

12th
Annual Report
2006-2007

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SAARC NET LIMITED

SAARC NET LIMITED

ANNUAL REPORT 2006-2007

BOARD OF DIRECTORS

Mr. Govind Sharda	Managing Director
Mr. Mohan Thaburaj	Director
Mr. Munish Tyagi	Director
Mr. Jawahar Gupta	Director

REGISTERED OFFICE

14-2-179Q/1, Hariom Nagar,
Begum Bazar,
Hyderabad-500012

CORPORATE OFFICE

504, Adeshwar,
34, Feroz Shah Road,
New Delhi-110001

AUDITORS

Murthy and Prasad & Co.
Chartered Accountants
Hyderabad

COMPANY SECRETARY

Mr. Ashok Ranjan Mishra

BANKERS

Punjab National Bank
ING Vyasya Bank

STOCK EXCHANGES**WHERE SHARES ARE LISTED**

The Hyderabad Stock Exchange Limited
6-3-654, Adjacent to Erramanzil Bus Stop,
Somajiguda, Hyderabad-500082

The Stock Exchange, Mumbai
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai-400001

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NOTICE

NOTICE is hereby given that the Twelfth Annual General Meeting of the Members of the "SAARC NET LIMITED" will be held on Wednesday, the 26th September, 2007 at 10.30 AM at Surana Udyog Auditorium, Federation of Andhra Pradesh Chamber of Commerce & Industry, Federation House, Red Hills, Hyderabad-500004 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2007 and the Profit and Loss Account for the period ended 31st March, 2007 together with the Reports of the Directors and Auditors thereon.
2. To appoint auditors and fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED that Mr. Mohan Thaburaj, in whose respect company has received a notice in writing from a member in terms of Section 257 of the Companies Act, 1956 proposing his candidature for the office of director, who was appointed as an Additional Director of the Company with effect from 26.05.2007 and holds office up to the date of ensuing 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".

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

"RESOLVED that Mr. Munish Tyagi, in whose respect company has received a notice in writing from a member in terms of Section 257 of the Companies Act, 1956 proposing his candidature for the office of director, who was appointed as an Additional Director of the Company with effect from 15.06.2007 and holds office up to the date of ensuing 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 Mr. Jawahar Gupta, in whose respect company has received a notice in writing from a member in terms of Section 257 of the Companies Act, 1956 proposing his candidature for the office of director, who was appointed as an Additional Director of the Company with effect from 15.06.2007 and holds office up to the date of ensuing 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 Ordinary Resolution:**

"Resolved that pursuant to the provisions of Section 293(1)(a) and other applicable provisions if any, of the Companies Act, 1956 and subject to such consents and approval as may be necessary, the Board of Director of the company or duly constituted committee or the Managing Director of the company as the case may be, be and are hereby authorized to Mortgage and / or Charge all or any of the present and future moveable or immovable properties / assets of the company together with the land and building and structure constructed thereon and all plant and machinery attached to the earth, both present and future and the whole of the undertaking of the company relating to said units for the purpose of securing financial assistance from the Banks and Financial Institutions (FI) including Power Finance Corporation Limited and other Private Lenders and Overseas Bodies Corporate (OBC) will not exceed the limit of Rs 200 Crore (Rupees Two Hundred Crore) at any one time on behalf of the company."

SAARC NET LIMITED**ANNUAL REPORT 2006-2007****7. To consider and if thought fit, to pass with or without modification(s) the following resolution as Ordinary Resolution:**

"Resolved that pursuant to the provisions of section 293 (1)(d) and other applicable provisions if any, of the Companies Act, 1956 and subject to such consents and approval as may be necessary the Board of Directors or duly constituted committee of Board of Directors or the Managing Director of the company as the case may be, be and are hereby authorized to Borrow Monies from Bank and Financial Institution including Power Finance Corporation Limited together with money already borrowed from the companies bankers in the ordinary course of business may exceed the paid up capital and free reserves but shall not exceed the Limit Rs 200 Crore (Rupees Two Hundred Crore) at any one time on behalf of company."

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

"Resolved that pursuant to provisions of section 372 A of the Companies Act, 1956 the board of directors or the committee of the board, as the case may be and are hereby authorized to make loan, give guarantee or provide security, in connection with loan made by any other persons and any body corporate, acquire by way of subscription, purchase or otherwise the security of other body corporate, exceeding 60% of paid-up capital and free Reserve, or 100% of free reserve whichever is more but shall not exceed the limit of Rs 100 Crore (Rupees One Hundred Crore) at any one time on behalf of the company."

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

Place : Delhi
Date : 06-08-2007

Sd/-
A. R. MISHRA
Company Secretary

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 corporate office of the company at least 48 hours before the time of the meeting.
3. Members are requested to bring their own copy of annual reports at annual general meeting and no further copies will be circulated at the time of annual general meeting.
4. Please bring your attendance slip and handover at the entrance gate after verification from registration section at venue.
5. Register of members and share transfer books of the company will be closed from monday, 17th September, 2007 to Wednesday, the 26th September, 2007 (both days inclusive).
6. 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. 3.**

Mr. MohanThaburaj was appointed as an Additional director in pursuant to Section 260 of the Companies Act, 1956, at the meeting of the board of directors of the company held on 26th May 2007, who holds office up to the date of the ensuing Annual General Meeting of the company. Mr. Mohan Thaburaj a well experienced Professional in Power Project. His reappointment will give a boost to setup the Wind Power project of the company.

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Notice as required under Section 257 of the Companies Act, 1956 together with the requisite deposit has been received from a member proposing the candidature of Mr. Mohan Thaburaj for his appointment 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.

Therefore, your Directors recommend the resolution for your approval.

None of the Directors of the Company except Shri Mr. Mohan Thaburaj is concerned or interested in the aforesaid resolution.

ITEM NO. 4.

Mr. Munish Tyagi was appointed as an Additional Director of the Company in terms of provisions of Section 260 of the Companies Act, 1956 at the meeting of the Board of Directors of the Company held on 15th June, 2007, who holds office up to the date of the ensuing Annual General Meeting of the Company. Mr. Munish Tyagi is an I.I.T. (Delhi) Graduate in Textile Technology and also passed his Master's degree (Textile Technology) from Manchester University U.K. and Management degree from University of Leeds and served Indian Textile Industry from more than 25 years. The company will be largely benefited by re appointing Mr. Munish Tyagi as director 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 candidature of Mr. Munish Tyagi for his appointment 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.

Therefore, your Directors recommend the resolution for your approval.

None of the Directors of the Company except Mr. Munish Tyagi is concerned or interested in the aforesaid resolution.

ITEM NO. 5.

Mr. Jawahar Gupta was appointed as an Additional Director in pursuant to Section 260 of the Companies Act 1956 at the meeting of the Board of Directors of the Company held on 15th June, 2007, who holds office up to the date of the ensuing Annual General Meeting of the Company. Mr. Jawahar Gupta is having more than 25 years of experience in the varied business and presently involved in Construction and development of an Information Technology (I.T.) Park in Pune, Maharashtra keeping in view of Real Estate Business the re-appointment of Mr. Jawahar Gupta will give added advantage the real estate Business 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 candidature of Mr. Jawahar Gupta for his appointment 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.

Therefore, your Directors recommend the resolution for your approval.

None of the Directors of the Company except Mr. Jawahar Gupta is concerned or interested in the aforesaid resolution.

ITEM NO. 6.

In view of future expansion of the business Company intend to avail financial assistance from banks and financial Institutions, including Power Finance Corporation Limited and Overseas Bodies Corporate. In the normal practice for availing the finance from these Financial Institutions, who require the creation of security by way of mortgage / charge on / Moveable / immovable, properties and by way of Hypothecation on the Companies Assets in the manner desired by lender and agreed / to be agreed by the company. The creation

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of mortgage / Charge on companies assets require the approval of members under Section 293 (1)(a) of the Companies Act, 1956 subject to Limit of Rs 200 Crore (Rupees Two Hundred Crore) at any one time.

None of the directors is concerned or interested in the resolution.

ITEM NO. 7.

In view of future expansion of the business of the company, Company intend to borrow money, from the bank and financial institutions or other lenders, including Overseas Bodies Corporate including Power Finance Corporation Limited. In pursuant to the Provisions of Section 293(1)(d) of the Companies Act, 1956, to borrow monies in excess of the paid-up capital and free reserve will not exceed the Limit of Rs 200 Crore (Rupees Two Hundred Crore) at any one time.

Borrow Money together with Money already borrowed exceeding paid up capital and free reserves requires the shareholders approval.

None of the directors of the company are concern or interested in the said resolution.

ITEM NO. 8.

In view of future expansion of the business of the company, the company may be required to make loan, give guarantee, to the bank, Financial Institutions or other bodies corporate, Acquire / Subscribe shares of the company to utilize the surplus money, give guarantee to the extent of Rs 100 crore (Rupees One Hundred Crore); in terms of the Provisions of Section 372A of the Companies Act 1956, to Invest Companies Funds and make loan the Approval of Shareholders of the company is required.

Hence the same is for your approval.

None of the directors of the company are interested in the aforesaid resolution.

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

Place : Delhi
Date : 06-08-2007

Sd/-
A. R. MISHRA
Company Secretary

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DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Twelfth Annual Report together with the Audited Accounts of the Company for the period ended 31st March, 2007.

FINANCIAL RESULTS:

Your Directors are pleased to report that during the year under review that the Company has achieved an Income of Rs.3133.79 lakhs, in compare to previous year Rs. 822.91 lakhs an increase of more than 380% and profit before tax has jumped 375% and net profit has registered a growth of more than 370% in compare to previous year.

The financial results are as under:

Particulars	(Rupees in lacs)	
	2006-2007	2005-2006
Income	3133.79	822.91
Expenditure	3091.84	811.71
Profit Before Tax	41.95	11.20
Provision for Tax	14.40	3.77
Net Profit	27.55	7.43

DIRECTORS

During the year under review, Mr. Govind Sharda was appointed as Managing Director and Mr Mohan Thaburaj, Mr.Munish Tyagi and Mr. Jawahar Gupta were appointed as an Additional Directors of the Company and Mr. Ramavtar Goyal and Mr. Rajesh Kumar Singh were appointed as Additional Directors and Subsequently resigned. Mr. S.M.Subahani, Mr. J Anjaneyulu, Mr. V.Sheshu Babu and Mr K.Siva Prasad directors have also resigned from the board.

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:

- 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;
- that they have 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 or loss of the Company for that period;
- 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;
- that they have prepared the annual accounts on a going concern basis.

OPEN OFFER

The company was acquired by Mr. Govind Sharda with person acting in concern (PAC) has made an open offer in the month of September, 2006 and take over the management of the Company w.e.f. 18/01/2007.

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Mr. Govind Sharda is a high profile businessman who has acquired the majority of shareholding from existing promoters through shareholders agreement as per SEBI Guidelines. The shares received through open offer were also transferred in his name.

Mr. Govind Sharda (M.D), almost three decades of experience in Projects, apart from this he is well skilled in the area of I.T., Textile, Trading, Investment and run companies in professional manner.

After the acquisition of the company, the Company's objects were also enhanced and business of Power, Real Estate, and Textile etc has been added to it.

NEW DIVERSIFICATIONS

1. **WIND POWER GENERATION:** The Company has decided to acquire 200 acres of land in the state of Tamil Nadu for establishing the units of Wind Power generation. The company is proposing to put up 18 MW of Wind Power generation project in two phases of 9MW each.
2. **TEXTILE:** The company has already started textile business activity by procuring large orders of fabric from Delhi based Export house and have started supply of the same by purchasing the yarn from the market and getting the fabric manufactured on job work basis.
3. **REAL ESTATE:** Your company is also planning to enter into the booming real estate and hospitality Business.

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 under review, the Company has neither made any offer to the Public for any fixed deposits nor accepted them in terms of Section 58A of the Companies Act, 1956.

AUDITORS

The present auditors M/s. Murthy and Prasad & Co., Chartered Accountants, due to other professional pre occupations has resigned w.e.f. 4th August, 2007 from Auditor ship of the company and M/s Jain Vijay & Associates Chartered Accountant New Delhi has given their consent to be appointed as statutory Auditors of the company.

LISTING OF COMPANY'S SECURITIES

Your Company's shares are currently listed at 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 with stock exchange is attached to the report as 'Annexure – I' w.e.f 18th January, 2007 (date of change in management) the old directors have resigned from the directorship and committee(s) and same was substituted by new directors.

MANAGEMENT DISCUSSIONS & ANALYSIS

This is separately given in the Annual Report.

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Your directors are pleased 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, as amended as regards the particulars of employees drawing remunerations of Rs 24 Lacs or Rs 2 Lacs per month and above is NIL.

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, as amended, Companies Conservation of Energy and Technology Absorption is NIL

The Foreign Exchange Earnings and Out Go are as under:

Foreign exchange earning of	Rs 5,57,87,953
Foreign exchange Outgo of	Rs NIL

EXPLANATION TO ANY QUALIFICATION IN AUDITORS' REPORT

Auditors' Report are self explanatory and do not call for any further clarifications.

ACKNOWLEDGEMENT

The Board acknowledge with gratitude the co-operation received from various agencies the Banks, Financial Institutions, and Valued Customers, and Shareholder Your Directors also place on record their sincere appreciation for the dedicated services rendered by the Employees at all levels.

For and on behalf of the Board
For **SAARC NET LIMITED**

Place : Delhi
Date : 06-08-2007

Sd/-
GOVIND SHARDA
Managing Director

Sd/-
MUNISH TYAGI
Director