

Board of Directors	:	Ashok 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 HDFC Bank Vijaya Bank Axis Bank
Registered Office	:	W-41, Okhla Industrial Area, Phase-II, New Delhi - 110 020 Tele : 011-40564883 Fax : 011-26389770
Registrar and Share Transfer Agent	:	Alankit Assignments Ltd. Alankit House, 2E/21 Jhandewalan Extension New Delhi - 110 055 Tel : 011-4254 1955 Fax : 011-4254 0064

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NOTICE is hereby given that the Twentieth Annual General Meeting of the Company will be held on Tuesday, 15th day of September, 2009 at 4.00 P.M. at Sri Sathya Sai International Centre, Pragati Vihar, Lodhi Road (Opposite Sai Baba Temple), New Delhi – 110 003 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 30th June, 2009 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. Vijay kalra, 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. G S Goyal, 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 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 21st August, 2009.

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 the provisions of section 17 and all other applicable provisions, if any, of the Companies Act, 1956 and subject to such other approvals as may be necessary, Clause III C of the Memorandum of Association (MOA) of the Company regarding ‘Other

Objects’ be and is hereby altered by insertion of the following newly proposed clauses as serially numbered immediately after existing clause 22 of Clause III C:-

23. To carry on the business of investment in Equity Shares, Securities and Commodities, Derivatives, Future & Options, Swaps, Currency Trading, Portfolio Management Services, Investment in units of Mutual Funds, Insurance Products, Private Equity, Money Market Instruments.
24. To carry on the business of research, development, consultancy services & trading in all securities & commodities; in spot markets and in future and all kinds of derivatives of all the commodities and securities.
25. To carry on the business of trading in agriculture products, including precious metals, precious all other commodities securities, in spot markets and in futures and all kinds of derivatives of all the above commodities and securities.
26. To carry on business as brokers, sub brokers, market makers, arbitrageurs, investors and/or hedgers in agricultural products, metals including precious stones, diamonds, petroleum and energy products and all other commodities securities, in spot markets and in futures and all kinds of derivatives of all the above commodities and securities permitted under the laws of India.

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

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 Section 149 (2A) and all other applicable provisions, if any, of the Companies Act, 1956 and subject to such other approvals as may be necessary, the consent of the Company be and is hereby accorded for commencing and undertaking all or any of the business specified in newly inducted and proposed sub-clauses 23 to 26 of “Other Objects” under Clause III C, at such time as may be deemed fit by the Board.

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

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

“RESOLVED THAT in suppression of the resolution(s) passed in Annual General Meeting(s) held on September 25, 2006 and August 29, 2007 and pursuant to Sections 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof) and the Memorandum and Articles of Association of the Company, the Listing Agreement with the concerned Stock Exchange and in

accordance with the guidelines issued by the Securities & Exchange Board of India (SEBI) and clarifications thereon issued from time to time and subject to such approvals, permissions, consents and sanctions, if any, as may be necessary and subject to such conditions and modifications as may be prescribed by any of them while granting such approvals, permissions, consents and sanctions, which may be agreed to by the Board (which term shall include any committee constituted / to be constituted by the Board for exercising the powers conferred on the Board by this resolution), the consent of the Company be and is hereby accorded to the Board to offer, issue and allot 5,57,000 Optionally Convertible Preference Shares (OCPS) of Rs. 100/- per share in the Company, to the existing preference shareholder of the Company, in one or more tranches from time to time, in lieu of existing 5,57,000 Redeemable Preference Shares of Rs.100/- each, on such terms and conditions and in such manner as the Board may think fit.

RESOLVED FURTHER THAT

- i. The option to get the Preference Shares converted into equity share shall be exercised within a period 6 (Six) Months from the date of allotment;
- ii. The Equity Shares to be so offered, issued and allotted shall be subject to the provisions of the Memorandum and Articles of Association of the Company;
- iii. If any equity shares are issued and allotted upon conversion of above said Preference shares, such shares shall rank parri passu with the existing equity shares of the Company in all respects including payment of dividend.
- iv. The Equity Shares to be so allotted shall be locked in as per the provisions of SEBI (DIP) Guidelines.
- v. The price for issue & allotment of equity shares on conversion of OCPS is in accordance with SEBI guidelines for preferential issues, with 16th August, 2009 being the relevant date i.e. the date 30days prior to the date of AGM of the Company where the proposed issue is to be considered.
- vi. Notwithstanding anything contained in the above paragraph regarding the issue price, Equity share shall be issued at a price not less than Rs.50/- each.
- vii. The equity shares if so allotted, directly or upon Conversion of OCPS shall be listed and traded on the concerned stock exchange.
- viii. If option to get the OCPS converted into equity shares is not exercised within 6 months from the date of allotment of OCPS, then the Board be and is hereby authorised to offer, issue and allot 0.01% Non-Cumulative Redeemable Preference Shares (NCRPS) of Rs. 100/- each at par without carrying voting rights, arising upon settlement of OCPS, redeemable in five equal installments starting from 1st October, 2015 and the Board, in its absolute discretion, to make the said issue of NCRPS on such terms and conditions as it may consider, appropriate and to accept any modification(s) to or

to modify the terms of issue of the said 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 provisions of the Companies Act, 1956 and SEBI Guidelines/ Regulations, without being required to seek any further consent or approval of the Company in General Meeting;

- ix. NCRPS shall not entitle the holders thereof to any voting rights, except in respect of the Resolutions which directly affect the rights attached to the preference shares, and in the event the Company does not pay any dividend on the said 0.01% Non-Cumulative Redeemable Preference Shares, no voting rights shall accrue to such holders on account of non-payment of dividend;
- x. The Non-Cumulative Redeemable Preference Shares are not proposed to be listed as the same are proposed to be offered by way of private placement.

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

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

"RESOLVED THAT pursuant to 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, Commodities, 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. 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."

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

**Sd/-
Ajay Mittal
Company Secretary**

**Place : New Delhi
Date : August 10, 2009**

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 10th September, 2009 to 15th September, 2009 (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.
9. DETAILS OF DIRECTOR SEEKING APPOINTMENT AT THE ENSUING ANNUAL GENERAL MEETING (IN PURSUANCE OF CLAUSE 49 OF THE LISTING AGREEMENT)
7. As per section 192A of the Companies Act, 1956 read with rules made thereunder, the special resolutions mentioned under item no.(s) 6 & 7 for alteration of object clause of Memorandum of Association of the Company and commencement of new business respectively are required to be passed through Postal Ballot Form. The Board has appointed Mr. Nitin Agrawal, Partner, V.K. Bajaj & Co., Chartered Accountants, New Delhi as Scrutinizer for conducting the Postal Ballot voting process in a fair and transparent manner. Mr Nitin Agrawal consented to act as Scrutinizer for the aforesaid purpose vide letter dated 10/08/2009. Accordingly, Postal Ballot form is enclosed with this notice. Members are requested to send the duly completed Postal Ballot Form in the pre-paid postage envelope to reach the Scrutinizer not later than the closing of hours on Monday, 14th September, 2009. For further details, members are requested to carefully read the instructions given in the Postal Ballot Form.
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.**

Name of the Director	Vijay Kalra	G S Goyal
Date of Birth & Age	4th April, 1969 Age: 40 Years	2nd January, 1957 Age: 52 Years
Date of Appointment	10th January, 2007	30th June, 2009
Qualifications	B.com, FCA	B.com (Hons), FCA
Expertise in specific functional Area	He is having 14 years of experience in Accounts, Finance and Taxation field.	He has over 26 years in the field of Accounts, Auditing, Finance and Taxation.
List of Companies in which outside Directorship is held	Network Retail Limited Network Realty Ventures Pvt Ltd	Mahavira Collections 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. 4**

Mr. G S Goyal was appointed by the Board of Directors of the Company on 30th June, 2009 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 of the Companies Act, 1956 signifying his intention to propose Mr. G S Goyal as a candidate for the office of Director.

The Board of Directors considered that Mr. G S Goyal'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. G S Goyal 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, 2009. 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, 2009 without any remuneration for a period of three years in the Board Meeting held on 10th August, 2009.

Mr. Aman Sawhney is a commerce graduate and MBA (Operation Management & MIS) from Vanderbilt University, U.S.A. he has about 19 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 as special resolution for your consideration and approval.

ITEM NO. 6

Since Retail Business of the Company de-merged into Network Retail Limited, the Board has been considering the proposal for expanding the business activities in other beneficial fields like investment in Equity Shares, Securities and Commodities, Derivatives, Future & Options, Swaps, Currency Trading, Portfolio Management Services, Investment in units of Mutual Funds, Insurance Products, Private Equity, Money Market Instruments and other incidental business. To sustain continuous growth, your Company would like to take up any type of business as enumerated in the aforesaid object clause contained in the Resolution, which can be carried out with the existing business and to the benefit and in the interest of the Company. The existing objects clause enumerated in 'Other

objects' in the Memorandum of Association of the Company do not have wide scope for providing future business opportunities to take up for. In order to enable the Company to take up various other business fields in order to grow in multi dimensional business activities, it is necessary to enlarge the scope of the object clause under 'other objects' in the Memorandum of Association of the Company and to incorporate various other objects in the aforesaid resolution. The Board recommends the proposed resolution as special resolution for your consideration to be passed through postal ballot.

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

None of the Directors of the Company is concerned or interested.

ITEM NO. 7

To enable the company to undertake the newly proposed business as mentioned in item no. 6 of the notice, it would be necessary for the members, under 149(2A) of the Companies Act, 1956, to accord their approval to the Company for commencing and undertaking the business as set out in the newly inducted and proposed sub-clauses 23 to 26 of the Other Object Clause III (C) upon the said clause becoming effective. The Board recommends the proposed resolution as special resolution for your consideration to be passed through postal ballot.

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

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

ITEM NO. 8

As you are aware that, Exiting Preference Shareholder of the Company— M/s. San Share Shoppe Pvt Ltd. is holding 557000 Redeemable Preference Shares of Rs.100/- per share. The Company has received a request letter from the Preference Shareholder for issue of equity shares/ Optionally Convertible Preference Shares (OCPS) to be converted into Equity Shares, as of final redemption/settlement of the said Redeemable Preference Shares.

It is proposed to issue OCPS being final redemption/settlement of the said Redeemable Preference Shares. To facilitate the Board to issue OCPS, it is proposed to get the approval of the members to issue 5,57,000 (Five Lac Fifty Seven Thousand) OCPS of Rs.100/- each, to be converted into Equity shares within a period of six months from the date of allotment of

OCPS, in lieu of existing 5,57,000 Redeemable Preference Shares of Rs.100/- each.

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

a) The objects of conversion of Redeemable Preference Shares into OCPS:

The redemption amount of Redeemable Preference Shares is to be payable in the coming years, the

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

S. No.	Particulars	Pre Issue Shareholding		Post Issue Shareholding	
		No. of Equity Share	Percentage	No. of Equity Share	Percentage
1	Promoter Group	29952341	62.36%	29952341	60.94%
2	Public	2595000	5.40%	3709000	7.55%
	San Share Shoppe Pvt. Ltd. Others	15487157	32.24%	15487157	30.51%
	TOTAL	48034498	100.00%	49148498	100.00%

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

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

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

The proposed Allottee is Equity and Preference shareholder of the Company and upon conversion of OCPS into equity shares under this item, the proposed allottee will hold 7.55% of the post issue equity share capital.

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

Terms & Conditions

1. The preference shares shall carry a dividend @ 0.01% p.a. from the date of allotment upto the date of conversion, if applicable.
2. Each OCPS is Optionally convertible, into two equity share of Rs. 10/- each/ into such number of equity shares of Rs. 10/- each on the basis of price to be computed in accordance with the SEBI Guidelines for preferential issues at the option of the registered holder within a period of 6 (Six) months from the date of allotment.
3. OCPS shall be converted into Equity Shares within a period of six month, on the option to be exercised by OCPS holder.
4. OCPS in respect of which no notice for exercising option for conversion has been received by the

management is of the opinion to accept the request of Preference Shareholder to issue OCPS, to be converted into Equity shares within a period of six months from the date of allotment of OCPS, to improve cash flows.

b) Intentions of promoters/ directors/ key management persons to accept such conversion:

The entire issue is envisaged for allotment only to existing Preference Shareholder.

Board within a period of six months from the date of allotment of OCPS, shall, after the period of six months; without any act on the part of the registered holder and unless otherwise redeemed earlier, get settled by conversion into/ allotment of 0.01% Non-Cumulative Redeemable Preference Shares (NCRPS) of Rs. 100/- each.

5. The day of the expiry of 6 months from the date of allotment of OCPS of Rs. 100/- each shall be the deemed date of allotment of new NCRPS.
6. The new NCRPS arising out of operation under clause 4 above shall be redeemable in five equal installments starting from 01st October, 2015.
7. The Board shall give one month's notice in writing for any redemption to the registered holders of NCRPS.
8. In terms of provisions of the Companies Act, 1956, consent of the members by way of a special resolution is required for allotment of further shares, equity or preference, to any person other than the existing members on proportionate basis. Consent of the members is therefore sought to authorize the Board to create, issue and allot OCPS and equity shares on conversion.
9. The Statutory Auditors' Certificate shall be placed before the meeting mentioning that this issue of OCPS/ equity shares is being made in accordance with SEBI guidelines for preferential issues as amended.

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

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

ITEM NO. 9

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, Securities, 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

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

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

**Place : New Delhi
Date : August 10, 2009**

**Sd/-
Ajay Mittal
Company Secretary**

**TO THE MEMBERS OF
NETWORK LIMITED**

Your Directors have pleasure in presenting their 20th Annual Report of the Company together with the Audited Accounts of the Company for the Financial Year ended 30th June, 2009.

FINANCIAL HIGHLIGHTS

The highlights of Financial Results for the Financial Year ended 30th June, 2009 in comparison to the Financial Year ended 31st March, 2008 are as follows:

PARTICULARS	(Rs. In Lacs)	
	30th June, 2009 15 Months	31st March, 2008 12 Months
Total Income	353.29	315.48
Total Expenditure	583.47	502.20
Profit/ (Loss) before Depreciation & Tax	(230.18)	(186.72)
Depreciation	32.24	6.67
Profit/ (Loss) before Tax	(262.42)	(193.39)
Provision for Fringe Benefit Tax	1.15	0.96
Profit/ (Loss) after Tax	(263.57)	(194.35)
Add: Profit/ (Loss) brought forward	—	(4213.87)
Profit/ (Loss) carried to the Balance Sheet	(263.57)	(4408.22)

The Figures of the current year include figures of PPS Tower Private Limited, Shigan Investment Consultants Private Limited and Lorgan Consultants Private Limited, which were amalgamated with the company w.e.f 1st April 2009 and does not include figures of Retail Division of Network Limited, which was de-merged into Network Retail Limited w.e.f 1st April, 2009, and are therefore to the extent not comparable with those of the previous year.

GLOBAL ECONOMY:

2008-09 has been a turbulent year for the global economy. The year began with a continuation of a world-wide inflationary spiral and ended with the worst slowdown since the Great Depression of the 1930s. 2008 will likely to be known as the global economy's worst year in decades. What began as a modest U.S. economic downturn accelerated into a full-blown credit and financial crisis that spread around the world.

The second half of 2008-09 has seen severe financial distress across broad. The credit squeeze - and the pain it inflicted - quickly spread to Europe, Asia, and elsewhere. Central banks scrambled to inject cash into the financial system and rescue failing financial firms.

The financial crisis of 2008 was uncompromising in its destruction of reputations and unsparing in its treatment of investors, many of whom were blown on the rocks by the forces that ripped through markets.

INDIAN SCENARIO

No other year in recent times saw such wild mood swings in the Indian economy than 2008, which started on a strong note but ended on a weak wicket in the wake of a general global slowdown and severe recession in some of the richest

countries like the US and Japan. From economic expansion to performance of equity markets, and from export growth to industrial production, all indicators had the same story to tell: The year had started with a strong economic performance, but the momentum was lost as the months passed, as India faced the ripple effects of the gloom in the global economy. On Jan 10 2008, the Sensex was ruling at an all-time high of 21,206.77 points. But as the year came to closure, it was languishing at around the 9,000-point mark - a fall of over 50 percent in the year. Prior to that, the index had gained nearly 50 percent. The Sensex apart, exports fell in October for the first time in seven years. Indirect tax mop up was down eight percent in October. Industrial production, which was among the main drivers of the economy, fell 0.4 percent. And, as per the government's own admission, some 65,000 jobs were lost between August and October. The high cost of crude oil, which jumped from under \$40 per barrel a year ago to nearly \$150 per barrel in August, added to the country's woes in terms of higher import bill and accentuated the losses of state-run fuel retailers, which had to bear the burden of having to sell hydrocarbon products below cost.

RETAIL INDUSTRY SCENARIO

With the global slowdown, the dynamics of the mall segment also changed in the year 2008, as there is an oversupply of retail space in the country. With a fall in footfalls, the retailers are finding it tough to drive in customers to their malls. Due to uncertain economic condition, most retailers and developers have scaled down their expansion plans. High rentals, coupled with low conversion ratio, have put tremendous pressure on the top-line and bottom-line of most retailers, who had aggressively expanded into multiple stores in the same catchments, banking on the high growth rate of the economy.

With most malls offering lease terms of six to nine years and retailers being locked in for two to three years, with high initial investments and rental costs, the operational break-even has been stretched to the lock-in period for most of them. This combined with high inflation rates and strong undercurrents of imminent correction in the rentals have made the operational and expansion plans of most of the retailers quite conservative and forced to limit the said very plans. Many Stores turned unprofitable, mainly due to very high rents, relatively low footfalls & consequently poor sales.

OPERATIONAL REVIEW

During the financial year under review, the Company incurred a loss of Rs. 263.57 Lacs as against the loss of Rs. 194.35 Lacs in the previous year, due to high rental cost and low conversion ratio. The Company has restructured the operations of Life Style Products - Retail Division, of the company. In this process, the company has shut down all uneconomical & unviable retail outlets of the Company. The retail division has since been demerged into Network Retail Limited, a wholly owned subsidiary of the company.

The Hon'ble High Court of Delhi had sanctioned the Scheme of Arrangement vide its order dated 22nd May, 2009, for (a) Amalgamation of PPS Towers Pvt Ltd, Lorgan Consultants Pvt Ltd and Shrgan Investment Consultants Pvt Ltd (the

Transferor Companies No. 1 to 3 respectively) with Network Ltd (the Transferee Company); (b) De-merger of retail business of Network Ltd into Network Retail Ltd (the Resultant Company); and (c) Reduction of Capital of Network Ltd (Debit balance of Profit and Loss account of Network Ltd to the extent of Rs. 44,08,22,014 has been adjusted and written off against the aggregate amount of Securities Premium Account of Network Ltd after amalgamation (inclusive of the Transferor Companies).

The detailed Management Discussion and Analysis Report is attached hereto with Directors' Report.

FUTURE PROSPECT

Pursuant to the scheme of arrangement sanctioned by Hon'ble Delhi High Court, the retail division of the Company was de-merged into Network Retail Limited, wholly owned subsidiary of the Company. The Company would focus on exploring new avenues and contemplating strategic tie-ups for Long term value creation and to generate regular revenues in the Company. New ventures are being explored by the management of the Company to make a foray into the growing Capital Market based on the Investment objective of the Company.

The Company is working on "Corporate and Equity Research" being developed as a consultancy proposition with a focus on higher growth and aiming to become an important player in this field. The company is aiming for Investment and Portfolio Management Services purely based on research papers/reports to be prepared in-house with the help of Professional teams. The Business proposition will focus on long term value creation and to generate regular revenues in the years to come.

Since the de-merger of retail business, the company has become an investment oriented company and may be deemed to be categorised as a Non Banking Financial Company (NBFC) for which the company intends to apply for requisite registration.

DIVIDEND

In view of loss incurred by the Company, your directors do not recommend any dividend for the Financial Year ended 30th June, 2009.

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

The Audit Committee met five 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' Report with notes to accounts are self explanatory and therefore, do not call for further comments.

The Auditors have observed in their report the procedures for physical verification, internal control system and scope & coverage of Internal Audit needs to be strengthened having regard to the size and nature of the Company and its business. The management has taken necessary steps and the all the above areas have been strengthened to meet the industry norms.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. G S Goyal was appointed as an additional director w. e. f. 30.06.2009 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. G S Goyal to be appointed as Director of the Company, Your Board recommends for appointment of Mr. G S Goyal as Director of the Company.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the company, Mr. Vijay Kalra, Director 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. Vijay Kalra as Director.

Brief resume of Mr. G S Goyal 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

MANAGER

The previous term of Mr. Aman Sawhney as Manager of the Company will expire on 20th August, 2009. Mr. Aman Sawhney has been re-appointed as Manager in terms of Section 269 of the Companies Act, 1956 by the Board of Directors of the Company without any remuneration for a period of three years with effect from 21st August, 2009. The Board of Directors recommends for approval of the re-appointment of Mr. Aman Sawhney as Manager at the ensuing Annual General Meeting.

SUBSIDIARY COMPANY

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

During the year, Network Hospitality Limited and Network Realty Ventures Limited ceased to be subsidiary of the 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

Pursuant to the scheme of arrangement sanctioned by Hon'ble Delhi High Court, vide its order dated 22nd May 2009, the Board, in its meeting held on 20th June, 2009, allotted 3,83,15,941 nos. of equity shares of Rs 10/- each, to the shareholders of "Transferor Companies" and 88,65,450 nos. equity shares of Rs 10/- each have been cancelled on account of cross holding. Consequent to the above, the paid up Equity Share Capital of the Company has increased from 18.58 Crores to 48.03 Crores.

Pursuant to the scheme of arrangement, the Authorised Share Capital of the Company has increased from Rs. 40,00,00,000/- (Rupees Forty Crores only) divided into 3,00,00,000 Equity Shares of Rs.10/- each aggregating to Rs.30,00,00,000/- and 10,00,000 Preference Shares of Rs.100/- each aggregating to Rs. 10,00,00,000/- to Rs.58,50,00,000/- (Rupees Fifty Eight Crores Fifty Lacs only) divided into 5,25,00,000 Equity Shares of Rs.10/- each aggregating to Rs. 52,50,00,000/- and 6,00,000 Preference Shares of Rs.100/-each aggregating to Rs.6,00,00,000/-.

CHANGE OF FINANCIAL YEAR

The Board of Directors of the Company has decided to change the financial year of the Company from 31st March, 2009 to 30th June, 2009 to make it for 15 months i.e. from 1st April, 2008 to 30th June, 2009

UNCLAIMED AND UNPAID DEBENTURE REDEMPTION RESERVE AMOUNT

Unclaimed and unpaid Amount of Debenture Redemption Reserve Account, which was remained unclaimed and unpaid amount for a period of seven years, transferred to Investor Education and Protection Fund as per provisions of section 205A of the Companies Act, 1956.

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:

- That in the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- 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;
- 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;

- 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 although Company's expenditure in foreign exchange amounted to Rs. 0.04 Lacs (previous year Rs.186.13 Lacs) towards material purchased during the financial year under review.

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 agreement 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/- Ashok Sawhney Chairman	Sd/- Avinash Chander Sharma Director
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Date : August 10, 2009

Place : New Delhi

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 of Directors consists of five Directors and all of them are non- executive directors.

Name of the Directors	Category	No. of positions held in other Public Companies		
		Board	Committee**	
			Membership	ChairmanShip
Mr. Ashok Sawhney	Non – Executive	01	—	—
Mr. Avinash Chnder Sharma	Non – Executive Independent	—	—	—
Mr. Pankaj Shrimali	Promoter Non – Executive	02	—	—
Mr. Vijay Kalra	Non – Executive Independent	01	—	—
Mr. G S Goyal*	Non – Executive Independent	—	—	—

*Mr. G S Goyal was appointed additional director of the Company w.e.f. June 30, 2009

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

Directors' Attendance Record

During the Financial Year 2008-09, 12 (Twelve) meetings of the Board of Directors were held on 20.04.2008, 27.05.2008, 22.07.2008, 30.07.2008, 27.08.2008, 24.10.2008, 16.12.2008, 28.01.2009, 07.03.2009, 30.04.2009, 15.06.2009 and 20.06.2009 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*	11	11	Yes
Mr. Avinash Chander Sharma*	11	11	No
Mr. Pankaj Shrimali	12	12	Yes
Mr. Vijay Kalra	12	12	Yes
Mr. Gian Vijeshwar#	02	02	No
Mr. Rakesh Babbar#	02	02	No

*Mr. Ashok Sawhney and Mr. Avinash Chander Sharma were appointed as Directors w.e.f. 27.05.2008

#Mr. Gian Vijeshwar and Mr. Rakesh Babbar resigned from the Board of the Company w.e.f. 01.07.2008

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

(c) Attendance

The Committee met Five (5) times during the Financial Year 2008-2009 on the following dates: 27.05.2008, 22.07.2008, 24.10.2008, 28.01.2009 and 30.04.2009.

Name of the Directors	Category	Designation	Attendance at the Audit Committee Meeting
Mr. Vijay Kalra	Non – Executive Independent	Chairman	05
Mr. Pankaj Shrimali	Promoter Non – Executive	Member	05
Mr. Ashok Sawhney	Non – Executive	Member	04
Mr. Rakesh Babbar	Non – Executive Independent	Member	01
Detail of Person who ceased to be member during the Year 2008-09			
Mr. Rakesh Babbar	Non – Executive Independent	Member	01

Audit Committee was re-constituted by the Board of Directors in its meeting held on 10th August, 2009 and presently, the Audit Committee comprises of Mr. Ashok Sawhney, Mr. Vijay Kalra and Mr. G S Goyal.

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 following Email ID is exclusively for redressal of investor grievances – network.limited@gmail.com.

(ii) Composition:

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

The committee met five (5) times during the year on 27.05.2008, 22.07.2008, 24.10.2008, 28.01.2009 and 30.04.2009

(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 only one complaint from the shareholders, which was resolved. There was no pending complaint & share transfers as on 30th June, 2009.

6. ANNUAL GENERAL MEETINGS

Financial Year	Location	Date	Time	No. of Special Resolution (s) passed
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
2005-06	MPCU Shah Auditorium, Shree Delhi Gujrati Samaj Marg, Civil Lines, New Delhi – 110 054	25.09.2006	3.00 P.M.	Eight

POSTAL BALLOT

No resolution was put through Postal Ballot in the last year and there are two resolutions to be passed through Postal Ballot as per section 192 A of the Companies Act, 1956 read with Companies (Passing of Resolutions by Postal Ballot) Rules, 2001. A Postal Ballot Form along with Notice of Annual General Meeting will be sent by 14th August, 2009.

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. 12 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.sebidifar.nic.in)
- | | |
|---|--|
| - 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 |

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

Day & Date	Time	Venue
Tuesday, 15 th day of September, 2009	4.00 P.M.	Sri Sathya Sai International Centre Pragati Vihar, Sai Road, Lodhi Road (Opposite Sai Baba Temple) New Delhi 110 003

ii) Financial Calendar

Financial Reporting for the quarter ended 30 th September, 2009	: within one month from end of the quarter
Financial Reporting for the quarter ended 31st December, 2009	: within one month from the end of the quarter
Financial Reporting for the quarter ended 31 st March, 2010	: within one month from the end of the quarter
Audited Results for the financial year ended 30th June, 2010	: within three month from the end of financial year 30th June, 2010

iii) Dates of Book Closure : 10th September, 2009 to 15th September, 2009 (Both days inclusive)**iv) Dividend Payment Date** Not applicable**v) Listing on Stock Exchange:** The Shares of the Company are listed on the Bombay Stock Exchange, Listing fees for the year 2009-2010 has been paid.**vi) Stock Code/ Symbol:** 523558 at the Bombay Stock Exchange (BSE).

vii) Market Price Data: High/ low of market price of the Company's equity shares traded frequently on BSE during the last financial year were as follows:

Month	High	Low	Month	High	Low
Apr - 08	52.30	29.60	Dec-08	10.59	7.26
May - 08	49.75	38.20	Jan-09	12.60	7.57
Jun - 08	45.80	33.80	Feb-09	9.64	7.46
Jul - 08	33.80	27.25	Mar-09	10.50	8.22
Aug - 08	33.70	26.55	Apr - 09	9.94	8.10
Sep - 08	31.45	19.00	May - 09	16.90	8.54
Oct-08	21.00	10.90	Juni - 09	13.52	11.15
Nov-08	11.35	7.06			

Source : www.bseindia.com

viii) Registrar and Share Transfer Agent & Share Transfer System M/s. Alankit Assignments Limited is the Registrar and Share Transfer Agent for the shares of the Company in both physical as well as electronic modes. All correspondence with regard to share transfers and matters related therewith may directly be addressed to the Registrar and Share Transfer Agents at the address given below:

Name : Alankit Assignments Limited
Address : Alankit House, 2E/21, Jhandewalan Extn.,
New Delhi - 110 055
Telephone No : 011-42541955
Fax No. : 011-42540064

ix) **Share Transfer System:** The Company's shares are traded on Bombay Stock Exchange Limited (BSE) compulsorily in Demat mode. Physical shares which are lodged with the Registrar & Transfer Agent or Company for transfer are processed and returned to the shareholders duly transferred within the time stipulated under the Listing Agreement subject to the documents being in order.

x) **Distribution of Shareholding as on 30th June, 2009:**

	Category	No. of share held	% of shareholding
A	Promoter's holding		
1.	Promoters & Associates	29952341	62.36
2.	Persons acting in concert	-	-
	Sub - Total (A)	29952341	62.36
B.	Non - Promoters Holding		
3.	Institutional Investors		
a.	Mutual Fund and UTI	800	0.00
b.	Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/Non-Govt. Institutions)	-	-
c.	FII's	7600	0.01
	Sub - Total (B)	8400	0.01
4.	Others		
a.	Private Corporate Bodies	13680785	28.48
b.	Resident Indian Public	4379357	9.12
c.	NRIs/ OCBs	13615	0.03
	Sub - Total	18073757	37.63
	Grand Total	48034498	100.00

- xi) Dematerialization of shares and liquidity: As on 30th June, 2009 about 96.03% of the Company's equity paid-up capital had been dematerialized. Trading in equity shares of the Company at the Stock Exchange is permitted compulsorily in demat mode.
- xii) There are no outstanding GDRs/ ADRs/ Warrants and other convertible instruments.
- xiii) Address for Correspondence: The shareholders may send their communication grievances/ queries to the Registrar and Share Transfer Agents at their Address mentioned above or to the Company at:
- Regd. Office :**
W-41, Okhla Industrial Area, Phase II,
New Delhi-110 020
- xiv) Compliance Certificate on Corporate Governance: Certificate from the M/s. Agrawal Manish Kumar & Co., Practicing Company Secretaries confirming compliance with the conditions of Corporate Governance as stipulated under Clause 49, is annexed to Director's Report forming part of the Annual Report.

10. CEO/CFO Certification

As required by Clause 49 of the Listing Agreement, the certificate duly certified by Mr. Aman Sawhney, Manager and Mr. Dhiraj Sharma, Financial Controller was placed before the Board at its meeting held on August 10, 2009. This certificate is annexed to the report.

11. Compliance of Code of Conduct

Your Company has laid down a Code of Conduct for all the Board Members and Senior Management personnel of the Company, All the Board Members and senior management personnel have affirmed their compliance with the said Code of Conduct for the financial year ended 30th June, 2009, the declaration to this effect duly signed by Mr. Aman Sawhney, Manager of the Company is give hereunder:

Declaration under Clause 49 1(D) for Compliance with the Code of Conduct

As per the requirements of the clause 49 of the Listing Agreement with the Stock Exchange, the company has laid down a Code of Conduct for its Board and Senior Management.

I, Aman Sawhney, Manager of Company confirm the compliance of the Code of Conduct by myself, members of the Board of Senior Management Personnel as affirmed by them individually.

Place : New Delhi
Date : August 7, 2009

Sd/-
AMAN SAWHNEY
MANAGER

12. NON-MANDATORY REQUIREMENTS

The Company proposes to adopt the non-mandatory requirements given in Annexure-3 of Clause 49 of the listing agreement in due course of time.

For and on behalf of the Board of Directors

Date : August 10, 2009
Place : New Delhi

Sd/-
Ashok Sawhney
Chairman

Sd/-
Avinash Chander Sharma
Director

CEO/CFO CERTIFICATION

We, Aman Sawhney, Manager and Dhiraj Sharma, Finance Controller, responsible for the finance function certify that:

- a) We have reviewed the financial statements and cash flow statements for the year ended 30th June, 2009 and to the best of our knowledge and belief:
- i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) To the best of our knowledge and belief, no transactions entered into by the company during the year ended 30th June, 2009 are fraudulent, illegal or violate the company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware, have been disclosed to the Auditors and Audit Committee and steps have been taken to rectify these deficiencies.
- d) We further certify that:
- i) There has not been any significant changes in internal control over financial reporting during the year under reference;
 - ii) There has not been any significant changes in accounting policies during the year requiring disclosure in the notes to the financial statements; and
 - iii) We are not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting;

Date : 10.08.2009
Place : New Delhi

Sd/-
AMAN SAWHNEY
MANAGER

Sd/-
DHIRAJ SHARMA
FINANCE CONTROLLER

**CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF LISTING AGREEMENT
TO THE MEMBERS OF NETWORK LIMITED**

We have examined the compliance of conditions of Corporate Governance by Network Limited, for the year ended on 30th June, 2009, as stipulated in Clause 49 of the listing Agreement of the said Company with stock exchange.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, the representations made by the Directors and Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in above mentioned Listing Agreement and that no investor grievance(s) is/are pending for a period exceeding one month against the Company as per records maintained by the Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency of effectiveness with which the management has conducted the affairs of the Company.

FOR AGRAWAL MANISH KUMAR & CO
Company secretaries

Sd/-
(MANISH KUMAR AGRAWAL)
PROPRIETOR
C.P. NO. 7057

Date : 07-08-2009
Place : New Delhi

CAUTIONARY STATEMENT

The Management Discussion and Analysis Report may contain certain statements that might be considered forward looking. These statements are subject to certain risks and uncertainties. Actual results may differ materially from those expressed in the statement as important factors could influence Company's operations such as Government policies, economic development, political factors and such other factors beyond the control of the Company.

OVERALL REVIEW

1. The Hon'ble High Court of Delhi had sanctioned the Scheme of Arrangement vide its order dated 22nd May, 2009, for (a) Amalgamation of PPS Towers Pvt Ltd, Lorgan Consultants Pvt Ltd and Shrgan Investment Consultants Pvt Ltd (the Transferor Companies No. 1 to 3 respectively) with Network Ltd (the Transferee Company); (b) De-merger of retail business of Network Ltd into Network Retail Ltd (the Resultant Company); and (c) Reduction of Capital of Network Ltd. (Debit balance of Profit and Loss account of Network Ltd to the extent of Rs. 44,08,22,014 has been adjusted and written off against the aggregate amount of Securities Premium Account of Network Ltd after amalgamation (inclusive of the Transferor Companies).

Consequent to the above, the retail division of the Company was de-merged into Network Retail Limited, wholly owned subsidiary of the Company. The Company would focus on exploring new avenues and contemplating strategic tie-ups for Long term value creation and to generate regular revenues in the Company. New ventures are being explored by the management of the Company to make a foray into the growing Capital Market based on the Investment objective of the Company.

2. Due to high rental cost and low conversion ratio, the Company has restructured the operations of Life Style Products - Retail Division, of the company. In this process, the company has shut down all uneconomical & unviable retail outlets of the Company. The retail division has since been demerged into Network Retail Limited, a wholly owned subsidiary of the company

RISKS & CONCERNS

The Company is exposed to specific risks that are particular to it businesses and the environment within which it operates, including market risk, competition risk, human resource risk, execution risk and economic cycle.

OPPORTUNITIES AND THREAT

The Board of Directors of the Company is exploring new avenues and contemplating strategic tie-ups for Long term value creation and to generate regular revenues in the Company. New ventures are being explored by the management of the Company to make a foray into the growing Capital Market based on the Investment objective of the Company.

As the Board of Directors of the Company is exploring new avenues for long term value creation, the new business has own restrictions, which shall be faced by the Company.

FUTURE OUTLOOK

Pursuant to the scheme of arrangement sanctioned by the Hon'ble Delhi High Court dated 22.05.2008, the retail division of the Company has been de-merged to the wholly owned subsidiary Company namely Network Retail Limited w.e.f. 01.04.2009, Board of Directors of the Company would focus exploring new avenues and contemplating strategic tie-ups for Long term value creation and to generate regular revenues in the Company. New ventures are being explored by the management of the Company to make a foray into the growing Capital Market based on the Investment objective of the Company.

The Company is in the process of developing a Corporate Research house by making its entry in the knowledge based industry. The Company is working on "Corporate and Equity Research" being developed as a consultancy proposition with a focus on higher growth and aiming to become an important player in this field. The idea is to prepare research papers/ reports and to provide it to the potential/ prospective clients for long term value creation and to generate regular revenues in years to come.

Since the de-merger of retail business, the company has become an investment oriented company and may be deemed to be categorised as a Non Banking Financial Company (NBFC) for which the company intends to apply for requisite registration.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company is having adequate internal control system commensurate with the size of the Company and the future of its business for the purchases of inventory and for sale of goods.

FINANCIAL PERFORMANCE AND RESULTS

Please refer to Directors Report on financial highlights.

HUMAN RESOURCE/ INDUSTRIAL RELATIONS

The Company recognizes the importance and contribution of its human resource 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 industrial relations problems during the year and the Company does not anticipate any material problems on this count in the current year.

For and on behalf of the Board of Directors

Sd/-	Sd/-
Ashok Sawhney Chairman	Avinash Chander Sharma Director

Date : August 10, 2009
Place : New Delhi

CONSOLIDATED FINANCIAL STATEMENTS OF NETWORK LIMITED
AUDITORS' REPORT

NETWORK
LIMITED

To,
The Members of Network Limited,

1. We have audited the attached Consolidated Balance Sheet of Network Limited (the company) , and its wholly owned subsidiary Network Retail Limited as at 30th June 2009 and its Consolidated Profit and Loss Account and also the Consolidated Cash Flow Statement for the period on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information. Our responsibility is to express an opinion on these financial statements based on our audit.
 2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
 3. We report that the consolidated financial statements have been prepared by the Company Management in accordance with the requirements of Accounting Standard – 21, Consolidated Financial Statements issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Company and its subsidiary included in the consolidated financial statements.
- Based on our audit and on Consolidation of reports on separate financial Statements and on other financial information, in our opinion and to the best of our information and according to the explanations given to us, the said consolidated accounts read together with notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- a) in the case of the Consolidated Balance Sheet, of the state of the affairs of the company as at 30th June, 2009
 - b) in the case of the Consolidated Profit and Loss Account, of the loss for the period ended on that date: end
 - c) in the case of the Consolidated Cash Flow Statement, of the cash flows for the period ended on that date:

For and on behalf of
S. Kapoor & Associates
Chartered Accountants

Sd/-

Sanjay Kapoor
F.C.A. (Proprietor)

Membership No. 82499

Place : New Delhi
Dated : 10th August, 2009

CONSOLIDATED FINANCIAL STATEMENTS OF NETWORK LIMITED
BALANCE SHEET AS AT 30TH JUNE, 2009

**NETWORK
LIMITED**

	Schedule	As at 30.06.2009 Rs. In Lacs	As at 31.03.2008 Rs. In Lacs
SOURCES OF FUNDS			
Shareholders Funds :			
Share Capital	1	5,360.45	2,415.40
Reserves & Surplus	2	345.89	3,490.75
Share Application Money		—	260.50
Secured Loan	3	—	153.38
TOTAL		5,706.34	6,320.03
APPLICATION OF FUNDS			
Fixed Assets:			
Gross Block	4	523.10	156.66
Less: Depreciation		43.26	9.25
Net Block		479.84	147.41
Investment	5		
Investment		2,210.47	31.82
Current Assets, Loans and Advances:			
Sundry Debtors	6	4.92	3.02
Inventories	7	187.54	373.38
Cash & Bank Balances	8	1,042.75	1,150.99
Loans & Advances	9	1,547.70	350.25
		2,782.92	1,877.64
Less: Current Liabilities and Provisions:			
Current Liabilities	10	45.05	145.36
Provisions		1.14	0.57
		46.19	145.93
Net Current Assets		2,736.73	1,731.71
Profit & Loss Account		279.31	4,409.10
TOTAL		5,706.34	6,320.03
Significant Accounting Policies	16		
Notes on Accounts	17		

The Schedules referred to above form an integral part of the Balance Sheet

On behalf of the board

For and on behalf of
S.KAPOOR & ASSOCIATES
Chartered Accountants

Sd/-
ASHOK SAWHNEY
CHAIRMAN

Sd/-
AVINASH CHANDER SHARMA
DIRECTOR

Sd/-
SANJAY KAPOOR
PROPRIETOR
M. No. 82499

Sd/-
VIJAY KALRA
DIRECTOR

Sd/-
PANKAJ SHRIMALI
DIRECTOR

Sd/-
G S GOYAL
DIRECTOR

Place : New Delhi
Dated : 10th August, 2009

Sd/-
AMAN SAWHNEY
MANAGER

Sd/-
AJAY MITTAL
COMPANY SECRETARY

Sd/-
DHIRAJ SHARMA
FINANCE CONTROLLER

CONSOLIDATED FINANCIAL STATEMENTS OF NETWORK LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE 2009

**NETWORK
LIMITED**

	Schedule	Year Ended 30.06.2009 Rs. In Lacs	Year Ended 31.03.2008 Rs. In Lacs
INCOME			
Sales / Income from Operations	11	236.65	255.31
Other Income	12	146.39	60.17
		<u>383.05</u>	<u>315.48</u>
EXPENDITURE			
Cost of Sales	13	211.02	112.10
Personnel	14	65.74	81.83
Administration, Selling & Distribution Expenses	15	350.09	309.14
Depreciation / Amortization	4	34.07	6.67
		<u>660.91</u>	<u>509.74</u>
Loss for the year ended before taxation		277.86	194.27
Provision for Fringe Benefit Tax		1.15	0.96
Income Tax of earlier years		—	—
Loss for the year ended after taxation		<u>279.01</u>	<u>195.22</u>
Loss Brought Forward from previous year after taking into consideration scheme of arrangement (Refer Note 2, Schedule 17)		0.29	4,213.87
Loss Carried Forward to Balance Sheet		<u>279.31</u>	<u>4,409.10</u>
Earning Per Share (Basic)		(1.45)	(1.24)
Earning Per Share (Diluted) (Refer Note 10, Schedule 17)		(1.45)	(1.13)

The Schedules referred to above form an integral part of the Balance Sheet

On behalf of the board

For and on behalf of
S.KAPOOR & ASSOCIATES
Chartered Accountants

Sd/-
ASHOK SAWHNEY
CHAIRMAN

Sd/-
AVINASH CHANDER SHARMA
DIRECTOR

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Place : New Delhi
Dated : 10th August, 2009

Sd/-
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MANAGER

Sd/-
AJAY MITTAL
COMPANY SECRETARY

Sd/-
DHIRAJ SHARMA
FINANCE CONTROLLER

CONSOLIDATED FINANCIAL STATEMENTS OF NETWORK LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE 2009

**NETWORK
LIMITED**

	Year Ended 30.06.2009 Rs. In Lacs	Year Ended 31.03.2008 Rs. In Lacs
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net (Loss) / Profit after tax and Extra-ordinary items	(279.01)	(195.22)
Adjustments for:		
Fixed Assets W / off	62.84	—
Payment of Decrease in the value of investment	2.34	2.29
Depreciation	34.07	6.67
	<u>99.25</u>	<u>8.96</u>
Operating (Loss) / Profit before working capital changes	(179.76)	(186.26)
Adjustments for Increase In :		
Sundry Debtors	(1.90)	(0.50)
Inventories	185.84	(230.00)
Trade and other receivables	(1197.45)	(88.08)
Trade payables and other liabilities	(99.74)	32.69
	<u>(99.74)</u>	<u>32.69</u>
Cash generated from / (used in) operations	(1,113.25)	(285.89)
Net Cash from / (used in) Operating Activities (A)	<u>(1,293.01)</u>	<u>(472.15)</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(429.34)	(117.29)
Investment	(2,181.00)	(254.11)
	<u>(2,610.34)</u>	<u>(371.40)</u>
Net Cash from / (used in) Investing Activities (B)	<u>(2,610.34)</u>	<u>(371.40)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES		
Shares allotted	3,948.50	377.50
Share application money	—	74.75
Secured Loan taken/(paid) against Deposits	(153.38)	153.38
Securities premium received	—	1,367.50
	<u>3,795.12</u>	<u>1,973.13</u>
Net cash from / (used in) Financing Activities (C)	<u>3,795.12</u>	<u>1,973.13</u>
Opening balance of Cash & Cash equivalents	1,150.98	21.40
Closing balance of Cash & Cash equivalents	1,042.75	1,150.98
Net Increase / (Decrease) in Cash and Cash equivalents	(108.23)	1,129.58
	<u>(108.23)</u>	<u>1,129.58</u>
Total (A) + (B) + (C)	<u>(108.23)</u>	<u>1,129.58</u>

On behalf of the board

For and on behalf of
S.KAPOOR & ASSOCIATES
Chartered Accountants

Sd/-
ASHOK SAWHNEY
CHAIRMAN

Sd/-
AVINASH CHANDER SHARMA
DIRECTOR

Sd/-
SANJAY KAPOOR
PROPRIETOR
M. No. 82499

Sd/-
VIJAY KALRA
DIRECTOR

Sd/-
PANKAJ SHRIMALI
DIRECTOR

Sd/-
G S GOYAL
DIRECTOR

Place : New Delhi
Dated : 10th August, 2009

Sd/-
AMAN SAWHNEY
MANAGER

Sd/-
AJAY MITTAL
COMPANY SECRETARY

Sd/-
DHIRAJ SHARMA
FINANCE CONTROLLER

CONSOLIDATED FINANCIAL STATEMENTS OF NETWORK LIMITED
SCHEDULE FORMING PART OF THE BALANCE SHEET

**NETWORK
LIMITED**

	As at 30.06.2009 Rs. In Lacs	As at 31.03.2008 Rs. In Lacs
1. SHARE CAPITAL		
AUTHORISED CAPITAL		
(Refer Note No 2 (vii), Schedule 17)		
5,25,00,000 Equity Shares of Rs.10/- each	5,250.00	3,000.00
6,00,000 Preference share of Rs.100/- each	600.00	1,000.00
	<u>5,850.00</u>	<u>4,000.00</u>
ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
20,23,557 Equity Shares of Rs. 10/- each fully paid up in cash (Previous Year 1,08,89,025) (Refer Note No 2 (viii), Schedule 17)	202.36	1,088.90
51,00,000 Equity Shares of Rs. 10/- each issued and fully paid up pursuant to a contract without payment being received in cash (Previous Year 51,00,000)	510.00	510.00
3,83,15,941 Equity Shares of Rs. 10/- each issued and fully paid up for consideration other than cash in pursuant to the scheme of Arrangement (Previous Year Nil) (Refer Note No 2 (iii), Schedule 17)	3,831.59	—
25,95,000 Equity Shares of Rs. 10/- each allotted as fully paid on conversion of cumulative convertible Preference shares (Previous Year 25,95,000)	259.50	259.50
5,57,000 - Redeemable Preference Shares of Rs 100/- each (Previous year-5,57,000)	557.00	557.00
	<u>5,360.45</u>	<u>2,415.40</u>
	As at 31.03.2008 Rs. In Lacs	As at 30.06.2009 Rs. In Lacs
	Addition / (Adjustment) During the Year Rs. In Lacs	As at 31.03.2008 Rs. In Lacs
2. RESERVES AND SURPLUS		
Capital Redemption Reserve	4.00	4.00
Securities Premium Account (Refer Note No 2 (vi), Schedule 17)	3,486.75	(3,168.22)
Reserve & Surplus	—	23.36
	<u>3,490.75</u>	<u>23.36</u>
	<u>(3,144.86)</u>	<u>345.89</u>
	As at 30.06.2009 Rs. In Lacs	As at 31.03.2008 Rs. In Lacs
3. SECURED LOANS		
Secured Loan	—	153.38
	—	153.38

CONSOLIDATED FINANCIAL STATEMENTS OF NETWORK LIMITED
SCHEDULE FORMING PART OF THE BALANCE SHEET

**NETWORK
LIMITED**

4. FIXED ASSETS

(Rs In Lacs)

Description	Gross Block				Depreciation / Amortisation				Net Block	
	As at 1.4.2008	Additions During the period	Transfer/ Adjustment During the Year	As at 30.06.2009	Up to 01.04.2008	For the period	Transfer/ Adjustment During the Year	Up to 30.06.2009	As at 30.06.2009	As at 31.03.2008
Leasehold Land	1.27	—	—	1.27	—	—	—	—	1.27	1.27
Goodwill*	—	425.68	—	425.68	—	21.28	—	21.28	404.39	—
Computer System	13.63	7.27	(0.08)	20.82	1.85	2.85	3.24	7.94	12.88	11.78
Furniture & Fixture	117.68	7.25	(71.63)	53.30	4.42	6.16	(2.95)	7.63	45.67	113.26
Electrical Fitting	2.99	—	(1.28)	1.71	0.15	0.14	(0.11)	0.18	1.53	2.84
Office Equipment	13.92	2.31	(1.69)	14.53	0.73	0.90	0.24	1.88	12.65	13.19
Computer Software	7.17	0.14	(1.52)	5.79	2.11	2.73	(0.49)	4.34	1.45	5.07
TOTAL	156.66	442.64	(76.20)	523.10	9.25	34.07	(0.06)	43.26	479.84	147.41
PREVIOUS YEAR	39.37	117.29	—	156.66	2.58	6.67	—	9.25	147.41	16.74

(*Refer Note 2 (v), Schedule 17)

As at	As at
30.06.2009	31.03.2008
Rs. In Lacs	Rs. In Lacs

5. INVESTMENT

Trade Investments - Unquoted - Long Term

Investment in Associate Companies

(Refer Note 2 , Schedule 17)

Investment in 19,20,000 (Previous Year Nil) Shares of Rs 10/- each of International Amusement Limited	576.00	—
Investment in 49,999 (Previous Year Nil) Shares of Rs 10/- each of Appughar Infrastructure & Developers Private limited	5.00	—
Investment in 2,00,000 (Previous Year Nil) Shares of Rs 10/- each of Appughar Securities & Solutions Private Limited	100.00	—
Investment in 3,00,000 (Previous Year Nil) Shares of Rs 10/- each of Appughar Entertainment Private Limited	1,500.00	—

Investments - Quoted - Short term

2233 (Previous Year 2233) of Omaxe limited of Rs 310/- each (Market Value as at 30.06.09 = Rs 2,28,101/-)	6.92	6.92
39003 (Previous Year 39003) of Power Grid Corporation of India Limited at the rate of Rs 52 /- per Share (Market Value as at 30.06.09 = Rs 43,09,832/-)	20.28	20.28
1569 (Previous Year 1569) of Mundra Port and Special Economic Zone Ltd @ of Rs 440/- each (Market Value as at 30.06.09 = Rs 9,70,113/-)	6.90	6.90
Provision for Diminution in the value of Quoted Investment	(4.64)	(2.29)
	2,210.47	31.82
Total Market Value of Quoted Investment	55.08	52.05
Total Amount of Unquoted Investment	2181.00	—
Total Amount of Quoted Investment	34.10	34.10

CONSOLIDATED FINANCIAL STATEMENTS OF NETWORK LIMITED
SCHEDULE FORMING PART OF THE BALANCE SHEET

NETWORK
LIMITED

	As at 30.06.2009 Rs. In Lacs	As at 31.03.2008 Rs. In Lacs
6. SUNDRY DEBTORS (UNSECURED, CONSIDERED GOOD)		
Over Six Months	0.75	0.40
Others	4.17	2.62
	<u>4.92</u>	<u>3.02</u>
7. INVENTORIES		
Finished goods	187.54	373.38
	<u>187.54</u>	<u>373.38</u>
8. CASH AND BANK BALANCES		
Bank Balances with Scheduled Banks in Current A/c	88.77	28.87
Fixed Deposit A/c*	940.47	1,116.50
Cash in Hand	13.51	5.62
Cheques in Hand	—	0.00
*(Refer Note 1(b) & (c), Schedule 17)		
	<u>1,042.75</u>	<u>1,150.99</u>
9. LOANS AND ADVANCES		
Unsecured, Considered Good		
Advances recoverable in cash or in kind or for value to be received*	1,442.47	296.75
Other Advances	0.72	—
Interest accrued but not due	55.99	37.39
Tax Deducted at Source	48.52	16.12
*(Refer Note 14, Schedule 17)		
	<u>1,547.70</u>	<u>350.25</u>
10. CURRENT LIABILITIES & PROVISIONS		
(A) CURRENT LIABILITIES:		
Sundry Creditors	33.86	101.73
Advance Received from Customers	0.23	13.90
Other Liabilities	10.96	29.74
TOTAL (A)	<u>45.05</u>	<u>145.36</u>
(B) PROVISIONS:		
Provision for Taxation (Net of Payment)	1.14	0.57
TOTAL (B)	<u>1.14</u>	<u>0.57</u>
TOTAL (A+B)	<u>46.19</u>	<u>145.93</u>

CONSOLIDATED FINANCIAL STATEMENTS OF NETWORK LIMITED
SCHEDULE TO THE PROFIT AND LOSS ACCOUNT

NETWORK
L I M I T E D

	As at 30.06.2009 Rs. In Lacs	As at 31.03.2008 Rs. In Lacs
11. SALES / INCOME FROM OPERATIONS		
Sales	236.65	232.81
Consultancy Income	—	22.50
	<u>236.65</u>	<u>255.31</u>
12. OTHER INCOME		
Interest on Fixed Deposits	141.77	52.73
Exchange rate fluctuation	—	3.18
Miscellaneous Income	4.63	4.26
	<u>146.39</u>	<u>60.17</u>
13. COST OF SALES		
Opening Stock	373.38	138.17
Add : Purchases-Finished goods	25.17	347.30
	<u>398.55</u>	<u>485.48</u>
Less: Closing Stock		
Finished Goods	187.54	373.38
	<u>211.02</u>	<u>112.10</u>
14. PERSONNEL		
Salaries, Wages and Bonus	59.88	74.78
Other benefits to employees	5.86	7.05
	<u>65.74</u>	<u>81.83</u>
15. ADMINISTRATION, SELLING AND DISTRIBUTION EXPENSES		
Rent / Hire Charges	135.98	133.42
Interior / Decoration	62.84	2.61
Advertisement Expenses	4.44	38.06
Travelling & Conveyance	7.11	8.54
Staff Recruitment charges	0.15	1.76
Provision for Diminution in the value of Investment	5.41	2.29
Shut Down Cost / Settlement Expenditure	20.30	—
Director's Foreign Travel Expenses	—	0.41
AGM / EGM Expenses	2.41	0.52
Rebate & discount	0.11	0.35
Printing and Stationery	3.59	6.08
Communication Expenses	5.26	3.78
Business Promotion	1.64	3.92
Sponsorship Charges	—	13.75
Exchange fluctuation	3.21	—
Financial Expenses	24.67	22.78
Fees & Subscription Charges	5.18	5.69
Legal and Professional Charges	18.04	10.93
Repair and Maintenance	27.88	25.44
Insurance exp.	1.54	2.45
Electricity & Water Charges	8.99	6.95
Exhibition Expenses	—	2.02
Brokerage / Commission	2.51	5.80
Bad Debts / Advances Written off	1.24	—
Other Expenses	7.58	11.60
* (Refer Note 11, of Schedule 17)		
	<u>350.09</u>	<u>309.14</u>

16. ACCOUNTING POLICIES

1. (a) BASIS OF PREPARATION

The Financial Statements are prepared under the historical cost convention, in accordance with the Indian Generally Accepted Accounting Principles ("GAAP") and mandatory Accounting Standards, issued by the Institute of Chartered Accountants of India ("ICAI") and the provisions of the Companies Act, 1956. All income and expenditure having a material bearing on the financial statements are recognized on the accrual basis.

(b) BASIS OF CONSOLIDATION

- (i) The Consolidated Financial Statements relate to Network limited and its subsidiaries.
- (ii) The Consolidated Financial Statements have been prepared in accordance with Accounting Standard-21-'Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India and generally accepted accounting principals.
- (iii) The Financial Statements of the company and its subsidiaries are combined on a line by line basis by adding together the book value of like items of assets, liabilities, income and expenses of a jointly controlled entity is considered as separate line item.
- (iv) The Subsidiary Company considered in the financial statements is as follows :-

Name of the Company	Proportion (%) of Shareholding as on	
	30th June 2009	31st March 2008
Network Retail Limited	100%	99.99%

(c) USE OF ESTIMATES

The preparation of Financial Statements in conformity with GAAP requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

2. REVENUE RECOGNITION

- a) Revenue from the sale of Goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer. Sales are accounted at net of Sales return and Trade discount.
- b) Interest on deployment of funds is recognized on accrual basis.

3. EXPENDITURE

Expenses are accounted for on accrual basis and provisions are made for all known losses and liabilities.

4. FIXED ASSETS

Fixed Assets are stated at cost less accumulated depreciation. The cost of assets comprises of purchase price and directly attributable cost of bringing the assets to working condition.

5. DEPRECIATION / AMORTIZATION

Depreciation on Fixed Assets (other than Software and Goodwill) has been provided on straight line method (S.L.M.) on pro-rata basis at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956. Individual assets acquired for less than Rs.5000/- are entirely depreciated in the year of acquisition.

Intangible Assets are amortized over their respective individual estimated useful lives on straight – line basis. The Management estimates the useful live of Software as three Years.

Goodwill generated on Amalgamation has been amortized on straight –line basis over a period of five years as recommended in Accounting Standard – 14 – "Accounting for Amalgamations "

6. INVENTORIES

Inventories are valued at cost or Net Realizable Value, whichever is less on FIFO method. Cost includes purchase price, freight, custom duty and other incidental expenses.

7. FOREIGN CURRENCY TRANSACTIONS

The transactions in foreign currency are accounted at the exchange rate prevailing on the date of transaction. Any exchange gains or losses arising out of the subsequent fluctuations are accounted for in the Profit & Loss account.

8. TAX ON INCOME

Current tax are measured at the amounts expected to be paid using the applicable tax rates and tax laws. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the profit & loss account in the year of change. Deferred tax assets and deferred tax liabilities are recognized for the future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carry forwards.

9. INVESTMENT

Investments are classified into Long term and Current

Investment based on the intent of the management at the time of the acquisition. Long term investments are stated at cost less provision, if any, for diminution in value of such investment other than temporary diminution. Current investments are stated at lower of cost or fair value.

10. EARNING PER SHARE

Basic Earning per share is computed using Weighted Average Number of Equity Share Outstanding during the year. Diluted Earning per share is computed using weighted Average Number of Equity and Dilutive Equity equivalent share outstanding during the year end.

17. NOTES TO THE ACCOUNTS

1. CONTINGENT LIABILITIES

- a) Contingent Liabilities in respect of claims against the Company not acknowledged as debts in respect of Sales tax Rs.12.55 Lacs Net of payment [Previous year Rs.12.55 Lacs (Net of payment) & others Rs.14.46 Lacs (Previous year Rs. 14.46 Lacs).
- b) Fixed Deposit receipts of Rs 1.5 lacs (Previous Year 1.5) Pledged with Sale tax authorities.
- c) Fixed Deposit receipts amounting to Rs 937.97 lacs (Previous year 930 Lacs) pledged with Bank against loan sanctioned to Appughar Infrastructure and Developers Pvt ltd. (an associate Company)
- d) Corporate guarantee of Rs 713 Lacs (Previous Year 613 Lacs) issued to bankers against loans availed by Appughar Infrastructure & Developers Pvt Ltd an associate company.

- 2. The Hon'ble High Court of Delhi had sanctioned the Scheme of Arrangement vide its order dated 22nd May 2009, for (a) Amalgamation of PPS Towers Pvt Ltd, Lorgan Consultants Private limited and Shrihan Investment Consultants Private Limited { the "Transferor Companies"} with Network Limited (the "Transferee Company"); (b) De – Merger of retail business of Network Limited into Network Retail Limited (the "Resultant Company"); and (c) Reduction of Capital of Network Limited. (Debit Balance of Profit & Loss account of Network Limited to the extent of Rs 44,08,22,014 has been adjusted and written off against the aggregate amount of Securities Premium Account of Network Limited after amalgamation (inclusive of the Transferor Companies))

Consequent to the above, the retail division of the Company was de – merged into Network Retail Limited, wholly owned subsidiary of the Company.

The appointed date of the Scheme being 01st April 2009.

The Salient Features of the scheme as approved by the Hon'ble High Court of Delhi are as under:-

- (i) The assets, liabilities, rights and obligations of

"Transferor Companies "have been vested with the Company with effect from 01st April 2009 , and have been recorded at their respective Book value , under the pooling of interest method of accounting for amalgamation , also the assets , liabilities and obligations of the Retail Division of Network Limited have been vested with the Network Retail Limited with effect from 01st April 2009.

- (ii) All three "Transferor Companies "were engaged in consultancy services, and other related services.
- (iii) 3,83,15,941 Equity shares of Rs 10/- each, have been issued as fully paid up, to all the shareholders of "Transferor Companies", whose names were registered in the register of members on record date, without payment being received in cash.
- (iv) 54,40,900 Equity Shares of Rs 10/- each, have been issued as fully paid up by Network Retail Limited to Network Limited , without payment being received in cash , as consideration for De – Merger of Retail Division of Network Limited in to Network Retail Limited.
- (v) Excess of the Book value of Net Assets taken over by the Company over the paid up value of Equity Shares issued to "Transferor Companies" amounting to Rs 42,567,890/- has been debited / Credited to Goodwill/Capital Reserve A/c as prescribed in the Scheme.
- (vi) Debit Balance as per Profit & Loss A/c of Network Limited as on 31st March 2008 to the extent of Rs 44,08,22,014/- has been adjusted and written off against the aggregate amount of Securities Premium account of Network Limited (inclusive of the "Transferor Companies".)
- (vii) The authorized share capital of the Transferor Companies has been added to and form part of the authorized share capital of Network Limited, without payment of any fees or charges to the Registrar of Companies or to any other government authorities. Further, the authorized share capital of Network Limited has been reduced by an amount of Rs 5.50 Crore (Rs 1.50 Crore from the Authorized Equity Share Capital and Rs 4.00 Crore from the Authorized Preference Share Capital) and the Authorized Equity Share Capital of the Network Retail Limited was increased by an equivalent amount of Rs 5.50 Crore without payment of any fees or charges to the Registrar of Companies and/ or to any other government authority.
- (viii) 88,65,450 Equity Shares of Rs 10/- each of Network Limited held by PPS Towers Private limited (Transferor Company) were cancelled on the record date.

- 3. The Figures of the Current year include figures of PPS Towers Private Limited, Shrihan Investment Consultants

Private Limited and Lorgan Consultants Private Limited, which were amalgamated with the Company w.e.f 01st April 2009, and are therefore to the extent not comparable with those of the previous year.

4. The Board of Directors of the company has decided to change the end of Financial year of the Company from 31st March 2009 to 30th June 2009, accordingly these accounts are for the period 01st April 2008 to 30th June 2009. Figures of Current year are therefore to the extent not comparable with those of the previous year.
5. The Company is exploring new avenues and contemplating strategic tie ups for long term value creation and to generate regular revenues in the company.
6. The Company has identified suppliers covered under the "Interest on delayed payment to Small Scale and Ancillary undertaking Ordinance, 1992" promulgated on 23rd September, 1992 and has ascertained the liability in this regard as Nil.
7. The company was substantially engaged in the retail business in India and follows only one reportable segment and therefore segment wise reporting as per AS-17 issued by the Institute of Chartered Accountants of India is not relevant.
8. The Company has substantial carried forward business

losses and unabsorbed depreciation, therefore, it is unlikely to have taxable profits in near future and hence it is not considered necessary to create deferred tax assets in accordance with Accounting Standard-22 issued by the Institute of Chartered Accountants of India.

9. The Board of Directors of the company had allotted 74,50,000 warrants of Rs 50/- each with an option to be converted into equal number of equity shares at Rs 10/- each at a premium of Rs 40/- each, at the option of warrant holders within a period of 18 months from the date of allotment i.e. 07/09/2007 in accordance with the resolution passed in the AGM held on 29th August 2007. The company had received amount of Rs. 14.455 Crore till 31st March 08 from warrant holders. Out of the total 74,50,000 warrants, 23,70,000 warrants were converted into 23,70,000 equity shares of Rs 10/- each at premium of Rs 40/- (Total Amount 11.85 Crore). As per Terms and Conditions of issue of warrants, the remaining 50,80,000 warrants stand lapsed at the expiry of 18 months i.e on 06th March 2009 and initial amount equivalent to 10% of the value of warrants amounting to Rs 2,60,50,000/- (Rs Two Crore Sixty Lakhs Fifty Thousand Only) paid by the warrant holders on said warrants stand forfeited as per resolution passed in the meeting of Board of Directors held on 07th March 2009 and the said amount was credited/adjusted Capital Reserve.

10. Basic and Diluted Earnings per Share pursuant to Accounting Standard-20:

PARTICULARS	2008-2009	2007-2008
Loss for the year (Rs. In Lacs)	279.01	194.34
Weighted Average number of equity shares (nos.)	192,29,851	156,46,204
Nominal value of equity share (Rs.)	10	10
Earning per Share (basic)	(1.45)	(1.24)
E.P.S. (diluted) on 1.92,29,851 (Previous Year 1,72,31,204 shares)	(1.45)	(1.13)

11. Amount paid / payable to Auditors:

PARTICULARS	Current Year Rs. In Lacs	Previous Year Rs. in Lacs
Audit Fees	0.38	0.39
In other capacity:		
- Tax related work	0.08	0.11
- Certification work	0.08	0.49

12. As per the Accounting Standard -18 "Related Party Disclosures", issued by the Institute of Chartered Accountants of India.

The related parties of the Company as on 30.06.09 are as follows:

A. List of Related parties & Relationships: -

a) Subsidiary Companies :-

- Network Hospitality Private Limited (Upto 30th March 2009)
- Network Realty Ventures Limited (Upto 30th March 2009)

b) **Associates**

- PPS towers Pvt Ltd (Merged with the company w.e.f 01.04.2009)
- Appu Ghar Infrastructure and Developers Private Limited
- Mr. Anuj Sawhney
- Swiss Military Product S.A.

c) **Key Management Personnel**

- Mr. Ajay Mittal (w. e f 01.04.2008)

d) **Companies controlled by key management personnel with whom transactions have taken Place during the year**

- NIL

(Rs in Lakhs)

Description	Holding Company		Subsidiary Companies		Associates		Companies controlled by Key Management personnel	
	This Year	Previous Year	This Year	Previous Year	This Year	Previous Year	This Year	Previous Year
Application Money paid	-	-	-	-	-	220.00	-	-
Refund of Share Application Money	-	-	-	-	110.00	-	-	-
Investment made	-	-	-	-	-	-	-	-
Investment sold	-	-	5.00	-	-	-	-	-
Preference Share Alloted	-	240.00	-	-	-	-	-	-
Purchases	-	11.81	-	-	17.72	-	-	-
Sales	-	0.14	-	-	31.76	1.22	-	2.23
Rent paid	-	-	-	-	32.02	-	-	39.58
Maintenance Charges paid	-	-	-	-	-	-	-	7.28
Electricity Charges paid	-	-	-	-	-	-	-	3.95
Security Deposit	-	-	-	-	-	-	-	9.36
Advance for Expenses	-	-	0.92	-	-	-	-	-
Closing Balance (DR)	-	-	-	-	1,434.15	220.22	-	5.40
Closing Balance (CR)	-	10.81	-	-	15.39	-	-	16.11

Note:- Aforesaid figures exclude Assets / Liabilities transferred under scheme of arrangement sanctioned by Hon'ble High Court of Delhi vide its order dated 22nd May 2009 as detailed in Note No 2. Schedule 17.

13. Amount due against Unpaid / Unclaimed Debenture Redemption amount / interest, amounting to Rs 12.68 Lacs, not claimed by the Debenture Holders has been deposited in Investor Education and Protection Fund as per the provisions of Section 205 of the Companies Act, 1956.
14. Loans & Advances includes share application money of Rs 1434.15 Lakhs (Previous year Rs 220.00 Lakhs) paid to Appughar Infrastructure & Developers Private Limited pending allotment.
15. Previous Year's figures have been regrouped / rearranged wherever necessary.

On behalf of the board

For and on behalf of
S.KAPOOR & ASSOCIATES
Chartered Accountants

Sd/-
ASHOK SAWHNEY
CHAIRMAN

Sd/-
AVINASH CHANDER SHARMA
DIRECTOR

Sd/-
SANJAY KAPOOR
PROPRIETOR
M. No. 82499

Sd/-
VIJAY KALRA
DIRECTOR

Sd/-
PANKAJ SHRIMALI
DIRECTOR

Sd/-
G S GOYAL
DIRECTOR

Place : New Delhi
Dated : 10th August, 2009

Sd/-
AMAN SAWHNEY
MANAGER

Sd/-
AJAY MITTAL
COMPANY SECRETARY

Sd/-
DHIRAJ SHARMA
FINANCE CONTROLLER

Information pursuant to the provisions of part II of Schedule VI to the Companies Act, 1956.

a) Detail of Opening Stock

Items	Current Year		Previous Year	
	Stock Qty	Stock Rs. Lacs	Stock Qty	Stock Rs. Lacs
Pen	4892	24.78	2821	15.85
Baggage	6354	51.60	2463	16.54
Watches	2835	159.43	264	10.15
Others Items	42541	132.54	28953	92.92
Packing Material	—	5.03	—	—
	56622	373.38	34501	138.17

b) Sale of traded goods

Items	Current Year		Previous Year	
	Stock Qty	Stock Rs. Lacs	Stock Qty	Stock Rs. Lacs
Pen	2834	23.12	2435	24.55
Baggage	5570	55.58	5264	40.75
Watches	1653	72.09	1877	79.99
Others Items	19104	85.86	17062	87.52
	29161	236.65	26638	232.81

c) Purchase of traded goods & Packing material

Items	Current Year		Previous Year	
	Purchase Qty	Purchase Rs. Lacs	Purchase Qty	Purchase Rs. Lacs
Pen	100	.25	4503	16.88
Baggage	2397	7.24	9155	53.93
Watches	720	4.46	4448	193.16
Other Items	4860	9.95	30659	75.53
Packing / Displays	-	3.27	-	7.80
	8077	25.17	48765	347.30

d) Detail of Closing Stock

Items	Current Year		Previous Year	
	Closing Stock Qty	Closing Stock Rs. Lacs	Closing Stock Qty	Closing Stock Rs. Lacs
Pen	2158	6.77	4892	24.78
Baggage	3181	16.68	6354	51.60
Watches	1852	100.94	2835	159.43
Other Items	28197	61.30	42541	132.54
Packing / Displays	-	1.85	-	5.03
	35388	187.54	56622	373.38

CONSOLIDATED FINANCIAL STATEMENTS OF NETWORK LIMITED**NETWORK
LIMITED**

	Current Year (Rs. Lacs)	Previous Year (Rs. Lacs)
e) Expenditure in Foreign currency		
i) Purchases	.04	186.13
ii) Traveling	NIL	0.81
f) Value of import made by the company	—	186.13
g) Earnings in Foreign Currency	NIL	NIL
The other additional information has not been given, since the company does not carry any manufacturing operations.		

On behalf of the board

For and on behalf of
S.KAPOOR & ASSOCIATES
Chartered Accountants

Sd/-
ASHOK SAWHNEY
CHAIRMAN

Sd/-
AVINASH CHANDER SHARMA
DIRECTOR

Sd/-
SANJAY KAPOOR
PROPRIETOR
M. No. 82499

Sd/-
VIJAY KALRA
DIRECTOR

Sd/-
PANKAJ SHRIMALI
DIRECTOR

Sd/-
G S GOYAL
DIRECTOR

Place : New Delhi
Dated : 10th August, 2009

Sd/-
AMAN SAWHNEY
MANAGER

Sd/-
AJAY MITTAL
COMPANY SECRETARY

Sd/-
DHIRAJ SHARMA
FINANCE CONTROLLER

CONSOLIDATED FINANCIAL STATEMENTS OF NETWORK LIMITED
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

**NETWORK
LIMITED**

1 REGISTRATION DETAILS

Registration No.	34797	State Code	55
Balance Sheet Date	30.06.2009		

2 CAPITAL RAISED DURING THE YEAR (AMOUNT IN Rs. THOUSANDS)

Public Issue	NIL	Right Issue	NIL
Private Placement	37750	Bonus Issue	NIL

3 POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN Rs. THOUSANDS)

Total Liabilities	570634	Total Assets *	570634
Sources of Funds :		Application of Funds :	
Paid up-Equity Share Capital	480345	Net Fixed Assets	47984
Pref. Share Capital	55700	Investment	221047
Share application Money	0	Net Current Assets	273673
Reserve & Surplus	34589	Misc. Expenditure	Nil
Secured Loan	0	Accumulated Loss	27930
Unsecured Loan	NIL		

4. PERFORMANCE OF COMPANY (AMOUNT IN Rs. THOUSANDS)

Turnover	38305	Total Expenditure	66091
Profit / (Loss) before Tax	(27786)	Profit / (Loss) after Tax	(27901)
Earning per Share (in Rs.)	(1.45)	Dividend Rate	Nil

5. NAME OF GENERIC PRINCIPAL PRODUCTS

Item Code No. (ITC)	N.A.	Product Description	N.A.
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On behalf of the board

For and on behalf of
S.KAPOOR & ASSOCIATES
 Chartered Accountants

Sd/-
ASHOK SAWHNEY
 CHAIRMAN

Sd/-
AVINASH CHANDER SHARMA
 DIRECTOR

Sd/-
SANJAY KAPOOR
 PROPRIETOR
 M. No. 82499

Sd/-
VIJAY KALRA
 DIRECTOR

Sd/-
PANKAJ SHRIMALI
 DIRECTOR

Sd/-
G S GOYAL
 DIRECTOR

Place : New Delhi
 Dated : 10th August, 2009

Sd/-
AMAN SAWHNEY
 MANAGER

Sd/-
AJAY MITTAL
 COMPANY SECRETARY

Sd/-
DHIRAJ SHARMA
 FINANCE CONTROLLER

To,
The Members of Network Limited,

1. We have audited the attached Balance Sheet of Network Limited, as at 30th June, 2009, the Profit and Loss Account and also the Cash Flow Statement for the period ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the annexure referred in paragraph 3 above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of account, as required by law have been kept by the Company so far as appears from our examination of those books.
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts.
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956.
 - e) On the basis of written representations received from the directors, as on 30th June 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 30th June 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f) Subject to the matter stated in paragraph 3 above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the Balance Sheet, of the state of the affairs of the company as at 30th June, 2009;
 - b) in the case of the Profit and Loss Account, of the loss for the period ended on that date; and
 - c) in the case of the Cash Flow Statement, of the cash flows for the period ended on that date.

For and on behalf of
S. Kapoor & Associates
Chartered Accountants

Place : New Delhi
Dated : 10th August, 2009

Sd/-
Sanjay Kapoor
F.C.A. (Proprietor)
Membership No. 82499

Annexure to the report of the Auditors to the members of Network Limited on the accounts for the Period ended 30th June 2009.

{Referred to in paragraph 3 of our report of even date}

1. a) The Company has maintained proper records showing full particulars, including situation of its fixed assets.
- b) The management has physically verified its fixed assets within reasonable intervals. No material discrepancies were noticed on such verification.
- c) There is no substantial disposal of fixed assets during the year. However, with the de-merger of retail business of the company, substantial fixed assets have been transferred to Network Retail Limited as detailed in Note No 2 Schedule 17. As explained by the management and in our view this does not affect the preparation of financial statements on going concern basis.
2. a) The inventories have been physically verified at reasonable intervals by the management.
- b) *The procedures of physical verification of inventories followed by the management needs to be strengthened in relation to the size of the company and nature of the business.*
- c) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and book records were not material and have been properly dealt within the books of accounts.
3. (a) The company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the Register maintained under section 301 of the Companies Act, 1956.
- (b) The company has not granted any loans to any company, firm or other party covered in Register maintained under section 301 of the Companies Act, 1956.
4. *In our opinion, and according to the information and explanation given to us, internal control system requires strengthening commensurate with the size of the Company and the nature of its business for the purchases of inventory, fixed assets and for sale of goods. However, we have not noted any major weaknesses in the internal control during the course of our audit.*
5. (a) In our opinion and according to the information and explanation given to us, the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- (b) Company has not entered into any transaction with any companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 exceeding value of Rs.5 lacs in respect of each party.
6. According to the information and explanation given to us, the Company has not accepted fixed deposits from public within the meaning of the directive issued by Reserve Bank of India and the provisions of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under.
7. *The Internal Audit of the Company has been conducted by the Company's employees. In Our opinion, scope and coverage of Internal Audit needs to be strengthened having regard to size of the company and nature of its business.*
8. According to the information and explanation given to us, the Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, for any of the products of the Company.
9. (a) According to the information and explanation given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, Investor Education and protection fund, income tax, service tax, sales tax, wealth tax, customs duty and other material statutory dues have generally been regularly deposited during the period by the Company with the appropriate authorities though there have been minor delays in few cases. As explained to us, the Company did not have any dues on account of investor education and protection fund, Wealth tax, Service tax, Excise duty, cess and custom duty.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of

- income tax, wealth tax, sales tax, service tax, custom duty and excise duty and cess were outstanding as at 30th June 2009 for a period exceeding six months from the date they became payable.
- c) According to the information and explanations given to us, there are no dues of income tax, custom duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute. However, sales tax authorities have raised demands of Rs.19.07 Lacs against which Rs.6.52 Lacs has been deposited and for unpaid amount of Rs.12.55 Lacs the company is in appeal.
10. The accumulated losses at the end of the financial period amounted to Rs. 263.57 Lacs, which is less than Fifty percent of its Net worth. The Company has incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year also.
11. During the period, the company has not defaulted in repayment of dues to Financial Institutions , Banks and Debenture Holders .
12. The Company has not granted any loans and advances to any party on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a Chit fund, Nidhi or mutual benefit Society. Hence the requirement of item (xiii) of paragraph 4 of the Order is not applicable to the company.
14. According to Information and Explanations given to us and on the basis of our examination of the books of accounts, proper records have been maintained of the transactions and contracts and timely entries have been made therein in respect of the shares and other investment dealt with or traded by the company.
15. The Company has given Corporate Guarantee of Rs 7.13 Crore to the bankers of Appughar Infrastructure and developers pvt ltd, an associate Company for loans availed by the said company. The Company has explained to us that, such guarantee is not prejudicial to the interest of the company as the said company has sufficient assets to meet any liability. .
16. According to the information and explanation given to us, the company did not have any term loans outstanding during the year.
17. According to the information and explanations given to us and on overall examination of the Balance sheet of the Company, we are of the opinion that funds raised on short-term basis have not been used for long-term investment.
18. The company has not made any preferential allotment of shares to the parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures during the year.
20. The company has not made any public issue during the year.
21. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

**For and on behalf of
S. Kapoor & Associates
Chartered Accountants**

**Place : New Delhi
Dated : 10th August, 2009**

**Sd/-
Sanjay Kapoor
F.C.A. (Proprietor)
Membership No. 82499**

NETWORK LIMITED
BALANCE SHEET AS AT 30TH JUNE, 2009

**NETWORK
LIMITED**

	Schedule	As at 30.06.2009 Rs. In Lacs	As at 31.03.2008 Rs. In Lacs
SOURCES OF FUNDS			
Shareholders Funds :			
Share Capital	1	5,360.45	2,415.40
Reserves & Surplus	2	345.89	3,490.75
Share Application Money		—	260.50
Secured Loan	3	—	167.67
TOTAL		5,706.34	6,334.32
APPLICATION OF FUNDS			
Fixed Assets:			
Gross Block	4	448.14	156.66
Less: Depreciation		28.51	9.25
Net Block		419.63	147.41
Investment			
Investment	5	2,759.56	46.81
Current Assets, Loans and Advances:			
Sundry Debtors	6	—	3.02
Inventories	7	—	373.38
Cash & Bank Balances	8	962.33	1,150.98
Loans & Advances	9	1,433.91	350.25
		2,396.23	1,877.64
Less : Current Liabilities and Provisions			
Current Liabilities	10	131.51	145.19
Provisions		1.14	0.57
		132.65	145.76
Net Current Assets		2,263.59	1,731.88
Profit & Loss Account		263.57	4,408.22
TOTAL		5,706.34	6,334.32
Significant Accounting Policies	16		
Notes on Accounts	17		

The Schedules referred to above form an integral part of the Balance Sheet

On behalf of the board

For and on behalf of
S.KAPOOR & ASSOCIATES
Chartered Accountants

Sd/-
ASHOK SAWHNEY
CHAIRMAN

Sd/-
AVINASH CHANDER SHARMA
DIRECTOR

Sd/-
SANJAY KAPOOR
PROPRIETOR
M. No. 82499

Sd/-
VIJAY KALRA
DIRECTOR

Sd/-
PANKAJ SHRIMALI
DIRECTOR

Sd/-
G S GOYAL
DIRECTOR

Place : New Delhi
Dated : 10th August, 2009

Sd/-
AMAN SAWHNEY
MANAGER

Sd/-
AJAY MITTAL
COMPANY SECRETARY

Sd/-
DHIRAJ SHARMA
FINANCE CONTROLLER

NETWORK LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE 2009****NETWORK
LIMITED**

	Schedule	Year Ended 30.06.2009 Rs. In Lacs	Year Ended 31.03.2008 Rs. In Lacs
INCOME			
Sales / Income from Operations	11	207.11	255.31
Other Income	12	146.18	60.17
		<u>353.29</u>	<u>315.48</u>
EXPENDITURE			
Cost of Sales	13	187.19	112.10
Personnel	14	64.40	81.83
Administration, Selling & Distribution Expenses	15	331.88	308.27
Depreciation / Amortisation	4	32.24	6.67
		<u>615.71</u>	<u>508.87</u>
Loss for the year ended before taxation		262.42	193.39
Provision for Fringe Benefit Tax		1.15	0.96
Income Tax of earlier years		—	—
Loss for the year ended after taxation		263.57	194.35
Loss Brought Forward from previous year after taking into consideration scheme of arrangement (Refer Note 2, Schedule 17)		—	4,213.87
Loss Carried Forward to Balance Sheet		263.57	4,408.22
Earning Per Share (Basic)		(1.37)	(1.24)
Earning Per Share (Diluted) (Refer Note 9, Schedule 17)		(1.37)	(1.13)

The Schedules referred to above form an integral part of the Balance Sheet

On behalf of the board

For and on behalf of
S.KAPOOR & ASSOCIATES
Chartered Accountants

Sd/-
ASHOK SAWHNEY
CHAIRMAN

Sd/-
AVINASH CHANDER SHARMA
DIRECTOR

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M. No. 82499

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G S GOYAL
DIRECTOR

Place : New Delhi
Dated : 10th August, 2009

Sd/-
AMAN SAWHNEY
MANAGER

Sd/-
AJAY MITTAL
COMPANY SECRETARY

Sd/-
DHIRAJ SHARMA
FINANCE CONTROLLER

NETWORK LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE 2009



	Year Ended 30.06.2009 Rs. In Lacs	Year Ended 31.03.2008 Rs. In Lacs
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net (Loss) / Profit after tax and Extra-ordinary items	(263.57)	(194.35)
Adjustments for:		
Fixed Assets W / off	62.84	—
Payment of Decrease in the value of investment	2.34	2.29
Depreciation	32.24	6.67
	<u>97.42</u>	<u>8.96</u>
Operating (Loss) / Profit before working capital changes	(166.15)	(185.39)
Adjustments for Increase In :		
Sundry Debtors	3.02	(0.50)
Inventories	373.38	(230.00)
Trade and other receivables	(1,083.65)	(88.08)
Trade payables and other liabilities & Provisions	(13.11)	32.52
	<u>(13.11)</u>	<u>32.52</u>
Cash generated from / (used in) operations	(720.36)	(286.06)
Net Cash from / (used in) Operating Activities (A)	<u><u>(886.51)</u></u>	<u><u>(471.45)</u></u>
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(367.30)	(117.29)
Investment	(2,715.10)	(269.10)
	<u>(3,082.40)</u>	<u>(386.39)</u>
Net Cash from / (used in) Investing Activities (B)	<u><u>(3,082.40)</u></u>	<u><u>(386.39)</u></u>
C CASH FLOW FROM FINANCING ACTIVITIES		
Shares allotted	3,947.91	377.50
Secured Loan taken against Deposits	(167.66)	167.67
Share Application Money recd	—	74.75
Securities premium received	—	3,780.25
	<u>3,780.25</u>	<u>1,367.50</u>
Net cash from / (used in) Financing Activities (C)	<u><u>3,780.25</u></u>	<u><u>1,987.42</u></u>
Opening balance of Cash & Cash equivalents	1,150.98	21.40
Closing balance of Cash & Cash equivalents	962.32	1,150.98
Net Increase / (Decrease) in Cash and Cash equivalents	(188.66)	1,129.58
	<u>(188.66)</u>	<u>1,129.58</u>
Total (A) + (B) + (C)	<u><u>(188.66)</u></u>	<u><u>1,129.58</u></u>

On behalf of the board

For and on behalf of
S.KAPOOR & ASSOCIATES
Chartered Accountants

Sd/-
ASHOK SAWHNEY
CHAIRMAN

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AVINASH CHANDER SHARMA
DIRECTOR

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Place : New Delhi
Dated : 10th August, 2009

Sd/-
AMAN SAWHNEY
MANAGER

Sd/-
AJAY MITTAL
COMPANY SECRETARY

Sd/-
DHIRAJ SHARMA
FINANCE CONTROLLER

NETWORK LIMITED
SCHEDULE FORMING PART OF THE BALANCE SHEET

**NETWORK
LIMITED**

	As at 30.06.2009 Rs. In Lacs	As at 31.03.2008 Rs. In Lacs
1. SHARE CAPITAL		
AUTHORISED CAPITAL		
(Refer Note No 2 (vii), Schedule 17)		
5,25,00,000 Equity Shares of Rs.10/- each	5,250.00	3,000.00
6,00,000 Preference share of Rs.100/- each	600.00	1,000.00
	<u>5,850.00</u>	<u>4,000.00</u>
ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
20,23,557 Equity Shares of Rs. 10/- each fully paid up in cash (Previous Year 1,08,89,007) (Refer Note No 2 (viii), Schedule 17)	202.36	1,088.90
51,00,000 Equity Shares of Rs. 10/- each issued and fully paid up pursuant to a contract without payment being received in cash (Previous Year 51,00,000)	510.00	510.00
3,83,15,941 Equity Shares of Rs. 10/- each issued and fully paid up pursuant to the scheme of Arrangement (Previous Year Nil) (Refer Note No 2 (iii), Schedule 17)	3,831.59	—
25,95,000 Equity Shares of Rs. 10/- each allotted as fully paid on conversion of cumulative convertible Preference shares (Previous Year 25,95,000)	259.50	259.50
5,57,000 - Redeemable Preference Shares of Rs 100/- each (Previous year - 5,57,000)	557.00	557.00
	<u>5,360.45</u>	<u>2,415.40</u>
	As at 31.03.2008 Rs. In Lacs	As at 30.06.2009 Rs. In Lacs
	Addition / (Adjustment) During the Year Rs. In Lacs	As at 31.03.2008 Rs. In Lacs
2. RESERVES AND SURPLUS		
Capital Redemption Reserve	4.00	4.00
Securities Premium Account (Refer Note No 2 (vi), Schedule 17)	3,486.75	(3,168.22)
Reserves & Surplus	—	23.36
	<u>3,490.75</u>	<u>(3,144.86)</u>
	As at 30.06.2009 Rs. In Lacs	As at 31.03.2008 Rs. In Lacs
3. SECURED LOANS		
Secured Loan	—	167.67
	<u>—</u>	<u>167.67</u>

NETWORK LIMITED
SCHEDULE FORMING PART OF THE BALANCE SHEET

**NETWORK
LIMITED**

4. FIXED ASSETS

(Rs In Lacs)

Description	Gross Block				Depreciation / Amortisation				Net Block	
	As at 1.4.2008	Additions During the period	Transfer/ Adjustment During the Year	As at 30.06.2009	Up to 01.04.2008	For the period	Transfer/ Adjustment During the Year	Up to 30.06.2009	As at 30.06.2009	As at 31.03.2008
Leasehold Land	1.27	—	—	1.27	—	—	—	—	1.27	1.27
Goodwill*	—	425.68	—	425.68	—	21.28	—	21.28	404.39	—
Computer System	13.63	7.27	(12.68)	8.22	1.85	2.34	(0.02)	4.17	4.05	11.78
Furniture & Fixture	117.68	7.25	(113.40)	11.53	4.42	5.50	(7.37)	2.55	8.98	113.26
Electrical Fitting	2.99	—	(2.99)	—	0.15	0.12	(0.27)	—	—	2.84
Office Equipment	13.92	2.31	(14.79)	1.44	0.73	0.75	(0.97)	0.51	0.93	13.19
Computer Software	7.17	0.14	(7.31)	—	2.11	2.24	(4.35)	—	—	5.07
TOTAL	156.66	442.64	(151.16)	448.14	9.25	32.24	(12.98)	28.51	419.63	147.41
Previous year (Rs.)	39.37	117.29	—	156.66	2.58	6.67	—	9.25	147.41	16.74

(*Refer Note 2 (v) Schedule 17)

As at	As at
30.06.2009	31.03.2008
Rs. In Lacs	Rs. In Lacs

5. INVESTMENT

Trade Investments - Unquoted - Long Term

Investment in Subsidiary / Associate Companies

(Refer Note 2, Schedule 17)

NIL (Previous Year 49,994) Equity Shares of Rs 10/- each in Network Hospitality limited — 5.00

NIL (Previous Year 49,994) Equity Shares of Rs 10/- each in Network Realty Ventures limited — 5.00

Investment in 54,90,900 (Previous Year 49,994) Shares of Rs 10/- each of Network Retail Limited (Refer Note 2 (iv), Schedule 17) 549.09 5.00

Investment in 19,20,000 (Previous Year Nil) Shares of Rs 10/- each of International Amusement Limited 576.00 —

Investment in 49,999 (Previous Year Nil) Shares of Rs 10/- each of Appughar Infrastructure & Developers Private limited 5.00 —

Investment in 2,00,000 (Previous Year Nil) Shares of Rs 10/- each of Appughar Securities & Solutions Private Limited 100.00 —

Investment in 3,00,000 (Previous Year Nil) Shares of Rs 10/- each of Appughar Entertainment Private Limited 1,500.00 —

Investments - Quoted - Short term

2233 (Previous Year 2233) of Omaxe limited of Rs 310/- each (Market Value as at 30.06.09 = Rs 2,28,101/-) 6.92 6.92

39003 (Previous Year 39003) of Power Grid Corporation of India Limited at the rate of Rs 52 /- per Share (Market Value as at 30.06.09 = Rs 43,09,832/-) 20.28 20.28

1569 (Previous Year 1569) of Mundra Port and Special Economic Zone Ltd @ of Rs 440/- each (Market Value as at 30.06.09 = Rs 9,70,113/-) 6.90 6.90

Provision for Diminution in the value of Quoted Investment (4.64) (2.29)

2,759.56	46.81
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Total Market Value of Quoted Investment 55.08 52.05

Total Amount of Unquoted Investment 2730.09 15.00

Total Amount of Quoted Investment 34.10 34.10

NETWORK LIMITED
SCHEDULE FORMING PART OF THE BALANCE SHEET

**NETWORK
LIMITED**

	As at 30.06.2009 Rs. In Lacs	As at 31.03.2008 Rs. In Lacs
6. SUNDRY DEBTORS (UNSECURED, CONSIDERED GOOD)		
Over Six Months	—	0.40
Others	—	2.62
	<u>—</u>	<u>3.02</u>
7. INVENTORIES		
Finished goods	—	373.38
	<u>—</u>	<u>373.38</u>
8. CASH AND BANK BALANCES		
Bank Balances with Scheduled Banks in Current A/c	11.59	28.87
Fixed Deposit A/c *	937.97	1,116.50
Cash in Hand	12.76	5.62
*(Refer Note 1(b) & (c), Schedule 17)		
	<u>962.33</u>	<u>1,150.98</u>
9. LOANS AND ADVANCES		
Unsecured, Considered Good		
Advances recoverable in cash or in kind or for value to be received*	1,329.69	296.75
Interest accrued but not due	55.75	37.39
Tax Deducted at Source	48.47	16.12
(*Refer Note 13, Schedule 17)		
	<u>1,433.91</u>	<u>350.25</u>
10. CURRENT LIABILITIES & PROVISIONS		
(A) Current Liabilities:		
Sundry Creditors	120.59	101.55
Advance Received from Customers	—	13.90
Other Liabilities	10.92	29.74
TOTAL (A)	<u>131.51</u>	<u>145.19</u>
(B) Provisions:		
Provision for Taxation (Net of Payment)	1.14	0.57
TOTAL (B)	<u>1.14</u>	<u>0.57</u>
TOTAL (A + B)	<u>132.65</u>	<u>145.76</u>

NETWORK LIMITED
SCHEDULE TO PROFIT AND LOSS ACCOUNT

**NETWORK
LIMITED**

	As at 30.06.2009 Rs. In Lacs	As at 31.03.2008 Rs. In Lacs
11. SALES / INCOME FROM OPERATIONS		
Sales	207.11	232.81
Consultancy Income	—	22.50
	<u>207.11</u>	<u>255.31</u>
12. OTHER INCOME		
Interest on Fixed Deposits	141.55	52.73
Exchange rate fluctuation	—	3.18
Miscellaneous Income	4.63	4.26
	<u>146.18</u>	<u>60.17</u>
13. COST OF SALES		
Opening Stock	373.38	138.17
Add : Purchases-Finished goods	14.95	347.30
	<u>388.33</u>	<u>347.30</u>
Less: Closing Stock		
Stock Transfer on De - Merger	201.14	373.38
	<u>187.19</u>	<u>112.10</u>
14. PERSONNEL		
Salaries, Wages and Bonus	58.87	74.78
Other benefits to employees	5.53	7.05
	<u>64.40</u>	<u>81.83</u>
15. ADMINISTRATION, SELLING AND DISTRIBUTION EXPENSES		
Rent / Hire Charges	129.14	133.42
Interior / Decoration	62.84	2.61
Advertisement Expenses	4.44	38.06
Travelling & Conveyance	6.58	8.54
Staff Recruitment charges	0.15	1.76
Provision for Diminution in the value of Investment	5.41	2.29
Shut Down Cost / Settlement Expenditure	20.30	—
Director's Foreign Travel Expenses	—	0.41
AGM / EGM Expenses	2.41	0.52
Rebate & discount	0.11	0.35
Printing and Stationery	3.44	6.08
Communication Expenses	5.00	3.78
Business Promotion	1.55	3.92
Sponsorship Charges	—	13.75
Exchange fluctuation	3.21	—
Financial Expenses	19.95	22.78
Fees & Subscription Charges	5.04	4.98
Legal and Professional Charges*	17.41	10.76
Repair and Maintenance	25.16	25.44
Insurance exp.	1.37	2.45
Electricity & Water Charges	8.61	6.95
Exhibition Expenses	—	2.02
Brokerage / Commission	2.30	5.80
Bad Debts / Advances Written off	1.24	—
Other Expenses	6.21	11.60
*(Refer Note 11, of Schedule 17)		
	<u>331.88</u>	<u>308.27</u>

16. ACCOUNTING POLICIES

1 (a) BASIS OF PREPARATION

The Financial Statements are prepared under the historical cost convention, in accordance with the Indian Generally Accepted Accounting Principles ("GAAP") and mandatory Accounting Standards issued by the Institute of Chartered Accountants of India ("ICAI") and the provisions of the Companies Act, 1956. All income and expenditure having a material bearing on the financial statements are recognized on the accrual basis.

(b) USE OF ESTIMATES

The preparation of Financial Statements in conformity with GAAP requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

2. REVENUE RECOGNITION

- a) Revenue from the sale of Goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer. Sales are accounted at net of Sales return and Trade discount.
- b) Interest on deployment of funds is recognized on accrual basis.

3. EXPENDITURE

Expenses are accounted for on accrual basis and provisions are made for all known losses and liabilities.

4. FIXED ASSETS

Fixed Assets are stated at cost less accumulated depreciation. The cost of assets comprises of purchase price and directly attributable cost of bringing the assets to working condition.

5. DEPRECIATION / AMORTIZATION

Depreciation on Fixed Assets has been provided on straight line method (S.L.M.) on pro-rata basis at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956. Individual assets acquired for less than Rs.5000/- are entirely depreciated in the year of acquisition.

Intangible Assets are amortized over their respective individual estimated useful lives on straight – line basis. The Management estimates the useful live of Software as three Years.

Goodwill generated on Amalgamation has been amortized on straight –line basis over a period of five years as recommended in Accounting Standard – 14 – "Accounting for Amalgamations "

6. INVENTORIES

Inventories are valued at cost or Net Realizable Value, whichever is less on FIFO method. Cost includes purchase price, freight, custom duty and other incidental expenses.

7. FOREIGN CURRENCY TRANSACTIONS

The transactions in foreign currency are accounted at the exchange rate prevailing on the date of transaction. Any exchange gains or losses arising out of the subsequent fluctuations are accounted for in the Profit & Loss account.

8. TAX ON INCOME

Current tax are measured at the amounts expected to be paid using the applicable tax rates and tax laws. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the profit & loss account in the year of change. Deferred tax assets and deferred tax liabilities are recognized for the future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carry forwards.

9. INVESTMENT

Investments are classified into Long term and Current Investment based on the intent of the management at the time of the acquisition. Long term investments are stated at cost less provision, if any, for diminution in value of such investment other than temporary diminution. Current investments are stated at lower of cost or fair value.

10. EARNING PER SHARE

Basic Earning per share is computed using Weighted Average Number of Equity Share Outstanding during the year. Diluted Earning per share is computed using weighted Average Number of Equity and Dilutive Equity equivalent share outstanding during the year end.

17. NOTES TO THE ACCOUNTS

1. CONTINGENT LIABILITIES

- a) Contingent Liabilities in respect of claims against the Company not acknowledged as debts in respect of Sales tax Rs.12.55 Lacs Net of payment [Previous year Rs.12.55 Lacs (Net of payment) & others Rs.14.46 Lacs (Previous year Rs. 14.46 Lacs).
- b) Fixed Deposit receipts of Rs 1.5 lacs (Previous Year 1.5) Pledged with Sale tax authorities.
- c) Fixed Deposit receipts amounting to Rs 937.97 lacs (Previous year 930 Lacs) pledged with Bank against loan sanctioned to Appughar Infrastructure and

Developers Pvt Ltd. (an associate Company)

- d) Corporate guarantee of Rs 713 Lacs (Previous Year 613 Lacs) issued to bankers against loans availed by Appuhaar Infrastructure & Developers Pvt Ltd (an associate company).
2. The Hon'ble High Court of Delhi had sanctioned the Scheme of Arrangement vide its order dated 22nd May 2009, for (a) Amalgamation of PPS Towers Pvt Ltd, Lorgan Consultants Private limited and Shrgan Investment Consultants Private Limited (the "Transferor Companies") with Network Limited (the "Transferee Company"); (b) De – Merger of retail business of Network Limited into Network Retail Limited (the "Resultant Company"); and (c) Reduction of Capital of Network Limited. (Debit Balance of Profit & Loss account of Network Limited to the extent of Rs 44,08,22,014/- has been adjusted and written off against the aggregate amount of Securities Premium Account of Network Limited after amalgamation (inclusive of the Transferor Companies)

Consequent to the above, the retail division of the Company was de – merged into Network Retail Limited, wholly owned subsidiary of the Company.

The appointed date of the Scheme being 01st April 2009.

The Salient Features of the scheme as approved by the Hon'ble High Court of Delhi are as under:-

- (i) The assets, liabilities, rights and obligations of "Transferor Companies" have been vested with the Company with effect from 01st April 2009, and have been recorded at their respective Book value, under the pooling of interest method of accounting for amalgamation, also the assets, liabilities and obligations of the Retail Division of Network Limited have been vested with the Network Retail Limited with effect from 01st April 2009.
- (ii) All three "Transferor Companies" were engaged in consultancy services and other related services.
- (iii) 3,83,15,941 Equity shares of Rs 10/- each, have been issued as fully paid up , to all the shareholders of "Transferor Companies", whose names were registered in the register of members on record date, without payment being received in cash.
- (iv) 54,40,900 Equity Shares of Rs 10/- each, have been issued as fully paid up by Network Retail Limited to Network Limited, without payment being received in cash, as consideration for De – Merger of Retail Division of Network Limited in to Network Retail Limited.
- (v) Excess of the Book value of Net Assets taken over by the Company over the paid up value of Equity Shares issued to "Transferor Companies" amounting to Rs 42,567,890/- has been debited/ Credited to Goodwill/Capital Reserve A/c as prescribed in the Scheme.

(vi) Debit Balance as per Profit & Loss A/c of Network Limited as on 31st March 2008 to the extent of Rs 44,08,22,014/- has been adjusted and written off against the aggregate amount of Securities Premium account of Network Limited (inclusive of the "Transferor Companies".)

(vii) The authorized share capital of the Transferor Companies has been added to and form part of the authorized share capital of Network Limited, without payment of any fees or charges to the Registrar of Companies or to any other government authorities. Further, the authorized share capital of Network Limited has been reduced by an amount of Rs 5.50 Crore (Rs 1.50 Crore from the Authorized Equity Share Capital and Rs 4.00 Crore from the Authorized Preference Share Capital) and the Authorized Equity Share Capital of the Network Retail Limited was increased by an equivalent amount of Rs 5.50 Crore without payment of any fees or charges to the Registrar of Companies and/ or to any other government authority.

(viii) 88,65,450 Equity Shares of Rs 10/- each of Network Limited held by PPS Towers Private limited (Transferor Company) were cancelled on the record date.

3. The Figures of the Current year include figures of PPS Towers Private Limited, Shrgan Investment Consultants Private Limited and Lorgan Consultants Private Limited, which were amalgamated with the Company w.e.f 01st April 2009 and does not include figures of Retail Division of Network Limited, which was De-Merged in Network Retail Limited w.e.f 01st April 2009, and are therefore to the extent not comparable with those of the previous year.
4. The Board of Directors of the company has decided to change the end of Financial year of the Company from 31st March 2009 to 30th June 2009, accordingly these accounts are for the period 01st April 2008 to 30th June 2009. Figures of Current year are therefore to the extent not comparable with those of the previous year.
5. The Company is exploring new avenues and contemplating strategic tie ups for long term value creation and to generate regular revenues in the company.
6. The Company has identified suppliers covered under the "Interest on delayed payment to Small Scale and Ancillary undertaking Ordinance, 1992" promulgated on 23rd September, 1992 and has ascertained the liability in this regard as Nil.
7. During the period under reference, Company was substantially engaged in retail business, which as per the scheme of arrangement is De-merged from Network Limited to Network Retail Limited w.e.f 01st April 2009 and was having only one reportable segment and therefore segment wise reporting as per AS – 17 issued

by the institute of Chartered Accountant of India is not relevant

8. The Board of Directors of the company had allotted 74,50,000 warrants of Rs 50/- each with an option to be converted into equal number of equity shares at Rs 10/- each at a premium of Rs 40/- each, at the option of warrant holders within a period of 18 months from the date of allotment i.e. 07/09/2007 in accordance with the resolution passed in the AGM held on 29th August 2007. The company had received amount of Rs.14.455 Crore till 31st March 08 from warrant holders. Out of the total 74,50,000 warrants, 23,70,000 warrants were converted

into 23,70,000 equity shares of Rs 10/- each at premium of Rs 40/- (Total Amount 11.85 Crore). As per Terms and Conditions of issue of warrants, the remaining 50,80,000 warrants stand lapsed at the expiry of 18 months i.e on 06th March 2009 and initial amount equivalent to 10% of the value of warrants amounting to Rs 2,60,50,000/- (Rs Two Crore Sixty Lakhs Fifty Thousand Only) paid by the warrant holders on said warrants now stand forfeited as per resolution passed in the meeting of Board of Directors held on 07th March 2009 And the said amount was credited / adjusted to Capital Reserve.

9. Basic and Diluted Earnings per Share pursuant to Accounting Standard-20:

PARTICULARS	2008-2009	2007-2008
Loss for the year (Rs. In Lacs)	263.57	194.34
Weighted Average number of equity shares (nos.)	192,29,851	156,46,204
Nominal value of equity share (Rs.)	10	10
Earning per Share (basic)	(1.37)	(1.24)
E.P.S. (diluted) on 1.92,29,851 (Previous Year 1,72,31,204 shares)	(1.37)	(1.13)

10. Amount paid / payable to Auditors:

PARTICULARS	Current Year Rs. In Lacs	Previous Year Rs. in Lacs
Audit Fees	0.38	0.39
In other capacity:		
– Tax related work	0.08	0.11
– Certification work	0.08	0.49

11. As per the Accounting Standard -18 "Related Party Disclosures", issued by the Institute of Chartered Accountants of India.

The related parties of the Company as on 30.06.09 are as follows:

A. List of Related parties & Relationships: -

a) Subsidiary Companies :-

- Network Retail Limited
- Network Hospitality Private Limited (Upto 30th March 2009)
- Network Realty Ventures Limited (Upto 30th March 2009)

b) Associates

- PPS towers Pvt Ltd (merged with the company w.e f 01st April 2009)
- Appu Ghar Infrastructure and Developers Private Limited
- Mr. Anuj Sawhney
- Swiss Military Product S.A.

c) Key Management Personnel

Mr. Ajay Mittal (w. e f 01.04.2008)

d) Companies controlled by key management personnel with whom transactions have taken Place during the year

- NIL

(Rs in Lakhs)

Description	Holding Company		Subsidiary Companies		Associates		Companies controlled by Key Management personnel	
	This Year	Previous Year	This Year	Previous Year	This Year	Previous Year	This Year	Previous Year
Share Application Money Paid	—	—	—	—	—	220.00	—	—
Refund of Share Application Money	—	—	—	—	110.00	—	—	—
Investment made	—	—	—	15.00	—	—	—	—
Investment sold	—	—	10.00	—	—	—	—	—
Preference Shares Alloted	—	240.00	—	—	—	—	—	—
Purchases	—	11.81	—	—	10.38	—	—	—
Sales	—	0.14	—	—	24.57	1.22	—	2.23
Rent paid	—	—	—	—	32.02	—	—	39.58
Maintenance Charges paid	—	—	—	—	—	—	—	7.28
Electricity Charges paid	—	—	—	—	—	—	—	3.95
Security Deposit	—	—	—	—	—	—	—	9.36
Advance for Expenses	—	—	1.35	—	—	—	—	—
Closing Balance (DR)	—	—	—	—	1,324.15	220.22	—	5.40
Closing Balance (CR)	—	10.81	88.78	—	15.39	—	—	16.11

Note:- Aforesaid figures excludes Assets / Liabilities transferred under scheme of arrangement sanctioned by Hon'ble High Court of Delhi vide its order dated 22nd May 2009 as detailed in Note No 2. Schedule 17.

12. Amount due against Unpaid/Unclaimed Debenture Redemption amount/interest, amounting to Rs 12.68 Lacs, not claimed by the Debenture Holders has been deposited in Investor Education and Protection Fund as per the provisions of Section 205 of the Companies Act, 1956.
13. Loans & Advances includes share application money of Rs 1324.15 Lakhs (Previous year Rs 220.00 Lakhs) paid to Appughar Infrastructure & Developers Private Limited pending allotment.
14. Previous Year's figures have been regrouped / rearranged wherever necessary.

On behalf of the board

For and on behalf of
S.KAPOOR & ASSOCIATES
Chartered Accountants

Sd/-
ASHOK SAWHNEY
CHAIRMAN

Sd/-
AVINASH CHANDER SHARMA
DIRECTOR

Sd/-
SANJAY KAPOOR
PROPRIETOR
M. No. 82499

Sd/-
VIJAY KALRA
DIRECTOR

Sd/-
PANKAJ SHRIMALI
DIRECTOR

Sd/-
G S GOYAL
DIRECTOR

Place : New Delhi
Dated : 10th August, 2009

Sd/-
AMAN SAWHNEY
MANAGER

Sd/-
AJAY MITTAL
COMPANY SECRETARY

Sd/-
HIRAJ SHARMA
FINANCE CONTROLLER

Information pursuant to the provisions of part II of Schedule VI to the Companies Act, 1956.

a) Detail of Opening Stock

Items	Current Year		Previous Year	
	Stock Qty	Stock Rs. Lacs	Stock Qty	Stock Rs. Lacs
Pen	4892	24.78	2821	15.85
Baggage	6354	51.60	2463	16.54
Watches	2835	159.43	264	10.15
Others Items	42541	132.54	28953	92.92
Packing Material	—	5.03	—	2.71
	56622	373.38	34501	138.17

b) Sale of traded goods

Items	Current Year		Previous Year	
	Stock Qty	Stock Rs. Lacs	Stock Qty	Stock Rs. Lacs
Pen	2478	20.79	2435	24.55
Baggage	3773	47.67	5264	40.75
Watches	1506	63.77	1877	79.99
Others Items	17033	74.87	17062	87.52
	24790	207.10	26638	232.81

c) Purchase of traded goods & Packing material

Items	Current Year		Previous Year	
	Purchase Qty	Purchase Rs. Lacs	Purchase Qty	Purchase Rs. Lacs
Pen	100	0.25	4503	16.88
Baggage	754	2.03	9155	53.93
Watches	670	4.19	4448	193.16
Other Items	2509	5.23	30659	75.53
Packing / Displays	—	3.25	—	7.80
	4033	14.95	48765	347.30

d) Detail of Closing Stock*

Items	Current Year		Previous Year	
	Closing Stock Qty	Closing Stock Rs. Lacs	Closing Stock Qty	Closing Stock Rs. Lacs
Pen	—	—	4892	24.78
Baggage	—	—	6354	51.60
Watches	—	—	2835	159.43
Other Items	—	—	42541	132.54
Packing / Displays	—	—	—	5.03
	—	—	56622	373.38

* Stock as on 01.04.2009 amounting to Rs 2,01,13,706/- has been transferred to Network Retail Limited as per scheme of arrangement as detailed in Point No 2 . Schedule 17.

	Current Year (Rs. Lacs)	Previous Year (Rs. Lacs)
e) Expenditure in Foreign currency		
i) Purchases	.04	186.13
ii) Traveling	Nil	0.81
f) Value of import made by the company	—	186.13
g) Earnings in Foreign Currency	NIL	NIL

The other additional information has not been given, since the company does not carry any manufacturing operations.

On behalf of the board

For and on behalf of
S.KAPOOR & ASSOCIATES
Chartered Accountants

Sd/-
ASHOK SAWHNEY
CHAIRMAN

Sd/-
AVINASH CHANDER SHARMA
DIRECTOR

Sd/-
SANJAY KAPOOR
PROPRIETOR
M. No. 82499

Sd/-
VIJAY KALRA
DIRECTOR

Sd/-
PANKAJ SHRIMALI
DIRECTOR

Sd/-
G S GOYAL
DIRECTOR

Place : New Delhi
Dated : 10th August, 2009.

Sd/-
AMAN SAWHNEY
MANAGER

Sd/-
AJAY MITTAL
COMPANY SECRETARY

Sd/-
DHIRAJ SHARMA
FINANCE CONTROLLER

NETWORK LIMITED**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE****1 REGISTRATION DETAILS**

Registration No.	34797	State Code	55
Balance Sheet Date	30.06.2009		

2 CAPITAL RAISED DURING THE YEAR (AMOUNT IN Rs. THOUSANDS)

Public Issue	NIL	Right Issue	NIL
Private Placement	383159	Bonus Issue	NIL

3 POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN Rs. THOUSANDS)

Total Liabilities	570634	Total Assets	570634
Sources of Funds :		Application of Funds :	
Paid up-Equity Share Capital	480345	Net Fixed Assets	41963
Pref. Share Capital	55700	Investment	275956
Share application Money	0	Net Current Assets	226359
Reserve & Surplus	34589	Misc. Expenditure	Nil
Secured Loan	0	Accumulated Loss	26356
Unsecured Loan	NIL		

4 PERFORMANCE OF COMPANY (AMOUNT IN Rs. THOUSANDS)

Turnover	35329	Total Expenditure	61571
Profit / (Loss) before Tax	(26242)	Profit / (Loss) after Tax	(26357)
Earning per Share (in Rs.)	(1.37)	Dividend Rate	Nil

5 NAME OF GENERIC PRINCIPAL PRODUCTS

Item Code No. (ITC)	N.A.	Product Description	N.A.
---------------------	------	---------------------	------

On behalf of the board

For and on behalf of
S.KAPOOR & ASSOCIATES
Chartered Accountants

Sd/-
ASHOK SAWHNEY
CHAIRMAN

Sd/-
AVINASH CHANDER SHARMA
DIRECTOR

Sd/-
SANJAY KAPOOR
PROPRIETOR
M. No. 82499

Sd/-
VIJAY KALRA
DIRECTOR

Sd/-
PANKAJ SHRIMALI
DIRECTOR

Sd/-
G S GOYAL
DIRECTOR

Place : New Delhi
Dated : 10th August, 2009

Sd/-
AMAN SAWHNEY
MANAGER

Sd/-
AJAY MITTAL
COMPANY SECRETARY

Sd/-
DHIRAJ SHARMA
FINANCE CONTROLLER

**Statement Pursuant to Section 212 of the Companies Act, 1956
Related to Subsidiary Companies**

S No	Name of the Subsidiary Company	Network Retail Limited
1.	Financial Year of the Subsidiary Company ended on	30th June 2009
2.	(a) Issued, Subscribed and Paid up capital of the subsidiary company	54,90,900 equity shares of Rs 10/- each
	(b) Extent of Interest of Network in Capital of Subsidiary Company	54,90,900 equity shares of Rs 10/- each 100%
3.	Net aggregate amount of Profit / Losses of the subsidiary so far as it concerns the Members of Network and is not dealt within the accounts of Network	
	(a) for the Financial Year ended 30th June 09 (in Rs.)	1,544,397/-
	(b) For the Previous financial years of the subsidiary since it became Subsidiary of Network (in Rs.)	29,228/-
4.	Net aggregate amount of Profit / Losses of the subsidiary so far as dealt with or provisions made for those losses in the Accounts of Network	—
	(a) The Financial Year ended 30th June, 09	—
	(b) For the Previous financial years of the subsidiary since it became Subsidiary of Network	—

On behalf of the board

**For and on behalf of
S.KAPOOR & ASSOCIATES
Chartered Accountants**

**Sd/-
ASHOK SAWHNEY
CHAIRMAN**

**Sd/-
AVINASH CHANDER SHARMA
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SANJAY KAPOOR
PROPRIETOR
M. No. 82499**

**Sd/-
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PANKAJ SHRIMALI
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**Sd/-
G S GOYAL
DIRECTOR**

**Place : New Delhi
Dated : 10th August, 2009**

**Sd/-
AMAN SAWHNEY
MANAGER**

**Sd/-
AJAY MITTAL
COMPANY SECRETARY**

**Sd/-
DHIRAJ SHARMA
FINANCE CONTROLLER**

**TO THE MEMBERS OF
NETWORK RETAIL LIMITED**

Your Directors have pleasure in presenting their 2nd Annual Report of the Company together with the Audited Accounts of the Company for the financial year ended 30th June, 2009.

FINANCIAL HIGHLIGHTS

The highlights of Financial Results for the Financial Year ended 30th June, 2009 in comparison to the Financial Year ended 31st March, 2008 are as follows:

PARTICULARS	(Rs. In Lacs)	
	30th June, 2009 15 Months	31st March, 2008 12 Months
Total Income	29.76	—
Total Expenditure	43.37	0.29
Profit/ (Loss) before Depreciation & Tax	(13.61)	(0.29)
Depreciation	1.83	—
Profit/ (Loss) before Tax	(15.44)	(0.29)
Provision for Fringe Benefit Tax	—	—
Profit/ (Loss) after Tax	(15.44)	(0.29)
Add: Profit/ (Loss) brought forward	(0.29)	—
Profit/ (Loss) carried to the Balance Sheet	(15.73)	(0.29)

The Figures of the current year include figures of retail division of Network Limited, which was de-merged in Network Retail Limited w.e.f. 1st April, 2009, and are therefore to the extent not comparable with those of the previous year.

REVIEW OF OPERATIONS

The Hon'ble High Court of Delhi had sanctioned the Scheme of Arrangement vide its order dated 22nd May, 2009, for (a) Amalgamation of PPS Towers Pvt Ltd, Lorgan Consultants Pvt Ltd and Shrgan Investment Consultants Pvt Ltd (the Transferor Companies No. 1 to 3 respectively) with Network Ltd (the Transferee Company); (b) De-merger of retail business of Network Ltd into Network Retail Ltd (the Resultant Company); and (c) Reduction of Capital of Network Ltd (Debit balance of Profit and Loss account of Network Ltd to the extent of Rs. 44,08,22,014 has been adjusted and written off against the aggregate amount of Securities Premium Account of Network Ltd after amalgamation (inclusive of the Transferor Companies).

Pursuant to the aforesaid scheme of arrangement, existing retail business of network Limited transferred to the Company with effect from 1st April, 2009. The Company would work out new market strategies for future retail business of the Company.

DIVIDEND

In view of loss incurred by the Company; hence your Directors do not recommend any dividend.

PUBLIC DEPOSITS

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

AUDITORS & AUDITORS OBSERVATIONS

The Auditors of the Company M/s. S. Kapoor & Associates, Chartered Accountants, New Delhi, 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 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.

DIRECTORS

During the year, neither any of the directors resigned from the Board nor any person was appointed as a director of the Company. The Board of Directors of the Company consists of Mr. Ashok Sawhney, Mr. Pankaj Shrimali and Mr. Vijay Kalra.

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the company, Mr. Pankaj Shrimali, Director 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. Pankaj Shrimali as Director.

PARTICULARS OF EMPLOYEES

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 EARNING AND OUTGO

- Your Company did not carry out any activity relating to Research & Development, Technology Absorption during the financial period 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 do not involve 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.

CHANGE IN CAPITAL STRUCTURE

Pursuant to the scheme of arrangement, the Authorised Share Capital of the Company has increased from Rs. 5,00,000/-

(Rupees Five Lacs only) divided into 50,000 Equity Shares of Rs.10/- each to Rs. 5,55,00,000/- (Rupees Five Crores Fifty Five Lacs only) divided into 55,50,000 Equity Shares of Rs.10/- each.

Further, Pursuant to the scheme of arrangement, the Board of Directors of the Company in its Meeting held on 30th June, 2009 has made allotment of 54,40,900 nos. of equity shares to Network Limited. Consequent to the above, the paid up Equity Share Capital of the Company has increased from 5.00 Lacs Crores to 549.09 Lacs.

CHANGE OF FINANCIAL YEAR

The Board of Directors of the Company has decided to change the financial year of the Company from 31st March to 30th June, 2009 to make it for 15 months i.e. from 1st April, 2008 to 30th June, 2009

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement 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 had 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 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.

ACKNOWLEDGEMENT

Your Directors wish to place on record their appreciation for the continued, sincere and dedicated services rendered by the employees at all levels. The Directors also express their grateful thanks to the Banks, Government Authorities and Shareholders for their continued cooperation.

For and on behalf of the Board of Directors

Sd/-
Ashok Sawhney
Chairman

Sd/-
Vijay Kalra
Director

Date : August 10, 2009
Place : New Delhi

To,
The Members of Network Retail Limited

1. We have audited the attached Balance Sheet of Network Retail Limited, as at 30th June, 2009, the Profit and Loss Account and also the Cash Flow Statement for the period ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
 2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
 3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
 4. Further to our comments in the annexure referred in paragraph 3 above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of account, as required by law have been kept by the Company so far as appears from our examination of those books.
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts.
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956.
- e) On the basis of written representations received from the directors, as on 30th June 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 30th June 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f) Subject to the matter stated in paragraph 3 above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the Balance Sheet, of the state of the affairs of the company as at 30th June 2009;
 - b) in the case of the Profit and Loss Account, of the loss for the period ended on that date; and
 - c) in the case of the Cash Flow Statement, of the cash flows for the period ended on that date.

For and on behalf of
S. Kapoor & Associates
Chartered Accountants

Sd/-
Place : New Delhi
Dated : 10th Aug 2009

Sd/-
Sanjay Kapoor
F.C.A. (Proprietor)
Membership No.82499

Annexure to the report of the Auditors to the members of Network Retail Limited on the accounts for the Year ended 30th June 2009.

{Referred to in paragraph 3 of our report of even date}

1. a) The Company has maintained proper records showing full particulars, including situation of its fixed assets.
- b) The management has physically verified its fixed assets at reasonable intervals. No material discrepancies were noticed on such verification.
- c) Since there is no substantial disposal of fixed assets during the period, the preparation of financial statements on going concern basis is not affected on this account.
2. a) The inventories have been physically verified at reasonable intervals by the management.
- b) The procedures of physical verification of inventories followed by the management is reasonable in relation to the size of the company and nature of the business.
- c) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and book records were not material and have been properly dealt within the books of accounts.
3. (a) The company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the Register maintained under section 301 of the Companies Act, 1956.
- (b) The company has not granted any loans to any company, firm or other party covered in Register maintained under section 301 of the Companies Act, 1956.
4. In our opinion, and according to the information and explanation given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchases of inventory, fixed assets and for sale of goods. We have not noted any major weaknesses in the internal control during the course of our audit.
5. (a) In our opinion and according to the information and explanation given to us, the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- (b) Company has not entered into any transaction with any companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 exceeding value of Rs.5 lacs in respect of each party.
6. According to the information and explanation given to us, the Company has not accepted fixed deposits from public within the meaning of the directive issued by Reserve Bank of India and the provisions of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under.
7. The Internal Audit of the Company has been conducted by the Company's management. In Our opinion, scope and coverage of Internal Audit commensurate with the size of the company and nature of its business.
8. According to the information and explanation given to us, the Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, for any of the products of the Company.
9. (a) According to the information and explanation given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, Investor Education and protection fund, income tax, service tax, sales tax, wealth tax, customs duty and other material statutory dues have generally been regularly deposited during the period by the Company with the appropriate authorities though there have been minor delays in few cases. As explained to us, the Company did not have any dues on account of investor education and protection fund, Wealth tax, Service tax, Excise duty, cess and custom duty.
- b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, service tax, custom duty and excise duty and cess were outstanding as at 30th June , 2009 for a period exceeding six months from the date they became payable.
- c) According to the information and explanations given to us, there are no dues of income tax, custom duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute.

10. The accumulated losses at the end of the financial year amounted to Rs. 15.44 Lacs, which is less than Fifty percent of its Net worth. The Company has incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year also.
11. During the year, the company has not defaulted in repayment of dues to Financial Institutions, Banks and Debenture Holders.
12. The Company has not granted any loans and advances to any party on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a Chit fund, Nidhi or mutual benefit Society. Hence the requirement of item (xiii) of paragraph 4 of the Order is not applicable to the company.
14. According to Information and Explanations given to us and on the basis of our examination of the books of accounts, proper records have been maintained of the transactions and contracts and timely entries have been made therein in respect of the shares and other investment dealt with or traded by the company.
15. According to the information & explanations given to us, the company has not given any guarantee for loan taken by others from banks or financial institutions.
16. According to the information and explanation given to us, the company did not have any term loans outstanding during the year.
17. According to the information and explanations given to us and on overall examination of the Balance sheet of the Company, we are of the opinion that funds raised on short-term basis have not been used for long-term investment.
18. The company has not made any preferential allotment of shares to the parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures during the period.
20. The company has not made any public issue during the period.
21. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the period.

**For and on behalf of
S. Kapoor & Associates
Chartered Accountants**

Sd/-

Sanjay Kapoor

F.C.A. (Proprietor)

Membership No.82499

Place : New Delhi

Dated : 10th Aug 2009

NETWORK RETAIL LIMITED
BALANCE SHEET AS AT 30TH JUNE, 2009



	Schedule	As at 30.06.2009 Rs. In Lacs	As at 31.03.2008 Rs. In Lacs
SOURCES OF FUNDS			
Shareholders Funds :			
Share Capital	1	549.09	5.00
TOTAL		<u>549.09</u>	<u>5.00</u>
APPLICATION OF FUNDS			
Fixed Assets:			
Gross Block	2	74.96	—
Less: Depreciation		14.75	—
Net Block		<u>60.21</u>	<u>—</u>
Current Assets, Loans and Advances:			
Sundry Debtors	3	4.92	—
Inventories	4	187.54	—
Cash & Bank	5	80.43	4.76
Loans & Advances	6	202.58	—
		<u>475.47</u>	<u>4.76</u>
Less: Current Liabilities and Provisions:			
Current Liabilities	7	2.32	0.06
Provisions		—	—
		<u>2.32</u>	<u>0.06</u>
Net Current Assets		<u>473.14</u>	<u>4.71</u>
Profit & Loss A/c		15.74	0.29
TOTAL		<u>549.09</u>	<u>5.00</u>
Significant Accounting Policies	12		
Notes on Accounts	13		

The Schedules referred to above form an integral part of the Balance Sheet

On behalf of the board

For and on behalf of
S.KAPOOR & ASSOCIATES
Chartered Accountants

Sd/-
SANJAY KAPOOR
PROPRIETOR
M. No. 82499

Sd/-
ASHOK SAWHNEY
DIRECTOR

Sd/-
PANKAJ SHRIMALI
DIRECTOR

Sd/-
VIJAY KALRA
DIRECTOR

Place : New Delhi
Dated : 10th August, 2009

NETWORK RETAIL LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE 2009****NETWORK
LIMITED**

	Schedule	Year Ended 30.06.2009 Rs. In Lacs	Year Ended 31.03.2008 Rs. In Lacs
INCOME			
Sales / Income from Operations	8	29.76	—
		<u>29.76</u>	<u>—</u>
EXPENDITURE			
Cost of Sales	9	23.82	—
Personnel	10	1.34	—
Administration, Selling & Distribution Expenses	11	18.21	0.29
Depreciation	2	1.83	—
		<u>45.20</u>	<u>0.29</u>
Loss for the year before taxation		15.44	0.29
Provision for Fringe Benefit Tax		—	—
Loss for the year after taxation		<u>15.44</u>	<u>0.29</u>
Loss Brought Forward from previous year		0.29	—
Loss Carried Forward to Balance Sheet		<u>15.74</u>	<u>0.29</u>
Earning Per Share (Basic & Diluted)		(3.02)	(0.14)
(Refer Note 7, Schedule 13)			

The Schedules referred to above form an integral part of the Profit & Loss Account

On behalf of the board

For and on behalf of
S.KAPOOR & ASSOCIATES
Chartered Accountants

Sd/-
SANJAY KAPOOR
PROPRIETOR
M. No. 82499

Sd/-
ASHOK SAWHNEY
DIRECTOR

Sd/-
PANKAJ SHRIMALI
DIRECTOR

Sd/-
VIJAY KALRA
DIRECTOR

Place : New Delhi
Dated : 10th August, 2009

NETWORK RETAIL LIMITED**CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE 2009****NETWORK
LIMITED**

	Year Ended 30.06.2009 Rs. In Lacs		Year Ended 31.03.2008 Rs. In Lacs	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net (Loss) / Profit before tax and Extra-ordinary items		(15.44)		(0.29)
Adjustments for:				
Depreciation	1.83	1.83	—	—
Operating (Loss) / Profit before working capital changes		(13.61)		(0.29)
Adjustments for Increase in :				
Sundry Debtors	(4.92)		—	—
Inventories	(187.54)		—	—
Trade and other receivables	(202.58)		—	—
Trade payables and other liabilities	2.27		0.06	
Cash generated from / (used in) operations		(392.77)		0.06
Net Cash from / (used in) Operating Activities (A)		(406.39)		(0.24)
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(62.04)		—	—
Investment	—	(62.04)	—	—
Net Cash from / (used in) Investing Activities (B)		(62.04)		—
C. CASH FLOW FROM FINANCING ACTIVITIES				
Shares allotted	544.09	544.09	5.00	5.00
Net cash from / (used in) Financing Activities (C)		544.09		5.00
Opening balance of Cash & Cash equivalents		4.76		—
Closing balance of Cash & Cash equivalents		80.43		4.76
Net Increase / (Decrease) in Cash and Cash equivalents		75.66		4.76
Total (A) + (B) + (C)		75.66		4.76

On behalf of the board

For and on behalf of
S.KAPOOR & ASSOCIATES
Chartered Accountants

Sd/-
SANJAY KAPOOR
PROPRIETOR
M. No. 82499

Sd/-
ASHOK SAWHNEY
DIRECTOR

Sd/-
PANKAJ SHRIMALI
DIRECTOR

Sd/-
VIJAY KALRA
DIRECTOR

Place : New Delhi
Dated : 10th August, 2009

NETWORK RETAIL LIMITED
SCHEDULE FORMING PART OF THE BALANCE SHEET

**NETWORK
LIMITED**

	As at 30.06.2009 Rs. In Lacs	As at 31.03.2008 Rs. In Lacs
1. SHARE CAPITAL		
AUTHORISED SHARE CAPITAL		
(Refer Note 1(iv) Schedule 13)		
55,50,000 Equity Shares (Previous Year 50,000) of Rs 10/- each	555.00	5.00
	<u>555.00</u>	<u>5.00</u>
ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
50,000 Equity Shares (Previous Year 50,000) of Rs. 10/- each fully paid up	5.00	5.00
54,40,900 (Previous Year NIL) Equity Shares of Rs. 10/- each issued and fully paid up in consideration other than cash in pursuant to the Scheme of arrangement (Refer Note 1(ii) Schedule 13)	544.09	—
	<u>549.09</u>	<u>5.00</u>

2. FIXED ASSETS

(Rs In Lacs)

Description	Gross Block			Depreciation			Net Block		
	As at 1.4.2008	Additions During the period	As at 30.06.2009	Up to 01.04.2008	Transfer During the Year	For the period	As at 30.06.2009	As at 30.06.2009	As at 31.03.2008
Computer Software	—	5.79	5.79	—	3.86	0.48	4.34	1.45	—
Electrical Fittings	—	1.71	1.71	—	0.16	0.02	0.18	1.53	—
Computer System	—	12.60	12.60	—	3.26	0.51	3.77	8.83	—
Furniture & Fixture	—	41.77	41.77	—	4.42	0.66	5.08	36.69	—
Office Equipment	—	13.09	13.09	—	1.22	0.16	1.37	11.72	—
TOTAL	—	74.96	74.96	—	12.92	1.83	14.75	60.21	—
Previous Year	—	—	—	—	—	—	—	—	—

3. SUNDRY DEBTORS (UNSECURED, CONSIDERED GOOD)

	As at 30.06.2009 Rs. In Lacs	As at 31.03.2008 Rs. In Lacs
Over Six Months	0.75	—
Others	4.17	—
	<u>4.92</u>	<u>—</u>

NETWORK RETAIL LIMITED
SCHEDULE FORMING PART OF THE BALANCE SHEET



	As at 30.06.2009 Rs. In Lacs	As at 31.03.2008 Rs. In Lacs
4. INVENTORIES		
Inventories	187.54	—
	<u>187.54</u>	<u>—</u>
5. CASH AND BANK BALANCES		
Bank Balances with Scheduled Banks in		
Current A/c	77.18	4.76
Fixed Deposit A/c	2.50	—
Cash in Hand	0.74	—
	<u>80.43</u>	<u>4.76</u>
6. LOANS AND ADVANCES		
Unsecured, Considered Good		
Advances recoverable in cash or in kind or for value to be received*	201.86	—
Other Advances	0.72	—
(*Refer Note No 10 Schedule 13)		
	<u>202.58</u>	<u>—</u>
7. CURRENT LIABILITIES & PROVISIONS		
(A) CURRENT LIABILITIES:		
Sundry Creditors -Trade	2.05	0.06
Advance Received from Customers	0.23	—
Other Liabilities	0.04	—
TOTAL (A)	<u>2.32</u>	<u>0.06</u>
(B) PROVISIONS:	NIL	NIL
TOTAL (B)	<u>—</u>	<u>—</u>
TOTAL (A+B)	<u>2.32</u>	<u>0.06</u>

NETWORK RETAIL LIMITED
SCHEDULE TO THE PROFIT AND LOSS ACCOUNT

**NETWORK
LIMITED**

	Year Ended 30.06.2009 Rs. In Lacs	Period Ended 31.03.2008 Rs. In Lacs
8. SALES / INCOME FROM OPERATIONS		
Sales	29.55	—
Interest Received	0.21	—
	<u>29.76</u>	<u>—</u>
9. COST OF SALES		
Opening Stock	—	—
Stock Transfer - De Merger	201.14	—
Add: Purchases-Finished goods	10.22	—
	<u>211.36</u>	<u>—</u>
Less: Closing Stock	—	—
Finished Goods	187.54	—
Cost of Sales	<u>23.82</u>	<u>—</u>
10. PERSONNEL		
Salaries, Wages and Bonus	1.01	—
Other benefit to employee	0.33	—
	<u>1.34</u>	<u>—</u>
11. ADMINISTRATION, SELLING AND DISTRIBUTION EXPENSES		
Rent / Hire Charges	6.84	—
Bank Charges	0.05	—
Professional / Consultancy Charges*	0.62	0.06
Fees & Taxes	0.14	0.24
Travelling & Conveyance	0.53	—
Interest on OD	4.68	—
Printing and Stationery	0.14	—
Communication Expenses	0.26	—
Business Promotion	0.09	—
Repair and Maintenance	2.72	—
Loading Unloading tempo Charges	0.16	—
Electricity & Water Charges	0.39	—
Insurance	0.17	—
Brokerage / Commission	0.21	—
Other Expenses	1.21	—
*(Refer Note 8 , Schedule 13)		
	<u>18.21</u>	<u>0.29</u>

12. ACCOUNTING POLICIES

1 (a) BASIS OF PREPARATION

The Financial Statements are prepared under the historical cost convention, in accordance with the Indian Generally Accepted Accounting Principles ("GAAP") and mandatory Accounting Standards issued by the Institute of Chartered Accountants of India ("ICAI") and the provisions of the Companies Act, 1956. All income and expenditure having a material bearing on the financial statements are recognized on the accrual basis.

(b) USE OF ESTIMATES

The preparation of Financial Statements in conformity with GAAP requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

2. REVENUE RECOGNITION

- a) Revenue from the sale of Goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer. Sales are accounted at net of Sales return and Trade discount.
- b) Interest on deployment of funds is recognized on accrual basis.

3. EXPENDITURE

Expenses are accounted for on accrual basis and provisions are made for all known losses and liabilities.

4. FIXED ASSETS

Fixed Assets are stated at cost less accumulated depreciation. The cost of assets comprises of purchase price and directly attributable cost of bringing the assets to working condition.

5. DEPRECIATION / AMORTISATION

Depreciation on Fixed Assets has been provided on straight line method (S.L.M.) on pro-rata basis at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956. Individual assets acquired for less than Rs.5000/- are entirely depreciated in the year of acquisition.

Intangible Assets are amortized over their respective individual estimated useful lives on straight – line basis. The Management estimates the useful live of Software as three Years.

6. INVENTORIES

Inventories are valued at cost or Net Realizable Value,

whichever is less on FIFO method. Cost includes purchase price, freight, custom duty and other incidental expenses.

7. FOREIGN CURRENCY TRANSACTIONS

The transactions in foreign currency are accounted at the exchange rate prevailing on the date of transaction. Any exchange gains or losses arising out of the subsequent fluctuations are accounted for in the Profit & Loss account.

8. TAX ON INCOME

Current tax are measured at the amounts expected to be paid using the applicable tax rates and tax laws. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the profit & loss account in the year of change. Deferred tax assets and deferred tax liabilities are recognized for the future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carry forwards.

9. INVESTMENT

Investments are classified into Long term and Current Investment based on the intent of the management at the time of the acquisition. Long term investments are stated at cost less provision, if any, for diminution in value of such investment other than temporary diminution. Current investments are stated at lower of cost or fair value.

10. EARNING PER SHARE

Basic Earning per share is computed using Weighted Average Number of Equity Share Outstanding during the year. Diluted Earning per share is computed using weighted Average Number of Equity and Dilutive Equity equivalent share outstanding during the year end.

13. NOTES TO THE ACCOUNTS

- 1. The Hon'ble High Court of Delhi had sanctioned the Scheme of Arrangement vide its order dated 22nd May 2009, for (a) Amalgamation of PPS Towers Pvt Ltd , Lorgan Consultants Private limited and Shrigan Investment Consultants Private Limited (the "Transferor Companies") with Network Limited (the "Transferee Company"); (b) De – Merger of retail business of Network Limited into Network Retail Limited (the "Resultant Company"); and (c) Reduction of Capital of Network Limited. {Debit Balance of Profit & Loss account of Network Limited to the extent of Rs 44,08,22,014 has been adjusted and written off against the aggregate

amount of Securities Premium Account of Network Limited after amalgamation (inclusive of the Transferor Companies))

Consequent to the above, the retail division of the Network Limited was de – merged into Network Retail Limited, wholly owned subsidiary of Network Limited .

The appointed date of the Scheme being 01st April 2009.

The Salient Features of the scheme as approved by the Hon'ble High Court of Delhi are as under:-

- (i) The assets, liabilities, rights and obligations of the Retail Division of Network Limited have been vested with the Company with effect from 01st April 2009
- (ii) 54,40,900 Equity Shares of Rs 10/- each , have been issued as fully paid up by the Company to Network Limited , without payment being received in cash , as consideration for De – Merger of Retail Division of Network Limited in to Network Retail Limited
- (iii) The Company has issued the equity shares on the basis of Net Assets taken over at Book Value.
- (iv) The authorized share capital of Network Limited was reduced by an amount of Rs 5.50 Crore (Rs 1.50 Crore from the Authorized Equity Share Capital and Rs 4.00 Crore from the Authorized Preference Share Capital) and the Authorized Equity Share Capital of the Network Retail Limited has been increased by an equivalent amount of Rs 5.50 Crore without payment of any fees or charges to the Registrar of Companies and/or to any other government authority.

2. The Figures of the Current year includes figures of Retail Division of Network Limited, which was De-Merged in Network Retail Limited w.e.f 01st April 2009, and are therefore to the extent not comparable with those of the previous year.
3. The Board of Directors of the company has decided to change the end of Financial year of the Company from 31st March 2009 to 30th June 2009, accordingly these accounts are for the period 01st April 2008 to 30th June 2009. Figures of Current year are therefore to the extent not comparable with those of the previous year.
4. The Company has identified suppliers covered under the "Interest on delayed payment to Small Scale and Ancillary undertaking Ordinance, 1992" promulgated on 23rd September, 1992 and has ascertained the liability in this regard as Nil.
5. After the De – Merger of Retail Division of Network Limited into Network Retail Limited, the company is engaged in the retail business in India and follows only one reportable segment and therefore segment wise reporting as per AS-17 issued by the Institute of Chartered Accountants of India is not relevant.
6. The Management having regard to the uncertainty of the sufficient future taxable income available against which Deferred tax Assets can be realized did not recognize any deferred tax assets on Current Year Losses and depreciation in accordance with the Accounting Standard-22 issued by the Institute of Chartered Accountants of India.

7. Basic and Diluted Earnings per Share pursuant to Accounting Standard-20:

PARTICULARAS	2008-2009	2007-2008
Loss for the year (Rs. In Lacs)	15.44	0.29
Weighted Average number of equity shares (nos.)	511932	208219
Nominal value of equity share (Rs.)	10	10
Earning per Share (Rs) (Basic & Diluted)	(3.02)	(0.14)

8. Amount paid / payable to Auditors:

PARTICULARS	Current Year Rs. In Lacs	Previous Year Rs. In Lacs
Audit Fees	0.06	0.06
In other capacity:		
– Tax related work	0.00	0.00
– Certification work	0.01	0.00

9. As per the **Accounting Standard -18 "Related Party Disclosures"**, issued by the Institute of Chartered Accountants of India, the related parties of the Company as on 30.06.09 are as follows:

A. List of Related parties & Relationships: -

a) **Holding Company :-**

- Network Limited

b) **Associates**

- Network Hospitality Private Limited.
- Network Realty Ventures Limited.
- Swiss Military Product S.A.
- Appughar Infrastructure & Developers Private Limited.

c) **Key Management Personnel**

- Mr Ashok Sawhney (w. e f 01.04.2009)

d) Companies controlled by key management personnel with whom transactions have taken Place during the year

- NIL

(Rs in Lakhs)

Description	Holding Company		Associates	
	This Year	Previous Year	This Year	Previous Year
Share Capital allotted	-	5.00	-	-
Investment Purchased	5.00	-	-	-
Purchase	-	-	7.34	-
Sales	-	-	7.18	-
Advance for Expenses	0.43	0.24	-	-
Closing Balance (DR)	88.79	-	111.11	-
Closing Balance (CR)	-	0.43	-	-

Note:- Aforesaid figures excludes Assets / Liabilities transferred under scheme of arrangement sanctioned by Hon'ble High Court of Delhi vide its order dated 22nd May 2009 as detailed in Note No 1. Schedule 13.

10. Loans & Advances includes share application money of Rs 110.00 Lakhs (Previous year Rs NIL) paid to Appughar Infrastructure & Developers Private Limited pending allotment

11. Previous Year's figures have been regrouped / rearranged wherever necessary.

On behalf of the board

For and on behalf of
S.KAPOOR & ASSOCIATES
Chartered Accountants

Sd/-
SANJAY KAPOOR
PROPRIETOR
M. No. 82499

Sd/-
ASHOK SAWHNEY
DIRECTOR

Sd/-
PANKAJ SHRIMALI
DIRECTOR

Sd/-
VIJAY KALRA
DIRECTOR

Place : New Delhi
Dated : 10th August, 2009

Information pursuant to the provisions of part II of Schedule VI to the Companies Act, 1956.

a) Detail of Stock Transfer on Demerger

Items	Current Year		Previous Year	
	Stock Qty	Stock Rs. Lacs	Stock Qty	Stock Rs. Lacs
Pen	2589	8.04	-	-
Baggage	2449	18.78	-	-
Watches	1949	107.96	-	-
Others Items	29965	64.49	-	-
Packing Material		1.86	-	-
	36952	201.13	-	-

b) Sale of traded goods

Items	Current Year		Previous Year	
	Stock Qty	Stock Rs. Lacs	Stock Qty	Stock Rs. Lacs
Pen	431	2.33	-	-
Baggage	765	7.12	-	-
Watches	147	8.32	-	-
Others Items	4165	11.78	-	-
	5508	29.55	-	-

c) Purchase of traded goods & Packing material

Items	Current Year		Previous Year	
	Purchase Qty	Purchase Rs. Lacs	Purchase Qty	Purchase Rs. Lacs
Pen	-	-	-	-
Baggage	1497	4.29	-	-
Watches	50	0.26	-	-
Other Items	2497	5.62	-	-
Packing / Displays		0.05	-	-
	4044	10.22	-	-

d) Detail of Closing Stock

Items	Current Year		Previous Year	
	Closing Stock Qty	Closing Stock Rs. Lacs	Closing Stock Qty	Closing Stock Rs. Lacs
Pen	2158	6.77	-	-
Baggage	3181	16.68	-	-
Watches	1852	100.94	-	-
Other Items	28197	61.29	-	-
Packing / Displays		1.86	-	-
	35388	187.54	-	-

	Current Year (Rs. Lacs)	Previous Year (Rs. Lacs)
e) Expenditure in Foreign currency		
i) Purchases	Nil	Nil
ii) Traveling	Nil	Nil
f) Value of import made by the company	—	Nil
g) Earnings in Foreign Currency	Nil	Nil

The other additional information has not been given, since the company does not carry any manufacturing operations.

On behalf of the board

For and on behalf of
S.KAPOOR & ASSOCIATES
Chartered Accountants

Sd/-
SANJAY KAPOOR
PROPRIETOR
M. No. 82499

Sd/-
ASHOK SAWHNEY
DIRECTOR

Sd/-
PANKAJ SHRIMALI
DIRECTOR

Sd/-
VIJAY KALRA
DIRECTOR

Place : New Delhi
Dated : 10th August, 2009

NETWORK RETAIL LIMITED**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE****NETWORK
LIMITED****1. REGISTRATION DETAILS**

Registration No.	170017	State Code	55
Balance Sheet Date	30.06.2009		

2. CAPITAL RAISED DURING THE YEAR (AMOUNT IN Rs. THOUSANDS)

Public Issue	NIL	Right Issue	NIL
Private Placement	54409	Bonus Issue	NIL

3. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (AMOUNT IN Rs. THOUSANDS)

Total Liabilities	54909	Total Assets	54909
Sources of Funds :		Application of Funds :	
Paid up-Equity Share Capital	54909	Net Fixed Assets	6021
Pref. Share Capital	0	Investment	-
Share application Money	0	Net Current Assets	47314
Reserve & Surplus	0	Misc. Expenditure	Nil
Secured Loan	NIL	Accumulated Loss	1574
Unsecured Loan	NIL		

4. PERFORMANCE OF COMPANY (AMOUNT IN Rs. THOUSANDS)

Turnover	2976	Total Expenditure	4520
Profit / (Loss) before Tax	(1544)	Profit / (Loss) after Tax	(1544)
Loss per Share (in Rs.)	(3.02)	Dividend Rate	Nil

5. NAME OF GENERIC PRINCIPAL PRODUCTS

Item Code No. (ITC)	N.A.	Product Description	N.A.
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On behalf of the board

For and on behalf of
S.KAPOOR & ASSOCIATES
Chartered Accountants

Sd/-
SANJAY KAPOOR
PROPRIETOR
M. No. 82499

Sd/-
ASHOK SAWHNEY
DIRECTOR

Sd/-
PANKAJ SHRIMALI
DIRECTOR

Sd/-
VIJAY KALRA
DIRECTOR

Place : New Delhi
Dated : 10th August, 2009

NETWORK LIMITED

Regd. Office: W-41, Okhla Industrial Area, Phase II, New Delhi – 110 020

POSTAL BALLOT FORM

1.	Name and Registered Address of the sole/first Member (In BLOCK LETTERS)	
2.	Name(s) of the joint Member(s), if any (in BLOCK LETTERS)	
3.	Registered Folio No./ DP ID No./Client ID No. (Applicable to investors holding shares in dematerialized form)	
4.	Number of Shares held	
5.	I/ We hereby exercise my/ our vote in respect of the following Resolutions to be passed through Postal Ballot for the Business stated in the Notice of the Annual General Meeting of Company dated 10.08.2009, by conveying my/ our assent or dissent to the said Resolutions by placing tick (✓) mark in the appropriate box below:	

Item No.	Description	No. of Shares	I/ We assent to the Resolution (FOR)	I/ We dissent to the Resolution (AGAINST)
1.	Special Resolution under section 17(1) of the Companies Act, 1956 for alteration in "Other objects" of the Object clause of the Memorandum of Association of the Company, as per text furnished under item No. 6 of the Notice for 20 th Annual General Meeting.			
2.	Special Resolution under section 149(2A) of the of the Companies Act, 1956 for Commencement of new businesses, as per text furnished under item No.7 of the Notice for 20 th Annual General Meeting.			

Place :

Date :

(Signature of the Shareholder)

Note :

1. Last date for receipt of Postal Ballot form by the Scrutinizer: 14.09.2009
2. Please read the instructions printed overleaf carefully before exercising your vote.

INSTRUCTIONS

1. A member desiring to exercise vote by Postal Ballot may complete this Postal Ballot Form in all respects and send the same to the Scrutinizer in the attached self-addressed postage pre-paid envelope. Postage will be borne and paid by the Company. However, envelopes containing Postal Ballot Form deposited in person or sent by Courier at the expense of the Shareholder will also be accepted. No other Form or photocopy of the Form will be permitted.
2. The Postal Ballot Form should be completed and signed by the member (as per specimen signature registered with the company or furnished by National Securities Depository Limited/ Central Depository Services (India) Limited, in respect of shares held in the physical form or dematerialized form respectively). In case shares are jointly held, this form should be completed and signed by the first named member and in his/ her absence, by the next named member.
3. In case of shares held by Companies, trusts, societies etc., the duly completed Postal Ballot Form should be accompanied by certified copy of the Board Resolution/ Authorization.
4. A tick mark (✓) should be placed in the relevant box signifying assent/ dissent for the resolutions, as the case may be, before mailing the Postal Ballot Form. Incomplete, unsigned or incorrectly ticked Postal Ballot Form will be rejected. Postal Ballot Form bearing tick mark (✓) in both the columns will render the Postal Ballot Form invalid. The Scrutinizer's decision on the validity of the postal ballot shall be final and binding.
5. The exercise of vote by Postal Ballot is not permitted through Proxy.
6. The Board of Directors has appointed **Mr. Nitin Agrawal, Partner, V.K. Bajaj & Co., Chartered Accountants, New Delhi** as Scrutinizer for conducting the Postal Ballot process. The attached self-addressed postage pre-paid envelope bears the address of the Scrutinizer.
7. Duly completed Postal Ballot Form should reach the Scrutinizer not later than close of working hours on **Monday, 14th day of September, 2009**. Postal Ballot Form received after the said date will be treated as if no reply from the member has been received and shall not be counted for the purposes of passing of resolution.
8. The voting rights shall be reckoned on the paid up value of the Equity Shares registered in the name of the Members on the date of dispatch of notice of Annual General Meeting.
9. Members are requested not to send any other paper along with the Postal Ballot Form in the self-addressed postage pre-paid envelope as the envelope will be sent to the Scrutinizer and any extraneous paper found in the envelope would be destroyed by the Scrutinizer.
10. There will be only one Postal Ballot Form for every folio irrespective of the number of joint Member(s).
11. A member need not use all his/her votes nor needs he/her to cast all his votes in the same way.
12. The result of the Postal Ballot will be declared by the Chairman of ensuing Annual General Meeting to be held on 15th September, 2009.

NETWORK LIMITED

Regd. Office: W-41, Okhla Industrial Area, Phase II, New Delhi – 110 020

ATTENDANCE SLIP

Twentieth Annual General Meeting - 15th September, 2009

DPID No.....Client ID No.....Folio No.....
(Electronic Mode) (Electronic Mode) (Physical Mode)

(Please mention both DP ID & client ID Nos.) (Please mention the Folio No.)

I certify that I am a registered Member/Proxy of the registered Member of the Company.
I hereby record my presence at the Eighteenth Annual General Meeting of the Company held on Tuesday, 15th September, 2009, at Sri Sathya Sai International Centre, Pragati Vihar, Lodhi Road, (Opp. Sai Baba Temple), New Delhi - 110 003 at 4.00 P.M.

.....
Member's/Proxy's name in BLOCK LETTERS Member's/Proxy's Signature

Note : Please fill in this attendance slip and hand over at the entrance of the Meeting Hall.

**FOR THE KIND ATTENTION OF SHAREHOLDERS
No Gift shall be distributed by the Company at the AGM**

NETWORK LIMITED

Regd. Office: W-41, Okhla Industrial Area, Phase II, New Delhi – 110 020

PROXY SLIP

Twentieth Annual General Meeting - 15th September, 2009

DPID No.....Client ID No.....Folio No.....
(Electronic Mode) (Electronic Mode) (Physical Mode)

(Please mention both DP ID & client ID Nos.) (Please mention the Folio No.)

I/We.....of.....being
a Member/Members of the above named company, hereby appoint.....
of.....or failing him/her.....
of.....as my/our proxy to vote for me/us on my/our behalf at
the Annual General Meeting of the Company to be held on Tuesday, 15th September, 2009, at Sri Sathya Sai International
Centre, Pragati Vihar, Lodhi Road, (Opp. Sai Baba Temple), New Delhi - 110 003 at 4.00 P.M. and at any adjournment thereof.

Signed this.....day of.....2009.

Signature of Proxy.....Signature of the Member.....

Re. 1/-
Revenue
Stamp

Note : The proxy form in order to be effectgive must be duly stamped, completed, signed and must be deposited at the registered office of the Company not less than 48 hours before the time of meeting.

NO GIFT SHALL BE DISTRIBUTED AT THE AGM

BOOK POST

If undelivered, please return to:

NETWORK LIMITED

W-41, Okhla Industrial Area,
Phase II, New Delhi – 110 020