resolutions passed by requisite majority
10.08.2009	15.09.2009	Special Resolution under section 149(2A) of the Companies Act, 1956 for Commencement of new business.	

No special resolutions requiring postal ballot are being placed for shareholder's approval in Annual General Meeting.

#### 7 DISCLOSURES

##### (a) Related Party Transactions

The particulars of transactions between the Company and its related parties as per the accounting standard is set out in Item No. 10 of Notes to Accounts of the Annual Report. However, these transactions are not likely to have potential conflict with the Company's interest.

##### (b) Non compliance by the Company, Penalties, Strictures

The Company has complied with various rules and regulations prescribed by the Stock Exchange, Securities and Exchange Board of India or statutory authorities relating to capital markets during the last three years. No penalties and strictures have been imposed by them on the company in this regard.

#### 8. MEANS OF COMMUNICATION

(a) The unaudited quarterly, half-yearly and audited yearly financial results of the company are sent by fax and also by courier service to the Bombay Stock Exchange.

(b) The Quarterly / half-yearly / annual accounts results are published in the English and Hindi Newspaper. The results as well as quarterly shareholding pattern is also uploaded on EDIFAR of web-site of SEBI (i.e. www.sebiedifar.nic.in) EDIFAR has been discontinued by SEBI with effect from April 1, 2010.

- which newspaper normally published in The Pioneer (English) & 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 report forms part of the Directors' Report.