

*13<sup>th</sup>*  
*Annual Report*  
*2007-2008*



**SAARC NET LIMITED**

**ANNUAL REPORT 2007-2008****SAARC NET LIMITED****BOARD OF DIRECTORS**

Mr. Govind Sharda	Managing Director
Mr. Mohan Thaburaj	Director
Mr. Munish Tyagi	Director
Mr. Jawahar Gupta	Director
Mr. Ashok Ranjan Mishra	Additional Director & Company Secretary

**REGISTERED OFFICE**

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

**AUDITORS**

Jain Vijay & Associates  
Chartered Accountants  
New Delhi

**BANKERS**

Punjab National 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

**REGISTRAR & SHARE TRANSFER AGENT**

Bigshare Services Pvt. Ltd.  
G-10, Left Wing,  
Amrutha Ville Apartments,  
Opp. Yashoda Hospital,  
Raj Bhavan Road, Somajiguda,  
Hyderabad-500082

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**ANNUAL REPORT 2007-2008****SAARC NET LIMITED****NOTICE**

**NOTICE** is hereby given that the Thirteenth Annual General Meeting of the Members of the SAARC NET LIMITED will be held on Saturday, the 27th December, 2008 at 10.00 AM at 504, Adeshwar, 34, Ferozshah Road, New Delhi 110001 to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2008 and the Profit and Loss Account for the year ended 31st March, 2008 together with the Reports of the Directors and Auditors thereon.
2. To appoint auditors and fix their remuneration.
3. To appoint a director in place of Mr. Mohan Thaburaj who retire by rotation and being eligible offer himself 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 Mr. Ashok Ranjan Mishra, 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 30th July, 2008 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 pursuant to provisions of section 16 & other applicable provisions (if any ) of Companies Act, 1956 the main objects of the company be amended by inserting a new clause 4 after Existing clauses 3 of main object of the company as Clause 4."

"To acquire membership of MCX Stock Exchange or any other Stock Exchange for carrying on business as a Stock Broker on any or all Segments of such Stock Exchange and to become member of Currency derivatives segment of such stock exchange; to act as a sub-broker affiliated to any Stock Broker; or to become member of any Clearing Corporation or Clearing House of any Stock Exchange and amend Memorandum of Association of the company."

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

Place : Delhi  
Date : 22-10-2008

Sd/-  
**A. R. MISHRA**  
Company Secretary

**SAARC NET LIMITED****ANNUAL REPORT 2007-2008****EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.****ITEM NO. 4.**

Mr. Ashok Ranjan Mishra 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 30th July, 2008, who holds office up to the date of the ensuing Annual General Meeting of the Company. Mr. Ashok Ranjan Mishra is a well experienced Professional in the field of corporate laws, company law practices. He is Commerce as well Law Graduate apart from Fellow member of Institute of Company Secretaries of India his appointment will strengthen legal, listing & other laws compliances.

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. Ashok Ranjan Mishra 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 on all working day.

Therefore, your Directors recommend the resolution for your approval.

None of the Directors of the Company except Mr. Ashok Ranjan Mishra is concerned or interested in the aforesaid resolution.

**ITEM NO. 5.**

The Company had applied for corporate membership for becoming Trading Member (TM) of MCX Stock Exchange Limited (MCX-Stock Exchange) therefore it is required by the said exchange to amend Main Object of the company. Your directors recommended approving above resolution by inserting a New Clause as Clause 4 after the existing clause 3 of main objects of the company.

Therefore, your Directors recommend the resolution for your approval.

None of the Directors of the Company except Mr. Govind Sharda is concerned or interested in the aforesaid resolution.

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

Place : Delhi  
Date : 22-10-2008

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 registered 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, the 22nd December to 27th December, 2008 (both days inclusive).
6. Explanatory statement pursuant to section 173(2) of the companies act, 1956 is enclosed.

## ANNUAL REPORT 2007-2008

## SAARC NET LIMITED

## DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Thirteenth Annual Report together with the Audited Accounts of the Company for the period ended 31st March, 2008.

**FINANCIAL RESULTS:**

Your Directors are pleased to report that during the year under review despite adverse market conditions your company has attended the income of Rs 2807.25 lacs In compare to Previous year Rs 3133.79 lacs resulting a net profit after Tax Rs 6.42 lacs in compare to previous year 27.55 lacs. The financial results are as under:

Particulars	(Rupees in lacs)	
	2007-2008	2006-2007
Income	2807.25	3133.79
Expenditures	2785.43	3091.84
Profit Before Tax	12.32	41.95
Provision for Tax	5.90	14.40
Net Profit	6.42	27.55

**DIRECTORS**

During the year under review, Mr. Ashok Ranjan Mishra, Company Secretary of the Company was appointed as an Additional Director & Mr. Mohan Tabhuraj retires by rotation as director of the Company.

**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.

**NEW PROJECTS**

- 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. Your directors hereby reports that work on acquisition of land is under process and disclose that acquired land is not adequate for proposed 18 MW of Wind Power Generation Project in two phases of 9MW each. Your company is aggressively doing job to acquire land hence your directors in given circumstances decided to defer the establishment of wind power project.
- TEXTILE:** Your directors wish to report that we have already started textile business activity & Pre 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.  
Your directors plans to acquire spinning mill with 40000 spindles as backward integration by purchasing cotton and converting yarn and yarn to fabric supply and direct yarn sale.

**SAARC NET LIMITED****ANNUAL REPORT 2007-2008****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 Jain Vijay & Associates Chartered Accountant New Delhi retires at the conclusion of 13th Annual General Meeting being eligible to offer himself for reappointment 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'.

**MANAGEMENT DISCUSSIONS & ANALYSIS**

This is separately given in the Annual Report.

**INDUSTRIAL RELATIONS**

Your directors are pleased to report that the industrial relations have been extremely cordial with banks, creditors & all level of employees 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 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.

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

Place : Delhi  
Date : 22-10-2008

Sd/-  
**GOVIND SHARDA**  
Managing Director

Sd/-  
**MUNISH TYAGI**  
Director

## MANAGEMENT DISCUSSION & ANALYSIS

### INDUSTRY STRUCTURE

#### PM hopes for good future of Textile Industry

"The textile sector is the second largest provider of employment after agriculture. Thus, the growth and all round development of this industry has a direct bearing on our ability to make our growth process more socially inclusive," Mr. Manmohan Singh Prime Minister of India said :

While speaking at the Tex Summit 2007, Mr. Singh said, "Sops and subsidies will work in currency appreciation as a transient phenomenon. However, in the long run, the industry must adjust itself to the new dynamic."

He stressed that the textile division must regulate from being low cost, low value supplier to high volume, high value supplier, and side by side, it must also originate internationally known brands and labels with worldwide footprint and aspirations.

In this view your company has also started Textile division for converting gray yarn to textile.

### I.T. & SOFTWARE INDUSTRY

India's IT, software and electronics companies are confident about prospects for growth of exports in the coming years, with industry leaders saying vast opportunities were opening up in new markets in the Middle East, Africa, South and Southeast Asia and Eastern Europe.

India's domination in the IT and software sector and its growing reputation as one of the world's best outsourcing destinations have created a good basis for future prospects. According to participants in a major export promotion drive by the industry at the just-concluded IT and computer fair CeBIT at Hanover in Germany has cited better growth opportunities for the Indian software companies.

A recent study in UK shows that about 30 companies mounted an impressive show on the latest India has to offer in the areas of computer software and services, IT, electronics hardware and telecommunication equipments. Export business inquiries worth several million dollars have been generated by India's promotion campaign at the CeBIT, the world's largest computer and IT fair, according to ESC.

In the meantime, efforts will be made to step up India's software and IT enabled services' exports to Germany by organizing buyer-seller meets, exchanging IT delegations and fostering contacts with trade organizations.

With the success of India's IT and computer software sector had been so remarkable that many other nations are now trying to copy it. "India is becoming a world hub of brainpower activities and this holds great potential for growth in the coming years."

India's exports of computer software, IT services and electronics products are projected to grow by around 30 per cent during the current financial year to USD 32 billion, according to ESC.

### WIND POWER PROJECT

The ministry of new and renewable energy (MNRE) which had introduced generation-based incentive scheme for a maximum of 49 mw for wind power and 50 mw for solar energy is now planning to remove ceilings to unlock the full potential of renewable energy in the country.

The ministry has plans to attract large investments in the wind energy sector from independent power producers by offering a generation-based incentive. It would be a boon to the investors who would not be able to avail of the accelerated depreciation benefit.



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However, the incentive was fixed at 0.50 paisa a unit and the total power production eligible for this was only 49 mw a year. Now the ministry wants to lift this ceiling and offer incentives without limit to boost wind energy generation. The proposal is with the Planning Commission.

MNRE also wanted to develop at least 60 green cities in the country with green buildings generating their own electricity, homes with solar power and water heaters, municipal corporations that produce electricity from all sources and convert waste to energy, he said.

**FUTURE PLANS**

Apart from the above the new management has decided to diversify the business into the area of Generation of Power through the Wind Power in the state of Tamil nadu, for 18 MW in two phases of 9MW each with project outlay of Rs 100 crores. The company is in process to acquire approx 200 acres piece of land in the State of Tamil Nadu. It may be noted that as per latest tax policies the revenue, generation through the wind power project is exempted from Income Tax for a period of 10 years.

Your Company has very ambitious and aggressive plans to enter into the business of hospitality industry & real estate Business. The Presently Company is running its business from Capital of India and Setup its Registered Office at New Delhi.

In view of above SNL has entered into the business of Textile, Power & I.T. We have started the textile trading as job work where our gray yarn is converted to textile. We have planned to set up textile mill after creating our existence in market. We are setting up Wind Power & we are doing tie-ups for land acquisitions. We are in continuation of Software Business. We further going to diversify our existence in the area of currency trading through MCX Stock Exchange.

**COMPANY OVERVIEW**

In the Statement of Management Discussion and Analysis of Financial conditions and results of operation describing the company's objectives, expectations or predictions may be forward looking within the meaning of applicable securities laws and regulations. The financial statement have prepared in compliances with the requirement of the Companies Act, 1956 and Generally Accepted Accounting Principals (GAAP) in India. Our management accepts responsibility for the integrity and objectivity of these financial statements, as well as for various estimates and judgments used therein. The financial statements have been made on a prudent and reasonable basis, in order that the financial statement reflect in a true and fair manner from and substance of transaction, and reasonably present our state of affairs, profits and cash flows for the year.

**FINANCIALS**

Despite of adverse market conditions your company could achieve an income of Rs. 2807.25 lacs in compare of previous year Rs. 3133.79 lacs & registered a gross profit of Rs. 46.29 lacs from computer software division, however in textile division due to high raw material cost your company has booked a net loss of Rs. 10.88 lacs, resulting a net profit is Rs. 6.42 lacs. Your directors are continues to search new area of business to maximize share holders wealth.

Place : New Delhi  
Date : 22-10-2008

Sd/-  
**Govind Sharda**  
Managing Director



## 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 Board of directors held 8 (Eight) Board Meetings during the financial year the detail is as under:

Name of the Director	Category	Designation	No. of Meetings attended	Attendance of each at last AGM	Date of Appointment or Chang	No. of Memberships in Boards of other Companies
Mr. Govind Sharda	Executive Director	Managing Director	8	Yes	18/01/2007 A	8
Mr. Munish Tyagi	Professional Director	Director	6	Yes	15/06/2007 A	2
Mr. Mr. Jawahar Gupta	Independent Director	Director	4	Yes	18/01/2007 A	1
Mr. Mohan Thaburaj	Independent Director	Director	2	No	26/05/2007 A	5
Mr. Ramavtar Goyal	Non-Executive Director	Additional Director	3	No	18/01/2007 A 15/06/2007 R	6
Mr. Rajesh K Singh	Professional Director	Additional Director	1	No	18/01/2007 A 26/05/2007 R	1

**b) Board Procedure**

The Board of Directors of a Company shall meet at least four times a year, with a maximum time gap between two board meetings is 120 days, between any two meetings.

Your company's Board of Directors meet at least 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 General Meeting. Whenever necessary, additional meetings are held. Committees of the Board usually meet whenever required necessary for transacting the business.

During the year, your Board met at 8 Meetings held on 30-04-2007, 26-05-2007, 15-06-2007, 21-07-2007, 06-08-2007, 29-10-2007, 12-11-2007, & 29-01-2007.

**III. BOARD COMMITTEES**

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