



# 23<sup>rd</sup> ANNUAL REPORT 2011-2012

## BOOK POST

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**NETWORK LIMITED**  
W-41, Okhla Industrial Area, Phase-II  
New Delhi - 110 020

# NETWORK LIMITED

Board of Directors	:	Ashok Sawhney Aman Sawhney Avinash Chander Sharma Pankaj Shrimali Vijay Kalra G.S. Goyal
Manager	:	Aman Sawhney
Company Secretary	:	Ajay Mittal
Auditors	:	S. Kapoor & Associates Chartered Accountants
Bankers	:	State Bank of Mysore ICICI Bank HDFC Bank Vijaya Bank
Registered Office	:	W-41, Okhla Industrial Area Phase - II, New Delhi - 110020 Tele : 011-40564883 Fax : 011-26389770
Registrar and Share Transfer Agent	:	Alankit Assignments Ltd. Alankit House, 2E/21 Jhandewalan Extension, New Delhi - 110055 Tel. : 011-42541955 Fax : 011-42540064

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## NOTICE

**NOTICE** is hereby given that the Twenty Third Annual General Meeting of the Company will be held on Thursday, 27<sup>th</sup> day of September, 2012 at 10.30 A.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, 2012 and Profit and Loss Account for the year ended on that date & the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Aman Sawhney, who retires by rotation and being eligible, offers himself, for re-appointment.
3. To appoint a Director in place of Mr. Vijay Kalra, 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 a Special 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 three years with effect from 21<sup>st</sup> August, 2012.

**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.”

**By Order of the Board  
For Network Limited**

**Sd/-**

**Ajay Mittal  
Company Secretary**

**Place: New Delhi**

**Date: 20.07.2012**

### 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 for attending the meeting along with their copy of the Annual Report. No extra attendance slip and/or Annual Report will be provided at the venue of the Annual General Meeting.
5. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
6. The Register of Members and Share Transfer Books shall remain closed from 21<sup>st</sup> September, 2012 to 27<sup>th</sup> September, 2012 (both days inclusive).
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. The Ministry of Corporate Affairs (vide circular nos. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively), has undertaken a 'Green Initiative in Corporate Governance' and allowed companies to share documents with its shareholders through an electronic mode. A recent amendment to the Listing Agreement with the Stock Exchanges permits companies to send soft copies of the Annual Report to all those shareholders who have registered their email address for the said purpose. Members are requested to support this Green Initiative by registering/updating their e-mail addresses for receiving electronic communications. Shareholders requiring a printed copy of Annual Report should forward their request to the company.

10. The securities and Exchange Board of India (“SEBI”) has notified that shareholders/ transferee of shares (including joint holders) holding shares in physical form are required to furnish a certified copy of PAN card to the company/ RTA while transacting in securities market including transfer, transmission or any other corporate action.  
Accordingly, all the shareholders/ transferee of shares (including joint holders) are requested to furnish a certified copy of PAN card to the company/ RTA while transacting in securities market including transfer, transmission or any other corporate action.
11. The company has designated an exclusive email ID called : **network.limited@gmail.com** for redressal of shareholders' complaints/ grievances. In case you have any queries/complaints or unresolved grievances, then please write to us at the given email ID.
12. Details of Directors seeking appointment at the ensuing Annual General Meeting (in pursuance of clause of 49 of the Listing Agreement)

Name of the Director	Mr. Aman Sawhney	Mr. Vijay Kalra
Date of Birth & Age	24 <sup>th</sup> April, 1968 Age: 44	4 <sup>th</sup> April, 1969 Age: 43 years
Date of Appointment	17 <sup>th</sup> May, 2010	10 <sup>th</sup> January, 2007
Qualifications	M.B.A	B.Com, FCA
Expertise in specific functional Area	He is having 22 years of experience in quality control, manufacturing and marketing of High quality precision wrist watches/ Dials and Life style products	He is having 17 years of experience in Accounts, Finance and Taxation field.
List of Companies in which outside Directorship is held	1. Libra Research & Business Solutions Pvt Ltd 2. Swiss Military Lifestyle Products Pvt Ltd. 3. AAA Products Pvt Ltd 4. AAS Research & Solutions Pvt Ltd	1. Vian Realty & Consultant Pvt Ltd 2. Uninet Infra Technologies Pvt Ltd
Chairman/ Member of the Committees of the Board of the Companies on which he is a Director	Nil	Nil

#### EXPLANATORY STATEMENT AS REQUIRED BY SECTION 173(2) OF THE COMPANIES ACT, 1956

##### ITEM NO. 5

The present period of Mr. Aman Sawhney as Manager of the Company will expire on 20<sup>th</sup> August, 2012. 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 21<sup>st</sup> August, 2012 without any remuneration for a period of three years in the Board Meeting held on 20<sup>th</sup> July, 2012.

Mr. Aman Sawhney is also a Director of the Company. Mr. Sawhney is a commerce graduate and MBA (Operation Management & MIS) from Vanderbilt University, U.S.A., having about 22 years of experience in quality control, manufacturing and marketing of high quality precision wrist watches/dials & life style products.

Mr. Ashok Sawhney and Mr. Aman Sawhney, be considered as interested in the passing of this resolution and no other Director is concerned or interested in this resolution.

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.

**By Order of the Board  
For Network Limited**

**Place: New Delhi  
Date: 20.07.2012**

**Sd/-  
Ajay Mittal  
Company Secretary**

## TO THE MEMBERS OF NETWORK LIMITED

Your Directors have pleasure in presenting their 23<sup>rd</sup> Annual Report of the Company together with the Audited Accounts of the Company for the Financial Year ended 31<sup>st</sup> March, 2012.

### FINANCIAL HIGHLIGHTS

The highlights of Financial Results for the Financial Year ended 31<sup>st</sup> March, 2012 in comparison to the Financial Year ended 31<sup>st</sup> March, 2011 are as follows:

(Rs in Lacs)

PARTICULARS	31 <sup>st</sup> March 12	31 <sup>st</sup> March 11
Revenue from Operations	403.10	60.91
Total Income	407.38	62.62
Total Expenditure	442.48	60.85
Profit/(Loss) before depreciation	(35.10)	1.77
Depreciation	86.66	86.77
Profit / ( Loss ) before Tax	(123.27)	(85.00)
Provision for taxation	-	0.71
Profit / ( Loss ) after Tax	(123.27)	(84.29)
Add:- Profit/(Loss) brought forward	(354.09)	(269.80)
Prior Period Adjustment	1.51	-
Profit/(Loss) carried forward to Balance Sheet	(475.85)	(354.09)

### ECONOMIC SCENARIO

The world economy has been passing through stress. Financial turmoil in Europe has affected other countries. This contagion has pushed up borrowing cost and slowed growth in many parts of the world, and capital flows to developing countries have fallen. As a result, and despite a strengthening of activity in the United States and Japan, world trade has slowed down. Under this scenario the forecast for global economic growth has been revised downward to about 2.5% in 2012. Indian economy also slowed down in 2011-12 mainly due to weak industrial growth. Inflation remained a major concern constraining RBI to pursue tight monetary policy. 2012 has started with widespread concerns of another global recession. Equity market valuation in terms of price earnings ratios in all big markets is not far from low levels seen during financial crisis of 2008/2009. Fears of the crisis moving to Asia as well due to a housing collapse in China have intensified. Sentiment is not far from lows seen at start of 2009, when markets feared a depression following collapse of Lehman Brothers in late 2008. Volatile prices of index stocks have caused a fear in the minds of FIIs and domestic investors that lead to outflow of funds by FIIs. Hikes in the interest rates by the Reserve Bank to curtail inflation has affected Industrial growth and also been viewed negatively by the market resulting in sharp volatility in the financial market.

### OPERATIONAL REVIEW

During the financial year under review, the company incurred loss after tax Rs. 123.27 Lacs against loss of Rs. 84.29 Lacs in

the previous year. The management of your company expects improvement in the current year with the stabilization in the business sentiments. The Company thrust is on trading and investment in commodities, forex and derivative products. This will be supplemented through more research and qualitative techniques for decision making. The company is continuing with task to build businesses with long term goals through its intrinsic strength in corporate and investment research. To accelerate further value creation, your company continues to work on new fields through collaboration, association and strategic investments.

### OPPORTUNITIES AND THREATS

Outlook for the Company is linked to financial & Commodities market with local & global sentiments. The Board of the company believes that Company's Investments in Commodities, forex and derivate products would reasonably perform in the ensuing years. The Company is exploring opportunities in the sphere of forex, commodities and derivative products for long term value creation, by way of collaboration, association and strategic investments. The performance of the company would be closely linked to the Indian financial Market, commodities market & global currency fluctuations and consequently to the risks associated with market operations. The performance of Indian financial & commodities market are in correlation with the economic growth of the country as well as global economy, performance of various sectors, inflation, global market, etc. Instability of any of the factors may affect the markets adversely.

### 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, 2012.

### 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
4. Mr. Aman Sawhney

The Audit Committee met four 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 observations of the Auditors on the Accounts for the period under report have been suitably explained in the notes on Accounts and did not require any further clarification.

### **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 the Articles of Association of the company, Mr. Aman Sawhney and Mr. Vijay Kalra, Directors retires by rotation at the ensuing Annual General Meeting and being eligible, have offered themselves for re-appointment. Your Board also recommends for re-appointment of Mr. Aman Sawhney and Mr. Vijay Kalra as Directors of the Company. Brief resume of Mr. Aman Sawhney and Mr. Vijay Kalra, 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, which forms part of this Annual Report

### **SUBSIDIARY COMPANY**

The Company does not have any subsidiary Company.

### **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: 20.07.2012**

**ASHOK SAWHNEY**

**Place: New Delhi**

**CHAIRMAN**

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 following members:

Name of the Directors	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 Chander Sharma	Non – Executive Independent	02	-	-
Mr. Pankaj Shrimali	Promoter Non – Executive	01	-	01
Mr. Vijay Kalra	Non – Executive Independent	-	-	-
Mr. G S Goyal	Non – Executive Independent	-	-	-

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

### Directors' Attendance Records

During the Financial Year 2011-12, (Four) meetings of the Board of Directors were held on 30.04.2011, 05.08.2011, 28.11.2011 & 30.01.2012. 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	04	04	Yes
Mr. Aman Sawhney	04	04	Yes
Mr. Avinash Chander Sharma	04	04	No
Mr. Pankaj Shrimali	04	04	Yes
Mr. Vijay Kalra	04	04	Yes
Mr. G S Goyal	04	04	Yes

The details under clause 49 of Listing Agreement of the directors – Mr. Aman Sawhney and Mr. Vijay Kalra 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 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. Ashok Sawhney, Mr. Aman Sawhney and Mr. G S Goyal.

### (c) Attendance

The Committee met four (4) times during the Financial Year 2011-2012 on the following dates: 30.04.2011, 05.08.2011, 28.11.2011 & 30.01.2012

Name of the Directors	Category	Designation	Attendance at the Audit Committee Meeting
Mr. Vijay Kalra	Non – Executive Independent	Chairman	04
Mr. Ashok Sawhney	Non – Executive	Member	04
Mr. Aman Sawhney	Executive	Member	04
Mr. G S Goyal	Non – Executive Independent	Member	04