

**TO THE MEMBERS OF
NETWORK LIMITED**

Your Directors have pleasure in presenting their 22nd Annual Report of the Company together with the Audited Accounts of the Company for the Financial Year ended 31st March, 2011.

FINANCIAL HIGHLIGHTS

The highlights of Financial Results for the Financial Year ended 31st March, 2011 in comparison to the Financial Year ended 31st March, 2010 (9months) are as follows:

(Rs in Lacs)

PARTICULARS	STAND –ALONE		CONSOLIDATED	
	31 st March 11	31 st March 10	31 st March 11	31 st March 10
Total Income	116.20	101.68	187.17	120.68
Total Expenditure	114.43	42.86	243.95	98.53
Profit/(Loss) before depreciation	1.77	58.81	(56.78)	22.15
Depreciation	86.77	65.05	92.33	70.56
Profit / (Loss) before Tax	(85.00)	(6.23)	(149.11)	(48.41)
Provision for taxation	0.71	-	0.71	-
Profit / (Loss) after Tax	(84.29)	(6.23)	(148.40)	(48.41)
Add:- Profit/(Loss) brought forward	(269.80)	(263.57)	(327.72)	(279.30)
Profit/(Loss) carried forward to Balance Sheet	(354.09)	(269.80)	(476.12)	(327.72)

ECONOMIC SCENARIO

For India, the year 2010 was a year of contrasts. On one hand, the economy revived with steady growth, but inflation remained a concern and reforms were sluggish. While the stock market is still below its 2008 high, agri-commodities and some metals (base as well as precious) have crossed their peaks a while ago. Agri-commodities by far have been one of the best performing asset classes for 2010. India's IIP growth fell to 3.7% in January 2011. India's six core industries grew by 6.8 per cent in February 2011. However most economists/institutions still maintain a GDP growth forecast of 7.5% to 8.5% for India in FY12. Our assessment is that the long-term fundamentals of the Indian economy continue to be strong. These include favorable demographics, rising incomes, growing consuming class and a large investment pipeline. These growth drivers are expected to be sustained over medium-to-long term. The growth of the economy is being driven primarily by domestic investment and consumption, with limited

dependence on export or the demand situation in other economies. In addition, the growing economic activity in rural India and the emergence of smaller cities as important growth drivers are key positive developments.

At the same time, there are some concerns, particularly with regard to inflation. Inflationary pressure emerging from commodities and food prices have shown signs of becoming more generalized, leading to the containing of inflation becoming the key priority of policy makers. In addition, the global economic environment continues to remain uncertain with slow recovery and fiscal concerns in developed markets. We believe that while these challenges may have an impact on the short term and cause periodic volatility, the strong underlying fundamentals of the Indian economy would sustain high rates of growth over the medium to long term.

OPERATIONAL REVIEW

During the financial year under review, the company registered a cash profit of ₹1.77 Lacs on standalone basis and Loss of ₹ 56.78 Lacs on consolidated basis as against cash profit of ₹ 58.81 Lacs on standalone basis and ₹ 22.15 Lacs on consolidated basis in the previous year.

The Company had restructured and rationalized the retail operations in the previous year(s) so as to cut down mounting losses and liabilities thereto. The company now contemplates to take further action and measures to overcome the present situation of cash losses in the retail business, which has become unviable and uneconomical primarily due to rising establishment & logistics cost and hardening of swiss franc against all major global currencies over last three years. The company has suffered losses of about eighteen crs in retail and other business directly and /or through associates over a period of last four years, however the company is hopeful that trend of these losses would not be extendable from current year onwards. The management is exploring certain options including the option to eventually wind-up the retail operations completely and settle all liabilities.

The initiative taken by the company to realize the infertile and slow moving assets has slowly started bringing fruits and the company is hopeful to have better days ahead. The company has started business in commodities, forex and derivative products, with the aim to ensure that the company is not dependent on any one market segment alone. The company is hopeful to exploit the opportunities in areas of forex , commodities and derivative products as part of expansion & diversification. Commodities actually offer immense potential to become a separate asset class for market-savvy investors, arbitrageurs and speculators. The

company intends to further consolidate the business of commodities through national spot exchange. This is a unique market segment which functions just like cash segment in securities, but offering commodities like gold, silver, copper, zinc and lead in the demat form. The size of the commodities markets in India is also quite significant. Of the country's GDP of Rs 13,207.3 billion, commodities related (and dependent) industries constitute about 58 per cent. Your company will concentrate on these emerging trends in the domestic market and will take steps to encash such opportunities for future growth. Your Company is also exploring opportunities in forex rates, like any other assets class moves depending on various factors, like demand supply, interest rates parity, trade and capital flows, speculation taking position, client hedging risk arising from their trade and capital flows etc. In the context of growing integration of the Indian economy with the rest of the world and a continuous demand for currency derivatives in other currencies, the authorities have permitted trading in future contracts based on Euro (EUR)-INR, Pound Sterling (GBP) – INR and Japanese Yen (JPY) – INR exchange rates in addition to the USDINR contracts.

The company is continuing with task to build businesses with long term goals through its intrinsic strength in corporate and investment research. To accelerate further value creation, your company continues to work on new fields through collaboration, association and strategic investments.

OPPORTUNITIES AND THREATS

The Company is exploring opportunities in the sphere of forex, commodities and derivative products as part of expansion & diversification for long term value creation, by way of collaboration, association and strategic investments. The performance of the company would be closely linked to the Indian Capital Market, commodities market & global currency fluctuations and consequently to the risks associated with market operations. The value of the company's investments and trades in commodities, forex and derivative products may be affected by factors affecting financial, commodities and 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, 2011.

PUBLIC DEPOSITS

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

the year under review.

AUDIT COMMITTEE

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

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

The Audit Committee met four times during the year.

AUDITORS & AUDITORS OBSERVATIONS

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

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

INTERNAL CONTROL SYSTEMS AND ADEQUACY

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

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the company, Mr. Pankaj Shrimali and Mr. G S Goyal, Directors retires by rotation at the ensuing Annual General Meeting and being eligible, have offered themselves for re-appointment. Your Board also recommends for re-appointment of Mr. Pankaj Shrimali and Mr. G S Goyal as Directors of the Company.

Brief resume of Mr. Pankaj Shrimali and Mr. G S Goyal, 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 AND CONSOLIDATED FINANCIAL RESULTS

In accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit & Loss Account and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. The Company will make available the Annual Accounts of the subsidiary company

and the related detailed information to any member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary Company will also be kept open for inspection at the Registered Office of the Company and that of the respective subsidiary company. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary company. The consolidated financial statements are prepared in strict compliance with applicable Accounting Standards. The Financial Statements have been prepared from audited financial statements received from subsidiary company, as approved by their respective Board. The Board of the Company has approved the proposal of amalgamation/merger of loss making closely held, unlisted subsidiary of the company - Network Retail Limited (NRL), with United Manufacturing Company (Delhi) Private Limited (UMC) along with BDA Infrastructures Private Limited (BDA), another company. This Scheme of amalgamation is under process.

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/-	Sd/-
Date : 05.08.2011	Ashok Sawhney	Avinash Chander Sharma
Place: New Delhi	Chairman	Director

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 following members:

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

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

Directors' Attendance Record

During the Financial Year 2010-11, (Four) meetings of the Board of Directors were held on 17.05.2010, 28.07.2010, 10.11.2010 & 07.01.2011. The intervening period between the Board Meetings was well within the maximum time gap of four months as prescribed in clause 49 of the Listing Agreement.

Name of Directors	No. of Board Meeting	Attendance at the Board Meeting	Whether attended Last AGM
Mr. Ashok Sawhney	04	04	Yes
Mr. Aman Sawhney	04	04	Yes
Mr. Avinash Chander Sharma	04	04	No
Mr. Pankaj Shrimali	04	04	Yes
Mr. Vijay Kalra	04	04	Yes
Mr. G S Goyal	04	04	Yes

The details under clause 49 of Listing Agreement of the directors – Mr. Pankaj Shrimali and Mr. G S Goyal seeking appointment at the Annual General Meeting is given under the notes to the notice of the Annual General Meeting.

3. AUDIT COMMITTEE

(a) Terms of Reference

The Audit Committee has been constituted as per Section 292A of the Companies Act, 1956 and the provisions of the Clause 49 of the Listing Agreement. The Audit Committee is responsible for effective supervision of the financial reporting process, ensuring financial and accounting controls and compliance with financial policies of the Company. The other roles and terms of reference of Audit Committee covers areas mentioned under clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956, besides other terms as may be referred by the Board of Directors from time to time.

(b) Composition

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

(c) Attendance

The Committee met four (4) times during the Financial Year 2010-2011 on the following dates: 17.05.2010, 28.07.2010, 10.11.2010 & 07.01.2011

Name of the Directors	Category	Designation	Attendance at the Audit Committee Meeting
Mr. Vijay Kalra	Non – Executive Independent	Chairman	04
Mr. Ashok Sawhney	Non – Executive	Member	04
Mr. Aman Sawhney*	Executive	Member	01
Mr. G S Goyal	Non – Executive Independent	Member	04

* Audit Committee was re-constituted on 07.01.2011

4. REMUNERATION COMMITTEE

Remuneration committee was not required to be constituted.

The Non-Executive Directors have not drawn any remuneration from the company except sitting fees of Board meeting attended by them and profession fees for proving professional consultancy and advise. The Non-Executive Directors did not have any other material pecuniary relationship for transactions vis-à-vis the company during the year.

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 – investor@network.limited.net is exclusively for redressal of investor grievances

(ii) **Composition:**

Name of the Directors	Category	Designation
Mr. Ashok Sawhney	Non – Executive	Member
Mr. Avinash Chander Sharma	Non – Executive Independent	Member
Mr. Aman Sawhney	Executive	Member

The committee met four (4) times during the year on 17.05.2010, 28.07.2010, 10.11.2010 & 07.01.2011.

(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., 2011

6. ANNUAL GENERAL MEETINGS

Financial Year	Location	Date	Time	No. of Special Resolution (s) passed
2009-10	MPCU Shah Auditorium, Shree Delhi Gujrati Samaj Marg, Civil Lines, New Delhi – 110 054	14.07.2010	2.00 P.M	Two
2008-09	Shri Sathya Sai International Centre, Pragati Vihar, Lodhi Road (Opposite 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

POSTAL BALLOT

No resolution was put through Postal Ballot in the last year and 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. 9 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.

- which newspaper normally published in The Pioneer (English) & Veer Arjun (Hindi)

- Any website where displayed www.networklimited.net

- whether it also displays official news release No

- whether presentations made to institutional investors or to analyst No

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

9. GENERAL SHAREHOLDERS INFORMATION

i) Annual General Meeting

Day & Date	Time	Venue
Friday, 23 rd September, 2011	2.30 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, 2011	within 45days from the end of the quarter
Financial Reporting for the quarter ended 30 th September, 2011	within 45days from the end of the quarter
Financial Reporting for the quarter ended 31 st December, 2011	within 45days from the end of the quarter
Audited Results for the financial year ended 31 st March, 2012	within sixty days from the end of last quarter 31 st March, 2012

iii) Dates of Book Closure

16th September, 2011 to
23rd September, 2011
(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 Ltd, Listing fees for the year 2011-2012 has been paid.

vi) Stock Code/ Symbol: 523558 at the Bombay Stock Exchange Ltd (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 – 10	15.94	11.72	Oct-10	14.80	12.60
May – 10	16.00	10.74	Nov-10	16.20	10.61
Jun – 10	13.99	10.05	Dec-10	14.00	10.51
Jul – 10	14.00	11.21	Jan-11	14.45	10.15
Aug – 10	16.75	11.07	Feb-11	12.45	08.44
Sep – 10	15.40	12.00	March-11	12.17	08.57

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 Ltd (BSE) compulsorily in

Demat mode. Physical shares which are lodged with the Registrar & Transfer Agent or Company for transfer are processed and returned to the shareholders duly transferred within the time stipulated under the Listing Agreement subject to the documents being in order.

x) **Distribution of Shareholding as on 31st March, 2011:**

Category	No. of share held	% of shareholding
A Promoter's holding		
1. Promoters & Promoter Group	29,952,341	60.94
2. Persons acting in concert	-	-
Sub - Total (A)	29,952,341	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)	Nil	Nil
c. FIIs	7600	0.02
Sub - Total (B)	8400	0.02
4. Other		
a. Private Corporate Bodies	14,646,092	29.80
b. Resident Indian Public	4,528,048	9.21
c. NRIs/ OCBs	13617	0.03
Sub - Total	19,187,757	39.04
Grand Total	49,148,498	100.00

xii) **Dematerialization of shares and liquidity:** As on 31st March, 2011 about 96.22% 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.

xiii) 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, Chief Financial Controller was placed before the Board at its meeting held on 5th August, 2011. 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, 2011, the declaration to this effect duly signed by Mr. Aman Sawhney, Director & Manager of the Company is give hereunder:

<p>Declaration under Clause 49 (1D) 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. 1, 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 Sd/- AMAN SAWHNEY DIRECTOR & MANAGER</p>
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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: 05.08.2011
Place: New Delhi

Sd/-
ASHOK SAWHNEY
CHAIRMAN

Sd/-
AVINASH CHANDER SHARMA
DIRECTOR

CEO/CFO CERTIFICATION

We, Aman Sawhney, Director & Manager and Dhiraj Sharma, Chief 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, 2011 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, 2011 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: 05.08.2011
Place : New Delhi

Sd/-
AMAN SAWHNEY
DIRECTOR & MANAGER

Sd/-
DHIRAJ SHARMA
CHIEF FINANCIAL
CONTROLLER

CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF LISTING AGREEMENT

TO THE MEMBERS OF NETWORK LIMITED

We have examined the compliance of conditions of Corporate Governance by Network Limited, for the year ended on 31st March, 2011, as stipulated in Clause 49 of the listing Agreement of the said Company with stock exchange.

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

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

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

FOR AGRAWAL MANISH KUMAR & CO
Company secretaries

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

Date : 05.08.2011
Place : New Delhi

**CONSOLIDATED FINANCIAL STATEMENT OF NETWORK LIMITED
AUDITORS' REPORT**



To,

The Members of Network Limited,

1. We have audited the attached Consolidated Balance Sheet of Network Limited (the company), and its subsidiary Network Retail Limited as at 31st March 2011 and its Consolidated Profit and Loss Account and also the Consolidated Cash Flow Statement for the year 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, 2011
- b) in the case of the Consolidated Profit and Loss Account, of the loss for the year ended on that date: end
- c) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date:

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

Place: New Delhi
Dated: 05th Aug 2011

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

CONSOLIDATED FINANCIAL STATEMENT OF NETWORK LIMITED
BALANCE SHEET AS ON 31ST MARCH 2011



	Schedule	As at 31.03.2011 ₹ in lacs	As at 31.03.2010 ₹ in lacs
SOURCES OF FUNDS			
Shareholders Funds :			
Share Capital	1	4,914.91	4,914.85
Reserve & Surplus	2	791.49	791.49
TOTAL		<u>5,706.40</u>	<u>5,706.34</u>
APPLICATION OF FUNDS			
Fixed Assets:			
Gross Block	3	525.75	523.90
Less: Depreciation		206.16	113.83
Net Block		<u>319.58</u>	<u>410.07</u>
Investment	4	2,216.09	2,209.63
Current Assets, Loans and Advances:			
Sundry Debtors	5	0.78	2.96
Inventories	6	1,937.90	185.12
Cash & Bank	7	698.03	1,056.19
Loans & Advances	8	88.89	1,542.03
		<u>2,725.60</u>	<u>2,786.30</u>
Less:			
Current Liabilities and Provisions:			
Current Liabilities	9	31.00	26.27
Provisions		-	1.11
		<u>31.00</u>	<u>27.38</u>
Net Current Assets		<u>2,694.60</u>	<u>2,758.92</u>
Profit & Loss A/c		<u>476.13</u>	<u>327.72</u>
Total		<u>5,706.40</u>	<u>5,706.34</u>

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 of S.KAPOOR & ASSOCIATES Chartered Accountants	Sd/- ASHOK SAWHNEY CHAIRMAN	Sd/- AVINASH CHANDER SHARMA DIRECTOR	
	Sd/- VIJAY KALRA DIRECTOR	Sd/- PANKAJ SHRIMALI DIRECTOR	Sd/- G S GOYAL DIRECTOR
Sd/- SANJAY KAPOOR PROPRIETOR M. No. 82499	Sd/- AMAN SAWHNEY DIRECTOR & MANAGER	Sd/- AJAY MITTAL COMPANY SECRETARY	Sd/- DHIRAJ SHARMA CHIEF FINANCIAL CONTROLLER
Place : New Delhi Dated : 05th Aug 2011			

CONSOLIDATED FINANCIAL STATEMENT OF NETWORK LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDING 31ST MARCH 2011



	Schedule	Year ended 31.03.2011 ₹ in lacs	Period ended 31.03.2010 ₹ in lacs
Income			
Sales / Income from Operations	10	151.74	100.94
Other Income	11	1.81	27.16
Increase/(decrease) in stock in trade		33.63	(7.42)
		<u>187.17</u>	<u>120.69</u>
Expenditure			
Purchases	12	143.18	38.17
Personnel	13	31.36	20.98
Administration, Selling & Distribution Expenses	14	69.41	39.39
		<u>243.95</u>	<u>98.54</u>
Profit / (Loss) for the year before Depreciation and Taxation		(56.78)	22.15
Depreciation		<u>92.34</u>	<u>70.56</u>
Profit / (Loss) for the year before Taxation		(149.12)	(48.41)
Provision for Tax		(0.71)	-
Profit / (Loss) for the year after Taxation		<u>(148.41)</u>	<u>(48.41)</u>
Profit / (Loss) Brought Forward from previous year		<u>(327.72)</u>	<u>(279.31)</u>
Profit / (Loss) Carried Forward to Balance Sheet		<u>(476.13)</u>	<u>(327.72)</u>
Earning Per Share (Basic & Diluted) (Refer Note 8 , Schedule 16)		(0.30)	(0.10)

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

On behalf of the board

For and on behalf of S.KAPOOR & ASSOCIATES Chartered Accountants	Sd/- ASHOK SAWHNEY CHAIRMAN	Sd/- AVINASH CHANDER SHARMA DIRECTOR	
	Sd/- VIJAY KALRA DIRECTOR	Sd/- PANKAJ SHRIMALI DIRECTOR	Sd/- G S GOYAL DIRECTOR
Sd/- SANJAY KAPOOR PROPRIETOR M. No. 82499	Sd/- AMAN SAWHNEY DIRECTOR & MANAGER	Sd/- AJAY MITTAL COMPANY SECRETARY	Sd/- DHIRAJ SHARMA CHIEF FINANCIAL CONTROLLER
Place : New Delhi Dated : 05th Aug 2011			

CONSOLIDATED FINANCIAL STATEMENT OF NETWORK LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011



(₹ in Lacs)

Particulars	Year ended 31.03.2011		Period ended 31.03.2010	
A Cash Flow from Operating Activities				
Net (Loss) / Profit before tax and Extra-ordinary items		(148.41)		(48.41)
Adjustments for:				
Fixed Assets W / off				
Payment of Decrease in the value of investment				
Depreciation	92.34	92.34	70.56	70.56
Operating (Loss) / Profit before working capital changes		(56.07)		22.15
Adjustments for Increase In :				
Sundry Debtors	2.18		1.97	
Inventories	(1,752.78)		7.42	
Trade and other receivables	1,453.14		5.67	
Trade payables and other liabilities	3.62		(18.81)	
Cash generated from / (used in) operations		(293.84)		(3.75)
Net Cash from / (used in) Operating Activities (A)		(349.91)		18.40
B Cash flow from Investing Activities				
Purchase of Fixed Assets	(1.85)	-	(0.80)	
Investment	(6.46)	(8.31)	(4.16)	(4.96)
Net Cash from / (used in) Investing Activities (B)		(8.31)		(4.96)
C Cash flow from Financing Activities				
Shares allotted	0.06		-	
Secured Loan taken/(paid) against Deposits	-		-	
Securities premium received	-	0.06	-	
Net cash from / (used in) Financing Activities (C)		0.06		-
Opening balance of Cash & Cash equivalents		1,056.19		1,042.75
Closing balance of Cash & Cash equivalents		698.03		1,056.19
Net Increase / (Decrease) in Cash and Cash equivalents		(358.16)		13.44
Total (A) + (B) + (C)		(358.16)		13.44

On behalf of the board

For and on behalf of S.KAPOOR & ASSOCIATES Chartered Accountants	Sd/- ASHOK SAWHNEY CHAIRMAN	Sd/- AVINASH CHANDER SHARMA DIRECTOR	
	Sd/- VIJAY KALRA DIRECTOR	Sd/- PANKAJ SHRIMALI DIRECTOR	Sd/- G S GOYAL DIRECTOR
Sd/- SANJAY KAPOOR PROPRIETOR M. No. 82499	Sd/- AMAN SAWHNEY DIRECTOR & MANAGER	Sd/- AJAY MITTAL COMPANY SECRETARY	Sd/- DHIRAJ SHARMA CHIEF FINANCIAL CONTROLLER
Place : New Delhi Dated : 05th Aug 2011			

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



	As at 31.03.2011 ₹ in lacs	As at 31.03.2010 ₹ in lacs
1. SHARE CAPITAL		
AUTHORISED CAPITAL		
5,25,00,000 Equity Shares of ₹ 10/- each	5,250.00	5,250.00
6,00,000 Preference share of ₹ 100/- each	600.00	600.00
	<u>5,850.00</u>	<u>5,850.00</u>
ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
20,24,157 Equity Shares of ₹ 10/- each fully paid up in cash (Previous Year 20,23,557)	202.42	202.36
88,09,000 Equity Shares of ₹ 10/- each issued and fully paid up pursuant to a contract without payment being received in cash (Previous Year 88,09,000)	880.90	880.90
3,83,15,941 Equity Shares of ₹ 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
	<u>4,914.91</u>	<u>4,914.85</u>

	As at 31.03.2010 ₹ in Lacs	Addition / (Adjustment) During the Year ₹ in Lacs	As at 31.03.2011 ₹ in Lacs
2. RESERVES AND SURPLUS			
Capital Redemption Reserve	4.00	-	4.00
Securities Premium Account	764.13	-	764.13
Reserves & Surplus	23.36	-	23.36
	<u>791.49</u>	-	<u>791.49</u>

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



3. FIXED ASSETS

₹ in lacs

Description	Gross Block			Depreciation			Net Block	
	As at 01.04.2010	Additions During the Period	As at 31.03.2011	As at 01.04.2010	For the Year	As at 31.03.2011	As at 31.03.2011	As at 31.03.2010
Tangible								
Leasehold Land	1.27	-	1.27	-	-	-	1.27	1.27
Computer System	21.32	0.70	22.02	10.12	2.99	13.11	8.91	11.20
Furniture & Fixture	53.30	0.89	54.19	10.11	3.33	13.44	40.75	43.19
Office Equipment	14.62	-	14.62	2.39	0.68	3.06	11.56	12.24
Electrical Fittings	1.71	-	1.71	0.24	0.08	0.32	1.39	1.47
Intangible								
Goodwill	425.68	-	425.68	85.14	85.14	170.27	255.41	340.54
Computer Software	6.00	0.26	6.26	5.83	0.13	5.96	0.30	0.17
TOTAL	523.90	1.85	525.75	113.83	92.34	206.16	319.58	410.07
PREVIOUS YEAR	523.10	0.80	523.90	43.26	70.56	113.83	410.07	479.84

As at
31.03.2011
₹ in lacs

As at
31.03.2010
₹ in lacs

4 INVESTMENT

Trade Investments - Unquoted - Long Term

Investment in Associate Companies

1,32,000 (Previous Year 1,32,000) shares of Lotus Recreation and Motels Private Limited	66.00	66.00
19,20,000 (Previous Year 19,20,000) Shares of International Amusement Limited	576.00	576.00
2,00,000 (Previous Year 2,00,000) Shares of Appughar Securities & Solutions Private Limited	100.00	100.00
2,91,000 (Previous Year 2,91,000) Shares of Appughar Entertainment Private Limited	1,455.00	1,455.00

Investments - Quoted - Short term

2233 (Previous Year 2233) of Omaxe limited (Market Value as at 31.03.11 = Rs 3,06,144/-)	6.92	6.92
Provision for Diminution in the value of Quoted Investment	(3.86)	(4.89)

Investment in Capital of Partnership Firm

Network Capital Partners	16.03	10.60
	2,216.09	2,209.63

Total Market Value of Quoted Investment	3.06	2.03
Total Amount of Unquoted Investment	2,213.03	2,207.60
Total Amount of Quoted Investment	6.92	6.92

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



	As at 31.03.2011 ₹ in lacs	As at 31.03.2010 ₹ in lacs
5. SUNDRY DEBTORS (UNSECURED ,CONSIDERED GOOD)		
Over Six Months	0.45	1.66
Others	0.33	1.30
	<u>0.78</u>	<u>2.96</u>
6. INVENTORIES		
Finished Goods	107.61	151.63
Securities (Refer Note 11 , Schedule 16)	1830.29	33.49
	<u>1,937.90</u>	<u>185.12</u>
7. CASH AND BANK BALANCES		
Bank Balances with Scheduled Banks in		
Current A/c	6.00	35.71
Fixed Deposit A/c	690.93	1,019.40
Cash in Hand	1.09	1.07
(Refer Note 1(b) & 1 (c) , Schedule 16)		
	<u>698.03</u>	<u>1,056.19</u>
8. LOANS AND ADVANCES		
Unsecured,Considered Good		
Advances recoverable in cash or in		
kind or for value to be received	2.66	1,458.91
Other Advances	1.16	0.83
Interest accrued but not due	22.24	22.01
Tax Deducted at Source	62.83	60.28
	<u>88.89</u>	<u>1,542.03</u>
9. CURRENT LIABILITIES & PROVISIONS		
(A) Current Liabilities:		
Sundry Creditors -Trade	25.53	25.30
Other Liabilites	5.47	0.97
TOTAL (A)	<u>31.00</u>	<u>26.27</u>
(B) Provisions:	-	1.11
TOTAL (B)	<u>-</u>	<u>1.11</u>
TOTAL (A+B)	<u>31.00</u>	<u>27.38</u>

CONSOLIDATED FINANCIAL STATEMENT OF NETWORK LIMITED
SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT



	Year ended 31.03.2011 ₹ in lacs	Period ended 31.03.2010 ₹ in lacs
10. SALES / INCOME FROM OPERATIONS		
Sales	90.62	44.38
Income from operations	61.12	56.56
	<u>151.74</u>	<u>100.94</u>
11. OTHER INCOME		
Profit on Sale of Investment	-	24.68
Other Income	1.81	2.48
	<u>1.81</u>	<u>27.16</u>
12. PURCHASES		
Purchases	143.18	38.17
	<u>143.18</u>	<u>38.17</u>
13. PERSONNEL		
Salaries, Wages and Bonus	25.20	19.33
Other benefit to employee	6.16	1.65
	<u>31.36</u>	<u>20.98</u>
14. ADMINISTRATION, SELLING AND DISTRIBUTION EXPENSES		
Rent / Hire Charges	16.15	10.88
Director Sitting Fees	1.20	-
Advertisement	0.68	0.52
AGM Expenses	1.22	1.40
Bank Charges	0.33	0.27
Professional and legal Charges	20.18	5.32
Fees & Taxes	2.27	2.37
Travelling & Conveyance	3.01	1.70
Printing and Stationery	1.09	1.32
Communication Expenses	1.95	1.40
Business Promotion	1.14	0.71
Repair and Maintenance	10.21	6.74
Electricity & Water Charges	2.15	2.69
Insurance	0.55	0.40
Loss in Partnership Firm	2.39	-
Brokerage / Commission	0.82	0.76
Other Expenses	4.07	2.90
	<u>69.41</u>	<u>39.39</u>

CONSOLIDATED FINANCIAL STATEMENT OF NETWORK LIMITED
ACCOUNTING POLICIES AND NOTES TO 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 st March 2011	31 st March 2010
Network Retail Limited	99.99%	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 ₹ 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
ACCOUNTING POLICIES AND NOTES TO ACCOUNTS



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 ₹ 12.55 Lacs Net of payment [Previous year ₹ 12.55 Lacs (Net of payment)] & others ₹ 11.46 Lacs (Previous year ₹ 11.46 Lacs).
 - b) Fixed Deposit receipts of ₹ 1.5 lacs (Previous Year ₹ 1.5 Lacs) Pledged with Vat authorities.
 - c) Fixed Deposit receipts amounting to ₹ 641.92 lacs (Previous year ₹ 1016.90 Lacs) pledged with Bank against loan sanctioned to BDA Infrastructure Pvt Ltd . (An associate Company)
 - d) Corporate guarantee of ₹ 556 Lacs (Previous Year ₹ 713 Lacs) issued to bankers against loans availed by BDA Infrastructure Pvt Ltd (An associate company).
2. The Financial Statements for the previous year are for the period 01st July 2009 to 31st March 2010. Figures of the Current year are therefore, not comparable with those of the previous year.
 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 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.
 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 year company appointed one of the Director as professional advisors and consultants to explore further business opportunities and to work out new ventures , the terms of which were duly approved by the shareholders in the Annual General Meeting held on 14th July 2010. The Professional advisory and consultancy charges worked out to ₹ 60.67 lacs, which includes charges paid for new ventures.
 7. The Scheme of Amalgamation (“ Scheme ”) for amalgamation of loss making closely held, unlisted subsidiary of the company, Network Retail Limited (NRL) with United Manufacturing Company (Delhi) Private Limited (UMC), and BDA Infrastructures Private Limited (BDA) is under progress. Such Scheme is as per the resolution of Board of Directors of Network Retail Limited passed on 05th Feb 2011 and for which a petition has been moved to Hon’ble

CONSOLIDATED FINANCIAL STATEMENT OF NETWORK LIMITED
ACCOUNTING POLICIES AND NOTES TO ACCOUNTS



High Court of Delhi , This will help the company in the process of realizing / settling the infertile & slow moving assets / investments to consolidate its strength in strategic business opportunities and to generate long term value creation & to create liquidity, pending such sanction , the Consolidated Financial Statements of the company continue to incorporate the financials of subsidiary , necessary adjustments to the company's financials shall be made upon the scheme becoming effective after the sanction of the Court.

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

PARTICULARAS	2010-2011	2009-2010
Loss for the year (₹ In Lacs)	148.41	48.41
Weighted Average number of equity shares (nos.)	491,49,098	487,54,126
Nominal value of equity share (₹)	10	10
Earning per Share (basic & diluted)	(0.30)	(0.10)

9. Amount paid / payable to Auditors:

(₹ in Lacs)

PARTICULARAS	Current Year	Previous Year
Audit Fees	0.57	0.81
In other capacity:		
- Tax related work	0.30	0.17
- Certification work	-	0.08

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 31.03.11 are as follows:

A. List of Related parties & Relationships: -

- a) **Associates**
 - BDA Infrastructure Private Limited
 - Swiss Military Product S.A.
 - Network Capital Partners
- b) **Key Management Personnel**
Mr Ajay Mittal (w. e. f. 01.04.2008)
- c) **Companies controlled by key management personnel with whom transactions have taken Place during the year**
< NIL

(₹ in Lacs)

Description	Associates		Directors	
	This Year	Previous Year	This Year	Previous Year
Application Money paid	-	23.00	-	-
Sitting Fee paid to all directors	-	-	1.20	-
Investment made	1479.97	10.60	-	-
Professional / Advisory Charges inclusive of charges paid for new ventures (Mr Pankaj Shrimali)	-	-	60.67	-
Purchases	5.23	0.26	-	-
Sales	7.65	0.05	-	-
Closing Balance (DR)	-	1458.23	-	-
Closing Balance (CR)	0.10	-	-	-

CONSOLIDATED FINANCIAL STATEMENT OF NETWORK LIMITED
ACCOUNTING POLICIES AND NOTES TO ACCOUNTS



11. Details of Securities held as Stock in Trade:-

(₹ in Lacs)

Particulars	Opening Stock		Purchases / Alloted		Sales		Closing Stock	
	Nos	Amt	Nos	Amt	Nos	Amt	Nos	Amt
Tinplate Corporation of India Limited	23,000	18.17	86,580	65.15	6,000	5.18	103,580	66.75
Seamec Limited	-	-	5,000	7.89	-	-	5,000	4.98
Delta Corporation Limited	30,000	10.32	22,000	7.48	52,000	22.93	-	-
Prakash Industries Limited			45,024	48.44	3,000	5.18	42,024	34.40
BDA Infrastructure Pvt Ltd	49,999	5.00	14,721,500	1,472.15	49,999	5.00	14,721,500	1,472.15
NRV Infrastructure Pvt Ltd	-	-	200,000	200.00	-	-	200,000	200.00
Kaizan Lifestyle products pvt ltd	-	-	52,000	52.00	-	-	52,000	52.00
	1,02,999	33.49	15,132,104	1,853.11	1,10,999	38.29	15,124,104	1,830.28

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

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

(₹ in Lacs)

S No	Particulars	Current Year	Previous Year
a)	Expenditure in Foreign Currency - Traveling	0.89	

The other additional information has not been given, since the company does not carry any manufacturing operations. Also Central Government has, by notification (Press Note No 2 / 2011 dated 08.02.2011) issued a general exemption from para 3(i)(a) and 3(ii)(b) of Part II of Schedule VI of the Companies Act 1956.

On behalf of the board

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

Sd/-
SANJAY KAPOOR
PROPRIETOR
M. No. 82499

Place : New Delhi
Dated : 05th Aug 2011

Sd/-
ASHOK SAWHNEY
CHAIRMAN

Sd/-
VIJAY KALRA
DIRECTOR

Sd/-
AMAN SAWHNEY
DIRECTOR &
MANAGER

Sd/-
AVINASH CHANDER SHARMA
DIRECTOR

Sd/-
PANKAJ SHRIMALI
DIRECTOR

Sd/-
AJAY MITTAL
COMPANY
SECRETARY

Sd/-
G S GOYAL
DIRECTOR

Sd/-
DHIRAJ SHARMA
CHIEF FINANCIAL
CONTROLLER

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



1 REGISTRATION DETAILS

Registration No.	34797	State Code	55
Balance Sheet Date	31/03/2011		

2 CAPITAL RAISED DURING THE YEAR (AMOUNT IN ₹ LACS)

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

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

Total Liabilities	5,706.40	Total Assets	5,706.40
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Sources of Funds :

Paid up-Equity Share Capital	4,914.91
Pref. Share Capital	-
Share application Money	-
Reserve & Surplus	791.49
Secured Loan	-
Unsecured Loan	NIL

Application of Funds :

Net Fixed Assets	319.58
Investment	2,216.09
Net Current Assets	2,694.60
Misc. Expenditure	Nil
Accumulated Loss	476.13

4 PERFORMANCE OF COMPANY (AMOUNT IN ₹ LACS)

Turnover	187.17	Total Expenditure	331.29
Profit / (Loss) before Tax	(149.12)	Profit / (Loss) after Tax	(148.41)
Earning per Share (in Rs.)	(0.30)	Dividend Rate	Nil

5 NAME OF GENERIC PRINCIPAL PRODUCTS

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

For and on behalf of S.KAPOOR & ASSOCIATES Chartered Accountants	Sd/- ASHOK SAWHNEY CHAIRMAN	Sd/- AVINASH CHANDER SHARMA DIRECTOR
	Sd/- VIJAY KALRA DIRECTOR	Sd/- PANKAJ SHRIMALI DIRECTOR
	Sd/- AMAN SAWHNEY DIRECTOR & MANAGER	Sd/- AJAY MITTAL COMPANY SECRETARY
Sd/- SANJAY KAPOOR PROPRIETOR M. No. 82499		Sd/- G S GOYAL DIRECTOR
Place : New Delhi Dated : 05th Aug 2011		Sd/- DHIRAJ SHARMA CHIEF FINANCIAL CONTROLLER

NETWORK LIMITED
AUDITOR'S REPORT



To,

The Members of Network Limited,

1. We have audited the attached Balance Sheet of Network Limited, as at 31st March, 2011, the Profit and Loss Account and also the Cash Flow Statement for the year 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 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2011 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 , 2011;
 - b) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and
 - c) in the case of the Cash Flow Statement, of the cash flows for the year 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: 05th Aug 2011

NETWORK LIMITED
AUDITOR'S REPORT (CONT.)



Annexure to the report of the Auditors to the members of Network Limited on the accounts for the Year ended 31st March 2011.

{ 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 in the register maintained under Section 301 of the Companies Act, 1956 exceeding value of ₹ 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, is satisfactory having regard to size of the Company and the 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/acrued 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 2011 for a period exceeding six months from the date they became payable.

NETWORK LIMITED
AUDITOR'S REPORT (CONT.)



- 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 ₹ 19.07 Lacs against which ₹ 6.52 Lacs has been deposited and for unpaid amount of ₹ 12.55 Lacs the company is in appeal.
10. The accumulated losses at the end of the financial period amounted to ₹ 354.09 Lacs, which is less than Fifty percent of its Net worth. The Company has neither incurred cash losses during the financial year covered by the audit nor 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 ₹ 5.56 Crore to the bankers of B D A Infrastructure Pvt Ltd, an associate Company for loans availed by the said company. The Company has explained to us that, such guarantee is not prejudicial to the interest of the company as the said company has sufficient assets to meet any liability.
16. According to the information and explanation given to us, the company did not have any term loans outstanding during the year.
17. According to the information and explanations given to us and on overall examination of the Balance sheet of the Company, we are of the opinion that funds raised on short-term basis have not been used for long-term investment.
18. The company has not made any preferential allotment of shares to the parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures during the year.
20. The company has not made any public issue during the year.
21. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

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

Place: New Delhi
Dated: 05th Aug 2011

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

NETWORK LIMITED
BALANCE SHEET AS ON 31ST MARCH 2011



	Schedule	As at 31.03.2011 ₹ in lacs	As at 31.03.2010 ₹ in lacs
SOURCES OF FUNDS			
Shareholders Funds :			
Share Capital	1	4,914.85	4,914.85
Reserves & Surplus	2	791.49	791.49
TOTAL		<u>5,706.34</u>	<u>5,706.34</u>
APPLICATION OF FUNDS			
Fixed Assets:			
Gross Block	3	448.86	448.86
Less: Depreciation		180.34	93.57
Net Block		<u>268.52</u>	<u>355.29</u>
Investment	4	2,697.51	2,691.67
Current Assets, Loans and Advances:			
Inventories	5	1,662.89	23.17
Cash & Bank Balances	6	662.29	1,018.49
Loans & Advances	7	85.38	1,406.01
		<u>2,410.56</u>	<u>2,447.67</u>
Less:			
Current Liabilities and Provisions:			
Current Liabilities	8	24.35	56.99
Provisions		-	1.11
		<u>24.35</u>	<u>58.10</u>
Net Current Assets		2,386.21	2,389.57
Profit & Loss Account		354.10	269.81
Total		<u>5,706.34</u>	<u>5,706.34</u>
Significant Accounting Polices	14		
Notes on Accounts	15		

On behalf of the board

For and on behalf of S.KAPOOR & ASSOCIATES Chartered Accountants	Sd/- ASHOK SAWHNEY CHAIRMAN	Sd/- AVINASH CHANDER SHARMA DIRECTOR	
	Sd/- VIJAY KALRA DIRECTOR	Sd/- PANKAJ SHRIMALI DIRECTOR	Sd/- G S GOYAL DIRECTOR
Sd/- SANJAY KAPOOR PROPRIETOR M. No. 82499	Sd/- AMAN SAWHNEY DIRECTOR & MANAGER	Sd/- AJAY MITTAL COMPANY SECRETARY	Sd/- DHIRAJ SHARMA CHIEF FINANCIAL CONTROLLER
Place : New Delhi Dated : 05th Aug 2011			

NETWORK LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDING 31ST MARCH 2011**

Schedule	Year ended 31.03.2011 ₹ in lacs	Period ended 31.03.2010 ₹ in lacs
Income		
Income from Operations	9	60.91
Other Income	10	1.72
Increase/(decrease) in stock in trade		53.57
		<u>116.20</u>
Expenditure		
Purchases	11	68.27
Personnel	12	14.79
Administration, Selling & Distribution Expenses	13	31.36
		<u>114.43</u>
Profit / (Loss) for the year before depreciation and taxation		1.77
Depreciation / Amortisation		86.77
Profit / (Loss) for the year before taxation		(85.00)
Provision for taxation for earlier years		(0.71)
Profit / (Loss) for the year ended after taxation		(84.29)
Profit / (Loss) Brought Forward from previous year		(269.81)
Profit / (Loss) Carried Forward to Balance Sheet		<u>(354.10)</u>
Earning Per Share (Basic & Diluted)		(0.17)
(Refer Note 7 , Schedule 15)		(0.01)

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

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
SANJAY KAPOOR PROPRIETOR M. No. 82499			
For and on behalf of S.KAPOOR & ASSOCIATES Chartered Accountants			
Place : New Delhi Dated : 05th Aug 2011	sd/- AMAN SAWHNEY DIRECTOR & MANAGER	sd/- AJAY MITTAL COMPANY SECRETARY	sd/- DHIRAJ SHARMA CHIEF FINANCIAL OFFICER

NETWORK LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2011



(₹ in Lacs)

Particulars	Year ended 31.03.2011		Period ended 31.03.2010	
A Cash Flow from Operating Activities				
Net (Loss) / Profit after tax and Extra-ordinary items		(84.29)		(6.23)
Adjustments for:				
Depreciation	86.77	86.77	65.06	65.06
Operating (Loss) / Profit before working capital changes		2.48		58.83
Adjustments for Increase In :				
Sundry Debtors	-		0.00	
Inventories	(1,639.72)		(18.17)	
Trade and other receivables	1320.63		27.90	
Trade payables and other liabilities & Provisions	(33.75)		(74.56)	
Cash generated from / (used in) operations		(352.84)		(64.83)
Net Cash from / (used in) Operating Activities (A)		<u>(350.36)</u>		<u>(6.00)</u>
B Cash flow from Investing Activities				
Purchase of Fixed Assets	-		(0.72)	
Investment	(5.84)	(5.84)	62.89	62.17
Net Cash from / (used in) Investing Activities (B)		<u>(5.84)</u>		<u>62.17</u>
C Cash flow from Financing Activities				
Net cash from / (used in) Financing Activities (C)		<u>-</u>		<u>-</u>
Opening balance of Cash & Cash equivalents		1,018.49		962.32
Closing balance of Cash & Cash equivalents		662.29		1,018.49
Net Increase / (Decrease) in Cash and Cash equivalents		<u>(356.20)</u>		<u>56.17</u>
Total (A) + (B) + (C)		<u>(356.20)</u>		<u>56.17</u>

On behalf of the board

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

Sd/-
SANJAY KAPOOR
PROPRIETOR
M. No. 82499

Place : New Delhi
Dated : 05th Aug 2011

Sd/-
ASHOK SAWHNEY
CHAIRMAN

Sd/-
VIJAY KALRA
DIRECTOR

Sd/-
AMAN SAWHNEY
DIRECTOR &
MANAGER

Sd/-
AVINASH CHANDER SHARMA
DIRECTOR

Sd/-
PANKAJ SHRIMALI
DIRECTOR

Sd/-
AJAY MITTAL
COMPANY
SECRETARY

Sd/-
G S GOYAL
DIRECTOR

Sd/-
DHIRAJ SHARMA
CHIEF FINANCIAL
CONTROLLER

NETWORK LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET



	As at 31.03.2011 ₹ in lacs	As at 31.03.2010 ₹ in lacs
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SOURCES OF FUNDS

1. SHARE CAPITAL

AUTHORISED CAPITAL

5,25,00,000 Equity Shares of ₹ 10/- each	5,250.00	5,250.00
6,00,000 Preference share of ₹ 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 ₹ 10/- each fully paid up in cash (Previous Year 20,23,557)	202.36	202.36
88,09,000 Equity Shares of ₹ 10/- each issued and fully paid up pursuant to a contract without payment being received in cash (Previous Year 88,09,000)	880.90	880.90
3,83,15,941 Equity Shares of ₹ 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
	<u>4,914.85</u>	<u>4,914.85</u>

2. RESERVES AND SURPLUS

	As at 31.03.2010 ₹ in lacs	Addition / (Adjustment) During the Year ₹ in lacs	As at 31.03.2011 ₹ in lacs
Capital Redemption Reserve	4.00	-	4.00
Securities Premium Account	764.13	-	764.13
Reserves & Surplus	23.36	-	23.36
	<u>791.49</u>	-	<u>791.49</u>

NETWORK LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET



3. FIXED ASSETS

₹ in lacs

Description	Gross Block			Depreciation			Net Block	
	As at 01.04.2010	Additions During the Period	As at 31.03.2011	Up to 01.04.2010	Additions During the Year	Up to 31.03.2011	As at 31.03.2011	As at 31.03.2010
Tangible								
Leasehold Land	1.27	-	1.27	-	-	-	1.27	1.27
Computer System	8.72	-	8.72	4.81	0.88	5.69	3.03	3.90
Furniture & Fixture	11.53	-	11.53	3.05	0.66	3.71	7.82	8.48
Office Equipment	1.53	-	1.53	0.55	0.05	0.60	0.93	0.98
Intangible								
Goodwill	425.68	-	425.68	85.14	85.14	170.27	255.41	340.54
Computer Software	0.14	-	0.14	0.02	0.05	0.07	0.07	0.11
TOTAL	448.86	-	448.86	93.57	86.77	180.34	268.52	355.29
Previous year (₹)	448.14	0.72	448.86	28.51	65.06	93.57	355.29	419.63

As at
31.03.2011
₹ in lacs

As at
31.03.2010
₹ in lacs

4 INVESTMENT

Trade Investments - Unquoted - Long Term

Investment in Subsidiary / Associate Companies

54,90,300 (Previous Year 54,90,900)Shares of Network Retail Limited 549.03 549.09

19,20,000 (Previous Year 19,20,000) Shares of International Amusement Limited 576.00 576.00

2,00,000 (Previous Year 2,00,000) Shares of Appughar Securities & Solutions Private Limited 100.00 100.00

2,91,000 (Previous Year 2,91,000) Shares of Appughar Entertainment Private Limited 1,455.00 1,455.00

Investments - Quoted - Short term

2233 (Previous Year 2233) of Omaxe limited 6.92 6.92

(Market Value as at 31.03.11 = Rs 3,06,144/- .)

Provision for Diminution in the value of Quoted Investment (3.86) (4.89)

Investments in Capital of Partnership Firm

Network Capital Partners 14.42 9.55

(Previous Year Rs 9,55,000/-)

2,697.51 **2,691.67**

Total Market Value of Quoted Investment 3.06 2.03

Total Amount of Unquoted Investment 2,694.45 2,689.64

Total Amount of Quoted Investment 6.92 6.92

NETWORK LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET



	As at 31.03.2011 ₹ in lacs	As at 31.03.2010 ₹ in lacs
5 INVENTORIES		
Inventories - Securities (Refer Note 10 , Schedule 15)	1,662.89	23.17
	<u><u>1,662.89</u></u>	<u><u>23.17</u></u>
6. CASH AND BANK BALANCES		
Bank Balances with Scheduled Banks in		
Current A/c	3.75	1.55
Fixed Deposit A/c *	657.93	1,016.90
Cash in Hand (Refer Note 1(b) & 1(c) , Schedule 15)	0.61	0.04
	<u><u>662.29</u></u>	<u><u>1,018.49</u></u>
7. LOANS AND ADVANCES		
Unsecured, Considered Good		
Advances recoverable in cash or in kind or for value to be received	0.95	1,324.18
Interest accrued but not due	21.62	21.60
Tax Deducted at Source	62.81	60.23]
	<u><u>85.38</u></u>	<u><u>1,406.01</u></u>
8 CURRENT LIABILITIES & PROVISIONS		
(A) Current Liabilities:		
Sundry Creditors	19.92	56.60
Other Liabilities	4.43	0.38
TOTAL (A)	<u><u>24.35</u></u>	<u><u>56.99</u></u>
(B) Provisions:		
Provision for Taxation (Net of Payment)	-	1.11
TOTAL (B)	-	1.11
TOTAL (A+B)	<u><u>24.35</u></u>	<u><u>58.10</u></u>

NETWORK LIMITED
SCHEDULES TO THE PROFIT AND LOSS ACCOUNT



	Year ended 31.03.2011 ₹ in lacs	Period ended 31.03.2010 ₹ in lacs
9. INCOME FROM OPERATIONS		
Income from operations	60.91	56.40
	<u>60.91</u>	<u>56.40</u>
10. OTHER INCOME		
Miscellaneous Income	1.72	2.43
Profit on sale of investment	-	24.68
	<u>1.72</u>	<u>27.11</u>
11. PURCHASES		
Purchases	68.27	19.89
	<u>68.27</u>	<u>19.89</u>
12. PERSONNEL		
Salaries, Wages and Bonus	11.54	9.87
Other benefits to employees	3.25	0.28
	<u>14.79</u>	<u>10.15</u>
13. ADMINISTRATION, SELLING AND DISTRIBUTION EXPENSES		
Advertisement Expenses	0.68	0.52
Travelling & Conveyance	0.87	0.72
Directors Sitting Fees	1.20	-
AGM / EGM Expenses	1.22	1.40
Printing and Stationery	0.43	0.62
Communication Expenses	0.79	0.27
Bank Charges	0.11	0.06
Interest Paid	0.07	-
Loss in Partnership firm	2.15	-
Fees & Subscription Charges	2.07	1.69
Professional and legal Charges	19.15	4.41
Repair and Maintenance	0.94	0.43
Electricity & Water Charges	0.10	0.07
Other Expenses	1.57	2.63
	<u>31.36</u>	<u>12.82</u>

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 ₹ 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 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.

NETWORK LIMITED
ACCOUNTING POLICIES AND NOTES TO ACCOUNTS



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 ₹12.55 Lacs Net of payment [Previous year ₹ 12.55 Lacs] (Net of payment) & others ₹ 11.46 Lacs (Previous year ₹ 11.46 Lacs).
 - b) Fixed Deposit receipts amounting to ₹ 641.92 lacs (Previous year ₹ 1016.90 Lacs) pledged with Bank against loan sanctioned to BDA Infrastructure Pvt Ltd. (An associate Company)
 - c) Corporate guarantee of ₹ 556 Lacs (Previous Year ₹ 713 Lacs) issued to bankers against loans availed by BDA Infrastructure Pvt Ltd (An associate company).
2. 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.
 3. 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.
 4. The Scheme of Amalgamation (“ Scheme”) for amalgamation of loss making closely held, unlisted subsidiary of the company, Network Retail Limited (NRL) with United Manufacturing Company (Delhi) Private Limited (UMC), and BDA Infrastructures Private Limited (BDA) is under progress. Such Scheme is as per the resolution of Board of Directors of Network Retail Limited passed on 05th Feb 2011 and for which a petition has been moved to Hon’ble High Court of Delhi. This will help the company in the process of realizing / settling the infertile & slow moving assets / investments to consolidate its strength in strategic business opportunities and to generate long term value creation & to create liquidity.
 5. During the year company appointed one of the Director as professional advisors and consultants to explore further business opportunities and to work out new ventures , the terms of which were duly approved by the shareholders in the Annual General Meeting held on 14th July 2010. The Professional advisory and consultancy charges worked out to ₹ 60.67 lacs, which includes charges paid for new ventures.
 6. During the year under reference, Company’s business income is primarily from interest on deposits and dividend on securities held as stock in trade. 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. Basic and Diluted **Earnings per Share** pursuant to **Accounting Standard-20:**

(₹ in Lacs)

PARTICULARS	2010-2011	2009-2010
Loss for the year (₹ In Lacs)	84.29	6.24
Weighted Average number of equity shares (nos.)	491,48,498	487,54,126
Nominal value of equity share (₹)	10	10
Earning per Share (basic & diluted)	(0.17)	(0.01)

8. Amount paid / payable to Auditors:

(₹ in Lacs)

PARTICULARS	Current Year	Previous Year
Audit Fees	0.40	0.59
In other capacity:		
- Tax related work	0.15	0.17
- Certification work	-	0.08

NETWORK LIMITED
ACCOUNTING POLICIES AND NOTES TO ACCOUNTS



9. As per the **Accounting Standard -18 “Related Party Disclosures”**, issued by the Institute of Chartered Accountants of India.

The related parties of the Company as on 31.03.11 are as follows:

A. List of Related parties & Relationships: -

- Subsidiary Company:-**
· Network Retail Limited
- Associates**
· BDA Infrastructure Private Limited
· Network Capital Partners
- Key Management Personnel**
Mr Ajay Mittal
- Companies controlled by key management personnel with whom transactions have taken Place during the year** - NIL (₹ in Lacs)

Description	Subsidiary Company		Associates		Directors	
	This Year	Previous Year	This Year	Previous Year	This Year	Previous Year
Sitting Fee paid to all Directors	-	-	-	-	1.20	-
Investment made	-	-	1346.17	9.55	-	-
Professional / Advisory Charges inclusive of charges paid for new ventures (Mr Pankaj Shrimali)					60.67	
Closing Balance (DR)	-	-	-	1,324.15	-	-
Closing Balance (CR)	-	38.48	-	-	-	-

10. Details of Securities held as Stock in Trade:- (₹ in Lacs)

Particulars	Opening Stock		Purchases / Alloted		Sales		Closing Stock	
	Nos	Amt	Nos	Amt	Nos	Amt	Nos	Amt
Tinplate Corporation of India Limited	23,000	18.17	80,580	60.38	-	-	103,580	66.44
Seamec Limited	-	-	5,000	7.89	-	-	5,000	4.99
BDA Infrastructure Pvt Ltd	49,999	5.00	13,391,500	1,339.15	-	-	13,391,500	1,339.15
NRV Infrastructure Pvt Ltd	-	-	200,000	200.00	-	-	200,000	200.00
Kaizan Lifestyle Product Pvt Ltd	-	-	52,000	52.00	-	-	52,000	52.00
	72,999	23.17	13,729,080	1,659.42	-	-	13,752,080	1,662.58

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

Information pursuant to the provisions of part II of Schedule VI to the Companies Act, 1956. (₹ in Lacs)

S No	Particulars	Current Year	Previous Year
a)	Expenditure in Foreign Currency - Traveling	0.89	-

The other additional information has not been given, since the company does not carry any manufacturing operations. Also Central Government has, by notification (Press Note No 2 / 2011 dated 08.02.2011) issued a general exemption from para 3(i)(a) and 3(ii)(b) of Part II of Schedule VI of the Companies Act 1956.

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

Sd/-
SANJAY KAPOOR
PROPRIETOR
M. No. 82499

Place : New Delhi
Dated : 05th Aug 2011

Sd/-
ASHOK SAWHNEY
CHAIRMAN

Sd/-
VIJAY KALRA
DIRECTOR

Sd/-
AMAN SAWHNEY
DIRECTOR &
MANAGER

On behalf of the board
Sd/-
AVINASH CHANDER SHARMA
DIRECTOR

Sd/-
PANKAJ SHRIMALI
DIRECTOR

Sd/-
AJAY MITTAL
COMPANY
SECRETARY

Sd/-
G S GOYAL
DIRECTOR

Sd/-
DHIRAJ SHARMA
CHIEF FINANCIAL
CONTROLLER

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

Registration No.	34797	State Code	55
Balance Sheet Date	31/03/2011		

2 CAPITAL RAISED DURING THE YEAR (AMOUNT IN ₹ LACS)

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

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

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

Paid up-Equity Share Capital	4914.85
Pref. Share Capital	NIL
Share application Money	NIL
Reserve & Surplus	791.49
Secured Loan	NIL
Unsecured Loan	NIL

Application of Funds :

Net Fixed Assets	268.52
Investment	2,697.51
Net Current Assets	2,386.21
Misc. Expenditure	Nil
Accumulated Loss	354.10

4 PERFORMANCE OF COMPANY (AMOUNT IN ₹ LACS)

Turnover	116.20	Total Expenditure	201.20
Profit / (Loss) before Tax	85.00	Profit / (Loss) after Tax	84.29
Earning per Share (in Rs.)	(0.17)	Dividend Rate	Nil

5 NAME OF GENERIC PRINCIPAL PRODUCTS

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

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

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SANJAY KAPOOR
PROPRIETOR
M. No. 82499

Place : New Delhi
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Sd/-
G S GOYAL
DIRECTOR

Sd/-
DHIRAJ SHARMA
CHIEF FINANCIAL
CONTROLLER

**The Details of subsidiary in terms of General circular No 2/2011 dated 08th February 2011
issued by Government of India, Ministry of Corporate affairs under section
212 (8) of the Companies Act , 1956 is as under :**

S No	Particulars	Subsidiary (₹ in lacs)
1	Share Capital	549.09
2	Reserve & Surplus	(122.03)
3	Total Assets	427.06
4	Total Liabilities	-
5	Details of Investments	
	Shares (excluding subsidiaries)	66.00
	Others	1.61
6	Turnover and Other Income	90.92
7	Profit before taxation	64.12
8	Provision for taxation	-
9	Profit after taxation	64.12
10	Proposed Dividend	-

On behalf of the board

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

Sd/-
**SANJAY KAPOOR
PROPRIETOR
M. No. 82499**

**Place : New Delhi
Dated : 05th Aug 2011**

Sd/-
**ASHOK SAWHNEY
CHAIRMAN**

Sd/-
**VIJAY KALRA
DIRECTOR**

Sd/-
**AMAN SAWHNEY
DIRECTOR &
MANAGER**

Sd/-
**AVINASH CHANDER SHARMA
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**PANKAJ SHRIMALI
DIRECTOR**

Sd/-
**AJAY MITTAL
COMPANY
SECRETARY**

Sd/-
**G S GOYAL
DIRECTOR**

Sd/-
**DHIRAJ SHARMA
CHIEF 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 ICICI Bank HDFC Bank Vijaya Bank
Registered Office	:	W-41, Okhla Industrial Area Phase - II, New Delhi - 110 020 Tele : 011- 40564883 Fax : 011-26389770
Registrar and Share Transfer Agent	:	Alankit Assignments Ltd. Alankit House, 2E/21 Jhandewalan Extension, New Delhi - 110 055 Tel. : 011-42541955 Fax : 011-42540064

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