

9TH
ANNUAL REPORT
2003-2004



SAARC NET LIMITED

SAARC NET LIMITED

BOARD OF DIRECTORS:

Shri Md.Rizwan
Shri S.T. Prasad
Shri Umesli Chandra
Shri J.Anjaneyulu

REGISTERED OFFICE

8-2-268/2/B/5,
Road No.2,
Banjara Hills,
Hyderabad – 500 034.

AUDITORS

M/s T. Raghavendra & Associates
Chartered Accountants
Hyderabad.

STOCK EXCHANGES WHERE LISTED

The Hyderabad Stock Exchange Limited
6-3-654, Adjacent to Erramanzil Bus Stop,
Somajiguda,
Hyderabad – 500 082.

The Stock Exchange, Mumbai
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai: 400 001.

Madras Stock Exchange Ltd.,
Exchange Building, P. Box 183,
11, 2nd Line Beach,
Chennai: 600 001.

NOTICE

NOTICE is hereby given that the Ninth Annual General Meeting of the members of "SAARC NET LIMITED" will be held on Thursday the 30th day of September, 2004 at the Registered Office of the Company at 5/A, Vengal Rao Nagar, Hyderabad – 500 038.at 12.00 Noon. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited balance sheet of the Company as at 31st March, 2004 and the Profit and Loss Account for the period ended 31st March, 2004 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in Place of Shri S.T.Prasad, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration. The retiring Auditors M/s T. Raghavendra & Associates, are eligible for re-appointment.

SPECIAL BUSINESS:

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

“RESOLVED that Shri I. Ranga Rao, who was appointed as an Additional Director of the Company with effect from 01.10.2003 and holds office upto the date of this Annual General Meeting of the Company, be and is hereby appointed as a Director of the Company, who shall be liable to retire by rotation”.

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

“RESOLVED that Shri R.Satish Reddy, who was appointed as an Additional Director of the Company with effect from 01.10.2003 and holds office upto the date of this Annual General Meeting of the Company, be and is hereby appointed as a Director of the Company, who shall be liable to retire by rotation”.

BY ORDER OF THE BOARD

PLACE: HYDERABAD

DATE : 01.09.2004


DIRECTOR

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxies in order to be effective must be deposited at the registered office of the Company at least 48 hours before the time of the meeting.
3. Register of Members and Share Transfer Books of the Company will be closed from Monday, 27th September, 2004 to Tuesday, 28th September, 2004 (both days inclusive).
4. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is enclosed.

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.

ITEM NO. 4

Shri I. Ranga Rao, was appointed as an Additional Director of the Company at the meeting of the Board of Directors of the Company held on 1st October, 2003, who holds office upto the date of the ensuing Annual General Meeting of the Company.

Notice as required under Section 257 of the Companies Act, 1956 together with the requisite deposit has been received from a member proposing the appointment of Shri I. Ranga Rao as Director. The said notice and the Memorandum and Articles of Association of the Company are available for inspection at the Registered Office of the Company on any working day.

Therefore, your Directors recommend the resolution for your approval.

None of the Directors of the Company except Shri I. Ranga Rao is concerned or interested in the aforesaid resolution.

ITEM NO : 5

Shri R. Satish Reddy, was appointed as an Additional Director of the Company at the meeting of the Board of Directors of the Company held on 1st October, 2003, who holds office upto the date of the ensuing Annual General Meeting of the Company.

Notice as required under Section 257 of the Companies Act, 1956 together with the requisite deposit has been received from a member proposing the appointment of Shri R. Satish Reddy as Director. The said notice and the Memorandum and Articles of Association of the Company are available for inspection at the Registered Office of the Company on any working day.

Therefore, your Directors recommend the resolution for your approval.

None of the Directors of the Company except Shri R. Satish Reddy is concerned or interested in the aforesaid resolution.

BY ORDER OF THE BOARD

PLACE: HYDERABAD

DATE : 01.09.2004


DIRECTOR

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Ninth Annual Report together with the Audited Accounts of the Company for the period ended 31st March, 2004.

FINANCIAL RESULTS:

Your Directors are hereby report that the Company has achieved a turnover of Rs.644.95 lakhs for the year ending 31.03.2004, as against the turnover of Rs. 798.78 lakhs for the year ended 31.03.2003.

The financial results are as under.

(Rupees in laes)

Particulars	2003-2004	2002-2003
Turnover	644.95	798.78
Expenditure	642.36	797.30
Profit Before Tax	2.59	1.48
Provision for Tax	2.16	0.12
Net Profit	0.43	1.36

DIRECTORS

Shri I.Ranga Rao and Shri R. Satish Reddy were inducted in the Board as Additional Directors in the Board Meeting held on 01.10.2003. The Company received notice under section 257 of the Companies Act, 1956 proposing the appointment of Shri I. Ranga Rao and Shri R. Satish Reddy as Directors of the Company in the ensuing Annual General Meeting.

Shri S. T. Prasad, a Director of the Company, is retiring by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for reappointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect of Directors' Responsibility Statement, the Directors confirm:

- a) that in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;

- b) that they have selected such accounting policies and applied them consistently and made judgements 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 or loss of the Company for that period;
- c) that they have 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 they have prepared the annual accounts on a going concern basis.

DIVIDEND

During the year under review, your Directors have not recommended any dividend on the Equity Share Capital of the Company.

DEPOSITS

During the year, the Company neither made any offer to the Public for any fixed deposits nor accepted them as applicable under Section 58A of the Companies Act, 1956.

AUDITORS

The Company's Auditors M/s. T. Raghavendra & Associates, Chartered Accountants, will retire at the ensuing Annual General Meeting of the Company and being eligible, offer themselves for re-appointment.

LISTING OF COMPANY'S SECURITIES

Your Company's shares are currently listed on Hyderabad, Mumbai and Madras Stock Exchanges.

CORPORATE GOVERNANCE

Your Company is committed to achieving the best standards of corporate governance. To achieve this, your Company is striving to adopt best practices in corporate governance. Your Company is taking necessary steps to implement and comply with the recommendations of the code of Corporate Governance. Clause 49 of the listing agreement is effective for the Company within the financial year 2002-2003. A detailed report on Corporate Governance is enclosed as 'Annexure - I'.

INDUSTRIAL RELATIONS

Your directors are happy to report that the industrial relations have been extremely cordial at all levels through out the year.

PERSONNEL

Information in accordance with section 217(2A) of the Companies' Act, 1956 read with the Companies (Particulars of Employees) Rules 1975, has not been included since none of the employees of the Company is in receipt of remuneration in excess of the specified limits.

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

Information in accordance with Section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988, has not been included since none of these provisions are attracted.

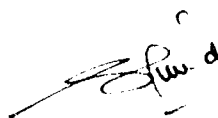
EXPLANATION TO ANY QUALIFICATION IN AUDITORS' REPORT

In respect of qualification of liability under Income-tax Act, as on the date of signing this report, the tax-returns were not filed. However tax provision for the year adequately takes care of the tax dues for the year. As and when demands are raised in respect of current or earlier years, the same will be accounted for in the year in which the demands are raised.

ACKNOWLEDGEMENT

The Board expresses its gratitude to the Banks, Financial Institutions, Consumers, Dealers, other Customers and Valued Investors for the confidence reposed by them in the Management of the Company. Your Directors also place on record their sincere appreciation for the dedicated services rendered by the Employees at all levels

**By Order of the Board
For SAARC NET LIMITED**



Director



Director

Place : Hyderabad

Date : 01.09.2004

CORPORATE GOVERNANCE REPORT

ANNEXURE - I

I. Brief statement on Company's Philosophy on Code of Governance:

Your Company is committed in achieving the best standards of corporate governance. To achieve this, your company is striving to adopt best practices in corporate governance. Your Company is taking necessary steps to implement and comply with the recommendations of the code of corporate governance.

II. Board of Directors:

a) Size and Composition of Board:

The Board of Directors of your Company has an appropriate mix of executive and non-executive directors in order to maintain independence of the Board and to separate Board functions of governance and management.

The details of the Directors on the Board of your Company for the year are given below:
No. of meetings held during the last financial year: 8 (Eight)

Name of the Director	Category	Designation	No. of Meetings attended	Attendance of each at last AGM	No. of Memberships in Boards of other Companies
Shri Md. Rizwan	Promoter-Executive Director	Managing Director	9	Yes	None
Shri S.T.Prasad	Director	Director	9	Yes	4
Shri Umesh Chandra	Non Executive Director	Director	2	Yes	None
Shri J.Anjaneyulu	Non-Executive Director	Director	6	Yes	6
Shri I.Ranga Rao	Non-Executive Director	Director	4	No	4
Shri R.Satish Reddy	Non-Executive Director	Director	4	No	10

b) Board Procedure

The Board of Directors of a Company shall meet at least four times a year, with a maximum time gap of four months between any two meetings.

Your company's Board of Directors meet atleast once a quarter in a year to review the quarterly results and other items on the Agenda, and also on the occasion of the Annual Shareholders' meeting. Whenever necessary, additional meetings are held. Committees of the Board usually meet the same day of the formal Board Meeting or when required necessary for transacting business.

During the year, your Board met at 9 Meetings held on 29.04.2003, 09.06.2003, 31.07.2003, 26.08.2003, 01.10.2003, 31.10.2003, 29.12.2003, 05.01.2004 and 30.01.2004.

III. Board Committees

The Board has constituted the Audit Committee, Remuneration Committee, Shareholders' Grievance Committee, Share Transfer Committee and Management Committee

A. Audit Committee**1. Scope of the Audit Committee**

The primary objective of the Audit Committee is to monitor and provide effective supervision of the management's financial reporting process with a view to ensure accurate, timely and proper disclosures and the transparency, integrity and quality of financial reporting.

The audit committee of your company oversees the work carried out in the financial reporting process by the management, including the internal auditors and the independent auditor, and notes the processes and safeguards employed by each.

The role of the Audit Committee shall include the following.

- ☐ Reviewing the adequacy of internal control systems and the Internal Audit Reports, and their compliance thereof
- ☐ Overseeing of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- ☐ Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for repayment for any other services.
- ☐ Reviewing with Management the quarterly and annual financial statements before submission to the Board.

- Such other matters as may be necessary in course of performing their functions

2. Composition and Procedure of the Audit Committee

The qualified and independent audit committee shall be set up having minimum of three non executive directors, with the majority of them being independent, with atleast one director having financial and accounting knowledge and with the chairman who shall be an independent director.

The audit committee shall meet atleast thrice a year, with one meeting for every six months and one meeting before finalisation of accounts.

The quorum for the audit committee shall be either two members or one third of the members whichever is higher and minimum of atleast two independent directors.

The Audit Committee of your company comprises of two (2) independent and non-executive directors and held Four (4) meetings during the year. The details of the same are:

Sl.No.	Name of the Director:	Designation	No. of Meetings attended
1.	Sri Md. Rizwan	Member & Chairman	3
2.	Sri S. T. Prasad	Member	3
3.	Sri Umesh Chandra	Member	1

Dates of Audit Committee Meetings held:

30.04.2002, 24.07.2002, 31.10.2002 and 30.01.2003

B. Remuneration Committee

1. Scope of the Remuneration Committee

Appropriate disclosures on the remuneration of Directors has to be made in the section on the Corporate Governance of the Annual Report.

The Remuneration Committee of your Company determines the remuneration packages of the executive directors.

2. Composition and other details of the Remuneration Committee:

The Remuneration Committee of your Company comprises of atleast three (3) directors, all of whom shall be non-executive directors, the chairman of the committee being an independent director.