

**TO THE MEMBERS OF
NETWORK LIMITED**

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

FINANCIAL HIGHLIGHTS

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

(Rs In Lacs)

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

ECONOMIC SCENARIO

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

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

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

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

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

OPERATIONAL REVIEW

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

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

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

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

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

OPPORTUNITIES AND THREATS

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

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

DIVIDEND

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

PUBLIC DEPOSITS

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

AUDIT COMMITTEE

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

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

The Audit Committee met three times during the year.

AUDITORS & AUDITORS OBSERVATIONS

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

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

INTERNAL CONTROL SYSTEMS AND ADEQUACY

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

DIRECTORS

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

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

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

SUBSIDIARY COMPANY

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

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

CONSOLIDATED FINANCIAL STATEMENTS

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

CHANGE IN CAPITAL STRUCTURE

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

- a) That in the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit/ loss of the Company for that period;
- c) That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) That the Directors had prepared the annual accounts on a going concern basis.

PARTICULARS OF EMPLOYEES

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

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

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

HUMAN RESOURCE AND INDUSTRY RELATIONS

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

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

CORPORATE GOVERNANCE

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

ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors

Sd/-

Date : June 8, 2010

ASHOK SAWHNEY

Place : New Delhi

CHAIRMAN

NETWORK LIMITED

REPORT ON CORPORATE GOVERNANCE



REPORT ON CORPORATE GOVERNANCE

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

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

2. BOARD OF DIRECTORS

The Board comprises of the following members :

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

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

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

Directors' Attendance Record

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

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

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

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

3. AUDIT COMMITTEE

(a) Terms of Reference

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

NETWORK LIMITED

REPORT ON CORPORATE GOVERNANCE (CONTD.)



with financial policies of the Company. The other roles and terms of reference of Audit Committee covers areas mentioned under clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956, besides other terms as may be referred by the Board of Directors from time to time.

(b) Composition

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

(c) Attendance

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

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

4. REMUNERATION COMMITTEE

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

5. INVESTORS GRIEVANCE COMMITTEE

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

(ii) Composition:

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

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

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

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

6. ANNUAL GENERAL MEETINGS

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

NETWORK LIMITED

REPORT ON CORPORATE GOVERNANCE (CONTD.)



POSTAL BALLOT

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

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

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

7 DISCLOSURES

(a) Related Party Transactions

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

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

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

8. MEANS OF COMMUNICATION

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

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

- which newspaper normally published in The Pioneer (English) & Veer Arjun (Hindi)
- Any website where displayed No
- whether it also displays official news release No
- whether presentations made to institutional investors or to analyst No

(c) The Management Discussion and Analysis report forms part of the Directors' Report.

NETWORK LIMITED

REPORT ON CORPORATE GOVERNANCE (CONTD.)



9. GENERAL SHAREHOLDERS INFORMATION

i) Annual General Meeting

Day & Date	Time	Venue
Wednesday, 14 th day of July, 2010	2.00 P.M.	MPCU Shah Auditorium, Shree Delhi Gujarati Samaj Marg, Delhi – 110 054

ii) Financial Calendar

Financial Reporting for the quarter ended 30 th June, 2010	within 45days from the end of the quarter
Financial Reporting for the quarter ended 30 th September, 2010	within 45days from the end of the quarter
Financial Reporting for the quarter ended 31 st December, 2010	within 45days from the end of the quarter
Audited Results for the financial year ended 31 st March, 2011	within six days from the end of last quarter 31 st March, 2011

iii) Dates of Book Closure

8th July, 2010 to 14th July, 2010
(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 2010-2011 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 – 09	9.94	8.10	Oct-09	23.65	17.20
May – 09	16.90	8.54	Nov-09	17.85	14.30
Jun – 09	18.05	11.80	Dec-09	16.19	14.22
Jul – 09	13.52	10.60	Jan-10	20.69	14.21
Aug – 09	16.25	12.40	Feb-10	16.10	13.00
Sep – 09	17.77	12.86	March-10	14.52	10.25

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.

NETWORK LIMITED

REPORT ON CORPORATE GOVERNANCE (CONTD.)

**NETWORK
LIMITED**

x) Distribution of Shareholding as on 31st march, 2010:

Category	No. of shares held	% of shareholding
A Promoter's holding		
1. Promoters & Promoter Group	29952341	60.94
2. Persons acting in concert	-	-
Sub – Total (A)	29952341	60.94
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. FIIs	7600	0.02
Sub – Total (B)	8400	0.02
4. Others		
a. Private Corporate Bodies	14801768	30.12
b. Resident Indian Public	4374072	8.90
c. NRIs/ OCBs	11917	0.02
Sub – Total	19187757	39.04
Grand Total	49148498	100.00

xi) **Dematerialization of shares and liquidity:** As on 31st March, 2010 about 96.19% 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, Director & Manager and Mr. Dhiraj Sharma, Financial Controller was placed before the Board at its meeting held on May 17, 2010. 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 31st march, 2010, the declaration to this effect duly signed by Mr. Aman Sawhney, Director & 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, Director & Manager of Company confirm the compliance of the Code of Conduct by myself and other members of the Board of Senior Management Personnel as affirmed by them individually

Place : New Delhi
Date : 17.05.2010

Sd/-
AMAN SAWHNEY
DIRECTOR & 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 : June 8, 2010
Place : New Delhi

Sd/-
ASHOK SAWHNEY
CHAIRMAN

**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 31st March, 2010, 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

Date: May 17, 2010
Place: New Delhi

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

CEO/CFO CERTIFICATION

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

- a) We have reviewed the financial statements and cash flow statements for the year ended 31st March, 2010 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 31st March, 2010 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 : May 17, 2010
Place : New Delhi

Sd/-
AMAN SAWHNEY
DIRECTOR & MANAGER

Sd/-
DHIRAJ SHARMA
CHIEF FINANCIAL CONTROLLER

NETWORK LIMITED
AUDITOR'S REPORT

**NETWORK
LIMITED**

To,

The Members of Network Limited,

1. We have audited the attached Balance Sheet of Network Limited, as at 31st March, 2010, 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 31st March 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2010 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 31st March, 2010;
 - 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/-

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

Place: New Delhi
Dated: 17th May 2010

NETWORK LIMITED

AUDITOR'S REPORT (CONTD.)



Annexure to the report of the Auditors to the members of Network Limited on the accounts for the Period ended 31st March 2010.

{ 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) No Fixed Assets were disposed off during the year, and therefore do not affect the going concern assumption.
2. The Company is not holding any inventories other than Securities therefore paragraph 4(ii) of the order are not applicable.
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 fixed assets. The activities of the company do not involve purchase of inventory or 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
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 31st March 2010 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. 269.81 Lacs, which is less than Fifty percent of its Net worth. The Company has not incurred cash losses during the financial year covered by the audit but has incurred cash losses in the immediately preceding financial year.
11. The Company did not have any outstanding dues to any financial institutions, bank or debenture holders during the year. Accordingly paragraph 4(x) of the order is not applicable.
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. All shares and other investment have been held by the Company in its own name
15. The Company has given Corporate Guarantee of Rs 7.43 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

Sd/-

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

Place: New Delhi
Dated: 17th May, 2010

NETWORK LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2010

**NETWORK
LIMITED**

Particulars	Schedule	As at 31.03.2010 Rs. in Lacs	As at 30.06.2009 Rs. in Lacs
SOURCES OF FUNDS			
Shareholders Funds :			
Share Capital	1	4,914.85	5,360.45
Reserves & Surplus	2	791.49	345.89
TOTAL		5,706.34	5,706.34
APPLICATION OF FUND			
Fixed Assets:			
Gross Block	3	448.86	448.14
Less: Depreciation		93.57	28.51
Net Block		355.29	419.63
Investment	4	2,696.67	2,759.56
Current Assets, Loans and Advances:			
Inventories	5	18.17	-
Cash & Bank Balances	6	1,018.49	962.33
Loans & Advances	7	1,406.01	1,433.91
		2,442.67	2,396.23
Less:			
Current Liabilities and Provisions:			
Current Liabilities	8	56.99	131.51
Provisions		1.11	1.14
		58.10	132.65
Net Current Assets		2,384.57	2,263.59
Profit & Loss Account		269.81	263.57
TOTAL		5,706.34	5,706.34

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Notes on Accounts 15

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

On behalf of the board

**For and on behalf
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 : 17th May 2010

Sd/-
AMAN SAWHNEY
MANAGER

Sd/-
AJAY MITTAL
COMPANY SECRETARY

Sd/-
DHIRAJ SHARMA
FINANCIAL
CONTROLLER

NETWORK LIMITED**PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH, 2010****NETWORK
LIMITED**

	Schedule	Period ended 31.03.2010 Rs. in Laacs	Period ended 30.06.2009 Rs. in Laacs
Income			
Sales / Income from Operations	9	56.40	348.66
Other Income	10	27.11	4.63
		<u>83.51</u>	<u>353.29</u>
Expenditure			
Cost of Sales	11	1.72	187.19
Personnel	12	10.15	64.40
Administration, Selling & Distribution Expenses	13	12.82	331.88
		<u>24.69</u>	<u>583.47</u>
Profit / (Loss) for the period before depreciation and taxation		58.82	(230.18)
Depreciation / Amortisation		65.06	32.24
Profit / (Loss) for the period before taxation		(6.24)	(262.42)
Provision for Fringe Benefit Tax		-	1.15
Profit / (Loss) for the period ended after taxation		<u>(6.24)</u>	<u>(263.57)</u>
Profit / (Loss) Brought Forward from previous year		<u>(263.57)</u>	-
Profit / (Loss) Carried Forward to Balance Sheet		<u><u>(269.81)</u></u>	<u><u>(263.57)</u></u>
Earning Per Share (Basic & Diluted In Rs)		(0.01)	(1.37)
(Refer Note 8 , Schedule 15)			
The Schedules referred to above form an integral part of the Balance Sheet			

On behalf of the board

For and on behalf
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 : 17th May 2010

Sd/-
AMAN SAWHNEY
MANAGER

Sd/-
AJAY MITTAL
COMPANY SECRETARY

Sd/-
DHIRAJ SHARMA
FINANCIAL
CONTROLLER

NETWORK LIMITED

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH 2010



(Rs. in Lacs)

Particulars	Year Ended 31.03.2010		Year Ended 30.06.2009	
A Cash Flow from Operating Activities				
Net (Loss) / Profit after tax and Extra-ordinary items		(6.23)		(263.57)
Adjustments for:				
Fixed Assets W / off	-		62.84	
Payment of Decrease in the value of investment	-		2.34	
Depreciation	65.06	65.06	32.24	97.42
Operating (Loss) / Profit before working capital changes		58.83		(166.15)
Adjustments for Increase In :				
Sundry Debtors	-		3.02	
Inventories	(18.17)		373.38	
Trade and other receivables	27.90		(1083.65)	
Trade payables and other liabilities & Provisions	(74.56)		(13.11)	
Cash generated from / (used in) operations)		(64.83)		(720.36)
Net Cash from / (used in) Operating Activities (A)		(6.00)		(886.51)
B Cash flow from Investing Activities				
Purchase of Fixed Assets	(0.72)		(367.30)	
Investment	62.89	62.17	(2,715.10)	(3,082.40)
Net Cash from / (used in) Investing Activities (B)		62.17		(3,082.40)
C Cash flow from Financing Activities				
Shares allotted	-		3,947.91	
Secured Loan taken against Deposits	-		(167.66)	
Share Application Money recd	-		-	
Securities premium received		-		3,780.25
Net cash from / (used in) Financing Activities (C)		-		3,780.25
Opening balance of Cash & Cash equivalents		962.32		1,150.98
Closing balance of Cash & Cash equivalents		1,018.49		962.32
Net Increase / (Decrease) in Cash and Cash equivalents		56.17		(188.66)
Total (A) + (B) + (C)		56.17		(188.66)

On behalf of the board

For and on behalf
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 : 17th May 2010

Sd/-
AMAN SAWHNEY
MANAGER

Sd/-
AJAY MITTAL
COMPANY SECRETARY

Sd/-
DHIRAJ SHARMA
FINANCIAL
CONTROLLER

NETWORK LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET

**NETWORK
LIMITED**

Schedule	As at 31.03.2010 Rs. in Lacs	As at 30.06.2009 Rs. in Lacs
1. SHARE CAPITAL		
AUTHORISED CAPITAL		
5,25,00,000 Equity Shares of Rs.10/- each	5,250.00	5,250.00
6,00,000 Preference share of Rs.100/- each	600.00	600.00
	<u>5,850.00</u>	<u>5,850.00</u>
ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
20,23,557 Equity Shares of Rs. 10/- each fully paid up in cash (Previous Year 20,23,557)	202.36	202.36
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 3,83,15,941)	3,831.59	3,831.59
37,09,000 Equity Shares of Rs. 10/- each allotted as fully paid on conversion of convertible Preference shares (Previous Year 25,95,000) (Refer Note 7 , Schedule 15)	370.90	259.50
Nil - Redeemable Preference Shares of Rs 100/- each (Previous year-5,57,000)	-	557.00
	<u>4,914.85</u>	<u>5,360.45</u>
	As at 30.06.2009	As at 31.03.2010
	Rs. In Lacs.	Rs. In Lacs.
2. RESERVES AND SURPLUS		
Capital Redemption Reserve	4.00	4.00
Securities Premium Account	318.53	764.13
Reserves & Surplus	23.36	23.36
	<u>345.89</u>	<u>791.49</u>
	Rs. In Lacs.	Rs. In Lacs.
	445.60	791.49

NETWORK LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET

**NETWORK
LIMITED**

3. FIXED ASSETS

(Rs. in Lacs)

Description	Gross Block			Depreciation			Net Block	
	As at 1.7.2009	Additions During the period	As at 31.03.2010	Up to 01.07.2009	For the period	As at 31.03.2010	As at 31.3.2010	As at 31.03.2009
Leasehold Land	1.27	-	1.27	-	-	-	1.27	1.27
Goodwill	425.68	-	425.68	21.28	63.85	85.14	340.54	404.39
Computer System	8.22	0.49	8.72	4.17	0.64	4.81	3.90	4.05
Furniture & Fixture	11.53	-	11.53	2.55	0.50	3.05	8.48	8.98
Office Equipment	1.44	0.09	1.53	0.51	0.04	0.55	0.98	0.93
Computer Software	-	0.14	0.14	-	0.02	0.02	0.11	-
TOTAL	448.14	0.72	448.86	28.51	65.06	93.57	355.29	419.63
Previous year (Rs.)	156.66	442.64	448.14	9.25	32.24	28.51	419.63	147.41

**As at
31.03.2010
Rs. in Lacs** **As at
30.06.2009
Rs. in Lacs**

4 INVESTMENT

Trade Investments - Unquoted - Long Term

Investment in Subsidiary / Associate Companies

54,90,900 (Previous Year 54,90,900)Shares of Rs 10/- each of Network Retail Limited	549.09	549.09
19,20,000 (Previous Year 19,20,000) Shares of Rs 10/- each of International Amusement Limited	576.00	576.00
49,999 (Previous Year 49,999)Shares of Rs 10/- each of Appughar Infrastructure & Developers Private limited	5.00	5.00
2,00,000 (Previous Year 2,00,000) Shares of Rs 10/- each of Appughar Securities & Solutions Private Limited	100.00	100.00
2,91,000 (Previous Year 3,00,000) Shares of Rs 10/- each of Appughar Entertainment Private Limited	1,455.00	1,500.00

Investments - Quoted - Short term

2233 (Previous Year 2233) of Omaxe limited of Rs 310/- each (Market Value as at 31.03.10 = Rs 2,03,091/- .)	6.92	6.92
Nil (Previous Year 39003) of Power Grid Corporation of India Limited	-	20.28
Nil (Previous Year 1569) of Mundra Port and Special Economic Zone Ltd	-	6.90
Provision for Dimunition in the value of Quoted Investment	(4.89)	(4.64)

Investments in Capital of Partnership Firm

Network Capital Partners	9.55	-
(Previous Year Nil)	<u>2,696.67</u>	<u>2,759.56</u>

Total Market Value of Quoted Investment	2.03	55.08
Total Amount of Unquoted Investment	2,694.64	2,730.09
Total Amount of Quoted Investment	6.92	34.11

NETWORK LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET

**NETWORK
LIMITED**

	As at 31.03.2010 Rs. in Lacs	As at 30.06.2009 Rs. in Lacs
5 INVENTORIES		
Inventories - Securities	18.17	-
	<u>18.17</u>	<u>-</u>
6. CASH AND BANK BALANCES		
Bank Balances with Scheduled Banks in		
Current A/c	1.55	11.59
Fixed Deposit A/c*	1,016.90	937.97
Cash in Hand	0.04	12.76
*(Refer Note 1(b) & (c) , Schedule 15)	<u>1,018.49</u>	<u>962.33</u>
7. LOANS AND ADVANCES		
Unsecured, Considered Good		
Advances recoverable in cash or in		
kind or for value to be received *	1,324.18	1,329.69
Interest accrued but not due	21.60	55.75
Tax Deducted at Source	60.23	48.47
*(Refer Note 11 , Schedule 15)	<u>1,406.01</u>	<u>1,433.91</u>
8. CURRENT LIABILITIES & PROVISIONS		
(A) Current Liabilities:		
Sundry Creditors	56.60	120.59
Other Liabilities	0.38	10.92
TOTAL (A)	<u>56.99</u>	<u>131.51</u>
(B) Provisions:		
Provision for Taxation (Net of Payment)	1.11	1.14
TOTAL (B)	<u>1.11</u>	<u>1.14</u>
TOTAL (A+B)	<u>58.10</u>	<u>132.65</u>

NETWORK LIMITED
SCHEDULES TO PROFIT AND LOSS ACCOUNT

**NETWORK
LIMITED**

	Period ended 31.03.2010 Rs. in Lacs	Period ended 30.06.2009 Rs. in Lacs
9. SALES / INCOME FROM OPERATIONS		
Sales	-	207.11
Income from operations	56.40	141.55
	56.40	348.66
10. OTHER INCOME		
Miscellaneous Income	2.43	4.07
Profit on sale of investment in securities	24.68	0.56
	27.11	4.63
11. COST OF SALES		
Opening Stock	-	373.38
Add: Purchases	19.89	14.95
	19.89	14.95
Less: Closing Stock	18.17	201.14
	1.72	187.19
12. PERSONNEL		
Salaries, Wages and Bonus	9.87	58.87
Other benefits to employees	0.28	5.53
	10.15	64.40
13. ADMINISTRATION, SELLING AND DISTRIBUTION EXPENSES		
Rent / Hire Charges	0.11	129.14
Interior / Decoration	-	62.84
Advertisement Expenses	0.52	4.44
Travelling & Conveyance	0.72	6.58
Provision for Diminution in the value of Investment	0.91	5.41
Shut Down Cost / Settlement Expenditure	-	20.30
AGM / EGM Expenses	1.40	2.41
Printing and Stationery	0.62	3.44
Communication Expenses	0.27	5.00
Business Promotion	0.02	1.55
Exchange fluctuation	-	3.21
Financial Expenses	0.06	19.95
Fees & Subscription Charges	1.69	5.04
Legal and Professional Charges *	4.41	17.41
Repair and Maintenance	0.43	25.16
Stamp Paper purchased	1.26	-
Insurance exp.	-	1.37
Electricity & Water Charges	0.07	8.61
Brokerage / Commission	-	2.30
Bad Debts / Advances Written off	-	1.24
Other Expenses	0.33	6.48
	12.82	331.88
* (Refer Note 9 , of Schedule 15)		

14. 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, wherever applicable.

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

NETWORK LIMITED

SCHEDULES FORMING PART OF THE ANNUAL ACCOUNTS



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.

15. 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.11.46 Lacs (Previous year Rs. 14.46 Lacs).
 - b) Fixed Deposit receipts amounting to Rs 1016.90 lacs (Previous year 937.97 Lacs) pledged with Bank against loan sanctioned to Appughar Infrastructure and Developers Pvt Ltd. (An associate Company)
 - c) Corporate guarantee of Rs 743 Lacs (Previous Year 713 Lacs) issued to bankers against loans availed by Appughar Infrastructure & Developers pvt Ltd (An associate company).
2. The Financial Statements are for the period 01st July 2009 to 31st March 2010. Figures of the Current Period are therefore, not comparable with those of the previous year.
 3. The Company is exploring new avenues and contemplating strategic tie ups for long term value creation and to generate regular revenues in the company.
 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. 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

6. During the period under reference, Company's business income is from interest on deposits, other income includes profit on sale of investment in securities. There was no other business segment and therefore segment wise reporting as per AS – 17 issued by the institute of Chartered Accountant of India is not relevant
7. The Company had allotted 5,57,000 Optionally Convertible Preference Shares (OCPS) of Rs 100/- each to the existing preference shareholders of the company as per Special Resolution passed dated 15th September 2009 with an option to be converted into equity shares. In pursuance of the option of conversion exercised by the OCPS holders , the Board of Directors of the company had issued 11,14,000 equity shares of Rs 10/- each at a premium of Rs 40/- each, in lieu of 5,57,000 OCPS of Rs 100/- each, as per terms and conditions of issue of OCPS. Consequent to the above, the paid up Equity Share Capital of the Company has increased from 48.03 crores to 49.14 crores.
8. Basic and Diluted **Earnings per Share** pursuant to **Accounting Standard-20**:

PARTICULARAS	2009-2010 (Rs in Lacs)	2008-2009 (Rs in Lacs)
Loss for the year (Rs. In Lacs)	6.24	263.57
Weighted Average number of equity shares (nos.)	487,54,126	192,29,851
Nominal value of equity share (Rs.)	10	10
Earning per Share (basic & diluted)	(0.01)	(1.37)

9. Amount paid / payable to Auditors:

PARTICULARAS	Current year Rs. in Lacs	Previous Year Rs. In Lacs
Audit Fees	0.59	0.38
In other capacity:		
- Tax related work	0.17	0.08
- Certification work	0.08	0.08

NETWORK LIMITED

SCHEDULES FORMING PART OF THE ANNUAL ACCOUNTS

**NETWORK
LIMITED**

10. 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 31.03.10 are as follows:

A. List of Related parties & Relationships: -

a) Subsidiary Companies:-

- Network Retail Limited

b) Associates

- Appu Ghar Infrastructure and Developers Private Limited
- Anuj Sawhney
- Swiss Military Product S.A.
- Network Capital Partners

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

11. Loans & Advances includes share application money of Rs 1324.15 Lakhs (Previous year Rs 1324.15 Lakhs) paid to Appughar Infrastructure & Developers Private Limited pending allotment.

12. Previous Year’s figures have been regrouped / rearranged wherever necessary.

On behalf of the board

For and on behalf	Sd/-	Sd/-	Sd/-
S.KAPOOR & ASSOCIATES Chartered Accountants	ASHOK SAWHNEY CHAIRMAN	AVINASH CHANDER DIRECTOR	SHARMA
Sd/-	Sd/-	Sd/-	Sd/-
SANJAY KAPOOR PROPRIETOR M. No. 82499	VIJAY KALRA DIRECTOR	PANKAJ SHRIMALI DIRECTOR	G S GOYAL DIRECTOR
Place : New Delhi	Sd/- AMAN SAWHNEY MANAGER	Sd/- AJAY MITTAL COMPANY SECRETARY	Sd/- DHIRAJ SHARMA FINANCIAL CONTROLLER
Dated : 17th May 2010			

(Rs in Lacs)

Description	Subsidiary Companies		Associates	
	This Year	Previous Year	This Year	Previous Year
Refund of Share Application Money	-	-		110.00
Investment made	-	-	9.55	-
Investments sold	-	10.00	-	-
Purchases	-	-		10.38
Sales	-	-		24.57
Rent paid	-	-		32.02
Advance for Expenses	-	1.35	-	-
Closing Balance (DR)	-	-	1324.15	1,324.15
Closing Balance (CR)	38.48	88.78	-	15.39

NETWORK LIMITED



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
Baggage	-	-	6354	51.60
Watches	-	-	2835	159.43
Others Items	-	-	42541	132.54
Packing Material	-	-	-	5.03
	-	-	34501	373.38

b) Sale of traded goods

Items	Current Year		Previous Year	
	Sale Qty	Sale Rs. Lacs	Sale Qty	Sale Rs. Lacs
Pen	-	-	2478	20.79
Baggage	-	-	3773	47.67
Watches	-	-	1506	63.77
Others Items	-	-	17033	74.87
	-	-	24790	207.10

a) Purchase of Traded goods, Securities & Packing material

Items	Current Year		Previous Year	
	Purchases Qty	Purchase Rs. Lacs	Purchases Qty	Purchase Rs. Lacs
Pen	-	-	100	0.25
Baggage	-	-	754	2.03
Watches	-	-	670	4.19
Securities	23000	19.89	-	-
Other Items	-	-	2509	5.23
Packing / Displays	-	-	-	3.25
	23000	19.89	4033	14.95

(d) Detail of Closing Stock

Items	Current Year		Previous Year	
	Closing Stock Qty	Closing Stock Rs. Lacs	Closing Stock Qty	Closing Stock Rs. Lacs
Securities	23000	18.17	-	-
	23000	18.17	-	-

	Current Year (Rs. Lacs)	Previous Year (Rs. Lacs)
e) Expenditure in Foreign currency		
i) Purchases	NIL	0.04
ii) Traveling	NIL	NIL
f) Value of import made by the company	-	-
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

Sd/-
ASHOK SAWHNEY
CHAIRMAN

Sd/-
AVINASH CHANDER SHARMA
DIRECTOR

Sd/-
VIJAY KALRA
DIRECTOR

Sd/-
PANKAJ SHRIMALI
DIRECTOR

Sd/-
G S GOYAL
DIRECTOR

Place : New Delhi
Dated : 17th May 2010

Sd/-
AMAN SAWHNEY
MANAGER

Sd/-
AJAY MITTAL
COMPANY SECRETRAY

Sd/-
DHIRAJ SHARMA
FINANCIAL
CONTROLLER

NETWORK LIMITED
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE



1 REGISTRATION DETAILS

Registration No.	34797	State Code	55
Balance Sheet Date	3/31/2010		

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

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

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

Total Liabilities	5,706	Total Assets	5,706
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Sources of Funds :

Paid up-Equity Share Capital	4915
Prof. Share Capital	0
Share application Money	0
Reserve & Surplus	791
Secured Loan	0
Unsecured Loan	NIL

Application of Funds :

Net Fixed Assets	355
Investment	2,697
Net Current Assets	2,385
Misc. Expenditure	Nil
Accumulated Loss	270

4 PERFORMANCE OF COMPANY (AMOUNT IN Rs. LACS)

Turnover	83.51	Total Expenditure	89.75
Profit / (Loss) before Tax	(6.24)	Profit / (Loss) after Tax	(6.24)
Earning per Share (in Rs.)	(0.01)	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
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 : 17th May 2010

Sd/-
AMAN SAWHNEY
MANAGER

Sd/-
AJAY MITTAL
COMPANY SECRETARY

Sd/-
DHIRAJ SHARMA
FINANCIAL
CONTROLLER

NETWORK LIMITED**Statement Pursuant to Section 212 of the Companies Act , 1956
Related to Subsidiary Companies****(Amount Rs in Lacs)**

S No	Name of the Subsidiary Company	Network Retail Limited
1	Financial Year of the Subsidiary Company ended on	31st March 2010
2	(a) Issued , Subscribed and Paid up capital of the subsidiary company	54,90,000 equity shares of Rs 10/- each
	(b) Extent of Interest of Network in Capital of Subsidiary Company	54,90,000 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 31st March 10	(42.18)
	(b) For the Previous financial years of the subsidiary since it became Subsidiary of Network	(15.44)
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 31st March 10	-
	(b) For the Previous financial years of the subsidiary since it became Subsidiary of Network	

On behalf of the board

For and on behalf
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 : 17th May 2010

Sd/-
AMAN SAWHNEY
MANAGER

Sd/-
AJAY MITTAL
COMPANY SECRETRAY

Sd/-
DHIRAJ SHARMA
FINANCIAL
CONTROLLER

NETWORK RETAIL LIMITED DIRECTORS REPORT



TO THE MEMBERS OF NETWORK RETAIL LIMITED

Your Directors have pleasure in presenting their 3rd Annual Report of the Company together with the Audited Accounts of the Company for the financial year ended 31st March, 2010.

FINANCIAL HIGHLIGHTS

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

(Rs In Lacs)

PARTICULARS	31 st March 10	30 th June 2009
	9Months	15Months
Total Income	44.59	29.76
Total Expenditure	81.26	43.37
Cash Profit/ Loss	(36.67)	(13.61)
Depreciation	5.51	1.83
Profit / (Loss) before Tax	(42.18)	(15.44)
Provision for Fringe Benefit Tax	-	-
Profit / (Loss) after Tax	(42.18)	(15.44)
Add:- Profit/(Loss) brought forward	(15.74)	(0.29)
Profit/(Loss) carried forward to Balance Sheet	(57.91)	(15.74)

OPERATIONAL REVIEW

During the financial year under review, the company incurred a loss of 42.18 Lacs against loss of 15.44 Lacs in the previous year. The Management is taking steps and workout new marketing strategies to overcome the losses and further to generate regular revenues in the Company.

DIVIDEND

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

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, holds office until the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Board of Directors recommends the re-appointment of the Auditors.

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

DIRECTORS

In accordance with the provisions of Companies Act, 1956 and the Articles of Association of the Company Mr. Hemant Kumar, was appointed as an additional director by the Board of Directors of the Company with effect from May 17, 2010, to hold office till the conclusion of ensuing Annual General Meeting. The Company has received notices together money under section 257 of the Companies Act, 1956 from members proposing Mr. Hemant Kumar to be appointed as Director of the Company. Your Board recommends for appointment of Mr. Hemant Kumar as Director of the Company.

Mr. Pankaj Shrimali resigned from the Board of the Company with

effect from May 17, 2010. The Board places on record its appreciation for his contribution and support during his tenure of office.

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 of the Company

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.

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

For and on behalf of the Board of Directors

Sd/-

Date: June 8, 2010

Place: New Delhi

ASHOK SAWHNEY
CHAIRMAN

NETWORK RETAIL LIMITED
AUDITOR'S REPORT



To,

The Members of Network Retail Limited,

1. We have audited the attached Balance Sheet of Network Retail Limited, as at 31st March, 2010, 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 31st March 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2010 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 31st March 2010;
 - 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: 17th May 2010

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 31st March 2010.

{ 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) No Fixed Assets were disposed off during the year, and therefore do not affect the going concern assumption.
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

NETWORK RETAIL LIMITED
AUDITOR'S REPORT (CONTD.)

**NETWORK
LIMITED**

- in respect of income tax, wealth tax, sales tax, service tax, custom duty and excise duty and cess were outstanding as at 31st March , 2010 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. 57.91 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. The Company did not have any outstanding dues to any financial institutions, bank or debenture holders during the year. Accordingly paragraph 4(x) of the order is not applicable.
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.
- All shares and other investment have been held by the Company in its own name.
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:17th May 2010

NETWORK RETAIL LIMITED
BALANCE SHEET FOR THE YEAR ENDING 31ST MARCH, 2010

**NETWORK
LIMITED**

Particulars	Schedule	As at 31.03.2010 Rs. in Laacs	As at 30.06.2009 Rs. in Laacs
SOURCES OF FUNDS			
Shareholders Funds :			
Share Capital	1	549.09	549.09
TOTAL		549.09	549.09
APPLICATION OF FUNDS			
Fixed Assets:			
Gross Block		75.04	74.96
Less: Depreciation		20.26	14.75
Net Block		54.78	60.21
Investment	3	67.05	-
Current Assets, Loans and Advances:			
Sundry Debtors	4	2.96	4.92
Inventories	5	161.95	187.54
Cash & Bank	6	37.70	80.43
Loans & Advances	7	174.51	202.58
		377.11	475.47
Less:			
Current Liabilities and Provisions:			
Current Liabilities	8	7.77	2.32
Provisions		NIL	NIL
		7.77	2.32
Net Current Assets		369.35	473.14
Profit & Loss A/c		57.91	15.74
Total		549.09	549.09
Significant Accounting Policies	13		
Notes on Accounts	14		

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

On behalf of the board

For and on behalf
S.KAPOOR & ASSOCIATES
Chartered Accountants

Sd/-
SANJAY KAPOOR
PROPRIETOR
M. No. 82499

Sd/-
ASHOK SAWHNEY
DIRECTOR

Sd/-
VIJAY KALRA
DIRECTOR

Place : New Delhi
Dated : 17th May 2010

NETWORK RETAIL LIMITED**PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH 2010****NETWORK
LIMITED**

	Schedule	Period ended 31.03.2010 Rs. in Lacs	Period ended 30.06.2009 Rs. in Lacs
Income			
Sales / Income from Operations	9	44.59	29.76
		<u>44.59</u>	<u>29.76</u>
Expenditure			
Cost of Sales	10	43.86	23.82
Personnel	11	10.82	1.34
Administration, Selling & Distribution Expenses	12	26.57	18.21
		<u>81.26</u>	<u>43.37</u>
Loss for the period before Depreciation and Taxation		36.67	13.61
Depreciation		5.51	1.83
Loss for the period before Taxation		42.18	15.44
Provision for Tax		-	-
Loss for the period after Taxation		<u>42.18</u>	<u>15.44</u>
Loss Brought Forward from previous year		15.74	0.29
Loss Carried Forward to Balance Sheet		<u>57.91</u>	<u>15.74</u>
Earning Per Share in Rs (Basic & Diluted)		(0.77)	(3.02)
(Refer Note 6 , Schedule 14)			

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

On behalf of the board

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

Sd/-
SANJAY KAPOOR
PROPRIETOR
M. No. 82499

Sd/-
ASHOK SAWHNEY
DIRECTOR

Sd/-
VIJAY KALRA
DIRECTOR

Place : New Delhi
Dated : 17th May 2010

NETWORK RETAIL LIMITED**CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH 2010****NETWORK
LIMITED****(Rs. in Lacs)**

Particulars	Year Ended 31.03.2010		Year Ended 30.06.2009	
A Cash Flow from Operating Activities				
Net (Loss) / Profit before tax and Extra-ordinary items		(42.18)		(15.44)
Adjustments for:				
Depreciation	5.51	5.51	1.83	1.83
Operating (Loss) / Profit before working capital changes		(36.67)	-	(13.61)
Adjustments for Increase In :				
Sundry Debtors	1.97		(4.92)	
Inventories	25.59		(187.54)	
Trade and other receivables	28.07		(202.58)	
Trade payables and other liabilities	5.43		2.27	
Cash generated from / (used in) operations		61.06		(392.77)
Net Cash from / (used in) Operating Activities (A)		24.39		(0.24)
B Cash flow from Investing Activities				
Purchase of Fixed Assets	(0.07)	-	(62.04)	
Investment	(67.05)	(67.12)	-	(62.04)
Net Cash from / (used in) Investing Activities (B)		(67.12)		(62.04)
C Cash flow from Financing Activities				
Shares allotted	-	-	544.09	544.09
Net cash from / (used in) Financing Activities (C)		-		544.09
Opening balance of Cash & Cash equivalents		80.43		4.76
Closing balance of Cash & Cash equivalents		37.70		80.43
Net Increase / (Decrease) in Cash and Cash equivalents		(42.73)		80.43
Total (A) + (B) + (C)		(42.73)		80.43

On behalf of the board

For and on behalf
S.KAPOOR & ASSOCIATES
Chartered Accountants

Sd/-
SANJAY KAPOOR
PROPRIETOR
M. No. 82499

Sd/-
ASHOK SAWHNEY
DIRECTOR

Sd/-
VIJAY KALRA
DIRECTOR

Place : New Delhi
Dated : 17th May 2010

NETWORK RETAIL LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET

**NETWORK
LIMITED**

	As at 31.03.2010 Rs. in Lacs	As at 30.06.2009 Rs. in Lacs
1. SHARE CAPITAL		
AUTHORISED SHARE CAPITAL		
55,50,000 Equity Shares (Previous Year 55,50,000) of Rs 10/- each	555.00	555.00
	<u>555.00</u>	<u>555.00</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 54,90,900) Equity shares of Rs 10/- each issued and fully paid up in consideration other than cash in pursuant to the scheme of arrangement	544.09	544.09
	<u>549.09</u>	<u>549.09</u>

2. FIXED ASSETS

(Rs. in Lacs)

Description	Gross Block			Depreciation			Net Block	
	As at 1.7.2009	Additions During the period	As at 31.03.2010	As at 01.07.2009	For the period	As at 31.03.2010	As at 31.3.2010	As at 30.06.2009
Computer Software	5.79	0.08	5.87	4.34	1.47	5.81	0.06	1.45
Electrical Fittings	1.71	-	1.71	0.18	0.06	0.24	1.47	1.53
Computer System	12.60	-	12.60	3.77	1.53	5.30	7.29	8.83
Furniture & Fixture	41.77	-	41.77	5.08	1.98	7.06	34.71	36.69
Office Equipment	13.09	-	13.09	1.37	0.47	1.84	11.25	11.72
TOTAL	74.96	0.08	75.04	14.75	5.51	20.26	54.78	60.21
PREVIOUS YEAR	-	74.96	74.96	12.92	1.83	14.75	60.21	-

	As at 31.03.2010 Rs. in Lacs	As at 30.06.2009 Rs. in Lacs
3 INVESTMENT		
Trade Investments - Unquoted - Long Term		
Investment in Associate Companies		
1,32,000 (Previous Year NIL) shares of Rs 10/- each of Lotus Recreation and Motels Private Limited	66.00	-
Investment in Capital of Partnership Firm		
Network Capital Partners (Previous Year Nil)	1.05	-
	<u>67.05</u>	<u>-</u>

NETWORK RETAIL LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET

**NETWORK
LIMITED**

	As at 31.03.2010 Rs in Lacs	As at 30.06.2009 Rs in Lacs
4. SUNDRY DEBTORS (UNSECURED ,CONSIDERED GOOD)		
Over Six Months	1.66	0.75
Others	1.30	4.17
	<u>2.96</u>	<u>4.92</u>
5. INVENTORIES		
Finished Goods	151.63	187.54
Securities	10.32	-
	<u>161.95</u>	<u>187.54</u>
6. CASH AND BANK BALANCES		
Bank Balances with Scheduled Banks in Current A/c	34.16	77.18
Fixed Deposit A/c *	2.50	2.50
Cash in Hand (* Refer Note No 2, Schedule 14)	1.04	0.74
	<u>37.70</u>	<u>80.43</u>
7. LOANS AND ADVANCES		
Unsecured, Considered Good		
Advances recoverable in cash or in kind or for value to be received *	173.68	201.86
Other Advances (* Refer Note No 9, Schedule 14)	0.83	0.72
	<u>174.51</u>	<u>202.58</u>
8 CURRENT LIABILITIES & PROVISIONS		
(A) Current Liabilities:		
Sundry Creditors -Trade	7.18	2.05
Advance Received from Customers	-	0.23
Other Liabilities	0.59	0.04
TOTAL (A)	<u>7.77</u>	<u>2.32</u>
(B) Provisions:	NIL	NIL
TOTAL (B)	<u>-</u>	<u>-</u>
TOTAL (A+B)	<u>7.77</u>	<u>2.32</u>

NETWORK RETAIL LIMITED
SCHEDULES TO PROFIT AND LOSS ACCOUNT

**NETWORK
LIMITED**

	Period ended 31.03.2010 Rs in Lacs	Period ended 30.06.2009 Rs in Lacs
9. SALES / INCOME FROM OPERATIONS		
Sales	44.38	29.55
Income from Operations	0.21	0.21
	<u>44.59</u>	<u>29.76</u>
10. COST OF SALES		
Opening Stock	187.54	201.14
Add: Purchases	18.28	10.22
	<u>205.81</u>	<u>211.36</u>
Less: Closing Stock	161.95	187.54
Cost of Sales	<u>43.86</u>	<u>23.82</u>
11 PERSONNEL		
Salaries, Wages and Bonus	9.45	1.01
Other benefit to employee	1.37	0.33
	<u>10.82</u>	<u>1.34</u>
12. ADMINISTRATION, SELLING AND DISTRIBUTION EXPENSES		
Rent / Hire Charges	10.76	6.84
Bank Charges	0.22	0.05
Professional /		
Consultancy Charges *	0.91	0.62
Fees & Taxes	0.68	0.14
Travelling & Conveyance	0.98	0.53
Interest on OD	-	4.68
Printing and Stationery	0.70	0.14
Communication Expenses	1.13	0.26
Business Promotion	0.70	0.09
Repair and Maintenance	6.31	2.72
Electricity & Water Charges	2.62	0.39
Insurance	0.40	0.17
Brokerage / Commission	0.76	0.21
Other Expenses	0.41	1.37
*(Refer Note 7 , Schedule 14)		
	<u>26.57</u>	<u>18.21</u>

13. 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, wherever applicable.

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.

14. NOTES TO THE ACCOUNTS

1. The Financial Statements are for the period 01st July 2009 to 31st March 2010. Figures of the Current Period are therefore, not comparable with those of the previous year.

NETWORK RETAIL LIMITED

SCHEDULES FORMING PART OF THE ANNUAL ACCOUNTS



2. Fixed Deposits of Rs 1.5 lacs (Previous Year Rs 1.5 Lacs) pledged with sale tax authorities.
3. 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.
4. 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.
5. The Management having regard to the uncertainty of the sufficient future taxable income available against which Deferred tax Assets on 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.
6. Basic and Diluted **Earnings per Share** pursuant to **Accounting Standard-20**:

PARTICULARAS	2009-2010	2008-2009
Loss for the year (Rs. In Lacs)	42.17	15.44
Weighted Average number of equity shares (nos.)	54,40,900	5,11,932
Nominal value of equity share (Rs.)	10	10
Earning per Share (Rs) (Basic & Diluted)	(0.77)	(3.02)

7. Amount paid / payable to Auditors:

PARTICULARAS	Current Year Rs. In Lacs	Previous year Rs. In Lacs
Audit Fees	0.22	0.06
In other capacity:		
- Tax related work	0.00	0.00
- Certification work	0.00	0.01

8. 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 31.03.10 are as follows:

A. List of Related parties & Relationships: -

a) Holding Company:-

- Network Limited

b) Associates

- Swiss Military Product S.A.
- Appughar Infrastructure & Developers Private Limited.
- Network Capital Partners

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 Lacs)

Description	Holding Company		Associates	
	This Year	Previous Year	This Year	Previous Year
Investment	-	5.00	1.05	-
Purchase	-		0.26	7.34
Sales	-		0.05	7.18
Share Application Money Paid			23.00	
Advance for Expenses		0.43	-	-
Closing Balance (DR)	38.48	88.78	134.08	111.11
Closing Balance (CR)	-	-	-	-

9. Loans & Advances includes share application money of Rs 133.00 Lakhs (Previous year Rs 110.00 Lakhs) paid to Appughar Infrastructure & Developers Private Limited pending allotment

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

On behalf of the board

For and on behalf
S.KAPOOR & ASSOCIATES
Chartered Accountants

Sd/-
SANJAY KAPOOR
PROPRIETOR
M. No. 82499

Sd/-
ASHOK SAWHNEY
CHAIRMAN

Sd/-
VIJAY KALRA
DIRECTOR

Place : New Delhi
Dated : 17th May 2010

NETWORK RETAIL LIMITED**SCHEDULES FORMING PART OF THE ANNUAL ACCOUNTS**

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

a) Detail of Opening Stock

Items	Stock Qty	Stock Rs. Lacs	Stock Qty	Stock Rs. Lacs
Pen	2158	6.77	2589	8.04
Baggage	3181	16.68	2449	18.78
Watches	1852	100.94	1949	107.96
Others Items	28197	61.29	29965	64.49
Packing Material		1.86		1.86
	35388	187.54	36952	201.13

b) Sale of traded goods

Items	Current Year		Previous Year	
	Sale Qty	Sale Rs. Lacs	Sale Qty	Sale Rs. Lacs
Pen	493	3.00	431	2.33
Baggage	1662	13.41	765	7.12
Watches	322	13.52	147	8.3
Others Items	5765	14.45	4165	11.78
	8242	44.38	5508	29.55

a) Purchase of Traded goods, Securities & Packing material

Items	Current Year		Previous Year	
	Purchases Qty	Purchase Rs. Lacs	Purchases Qty	Purchase Rs. Lacs
Pen	22	0.14	-	-
Baggage	648	4.29	1497	4.29
Watches	1	0.01	50	0.2
Securities	30000	13.19		
Other Items	1056	0.44	2497	5.62
Packing / Displays		0.21		0.05
	31727	18.28	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	1748	5.59	2158	6.77
Baggage	2293	11.06	3181	16.68
Watches	1531	83.91	1852	100.94
Securities	30000	10.32		
Other Items	25380	51.07	28197	61.29
Packing / Displays	-	-		1.86
	60952	161.95	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	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

Sd/-

Ashok Sawhney
Director

Sd/-

Vijay Kalra
DirectorPlace: New Delhi
Dated: 17th May 2010

NETWORK RETAIL LIMITED

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE



1 REGISTRATION DETAILS

Registration No.	170017	State Code	55
Balance Sheet Date	31/03/2010		

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

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

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

Total Liabilities	549.09	Total Assets	549.09
-------------------	---------------	--------------	---------------

Sources of Funds :

Paid up-Equity Share Capital	549.09
Pref. Share Capital	-
Share application Money	-
Reserve & Surplus	-
Secured Loan	-
Unsecured Loan	-

Application of Funds :

Net Fixed Assets	54.78
Investment	67.05
Net Current Assets	369.35
Misc. Expenditure	-
Accumulated Loss	57.91

4 PERFORMANCE OF COMPANY (AMOUNT IN Rs. LACS)

Turnover	44.59	Total Expenditure	86.77
Profit / (Loss) before Tax	(42.18)	Profit / (Loss) after Tax	(42.18)
Earning per Share (in Rs.)	(0.77)	Dividend Rate	-

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
S.KAPOOR & ASSOCIATES
Chartered Accountants

Sd/-
SANJAY KAPOOR
PROPRIETOR
M. No. 82499

Sd/-
ASHOK SAWHNEY
DIRECTOR

Sd/-
VIJAY KALRA
DIRECTOR

Place : New Delhi
Dated : 17th May 2010

CONSOLIDATED FINANCIAL STATEMENT 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 31st March 2010 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 31st March, 2010
- 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/-

Place: New Delhi
Dated: 17th May 2010

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

CONSOLIDATED FINANCIAL STATEMENT OF NETWORK LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2010

**NETWORK
LIMITED**

Particulars	Schedule	As at 31.03.2010 Rs. in Lacs	As at 30.06.2009 Rs. in Lacs
SOURCES OF FUNDS			
Shareholders Funds :			
Share Capital	1	4,914.85	5,360.45
Reserve & Surplus	2	791.49	345.89
TOTAL		5,706.34	5,706.34
APPLICATION OF FUNDS			
Fixed Assets:			
Gross Block	3	523.90	523.10
Less: Depreciation		113.83	43.26
Net Block		410.07	479.84
Investment			
	4	2,214.63	2,210.47
Current Assets, Loans and Advances:			
Sundry Debtors	5	2.96	4.92
Inventories	6	180.12	187.54
Cash & Bank	7	1,056.19	1,042.75
Loans & Advances	8	1,542.03	1,547.70
		2,781.30	2,782.92
Less:			
Current Liabilities and Provisions:			
Current Liabilities	9	26.27	45.05
Provisions		1.11	1.14
		27.38	46.19
Net Current Assets		2,753.92	2,736.73
Profit & Loss A/c		327.72	279.31
Total		5,706.34	5,706.34
Significant Accounting Policies	15		
Notes on Accounts	16		

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

On behalf of the board

For and on behalf
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 : 17th May 2010

Sd/-
AMAN SAWHNEY
MANAGER

Sd/-
AJAY MITTAL
COMPANY SECRETARY

Sd/-
DHIRAJ SHARMA
FINANCIAL
CONTROLLER

**CONSOLIDATED FINANCIAL STATEMENT OF NETWORK LIMITED
PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31ST MARCH 2010**

**NETWORK
LIMITED**

Particulars	Schedule	Period ended 31.03.2010 Rs. in Lacs	Period ended 30.06.2009 Rs. in Lacs
Income			
Sales / Income from Operations	10	100.94	378.42
Other Income	11	27.16	4.63
		<u>128.10</u>	<u>383.05</u>
Expenditure			
Cost of Sales	12	45.58	211.02
Personnel	13	20.98	65.74
Administration, Selling & Distribution Expenses	14	39.39	350.09
		<u>105.95</u>	<u>626.84</u>
Profit / (Loss) for the period before Depreciation and Taxation		22.15	(243.80)
Depreciation		70.56	34.07
Profit / (Loss) for the period before Taxation		(48.41)	(277.86)
Provision for Tax		-	1.15
Profit / (Loss) for the period after Taxation		(48.41)	(279.01)
Profit / (Loss) Brought Forward from previous year		(279.31)	(0.29)
Profit / (Loss) Carried Forward to Balance Sheet		<u>(327.72)</u>	<u>(279.31)</u>
Earning Per Share (Basic & Diluted in Rs.) (Refer Note 8, Schedule 16)		(0.10)	(1.45)

On behalf of the board

For and on behalf
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 : 17th May 2010

Sd/-
AMAN SAWHNEY
MANAGER

Sd/-
AJAY MITTAL
COMPANY SECRETARY

Sd/-
DHIRAJ SHARMA
FINANCIAL
CONTROLLER

CONSOLIDATED FINANCIAL STATEMENT OF NETWORK LIMITED
CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH 2010

**NETWORK
LIMITED**

(Rs. in Lacs)

Particulars	Year ended 31.03.2010 Rs. in Lacs		Year ended 30.06.2009 Rs. in Lacs	
	A Cash Flow from Operating Activities			
Net (Loss) / Profit before tax and Extra-ordinary items	(48.41)			(279.01)
Adjustments for:				
Fixed Assets W/off		62.84		
Payment of Decrease in the value of investment		2.34		
Depreciation	70.56	70.56	34.07	99.25
Operating (Loss)/Profit before working capital changes		22.15		(179.76)
Adjustments for Increase In :				
Sundry Debtors	1.97		(1.90)	
Inventories	7.42		185.84	
Trade and other receivables	5.67		(1197.45)	
Trade payables and other liabilities	(18.81)		(99.74)	
Cash generated from / (used in) operations		(3.75)		(1,113.25)
Net Cash from / (used in) Operating Activities (A)		18.40		(1,293.01)
B Cash flow from Investing Activities				
Purchase of Fixed Assets	(0.80)		(429.34)	
Investment	(4.16)	(4.96)	(2,181.00)	(2,610.34)
Net Cash from / (used in) Investing Activities (B)		(4.96)		(2,610.34)
C Cash flow from Financing Activities				
Shares allotted	-		3,948.50	
Share application money	-		-	
Secured Loan taken/(paid) against Deposits	-		(153.38)	
Securities premium received	-	-	-	3,795.12
Net cash from / (used in) Financing Activities (C)		-		3,795.12
Opening balance of Cash & Cash equivalents		1,042.75		1,150.98
Closing balance of Cash & Cash equivalents		1,056.19		1,042.75
Net Increase/(Decrease) in Cash and Cash equivalents		13.44		(108.23)
Total (A) + (B) + (C)		13.44		(108.23)

On behalf of the board

For and on behalf
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 : 17th May 2010

Sd/-
AMAN SAWHNEY
MANAGER

Sd/-
AJAY MITTAL
COMPANY SECRETARY

Sd/-
DHIRAJ SHARMA
FINANCIAL
CONTROLLER

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

**NETWORK
LIMITED**

	As at 31.03.2010 Rs. in Lacs	As at 30.06.2009 Rs. in Lacs	
1. SHARE CAPITAL			
AUTHORISED CAPITAL			
5,25,00,000 Equity Shares of Rs.10/- each	5,250.00	5,250.00	
6,00,000 Preference share of Rs.100/- each	600.00	600.00	
	<u>5,850.00</u>	<u>5,850.00</u>	
ISSUED, SUBSCRIBED AND PAID UP CAPITAL			
20,23,557 Equity Shares of Rs. 10/- each fully paid up in cash (Previous Year 20,23,557)	202.36	202.36	
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 3,83,15,941)	3,831.59	3,831.59	
37,09,000 Equity Shares of Rs. 10/- each allotted as fully paid on conversion of convertible Preference shares (Previous Year 25,95,000) (Refer Note 7 , Schedule 16)	370.90	259.50	
Nil - Redeemable Preference Shares of Rs 100/- each (Previous year-5,57,000)	-	557.00	
	<u>4,914.85</u>	<u>5,360.45</u>	
	As at 30.06.2009	As at 31.03.2010	
2. RESERVES AND SURPLUS	Rs. In Lacs	Rs. In Lacs	Rs. In Lacs
Capital Redemption Reserve	4.00	-	4.00
Securities Premium Account	318.53	445.60	764.13
Reserves & Surplus	23.36	-	23.36
	<u>345.89</u>	<u>445.60</u>	<u>791.49</u>

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

**NETWORK
LIMITED**

3. FIXED ASSETS

(Rs. in Lacs)

Description	Gross Block			Depreciation			Net Block	
	As at 1.7.2009	Additions During the period	As at 31.03.2010	Up to 01.07.2009	For the period	As at 31.03.2010	As at 31.3.2010	As at 30.06.2009
Leasehold Land	1.27	-	1.27	-	-	-	1.27	1.27
Goodwill	425.68	-	425.68	21.28	63.85	85.14	340.54	404.39
Computer System	20.82	0.49	21.32	7.94	2.17	10.12	11.20	12.88
Furniture & Fixture	53.30	-	53.30	7.63	2.48	10.11	43.19	45.67
Office Equipment	14.53	0.09	14.62	1.88	0.51	2.39	12.24	12.65
Computer Software	5.79	0.21	6.00	4.34	1.49	5.83	0.17	1.45
Electrical Fittings	1.71	-	1.71	0.18	0.06	0.24	1.47	1.53
TOTAL	523.10	0.80	523.90	43.26	1.55	113.83	410.07	479.84
PREVIOUS YEAR	156.66	442.64	523.10	9.25	34.07	43.26	479.84	147.41

**As at
31.03.2010
Rs. in Lacs** **As at
30.06.2009
Rs. in Lacs**

4 INVESTMENT

Trade Investments - Unquoted - Long Term

Investment in Associate Companies

1,32,000 (Previous Year NIL) shares of Rs 10/- each of Lotus Recreation and Motels Private Limited	66.00	-
19,20,000 (Previous Year 19,20,000) Shares of Rs 10/- each of International Amusement Limited	576.00	576.00
49,999 (Previous Year 49,999) Shares of Rs 10/- each of Appughar Infrastructure & Developers Private limited	5.00	5.00
2,00,000 (Previous Year 2,00,000) Shares of Rs 10/- each of Appughar Securities & Solutions Private Limited	100.00	100.00
2,91,000 (Previous Year 3,00,000) Shares of Rs 10/- each of Appughar Entertainment Private Limited	1,455.00	1,500.00

Investments - Quoted - Short term

2233 (Previous Year 2233) of Omaxe limited of Rs 310/- each (Market Value as at 31.03.10 = Rs 2,03,091/-)	6.92	6.92
Nil (Previous Year 39003) of Power Grid Corporation of India Limited	-	20.28
Nil (Previous Year 1569) of Mundra Port and Special Economic Zone Ltd	-	6.90
Provision for Dimunition in the value of Quoted Investment	(4.89)	(4.64)

Investment in Capital of Partnership Firm

Network Capital Partners (Previous Year Nil)	10.60	-
	<u><u>2214.63</u></u>	<u><u>2210.47</u></u>

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

**NETWORK
LIMITED**

Schedule	As at 31.03.2010 Rs. in Lacs	As at 30.06.2009 Rs. in Lacs
Total Market Value of Quoted Investment	2.03	55.08
Total Amount of Unquoted Investment	2,212.60	2,181.00
Total Amount of Quoted Investment	6.92	34.11
5. SUNDRY DEBTORS (UNSECURED ,CONSIDERED GOOD)		
Over Six Months	1.66	0.75
Others	1.30	4.17
	<u>2.96</u>	<u>4.92</u>
6. INVENTORIES		
Finished Goods	151.63	187.54
Securities	28.49	-
	<u>180.12</u>	<u>187.54</u>
7. CASH AND BANK BALANCES		
Bank Balances with Scheduled Banks in		
Current A/c	35.71	88.77
Fixed Deposit A/c *	1,019.40	940.47
Cash in Hand	1.07	13.51
(* Refer Note No 1(b) , (c) & (d) , Schedule 16)		
	<u>1,056.19</u>	<u>1,042.75</u>
8. LOANS AND ADVANCES		
Unsecured, Considered Good		
Advances recoverable in cash or in kind or for value to be received *	1,458.91	1,442.47
Other Advances	0.83	0.72
Interest accrued but not due	22.01	55.99
Tax Deducted at Source	60.28	48.52
(* Refer Note No 11, Schedule 16)		
	<u>1,542.03</u>	<u>1,547.70</u>
9. CURRENT LIABILITIES & PROVISIONS		
(A) Current Liabilities:		
Sundry Creditors -Trade	25.30	33.86
Advance Received from Customers	-	0.23
Other Liabilities	0.97	10.96
TOTAL (A)	<u>26.27</u>	<u>45.05</u>
(B) Provisions:	1.11	1.14
TOTAL (B)	<u>1.11</u>	<u>1.14</u>
TOTAL (A+B)	<u>27.38</u>	<u>46.19</u>

CONSOLIDATED FINANCIAL STATEMENT OF NETWORK LIMITED
SCHEDULES TO THE PROFIT AND LOSS ACCOUNT

**NETWORK
LIMITED**

	Period ended 31.03.2010 Rs. in Lacs	Period ended 30.06.2009 Rs. in Lacs
10. SALES / INCOME FROM OPERATIONS		
Sales	44.38	236.65
Income from operations	56.56	141.77
	100.94	378.42
11. OTHER INCOME		
Profit on Sale of Investment in Securities	24.68	-
Other Income	2.48	4.63
	27.16	4.63
12. COST OF SALES		
Opening Stock	187.54	373.38
Add: Purchases	38.17	25.17
	225.71	398.55
Less: Closing Stock	180.12	187.54
Cost of Sales	45.58	211.02
13 PERSONNEL		
Salaries, Wages and Bonus	19.33	59.88
Other benefit to employee	1.65	5.86
	20.98	65.74
14. ADMINISTRATION, SELLING AND DISTRIBUTION EXPENSES		
Rent / Hire Charges	10.88	135.98
Interior / Decoration		62.84
Advertisement	0.52	4.44
AGM Expenses	1.40	2.41
Provisiion for dec in Value of Investment	0.91	5.41
Bank Charges	0.27	1.05
Shut Down Cost / Settlement Expenditure	-	20.30
Professional / Consultancy Charges *	5.32	18.04
Fees & Taxes	2.37	5.18
Travelling & Conveyance	1.70	7.11
Financial Expenses	-	23.62
Printing and Stationery	1.32	3.59
Stamp Paper Purchased	1.26	-
Communication Expenses	1.40	5.26
Business Promotion	0.71	1.64
Repair and Maintenance	6.74	27.88
Electricity & Water Charges	2.69	8.99
Insurance	0.40	1.54
Exchange fluctuation	-	3.21
Brokerage / Commission	0.76	2.51
Other Expenses	0.74	9.09
*(Refer Note 9 , Schedule 16)		
	39.39	350.09

**CONSOLIDATED FINANCIAL STATEMENT OF NETWORK LIMITED
SCHEDULES FORMING PART OF THE ANNUAL ACCOUNTS**



15. 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 subsidiary.
- (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 subsidiary 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	
	31 March 2010	30th June 2009
Network Retail Limited	100%	100%

(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 (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, wherever applicable.

CONSOLIDATED FINANCIAL STATEMENT OF NETWORK LIMITED
SCHEDULES FORMING PART OF THE ANNUAL ACCOUNTS

**NETWORK
LIMITED**

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.

16. 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.11.46 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 1016.90 lacs (Previous year 937.97 Lacs) pledged with Bank against loan sanctioned to Appughar Infrastructure and Developers Pvt Ltd. (An associate Company)

- d) Corporate guarantee of Rs 743 Lacs (Previous Year 713 Lacs) issued to bankers against loans availed by Appughar Infrastructure & Developers Pvt Ltd an associate company.

2. The Financial Statements are for the period 01st July 2009 to 31st March 2010. Figures of the Current Period are therefore, not comparable with those of the previous year.

3. The Company is exploring new avenues and contemplating strategic tie ups for long term value creation and to generate regular revenues in the company.

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. 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.

6. 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.

7. The Company had allotted 5,57,000 Optionally Convertible Preference Shares (OCPS) of Rs 100/- each to the existing preference shareholders of the company as per Special Resolution passed dated 15th September 2009 with an option to be converted into equity shares. In pursuance of the option of conversion exercised by the OCPS

CONSOLIDATED FINANCIAL STATEMENT OF NETWORK LIMITED
SCHEDULES FORMING PART OF THE ANNUAL ACCOUNTS

**NETWORK
LIMITED**

holders, the Board of Directors of the company had issued 11,14,000 equity shares of Rs 10/- each at a premium of Rs 40/- each, in lieu of 5,57,000 OCPS of Rs 100/- each, as per terms and conditions of issue of OCPS. Consequent to the above, the paid up Equity Share Capital of the Company has increased from 48.03 crores to 49.14 crores.

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

PARTICULARAS	2009-2010	2008-2009
Loss for the year (Rs. In Lacs)	48.41	279.01
Weighted Average number of equity shares (nos.)	487,54,126	192,29,851
Nominal value of equity share (Rs.)	10	10
Earning per Share (basic & diluted)	(0.10)	(1.45)

9. **Amount paid / payable to Auditors:**

PARTICULARAS	Current year Rs. in Lacs	Previous Year Rs. In Lacs
Audit Fee	0.81	0.44
In other capacity:		
- Tax related work	0.17	0.08
- Certification work	0.08	0.09

10. 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 31.03.10 are as follows:

A. List of Related parties & Relationships: -

a) **Associates**

- Appu Ghar Infrastructure and Developers Private Limited
- Anuj Sawhney
- Swiss Military Product S.A.
- Network Capital Partners

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	Subsidiary Companies		Associates	
	This Year	Previous Year	This Year	Previous Year
Application Money paid	-	-	23.00	-
Refund of Share Application Money	-	-	-	110.00
Investment made	-	-	10.60	-
Investment sold	-	5.00	-	-
Purchases	-	-	0.26	17.72
Sales	-	-	0.05	31.76
Rent paid	-	-	-	32.02
Advance for Expenses	-	0.92	-	-
Closing Balance (DR)	-	-	1458.23	1434.15
Closing Balance (CR)	-	-	-	15.39

11. Loans & Advances includes share application money of Rs 1457.15 Lakhs (Previous year Rs 1434.15 Lakhs) paid to Appughar Infrastructure & Developers Private Limited pending allotment.

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

On behalf of the board

For and on behalf Sd/- Sd/- Sd/- Sd/-
S.KAPOOR & ASSOCIATES ASHOK SAWHNEY AVINASH CHANDER SHARMA
Chartered Accountants CHAIRMAN DIRECTOR

Sd/- Sd/- Sd/- Sd/-
SANJAY KAPOOR VIJAY KALRA PANKAJ SHRIMALI G S GOYAL
PROPRIETOR DIRECTOR DIRECTOR DIRECTOR
M. No. 82499

Place : New Delhi Sd/- Sd/- Sd/-
Dated : 17th May 2010 AMAN SAWHNEY AJAY MITTAL DHIRAJ SHARMA
MANAGER COMPANY FINANCIAL
SECRETARY CONTROLLER

CONSOLIDATED FINANCIAL STATEMENT OF NETWORK LIMITED
SCHEDULES FORMING PART OF THE ANNUAL ACCOUNTS

**NETWORK
LIMITED**

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	2158	6.77	4892	24.78
Baggage	3181	16.68	6354	51.60
Watches	1852	100.94	2835	159.43
Others Items	28197	61.29	42541	132.54
Packing Material		1.86		5.03
	35388	187.54	56622	373.38

b) Sale of traded goods

Items	Current Year		Previous Year	
	Sale Qty	Sale Rs. Lacs	Sale Qty	Sale Rs. Lacs
Pen	493	3.00	2834	23.12
Baggage	1662	13.41	5570	55.58
Watches	322	13.52	1653	72.09
Others Items	5765	14.45	19104	85.86
	8242	44.38	29161	236.65

c) Purchase of Traded goods, Securities & Packing material

Items	Current Year		Previous Year	
	Purchases Qty	Purchases Rs. Lacs	Purchases Qty	Purchases Rs. Lacs
Pen	22	0.14	100	.25
Baggage	648	4.29	2397	7.24
Watches	1	0.01	720	4.46
Securities	53000	33.08		
Other Items	1056	0.44	4860	9.95
Packing / Displays		0.21		3.27
	31727	38.17	8077	25.17

(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	1748	5.59	2158	6.77
Baggage	2293	11.06	3181	16.68
Watches	1531	83.91	1852	100.94
Securities	53000	28.49		
Other Items	25380	51.07	28197	61.30
Packing / Displays	-	-	-	1.85
	60952	180.12	35388	187.54

Current Year (Rs. Lacs) Previous Year (Rs. Lacs)

e) Expenditure in Foreign currency

i) Purchases	NIL	.04
ii) Traveling	NIL	NIL
f) Value of import made by the company	NIL	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

Sd/- Ashok Sawhney Chairman	Sd/- Avinash Chander Sharma Chairman
Sd/- Pankaj Shrimali Director	Sd/- Vijay Kalra Director
Sd/- G S Goyal Director	Sd/- Aman Sawhney Manager
Sd/- Ajay Mittal Company Secretary	Sd/- Dhiraj Sharma Financial Controller

Place : New Delhi
Dated :- 17th May 2010

CONSOLIDATED FINANCIAL STATEMENT 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	3/31/2010		

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

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

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

Total Liabilities	5,706.34	Total Assets	5,706.34
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Sources of Funds :

Paid up-Equity Share Capital	4,914.85
Pref. Share Capital	-
Share application Money	-
Reserve & Surplus	791.49
Secured Loan	-
Unsecured Loan	-

Application of Funds :

Net Fixed Assets	410.07
Investment	2,214.63
Net Current Assets	2,753.92
Misc. Expenditure	-
Accumulated Loss	327.72

4 PERFORMANCE OF COMPANY (AMOUNT IN Rs. LACS)

Turnover	128.10	Total Expenditure	176.52
Profit / (Loss) before Tax	(48.41)	Profit / (Loss) after Tax	(48.41)
Earning per Share (in Rs.)	(0.10)	Dividend Rate	-

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
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 : 17th May 2010

Sd/-
AMAN SAWHNEY
MANAGER

Sd/-
AJAY MITTAL
COMPANY SECRETARY

Sd/-
DHIRAJ SHARMA
FINANCIAL
CONTROLLER

Board of Directors	:	Ashok Sawhney Aman Sawhney Avinash Chander Sharma Pankaj Shrimali Vijay Kalra G S Goyal
Manager	:	Aman Sawhney
Company Secretary	:	Ajay Mittal
Auditors	:	S. Kapoor & Associates Chartered Accountants
Bankers	:	State Bank of Mysore HDFC Bank Vijaya Bank
Registered office	:	W-41, Okhla Industrial Area Phase - II, New Delhi 110 020 Tele: 011-40564881/40564883 Fax: 011-26389770
Registrar and Share Transfer Agent	:	Alankit Assignments Ltd. Alankit house, 2E/21 Jhandewalan Extension New Delhi – 110 055 Tel.: 011 – 42541955 Fax : 011-42540064

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