

11TH
ANNUAL REPORT
2005-2006

Report  Junction.com

SANARC NET LIMITED

SAARC NET LIMITED

BOARD OF DIRECTORS:

Shri J.Anjaneyulu
Shri V.Sheshu Babu
Shri S.M.Subhani
Shri K.Siva Prasad

Managing Director
Director
Director
Director

REGISTERED OFFICE

5/A, Vengal Rao Nagar,
Hyderabad – 500 038.

AUDITORS

Murthy and Prasad & Co
Chartered Accountants
Hyderabad.

Report  junction.com

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.

NOTICE

NOTICE is hereby given that the Eleventh Annual General Meeting of the members of the Company, "SAARC NET LIMITED" will be held on Saturday the 30th day of September, 2006 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, 2006 and the Profit and Loss Account for the period ended 31st March, 2006 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in Place of Shri V.Sheshu Babu, 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 Murthy and Prasad & Co, 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 **Ordinary Resolution**:

"RESOLVED that Shri S.M.Subhani, who was appointed as an Additional Director of the Company with effect from 09.12.2005 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 **Ordinary Resolution**:

"RESOLVED that Shri K.Siva Prasad, who was appointed as an Additional Director of the Company with effect from 09.12.2005 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".

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

"RESOLVED that pursuant to the provisions of Sections 269, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, Shri J.Anjaneyulu, Director of the

Company be and is hereby appointed as Managing Director of the Company for a period of 5 years w.e.f. 01.07.2006."

BY ORDER OF THE BOARD



**J. ANJANEYULU
MANAGING DIRECTOR**

**PLACE: HYDERABAD
DATE : 01.09.2006**

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 Thursday, 28th September, 2006 to Friday, 29th September, 2006 (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 S.M.Subhani, was appointed as an Additional Director of the Company at the meeting of the Board of Directors of the Company held on 09th December, 2005, 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 S.M.Subhani 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 S.M.Subhani is concerned or interested in the aforesaid resolution.

ITEM NO: 5

Shri K.Siva Prasad, was appointed as an Additional Director of the Company at the meeting of the Board of Directors of the Company held on 09th December, 2005, 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 K.Siva Prasad 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 K.Siva Prasad is concerned or interested in the aforesaid resolution.

ITEM NO: 6

Shri J.Anjaneyulu is working as a Director of the company since 2003 and has been appointed as a Managing Director of the company at the Board Meeting held on 1st July, 2006 for a period of 5 years.

Shri J.Anjaneyulu has got varied experience of 20 years in marketing in India which is useful for the Company's development.

Thus, keeping in view his experience, your directors recommend the aforesaid appointment.

None of the Directors except Shri J.Anjaneyulu are interested or concerned in the said resolution.

BY ORDER OF THE BOARD

PLACE: HYDERABAD

DATE : 01.09.2006


J.ANJANEYULU
MANAGING DIRECTOR

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Eleventh Annual Report together with the Audited Accounts of the Company for the period ended 31st March, 2006.

FINANCIAL RESULTS:

Your Directors are hereby report that the Company has achieved a turnover of Rs.821.86 lakhs for the year ending 31.03.2006, as against the turnover of Rs. 1093.41 lakhs for the year ended 31.03.2005.

The financial results are as under:

Particulars	(Rupees in lacs)	
	2005-2006	2004-2005
Turnover	822.91	1093.41
Expenditure	811.71	1079.81
Profit Before Tax	11.20	13.60
Provision for Tax	3.77	4.88
Net Profit	7.43	8.72

DIRECTORS

Shri S.M.Subahani and Shri K.Siva Prasad were inducted in the Board as Additional Directors in the Board Meeting held on 09.12.2005. The Company received notice under section 257 of the Companies Act, 1956 proposing the appointment of Shri s.M.Subhani and Shri K.Siva Prasad as Directors of the Company in the ensuing Annual General Meeting and at the same time Shri V.Raghu and Shri V.Purna Sai were resigned from the board as Directors and their resignation letters has been accepted by the Board in the Board Meeting held on 09.12.2005.

Shri J.Anjaneyulu, Director of the Company has been appointed as a Managing Director for a period of 5 years at the Board Meeting held on 01.07.2006.

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. Murthy and Prasad & Co., 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 and Bombay Stock Exchanges.

CORPORATE GOVERNANCE

Your Company is committed to achieve 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'

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: 7 (Seven)

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-Director	Managing Director	5	Yes	None
Shri S.T.Prasad	Director	Director	1	Yes	4
Shri Umesh Chandra	Non Executive Director	Director	1	Yes	None
Shri J.Anjaneyulu	Non-Executive Director	Director	7	Yes	6
Shri I.Ranga Rao	Non-Executive Director	Director	2	No	4
Shri R.Satish Reddy	Non-Executive Director	Director	2	No	5
Shri V.Raghu	Non-Executive Director	Director	4	No	2

Shri V.Purna Sai	Non-Executive Director	Director	4	No	1
Shri V.Sheshu Babu	Non-Executive Director	Director	1	No	1
Shri S.M.Subhani	Independent Director	Director	1	No	2
Shri K.Siva Prasad	Independent Director	Director	1	No	4

b) Board Procedure

The Board of Directors of a Company shall meet at least four times a year, with a maximum time gap of three 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 occassion 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 7 Meetings held on 30.04.2005, 30.07.2005, 19.08.2005, 01.09.2005, 31.10.2005, 09.12.2005 and 31.01.2006.

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 four times in a year, with a time gap of not more than four months in two meetings.

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.	Shri J.Anjaneyulu	Member & Chairman	4
2.	Shri S.M.Subhani	Member	1
3.	Shri K.Siva Prasad	Member	1

Dates of Audit Committee Meetings held:

30.04.2005, 31.10.2005, 01.09.2005 and 31.01.2006

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.