

*14th*  
*Annual Report*  
*2008-2009*

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**SAARC NET LIMITED**

**ANNUAL REPORT 2008-2009****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 | Director          |

**COMPANY SECRETARY**

Mr. Ramavtar Goyal

**REGISTERED OFFICE**

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

**STATUTORY AUDITORS**

Jain Vijay & Associates  
Chartered Accountants  
New Delhi.

**BANKERS**

Punjab National Bank

**STOCK EXCHANGES****WHERE SHARES ARE LISTED**

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 Appartments,  
Opp. Yashoda Hospital,  
Raj Bhavan Road, Somajiguda,  
Hyderabad-500082

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## ANNUAL REPORT 2008-2009

## SAARC NET LIMITED

**NOTICE**

**NOTICE** is hereby given that the 14th Annual General Meeting of the Members of the SAARC NET LIMITED will be held on Wednesday the 30th September, 2009 at 10.00 AM at 504, Adeshwar, 34, Ferozshah Road, New Delhi 110001 to transact the following business:

**ORDINARY BUSINESS:**

1. To Consider and adopt the Audited Balance Sheet as at March 31, 2009 and the Profit & loss account for the year ended March 31, 2009 and the report of the Board of Directors and Auditors thereon.
2. To Appoint the Directors in place of Mr Munish Tyagi, who retires by rotation and being eligible and offer himself for re-appointment.
3. To Appoint Auditors and fix their remuneration.

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

Place : Delhi  
Date : 31-08-2009

Sd/-  
**Ramavtar Goyal**  
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 to 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 the same at attendance gate after verification from registration section at venue.
5. Register of members and share transfer book of the company will be closed from 25th September 2009 to 30th September, 2009 (both days Inclusive).

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

Place : Delhi  
Date : 31-08-2009

Sd/-  
**Ramavtar Goyal**  
Company Secretary

**SAARC NET LIMITED****ANNUAL REPORT 2008-2009****DIRECTORS' REPORT****Dear Members,**

Your Directors have pleasure in presenting the 14TH Annual Report together with the Audited Accounts of the Company for the period ended 31st March, 2009.

**FINANCIAL RESULTS:**

Your Directors wish to report that company has achieved a turnover of Rs 458 lacs only in compare to previous turnover of Rs 2807.25 lacs and incurred a loss of Rs 81.41 lacs in compare to previous profit of rs 6.42 lacs. The decline in turnover & profit in mainly due to company decided to curtail the loss making business viz. Textile & computer software and initiate other business avenues. However the impact of the same will give positive results in coming years.

The financial results are as under:

| <b>Particulars</b> | <b>(Rupees in lacs)</b> |                  |
|--------------------|-------------------------|------------------|
|                    | <b>2008-2009</b>        | <b>2007-2008</b> |
| Income             | <b>458.24</b>           | 2807.25          |
| Expenditure        | <b>540.13</b>           | 2794.93          |
| Profit Before Tax  | <b>(81.89)</b>          | 12.32            |
| Provision for Tax  | <b>(0.48)</b>           | 5.90             |
| Net Profit         | <b>(81.41)</b>          | 6.42             |

**DIRECTORS**

During the year under review, Mr. Munish Tyagi 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.

**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 Accountants, retires by conclusion of the 14th Annual General Meeting, being eligible to offer himself for reappointment as statutory Auditors of the company.

**ANNUAL REPORT 2008-2009****SAARC NET LIMITED****LISTING OF COMPANY'S SECURITIES**

Your Company's shares are currently listed at 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 as under:

Foreign exchange earning of **Rs. NIL**

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.

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

Place : Delhi  
Date : 31-08-2009

Sd/-  
**Govind Sharda**  
Managing Director

Sd/-  
**Jawahar Gupta**  
Director

Sd/-  
**A. R. Mishra**  
Director

**INFORMATION ABOUT DIRECTORS SEEKING RE-APPOINTMENT AS REQUIRED UNDER THE CODE OF CORPORATE GOVERNANCE OF CLAUSE OF LISTING AGREEMENT:**

Mr. Munish Tyagi is an I.I.T. (Delhi) graduate in textile Technology and also passed his master degree in (Textile Technology) from Manchester University, UK and Management Degree from University of Leeds. He has more than 25 years of rich experience in Indian Textile Industry.

**MANAGEMENT DISCUSSION & ANALYSIS****INDUSTRY STRUCTURE**

The future outlook of the Indian textile industry is predicted to remain gloomy for 2009 due to negative impact of the recession on international markets, said an international rating agency Fitch Ratings, and reported. Textile exports tumbled nearly 30% and the production contracted 20%-30% since April 2008. If one takes orders placed into account, then the export in the current year dropped even more. As per the available data, orders placed in the third quarter of 2008 by leading exporters slumped 15-20% on an average whereas the sales in domestic market slammed 10-15% on year-on-year basis.

The grim outlook for the Indian textile industry for next year is forecasted in the backdrop of forex losses and economic slowdown in the international market. These factors along with lengthening cash cycles and rising working capital requirements have put extensive pressure on the short-term liquidity of the industry.

Moreover, the impact of the global financial crisis was inevitable to fall on the Indian economy, resulting in drying up of investments in the country. Manufacturing sector will certainly see the direct impact of the crisis.

The Indian textile industry rallied under declining domestic demand and high input costs in the current year. Drop in demand from external markets (like the US and Europe, both absorb nearly 50% of the total production) created panic among manufacturers who have started trimming production in a phased manner.

Indian companies have adopted a policy of temporarily discharging workers to deal with menace of the global economic meltdown. Not only this, textile manufacturing units at major hubs like Delhi, Bangalore and Tirupur have been closed, rendering thousands of people jobless. The industry had asked the Ministry of Textiles to continue the interest subvention on credit for packing across value chain.

According to a Research analyst at RNCOS, "The global financial crisis has made the Indian textile industry to bleed white because it is driven by exports and the present scenario is likely to remain as it is until December 2009. As the effect of recession is higher on developed markets, the demand is expected to remain weak. This will be visible in the financial performance of exporters in the current financial quarter."

**COMMODITY BUSINESS**

India's commodity-based industries have been worst hit by economic downturn, according to a survey by Confederation of Indian Industry and ASCON. Among the worst hit sectors are castings, synthetic fibre, textile machinery, commercial vehicles, utility vehicles, edible oils such as groundnut oil and compressors etc.

Indian Manufacturing sector, reeling under the impact of global financial and economic crisis has reported slowdown in production during the first three quarters of the current year, 2008-09.

The survey reveals that one third of the manufacturing sub sectors out of 96 of them monitored by CII have reported negative growth in production during the period April - December 2008 compared to April - December 2007.

Compared to a year earlier, the CII survey reveals that about 22% of the manufacturing sub-sectors reported production growth more than 10% during the three quarters of the current year compared to 45% during the corresponding period last year. More than 78% of the sectors are in low and negative growth category. "With inflation declining, conditions are favourable for further cut in interest rates to stimulate demand and help arrest further slowdown in the manufacturing sector", said Chandrajit Banerjee, Director General, CII.

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The sectors reporting negative growth in production are Fertilizer, polymers like PS, HDPE, LDPE, steel, pig iron, energy meters, motor starters, castings, polyester filament yarn, polyester staple fibre, textile Machinery, distribution transformer, M&HCV's, LCVs, Utility vehicle, rubber footwear and Auto cycle tubes, said the CII survey.

**FUTURE PLANS**

Apart from the above the management has decided to diversify the business into the area of Currency Exchange trading business with MCX Stock Exchange Ltd.

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.

**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**

In view of the decline in sales in domestic Market your directors has attended the income of Rs 458.24 Lakhs in Compare of the previous year Rs. 2807.24 lakhs .Your company has registered net Loss of Rs 81.41 Lakhs in compare to previous year profit of Rs. 6.42 Lakhs. The company suffered heavy losses in Commodity (F & O) & Equity market which wipe off the Income from Consultancy and the the loss of Rs 81.41 lakhs. The company has substantially reduced the business of Commodity & Equity market. The directors hope that company will do better in the current year.



**SAARC NET LIMITED****ANNUAL REPORT 2008-2009****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 7 (Seven) Board Meetings during the financial year the detail is as under; 06-06-2008, 30-06-2008, 30-07-2008, 22-10-2008, 27-10-2008, 22-11-2008 & 30-01-2009.

| Name of the Director  | Category              | Designation       | No. of Meetings attended | Attendance of each at last AGM | Date of Appointment or Change | No. of Memberships in Boards of other Companies |
|-----------------------|-----------------------|-------------------|--------------------------|--------------------------------|-------------------------------|---|
| Mr. Govind Sharda     | Executive Director    | Managing Director | 7                        | 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          | 1                        | No                             | 18/01/2007 A                  | 0   |
| Mr. Mohan Thaburaj    | Independent Director  | Director          | 0                        | No                             | 26/05/2007 A                  | 5   |
| Mr. A R Mishra        | Independent Director  | Directo           | 3                        | Yes                            | 30/07/2008 A                  | 0   |

**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 7 times.

**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.



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## SAARC NET LIMITED

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 members and majority of them are non executive directors, one director having financial and accounting knowledge and with the chairman who shall be an independent director.

The audit committee shall meet at least 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 at least two independent directors.

Mr. A.R. Mishra has been co-opted in the audit committee w.e.f. 22-10-2008.

The Audit Committee of your company comprises of two (2) independent and non-executive directors and held Five (5) meetings during the year. The details of the same are:

Dates of Audit Committee Meetings held: 30-06-2008, 30-07-2008, 22-10-08, 27-10-2008 & 30-01-2009.

| Sl. No. | Name of the Director | Designation       | No. of Meetings attended |
|---------|----------------------|-------------------|--------------------------|
| 1.      | Mr. Govind Sharda    | Member            | 5                        |
| 2.      | Mr. Munish Tyagi     | Chairman & Member | 4                        |
| 3.      | Mr. Jawahar Gupta    | Member            | 1                        |

## B. Remuneration Committee

### 1. Scope of the Remuneration Committee

Appropriate disclosures on the remuneration of Directors have 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 at least three (3) directors, all of whom shall be non-executive directors, the chairman of the committee being an independent director.