

16th
Annual Report
2010-2011

SAARC NET LIMITED

BOARD OF DIRECTORS

Mr. Sagar Jain	Whole Time Director
Mr. Govind Sharda	Director
Mr. Anil Chandulal Mistry	Director
Mr. Mahendra A. Solanki	Director
Mr. Vinod Porwal	Director
Mr. Ashok Ranjan Mishra	Company Secretary & Compliance Officer

REGISTERED OFFICE

39, Sadhana Enclave, (1st Floor),
Panchsheel Park,
New Delhi-110017

AUDITORS**MANV & 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 Apartments,
Opp. Yashoda Hospital,
Raj Bhavan Road,
Hyderabad-500082

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NOTICE

Notice is hereby given that the Sixteenth Annual General Meeting of the Members of the **SAARC NET LIMITED** will be held on Friday, the 30th September, 2011 at 10.30 AM at 39 Sadhna Enclave, (2nd Floor), Panchsheel Park, New Delhi 110017, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company and Profit & Loss Account for the Year ending as on 31.03.2011 along with the Report of Directors and Auditors thereon.
2. To re appoint M/s. MANV & Associates, Chartered Accountants New Delhi who is eligible for reappointment As Statutory Auditors for the financial year 2011-2012 and fix their remunerations in consultation with auditors.

SPECIAL NOTICE

3. To appoint M/s. Y.D. & Co. Chartered Accountants New Delhi as Statutory Auditors in Place of MANV & Associates Chartered Accountants New Delhi in respect of which company has received a Special Notice from the shareholders signifying his intentions to propose the appointment of M/s Y.D & Co. Chartered Accountants New Delhi as Statutory Auditors and fix their remunerations.

SPECIAL BUSINESS:

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

"RESOLVED THAT Shri. Vinod Porwal, who was appointed as an Additional Director in the category of independent director of the Company w.e.f. 30th December 2010 being the date of appointment and who holds office as such up to the date of the ensuing 16th Annual General Meeting and in respect of whom notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Shri. Vinod Porwal, be and is hereby appointed as a Director, subject to retire by rotation of the Company

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

"RESOLVED THAT Shri. Anil Chandulal Mistry, who was appointed as an Additional Director in the category of independent director of the Company w.e.f. 15 January 2011, who will holds office as such up to the date of the ensuing 16th Annual General Meeting and in respect of whom notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Shri. Anil Chandulal Mistry, be and is hereby appointed as a Director, subject to retire by rotation of the Company.

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

"RESOLVED THAT Shri. Mahendra Atmarambhai Solanki, who was appointed as an Additional Director in the category of independent director of the Company w.e.f. 15 January 2011, and who will holds office as such up to the date of the ensuing 16th Annual General Meeting and in respect of whom notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Shri. Mahendra Atmarambhai Solanki, be and is hereby appointed as a Director, subject to retire by rotation of the Company

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

Place : Delhi
Date : 26-08-2011

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 HIM SELF / HER SELF AND THE PROXY NEED NOT BE MEMBER OF THE COMPANY. PROXY IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Members / Proxies should bring the attendance slip duly filled in for attending the Meeting.
3. Shareholders are kindly requested to bring their copies of Annual Report to the meeting.

ANNEXURE TO NOTICE**EXPLANATORY STATEMENT AS REQUIRED PURSUANT TO SECTION 173(2)
OF THE COMPANIES ACT, 1956**

The Explanatory Statement sets out all the material facts relating to the Special Business mentioned under are accompanying this notice:

Item No.4.

In terms of provisions of section 260 of Companies Act 1956 and provisions of Articles of Association of company Shri Vinod Porwal, who was appointed as an Additional Director in the meeting of the Board of Directors of the Company held on 30th December 2010. Who holds the office of Directors up to the date of the ensuing 16th Annual General Meeting.

In Pursuant to section 257 of the Companies Act 1956 together with requisite deposit fee signifying his intention to propose the name of Shri. Vinod Porwal, a director subject to retirement by rotation.

None of the Directors except Shri Vinod Porwal, is concerned or interested in this resolution. Your Directors recommend this resolution for your approval.

Item No 5.

In terms of provisions of section 260 of Companies Act 1956 and provisions of Articles of Association of company Shri Anil Chandulal Mistry, was appointed as an Additional Director in the meeting of the Board of Directors of the Company held on 15 January 2011. Who holds the office of Directors up to the date of the ensuing 16th Annual General Meeting.

In Pursuant to section 257 of the Companies Act 1956 together with requisite deposit fee signifying his intention to propose the name of Shri. Anil Chandulal Mistry, a director subject to retirement by rotation.

None of the Directors except Shri Anil Chandulal Mistry, is concerned or interested in this resolution. Your Directors recommend this resolution for your approval.

Item No.6.

In terms of provisions of section 260 of Companies Act 1956 and provisions of Articles of Association of company Shri Mahendra Atmarambhai Solanki, who was appointed as an Additional Director in the meeting of the Board of Directors of the Company held on 15 January 2011. Who holds the office of Directors up to the date of the ensuing 16th Annual General Meeting.

In Pursuant to section 257 of the Companies Act 1956 together with requisite deposit fee signifying his intention to propose the name of Shri. Mahendra Atma Ram Bhai Solanki, a director subject to retirement by rotation.

None of the Directors except Shri Mahendra Atmarambhai Solanki, is concerned or interested in this resolution. Your Directors recommend this resolution for your approval.

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

Place : Delhi
Date : 26-08-2011

A.R.Mishra
Company Secretary

DIRECTOR'S REPORT

Dear Members,

Your Directors have pleasure in presenting the Sixteenth Annual Report together with the Audited Accounts of the Company for the period ended 31st March, 2011

FINANCIAL RESULTS:

Your Directors are pleased to report that during the year under review that the Company has achieved an Income of Rs.896.13 Lacs, in compare to previous year Rs.48.02 Lakhs despite the adverse market conditions your company could able to reduce it's Losses from 28.51 lacs to 4.50 Lacs after depreciation & tax. The financial results are as under:

	(Rupees in lacs)	
Particulars	2010-2011	2009-2010
Income	896.13	48.02
Expenditure	899.44	7.46
Profit (Loss) before Tax	(4.50)	(28.51)
Provision for Tax (Net)	5.05	(0.24)
Profit (loss) after Tax	00.55	(28.27)

DIRECTOR'S

During the year under review, Mr. Vinod Porwal, Mr. Anil Chandulal Mistry, & Mr. Mahendra Atmarambhai Solanki, were appointed as an Additional Directors Mr. Sagar Jain was appointed as Whole Time director, Mr. Sunil Bhandari was appointed as Additional director and resigned and Mr. A R Mishra Mr. Munish Tyagi resigned.

DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to Provisions of Section 217(2AA) of the Companies Act, 1956 with respect of Director's 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 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;
- 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 do not recommend 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 MANV & Associates Chartered Accountant, New Delhi the retiring auditors at the ensuing Annual General Meeting being eligible to offer themselves for reappointment as Statutory Auditors of the Company from the conclusion of this Annual General Meeting to the conclusion of next Annual General Meeting on a remuneration as may be fixed by board of directors of company in consultation with Auditors.

The company has received a Special Notice Signifying his intention to propose the appointment of Y.D & Co. Chartered Accountants New Delhi in place of retiring Auditors.

LISTING OF SECURITIES

Your Company's shares are currently listed Bombay Stock Exchanges, Mumbai.

CORPORATE GOVERNANCE

Corporate Governance philosophy of the Company is based on the principles of equity, fairness, transparency, sprit and honest communication. Company believes that sound Corporate Governance is necessary to retain stakeholders trust and ensure effective working and proper conduct of business of the company with integrity. Your Company is committed to achieve the best standards of corporate governance; to achieve this 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 DISCUSSION ANALYSIS

Indian economy has demonstrated remarkable resilience in countering the global financial Crises. Although the impact was felt on some critical indicators, such as declining GDP Growth and shrinking global trades the recovery was better than expectations. The Information Technology is also it ushered in glimpses of recovery, while the second half of the year brought in growth; we have focus on innovations around emerging technologies.

Information Technology has to become a US\$ 225 billion industry by 2020, the Indian information technology (IT) industry has played a key role in putting India on the global map. In addition to fuelling India's economy, this industry is also positively influencing the lives of its people through an active direct and indirect contribution to various socio-economic parameters such as employment, standard of living and diversity. The industry has played a significant role in transforming India's image from a slow moving bureaucratic economy to a land of innovative entrepreneurs and a global player in providing world class technology solutions and business services.

The workforce in Indian IT industry will touch 30 million by 2020 and this sunrise industry is expected to continue its growth, expect various industry experts. Strong economic growth, rapid advancement in technology infrastructure, increasingly competitive Indian organizations, enhanced focus by the government and emergence of business models that help provide IT to new customer segments are the key drivers for increased technology adoption in India.

India is a preferred destination for companies looking to offshore their IT and back-office functions. It also retains its low-cost advantage and is a financially attractive location when viewed in combination with the business environment it offers and the availability of skilled people. we are expecting very excellent business

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.

PARTICULARS OF EMPLOYEEES

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 60 Lacs Per Annum or Rs 5 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 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 acknowledges 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 : 26-08-2011

Sd/-
Vinod Porwal
Director

Sd/-
Sagar Jain
Whole Time Director

CORPORATE GOVERNANCE REPORT

ANNEXURE - I

1. 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.

2. 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.

During the year under review, board of directors met at **9 (Nine)** Board Meetings held on 30.04.2010, 30.06.2010, 14.07.2010, 28.07.2010, 31.08.2010, 2.11.2010, 30.12.2010, 15.01.2011 & 29.01.2011.

Name of the Director	Category	Designation	No. of Board Meetings Attended	Last AGM Attended	Date of Appointment of Change
Mr. Govind Sharda	Promoter	Director	8	Yes	18/01/2007
Mr. Sagar Jain	Professional	Whole Time Director	6	NO	31.08.2010
Mr. A R Mishra	Professional	Director	6	Yes	15.01.2011 Resigned
Mr. Anil Chandulal Mistry	Independent	Additional Director	1	NA	15/01/2011
Mr. Mahendra Atmarambhai Solanki	Independent	Additional Director	1	NA	15/01/2011
Mr. Vinod Porwal	Independent	Additional Director	2	NO	30/12/2010
Mr.Sudhakar Senapaty	Professional	Additional Director	1	NO	28.08.2010 Resigned

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.

3. Board Committees

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

4. Audit Committee

5. 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

6. 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.

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 five times on **30-04-2010, 28-7-2010, 31.08.2010, 2 -11-2010, 29-01-2011**

1	Mr. Govind Sharda	Member & Chairman	4
2	Sudhakar Senapaty	Member	1
3	Mr. Munish Tyagi	Member	3

Due to change in board of directors, the audit committee re-constituted.

Sl. No.	Name of the Director	Designation	No. of Meetings attended
1.	Mr. Vinod Porwal	Independent	1
2.	Mr. Anil C Mistry	Independent	1
3.	Mr. Mahinder A. Solanki	Independent	1

B. Shareholders' Grievance Committee

1. Scope of the Shareholders Grievance Committee

The Shareholders Grievance Committee of your Company shall look into the redressal of shareholder and investor complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared

dividend, etc. The company has setup a Email ID Saarcnet.limited@gmail.com. and investors may also send their grievances to the company and members may address their grievances to Compliance Officer. The Company has also appointed Registrar and Share Transfer Agent and investor can approach them at following addresses

C REGISTRAR & SHARE TRANSFER AGENT

BIGSHARE SERVICES PVT.LTD.
G-10, LEFT WING
AMRUTHA VILLE APPARTMENTS
OPP. YASHODA HOSPITAL,
RAJ BHAVAN ROAD, SOMAJIGUDA
HYDERABAD - 500 082

2. Name and Designation of the Compliance Officer

Mr. Ashok Ranjan Mishra
Company Secretary

3. Share Transfer Committee

The Share Transfer Committee comprises of 1/ 3 or two directors. Which ever is higher

SI. No.	Name of the Director	Designation
1.	Mr. Govind Sharda	Member & Chairman
2.	Mr. A. R. Mishra	Member

Due to Change in constitution of Board of directors Mr. Sagar jain and Mr. Anil Chandulal Mistry and Mr. Mahindra A Solanki are appointed as member of share transfer committee.

4. No. of Pending Transfers

As per confirmation of RTA there are no share transfers pending for more than a fortnight.

5. No. of Shareholders Complaints received so far during the year.

Nature of queries/complaints	Received	Resolved	Unresolved
No. of requests for change of Address	Nil	Nil	Nil
No. of requests for transmission	Nil	Nil	Nil
Non-receipt of share certificates	Nil	Nil	Nil
Revalidation of Dividend Warrants	Nil	Nil	Nil
Letters from SEBI & Stock Exchanges	NIL	NIL	Nil
Issue of Duplicate Share Certificates	NIL	NIL	Nil
Total	Nil	Nil	Nil

SHAREHOLDER'S INFORMATION

C. Annual General Meetings (AGMs)

- 15th AGM of the company held on 30th Sept, 2010 at 10.30 AM at 39, Sadhna Enclave, Panchsheel Park, New Delhi-110017
- 14th AGM on 30th sept, 2009 at the registered office of the company at 504 Adheshwar Building, Ferojshah Road New Delhi 110001
- 13th AGM on 27th December,2008 at the Registered Office of the Company at 504, Adeshwar ,34, Ferozshah Road , New Delhi 110001

D. DISCLOSURES**a) Materially Significant related party transactions:**

There are no materially significant related party transactions i.e., transactions, material in nature, with its Promoters, the Directors or the Management, their subsidiaries or relatives etc., having potential conflict with the interests of the company at large.

b) Details of Statutory Non-Compliances

There have not been any non-compliance by the Company and no penalties or strictures imposed on the Company by the Stock Exchanges or SEBI or any Statutory Authority, on any material related to capital markets, during the last three (3) years.

G. Means of Communication

The Company is furnishing the Quarterly Financial Results to Stock Exchanges where shares of the Company are listed.

I. General Shareholders Information**1. Details of 16th AGM**

1. Date : 30.09.2011
2. Time : 10.30 A.M.
3. Venue : **39 Sadhana Enclave 2nd Floor, Panchsheel Park New Delhi -17.**
4. Financial Year : 1.4.2010 to 31.03.2011
5. Date of Book Closure : 25.09.2011 to 30th september2011 (both days inclusive)

2. Details pursuant to Listing of Securities**a. Listing of Securities**

1. The Mumbai Stock Exchange,

b. Stock Code

BSE Scrip Code : 531901

c. Market Price Data

High/Low during each month of the Financial Year is follows:

Month	High Price	Low Price
April 2010	1.49	1.12
May 2010	1.22	0.99
June 2010	1.20	0.96
July 2010	2.79	1.10
August 2010	3.33	2.04
September 2010	2.32	1.80
October 2010	2.74	2.08
November 2010	2.24	1.56
December 2010	1.68	0.93
January 2011	1.16	0.89
February 2011	1.00	0.69
Mar-11	0.84	0.51

The Company's equity shares are traded on Bombay Stock Exchange Limited under Group B.

d. Share Transfer System & Dematerialization of Shares

BIGSHARE SERVICES PVT.LTD.
 G-10, LEFT WING
 AMRUTHA VILLE APPARTMENTS
 OPP. YASHODA HOSPITAL,
 RAJ BHAVAN ROAD, SOMAJIGUDA
 HYDERABAD - 500 082
 PHONE : 040 - 233 74967
 TELEFAX : 040 - 233 70295

Email: hyd2_bigshare@yahoo.com, bsshyd@bigshareonline.com

At the Financial Year ending 31.03.2011 the equity shares of the company with NSDL CDSL & PHYSICAL of total share capital are as under:

1,70,87,038 equity shares aggregating to 29.49 % with CDSL 3,85,68,517 Equity shares aggregating to 66.56% with NSDL and 22,92,445 equity shares aggregating to 3.95% with physical share of the company.

e. Distribution of Shareholding

As on 31st March 2011, the Distribution of Shareholding was as follows:

Range (Rs.)	No. of Shareholders	% of Shareholders	No. of Shares (Rs.)	% of Shareholding
1. Up to - 5,000	2629	74.08	4317118	7.45
2. 5,001 - 10,000	391	11.02	3303138	5.70
3. 10,001- 20,000	190	5.35	2994872	5.17
4. 20,001-30,000	90	2.54	2279446	3.94
5. 30,001-40,000	51	1.44	1797901	3.10
6. 40,001-50,000	56	1.58	2638977	4.55
7. 50,001-1,00,000	69	1.94	5190531	8.96
8.1,00,001 & Above	73	2.05	35426017	61.13
Total	3549	100.00	579480000	100.00

f. Shareholding pattern as on 31st March 2011

Category	No. of Shares	Percentage (%)
Promoters	5965250	10.29
N R I	2168750	3.74
Persons acting in concert	—	—
Mutual Funds & UTI	—	—
Financial Institutions/Banks	—	—
Bodies Corporate	12568431	21.69
Indian Public	37159395	64.13
Clearing Member	86174	0.15
TOTAL	57948000	100.00

- g. **Outstanding GDR/ADR/Warrants or any convertible instruments, conversion date and impact on equity – NIL –**

The Address for Correspondence

Investor's correspondence should be addressed to

COMPANY SECRETARY,

SAARC NET LIMITED

39 Sadhana Enclave (1st Floor)

Panchsheel Park,

NEW DELHI 110001

Emai ID Saarcnet.Limited @gmail.com

COMPLIANCE

The certificate regarding compliance of conditions stipulated under Clause 49 of the listing agreement from the auditors of the company is attached hereto.

AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

To The Members of
Saarc Net Limited,

We have examined the compliance of conditions of Corporate Governance by SAARC NET LIMITED, for the year ended on 31st March, 2011, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The Compliance of Conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedure and implementation thereof, adopted by the company for ensuring the compliance of the Conditions of the Corporate Governance. It is neither an audit nor an expression of the opinion on the financial statements of the company.

In our opinion and to the best of the information and according to the explanations given to us:

We certify that the company has complied with the mandatory conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We State that there are no investor grievance (s) pending for the period exceeding one month against the company as per records maintained by shareholders/ investor Grievance Committee.

We further State that such compliance is neither as assurance as the future viability of the company nor the efficiency or effectiveness with which management has conducted the affairs of the company.

MANV & Associates

Firm Regd. No. 007351N

Chartered Accountants

Sd/-

VIJAY KUMAR JAIN

Partner

M. No. 087502

Place : New Delhi

Date : 25th August, 2011

CEO CERTIFICATE

The Certification of Whole Time Director (CEO) in compliance of listing agreement is enclosed as under:

I, Sagor Jain Whole Time Director of **SAARC NET LIMITED**, to the best of our knowledge and belief, certify that:

1. I have reviewed the balance sheet and profit and loss account, and all its schedule and notes on account, as well as the cash flow statements, and the director's report;
2. Based on our knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statement made, in light of the circumstances under which such statements were made, not misleading with respect to the statement made;
3. Based on our knowledge and information, the financial statements, and other information included in this report, present in all material respect, a true and fair view of the company's affair, the financial condition, results of operation and cash flow of the company as of , and for, the period presented in this report, and are in compliance with the existing accounting standard and / or applicable laws and regulation;
4. To the best of our knowledge and belief, no transactions entered into by the company during the year are fraudulent, illegal or violative of the company's code of conduct;
5. We are responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting for the company, and we have:
 - a) designed such disclosure controls procedure to ensure the material information relating to the company, is made known to us by others with in those entities, particularly during the period in which this report is being prepared
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purpose in accordance with generally accepted accounting principals;
 - c) evaluated the effectiveness of the company's disclosure, controls and procedures;
 - d) disclosed in this report any changes in the company's internal controls over financial reporting that occurred during the company's most recent fiscal year that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting.
 - e) We have disclosed based on our most recent evaluation, wherever applicable, to the Company's auditors and the audit committee of the company's Board of Directors (and persons performing the equivalent functions)
 - f) all deficiencies in the design or operation of internal controls, which could adversely affect the company's ability to record, process, summarize and report financial data, and have identified for the company's auditors, any material weakness in internal controls over financial reporting any corrective actions with regards to deficiencies;
6. significant changes in internal controls during the year covered by this report;
7. all significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements;
8. Instances of significant fraud of which we are aware, that involve management or other employee who have significant role in the company's internal control system.
9. In the event of any materially significant misstatement or omissions, we will return to the company that part of any bonus or incentive or equity based compensation, which was inflated on account of such errors, as decided by the audit committee;
10. I further declare that all board members and senior managerial personnel have affirmed compliance and code of conduct for the current year.

Place : New Delhi
Date : 26-08-2011

Sd/-
SAGAR JAIN
Whole Time Director

AUDITORS' REPORT

To
The Members of
M/s SAARC NET LIMITED
NEW DELHI

1. We have audited the attached Balance Sheet of SAARC NET LIMITED, New Delhi as at 31st March 2011 and also the Profit & Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Company's (Auditor's Report) (Amendment) Order, 2004, (together the 'Order') issued by the Central Government of India in terms of Section 227 (4A) of 'The Companies Act, 1956' of India and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanation given to us, we give in the Annexure, a statement on the matters specified in paragraph 4 & 5 of the said 'Order'.
4. Further to our comments in the Annexure referred to in paragraph above we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of account as required by Law have been kept by the Company, so far as appears from our examination of those books.
 - c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts.
 - d) In our opinion, the Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Company Act, 1956, to the extent applicable.
 - e) On the basis of written representations received from the Directors as on March 31, 2011 and taken on record by the Board of Directors, we report that none of the director is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the companies Act, 1956.
 - f) In our opinion and to the best of our information and according to the explanation given to us, the said accounts read together with notes thereon in Schedule L give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 1. In the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2011;
 2. In the case of the Profit & Loss Account, of the Loss for the year ended on the date; and
 3. In the case of Cash Flow Statement, of the Cash Flow for the year ended on that date.

For **MANV & ASSOCIATES**
Firm Regd. No. 007351N
Chartered Accountants

Sd/-
VIJAY KUMAR JAIN
Partner
M. No. 087502

Place : New Delhi
Dated : 25th August 2011

ANNEXURE TO THE AUDITORS' REPORT
TO THE MEMBERS OF SAARC NET LIMITED

(Referred to in paragraph 3 of our report of even date)

- 1) a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
b) We have been informed that major fixed assets have been physically verified by the management at reasonable intervals which in our opinion, is reasonable having regard to the size of the Company and nature of its assets. As informed to us no material discrepancies have been noticed on such verification.
c) According to information and explanation given to us, the company has not disposed off any fixed assets during the year.
- 2) a) The management has conducted physical verification of inventory at reasonable intervals, which have been confirmed by them.
b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
c) The company has maintained proper records of inventory and no material discrepancies were noticed on physical verification as compared to book records.
- 3) a) The Company has granted unsecured loans to six parties listed in the register maintained under section 301 of the Companies Act 1956. The maximum amount involved during the year was Rs. 393.26 lacs and the year end balance of loan given to such parties was Rs. 136.48 lacs.
b) In our opinion and according to the information and explanation given to us, the terms and conditions on which loan granted to Companies and related parties covered in the register maintained under section 301 of the Companies Act, 1956 are not Prima Facie, prejudicial to the interest of the Company. However no interest has been charged on the loans granted.
c) As explained to us the aforesaid loans have been granted as interest free and repayable on demand basis. The Company is also regular in receiving the principal amount during the year as stipulated.
d) As explained to us, the aforesaid loans granted are repayable on demand basis and therefore the overdue amount in excess of Rs. One lakh can not be commented.
e) The Company has not taken loan, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, clause (iii) (f) and (iii) (g) of paragraph 4 of the Order are not applicable to the Company.
- 4) In our opinion and according to the information and explanation given to us the Company has adequate internal control procedure commensurate with the size of the Company and nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. Further, on the basis of our examination of the books of accounts and records of the Company and according to information and explanation given to us, we have not come across any continuing failure to correct any major weakness in internal control.
- 5) In accordance with information and explanation given to us, we are of the opinion that the company has not entered into any contract or arrangement during the year that needed to be entered into the register maintained in pursuance of section 301 of the Companies Act, 1956. Accordingly, clause (v) (a) and (v) (b) of paragraph 4 of the Order are not applicable to the Company.
- 6) According to the information and explanations given to us, the Company has not accepted any deposits during the year from the public within the meaning of the provisions of section 58A and 58AA of The Companies Act, 1956 and the rules made there under.

- 7) In our opinion the Company's internal audit system is commensurate with the size and nature of the business of the Company.
- 8) The Company has no manufacturing activities during the year, hence clause (viii) of paragraph 4 of the Order is not applicable to the Company.
- 9) a) According to records of the Company, the Company is regular in depositing undisputed statutory dues except Tax Deducted at Source with appropriate authority. According to the information & explanations given to us, there is no undisputed statutory dues which were in arrears, as at 31st March, 2011 for a period of more than six months from the date they became payable.
b) According to information and explanation given to us and the records examined by us, there are no disputed statutory dues that have not been deposited on account of matters pending before appropriate authorities.
- 10) In our opinion, the Company has accumulated losses at the end of the year, which is not more than fifty percent of its net worth. Further, the Company has also incurred cash losses during the financial year covered by our audit as well as in immediately preceding financial year also.
- 11) As per information and explanation given to us the Company has not received any loan from Banks and financial institution or issued any debentures.
- 12) According to the information and explanation given to us the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
- 13) The Company is not a chit fund or a Nidhi / Mutual benefit Funds / society. Therefore clause 4 (xiii) of the Order is not applicable to the Company.
- 14) The Company has maintained proper records of transaction and contracts in respect of the shares and other securities and timely entries have been made therein. The investment in shares has been made in the company's name.
- 15) The details of guarantees given for the loans taken by others have not been made available to us and hence the terms and conditions of the guarantees given by the Company, for loans taken by others from banks during the year can not be commented.
- 16) The company has not raised any term loans during the year.
- 17) According to the basis of information and explanation given to us and on the basis of overall examination of the Balance Sheet of the company, no fund raised for short term basis have been utilized for long term investment.
- 18) The Company has not made any preferential allotment of shares to any party or company covered in the register maintained under Section 301 of the Companies Act, 1956.
- 19) Since the Company does not have any debentures, provisions of Para (xix) of the Order are not applicable to the Company.
- 20) Since the Company has not raised money by Public Issue during the year, the provisions of Para (xx) of the Order are not applicable to the Company.
- 21) To the best of our knowledge and belief and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company nor we have been informed of such cases by the management.

For **MANV & ASSOCIATES**
Firm Regd. No. 007351N
Chartered Accountants

Sd/-
VIJAY KUMAR JAIN
Partner
M. No. 087502

Place : New Delhi
Dated : 25th August 2011

BALANCE SHEET AS AT 31.03.2011

(In Rupees)

PARTICULARS	SCHEDULE	AS AT 31.03.2011	AS AT 31.03.2010
SOURCES OF FUNDS			
1. Share Holder's Fund			
a) Share Capital	A	57,948,000	57,948,000
2. Loan Fund			
a) Unsecured Loans	B	2,000,000	1,500,000
TOTAL		59,948,000	59,448,000
APPLICATION OF FUNDS			
1. Fixed Assets :			
a) Gross Block		1,180,205	1,180,205
b) Less : Depreciation		1,001,676	882,657
c) Net Block		178,529	297,548
2. Investments	D	10,000	10,000
3. Current Assets, Loans & Advances :	E		
a) Inventory		934,459	954,274
b) Sundry Debtors		8,018,919	6,745,664
c) Cash and Bank Balances		317,047	319,033
d) Loans & Advances		48,897,583	51,278,420
		58,168,008	59,297,391
Less : Current Liabilities & Provisions	F	3,668,110	5,427,564
Net Current Assets		54,499,898	53,869,827
4. Deferred Tax Assets		418,788	375,287
5. Profit and Loss Account	G	4,840,785	4,895,338
TOTAL		59,948,000	59,448,000
Significant Accounting Policies and Notes on Accounts	L		

Schedule 'A' to 'L' form an integral part of the Balance Sheet
As per our Audit Report of even date Attached

For **MANV & ASSOCIATES**
Firm Registration Number: 007351N
Chartered Accountants

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

Sd/-
VIJAY KUMAR JAIN
Partner
M.No. 087502

Sd/-
Sagar Jain
Whole Time Director

Sd/-
Vinod Porwal
Director

Sd/-
A. R. Mishra
Company Secretary

Sd/-
M.A. Solanki
Director

Sd/-
A.C. Mistry
Director

Place : New Delhi
Date : 25th August, 2011

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2011

(In Rupees)

PARTICULARS	SCHEDULE	AS AT 31.03.2011	AS AT 31.03.2010
INCOME			
Sales	H	88,812,345	4,405,361
Other Incomes	I	800,696	396,716
		<u>89,613,041</u>	<u>4,802,077</u>
EXPENDITURE			
Purchases, Direct, Administrative & Selling Expenses	J	89,944,084	5,603,954
Speculative Loss	K	–	1,851,115
		<u>89,944,084</u>	<u>7,455,069</u>
PROFIT/(LOSS) BEFORE DEPRECIATION AND TAX		(331,043)	(2,652,992)
Depreciation		119,019	198,366
PROFIT/ (LOSS) BEFORE TAX		(450,062)	(2,851,358)
Less : Provision for Income Tax -Earlier year		1,055,017	–
Less : Provision for Income Tax -Current year		–	–
Less : Provision for Deferred Tax Liabilities/ (Assets)		(43,501)	(24,132)
Add : Provision for Income Tax of Earlier Years Written		1,516,131	–
PROFIT/ (LOSS) AFTER TAX		54,553	(2,827,226)
Add: Balance brought forward		(4,895,338)	(2,068,112)
Balance Carried to Balance Sheet		(4,840,785)	(4,895,338)
Earning Per Share (Basic/ Diluted) (Face Value of Rs. 1/- each)		–	–
(Refer Note 14, Sch L)			
Significant Accounting Policies and Notes on Accounts	L		

Schedule 'A' to 'L' form an integral part of the Balance Sheet
As per our Audit Report of even date Attached

For **MANV & ASSOCIATES**
Firm Registration Number: 007351N
Chartered Accountants

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

Sd/-
VIJAY KUMAR JAIN
Partner
M.No. 087502

Sd/-
Sagar Jain
Whole Time Director

Sd/-
Vinod Porwal
Director

Sd/-
A. R. Mishra
Company Secretary

Sd/-
M.A. Solanki
Director

Sd/-
A.C. Mistry
Director

Place : New Delhi
Date : 25th August, 2011

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31.03.2011

(In Rupees)

PARTICULARS	AS AT 31.03.2011	AS AT 31.03.2010
-------------	---------------------	---------------------

SCHEDULE - A : SHARE CAPITAL**Authorised**

6,50,00,000 (Pre Yr - 6,50,00,000)

Equity Shares of Rs. 1/- each

6,50,00,0006,50,00,000**Issued, Subscribed and Paid up**

5,79,48,000 (Pre Yr - 5,79,48,000)

Equity Shares of Rs. 1/- each

57,948,00057,948,00057,948,00057,948,000**SCHEDULE - B : UNSECURED LOANS**

Inter Corporate Loans

2,000,0001,500,0002,000,0001,500,000**SCHEDULE - C : FIXED ASSETS AND DEPRECIATION AS PER COMPANIES
ACT FOR THE YEAR ENDING 31.03.2011**

c No.	Description of the asset	Gross Block				Depreciation				Net Block	
		As at 01-04-2010	Additions	Deletions	As at 31.03.2011	As at 01.04.2010	For the Year	Adjustment	As at 31.03.2011	As at 31.03.2011	As at 01.04.2010
1	Computers	1,180,205	-	-	1,180,205	882,657	119,019	-	1,001,676	178,529	297,548
	TOTAL	1,180,205	-	-	1,180,205	882,657	119,019	-	1,001,676	178,529	297,548
	PREVIOUS YEAR	21,449,438	-	20,269,233	1,180,205	684,291	198,366	-	882,657	297,548	495,914

SCHEDULE - D : INVESTMENTS

Investment in NSC

10,00010,00010,00010,000

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31.03.2011

(In Rupees)

PARTICULARS	AS AT 31.03.2011	AS AT 31.03.2010
SCHEDULE - E : CURRENT ASSETS, LOANS & ADVANCES		
CURRENT ASSETS :		
(a) Inventory (As Certified by the Management)		
Shares	20,842	40,657
Computer	913,617	913,617
	<u>934,459</u>	<u>954,274</u>
(b) Sundry Debtors (Unsecured, Considered Good)		
Exceeding Six Months	4,714,081	4,759,712
Others	3,304,839	1,985,952
	<u>8,018,919</u>	<u>6,745,664</u>
(c) Cash and Bank Balances		
Cash in hand	241,146	308,264
Balance With Scheduled Banks - Current Accounts	75,901	10,769
	<u>317,047</u>	<u>319,033</u>
LOANS & ADVANCES :		
(d) Loans & Advances (Unsecured, Considered Good) (Loans and Advances recoverable in cash or in kind or for value to be received)		
Inter Corporate Loans	23,221,005	42,004,385
Other Advances	25,435,839	7,177,887
Advances With Sales Tax and Income Tax Department	240,739	2,096,148
	<u>48,897,583</u>	<u>51,278,420</u>
SCHEDULE - F : CURRENT LIABILITIES & PROVISIONS		
CURRENT LIABILITIES :		
Sundry Creditors - Trade	2,551,642	475,651
Sundry Creditors - Others	1,109,794	270,036
Government Dus	6,674	4,681,877
	<u>3,668,110</u>	<u>5,427,564</u>
SCHEDULE - G : PROFIT & LOSS ACCOUNT		
Profit & Loss Account	4,840,785	4,895,338
	<u>4,840,785</u>	<u>4,895,338</u>
SCHEDULE - H : SALES		
Shares	1,138	2,520,361
Computer Software	88,811,207	1,885,000
	<u>88,812,345</u>	<u>4,405,361</u>
SCHEDULE - I : OTHER INCOME		
Interest	798,614	391,029
Dividend	-	1,400
Misc Income	-	4,287
Short Term Capital Gain	2,082	-
	<u>800,696</u>	<u>396,716</u>

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31.03.2011

(In Rupees)

PARTICULARS	AS AT 31.03.2011	AS AT 31.03.2010
SCHEDULE - J : PURCHASE, DIRECT, ADMINISTRATIVE & SELLING EXPENSES		
PURCHASE AND MANUFACTURING :		
Opening Stock - Shares & Computers	954,274	78,807
Purchase		
Shares	-	2,464,087
Computer Hardware	88,500,244	2,740,850
Direct Expenses	1,390	10,429
	89,455,908	5,294,173
Less: Closing Stock - Shares & Computers	934,459	954,274
Cost Of Good Sold	88,521,449	4,339,899
ADMINISTRATIVE & SELLING EXPENSES :		
Advertisement Expenses	23,974	22,252
Audit Fees	66,180	66,180
Bank Charges	14,153	9,004
Books and Periodicals	-	453
Business Promotion	-	4,919
Conveyance	7,633	21,275
General Exp.	521	6,787
Postage and Telegrams	20,565	5,475
Printing and Stationery	12,371	12,731
Registration and Membership	69,615	20,752
Office Repair and Maintenance	-	22,663
Salaries	908,000	801,696
Staff Welfare	4,043	9,242
Telephone Expenses	7,500	9,457
Interest paid on delay payment	-	80,771
Listing Fees	48,286	48,090
Filing Fees	15,000	16,500
Traveling Expenses	-	33,849
Legal and Professional charges	177,921	71,959
Discount Allowed	46,873	-
	1,422,635	1,264,055
Total	89,944,084	5,603,954
SCHEDULE - K : SPECULATIVE LOSS		
Speculative Loss - Commodity	-	1,851,115
	-	1,851,115

**SCHEDULE - L : FORMING PART OF THE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2011
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS****A. SIGNIFICANT ACCOUNTING POLICIES:****1. Basis of Preparation of Financial Statement:**

The Financial Statements have been prepared to comply with all material aspects related to applicability of accounting principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956. The financial Statements have been prepared under the historical cost convention on the basis of a going concern. The Company follows mercantile system of accounting and recognized income and expenditure on accrual basis.

2. Revenue Recognition

The Company's income consists of income from computer hardware & software business and trading in shares business. The Income from sale of computer hardware is recognized on the basis of transfer of significant risks and rewards to the customer which takes place on the dispatch of the material from the premises of the Company. The income from trading in shares is recognized on the basis of contract note of share broker.

3. Fixed Assets and Depreciation

- 1). Fixed Assets are stated at cost of acquisition and other related expenses less accumulated depreciation.
- 2). Depreciation on assets is provided on Written Down Value Method at the rates and in the manner specified in schedule XIV of the Companies Act, 1956. The depreciation on addition and disposal has been charged on prorata basis, if applicable.

4. Investments

Investment is stated at cost.

5. Valuation of Inventory

Closing Stock of shares and computer hardware are valued at cost, determined on weighted average basis, or net realizable value, whichever is less.

6. Retirement Benefit

The provisions of the Provident Fund and Family Pension Fund are not applicable to the Company during the year. The provision for the Gratuity has also not been made as no employee has completed the specified period of service.

7. Earning Per Share

The basic earning per share is computed by dividing the net profit / (loss) attributable to the equity share holders for the year by the weighted average number of equity shares during the reporting year.

8. Taxes on Income

Current Tax on Income is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognized subject to the consideration of prudence, on timing difference, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent period.

9. Impairment of Assets

The Company identifies impairable assets at every Balance Sheet for the purpose of arriving at impairable loss there on, being the difference between the book value and the recoverable value of the relevant assets. Impairment loss when crystallized is charged against the revenue of the year.

10. Contingent Liabilities

Contingent Liabilities are not provided for and are being disclosed in Para No B5 of the Notes to Accounts.

B. NOTES TO ACCOUNTS:

1. There is an Investment of Rs 10,000/- in National Saving Certificate. The investment income has not been accounted for till date and status of Investment in National Saving Certificate is not available.
2. The balances of Central Bank of India, Mumbai, HDFC Bank (Centurion Bank), New Delhi, Sundry Debtors, Sundry Creditors, Loan and Advances granted and Loans received are subject to confirmation and reconciliation. In the opinion of the Board, current assets and loans and advances have a value of at least equal to the amounts shown in the Balance Sheet, if realized in the ordinary course of the business.
3. The following amount of provision for Income Tax made in the previous years have been written back during the year on the basis of Assessment Orders issued by the Income Tax Department. However Assessment order for the Assessment year 2005-06 and 2006-07 have not been made available to us for verification.

Assessment Year	Amount
2002-03	7907/-
2003-04	11685/-
2004-05	216521/-
2005-06	693630/-
2006-07	586388/-
Total	1516131/-

4. The Company has given Interest free loans and advances to related and unrelated concerns and outstanding amount at the year end is Rs. 3,44,57,118/-
5. Contingent Liability not provided for in respect of:

(Rs. in Lacs)

Particulars	2010-2011	2009-2010
Gayatri AGRO Industrial Power Ltd.	NIL	Rs. 3442.00

As information given to us, the company has not issued corporate guarantee during the year in favour of M/s Gayatri AGRO Industrial Power Ltd.

6. The Company has made provision for deferred tax as per the Accounting Standards AS-22 on "Accounting for Taxes on Income" issued by ICAI. The provision for deferred tax upto 31.03.2011 is as follows:-

(Amount in Rs.)

Particulars	2010-2011	2009-2010
a) Deferred Tax Assets	Rs. 3,75,287/-	Rs. 3,51,155/-
b) Deferred Tax Assets during the year	Rs. 43,501/-	Rs. 24,132/-
c) Provision for Deferred Tax Assets	Rs. 4,18,788/-	Rs. 3,75,287/-

7. The Company has paid Managerial Remuneration as follow:

(Amount in Rs.)

Particulars	2010-2011	2009-2010
Salary to Whole Time Director	Rs. 1,05,000/-	—
Salary to Company Secretary cum Director	Rs. 5,60,000/-	Rs. 2,43,325/-

8. Remuneration to Auditors:

(Amount in Rs.)

Particulars	2010-2011	2009-2010
Audit fees	Rs. 66,180/-	Rs. 66,180/-
Taxation Matters	Rs.11,250/-	Rs.17,500/-
Others	—	Rs.1,655/-

9. There are no Micro, Small and Medium Enterprises, as defined in Micro, Small and Medium Enterprises Development Act, 2006, to whom the company owes dues on account of principal amount together with interest and accordingly no additional disclosure have been made.

10. As informed to us the details of the related parties as per Accounting Standard 18 are as follows:

A) (1) Enterprises where control exists - Nil

(2) Others

(a) Associates:

- 1) Hopewell Industries and Hotels Private Limited
- 2) Unnicornn Wind Power Private Limited
- 3) Unnicornn Power & Infrastructure Private Limited
- 4) Rosseflow Entertainments Private Limited
- 5) Firstcorp Textile Private Limited
- 6) Achiever Infocom Private Limited

(b) Key Management Personnel

- (i) Govind Sharda
- (ii) A R Mishra
- (iii) Sagar Jain
- (iv) Vinod Porwal

B) Disclosure of transaction during the year between the company and related parties and the status of outstanding balance as on 31.03.2011 :-

(Rs. in Lacs)

Details of Transactions	Controlling/ Associates		Key Management Personnel		Total	
	2011	2010	2011	2010	2011	2010
Remuneration						
- Govind Sharda	-	-	-	-	-	-
- A R Mishra	-	-	5.60	2.98	5.60	2.98
- Sagar Jain	-	-	1.05	-	1.05	-
Loans Granted						
- Unnicornn Power and Infrasructure Private Limited	32.09	117.09	-	-	32.09	117.09
- Rosseflow Entertainments Private Limited	0.50	4.23	-	-	0.50	4.23
- Unnicornn Wind Power Private Limited	0.94	0.94	-	-	0.94	0.94
- Firstcorp Textile Private Limited	1.29	-	-	-	1.29	-
- Hopewell Industries and Hotels Private Limited	69.51	-	-	-	69.51	-
- Achiever Infocom Private Limited	32.15	200.20	-	-	32.15	200.20
Sundry Creditors						
- Govind Sharda	7.91	1.55	-	-	7.91	1.55

- C) The loan and advance granted of Rs. 136.48 Lacs to six parties are interest free and there is no business transaction taken place with these parties during the year.

11. Segment Accounting Policy

The Company operates in Computer Hardware & Software and Trading in Shares and Derivatives. The Segment Reporting as required under Accounting Standard 17 issued by The Institute of Chartered Accountants of India is as under. There is no reportable geographical segment either.

Segment wise Report

(Rs. in Lacs)

Sr.	Particulars	31st March, 2011			31st March, 2010		
		Computer Hardware and Software	Trading in Shares and Derivative	Total	Computer Softwares	Trading in Shares and Derivative	Total
1	Segment Revenue	888.11	0.01	888.12	18.85	25.20	44.05
	Total Revenue	888.11	0.01	888.12	18.85	25.20	44.05
2	Segment Results	3.11	(0.20)	2.91	0.58	0.07	0.65
	Unallocated (Expenses) / Income			(15.41)			(14.62)
	Operating Profit / (Loss)			(12.50)			(13.97)
	Speculative Loss in Commodity			–			(18.51)
	Interest / Other Incomes			8.00			3.97
	Total Profit / (Loss) Before Tax			(4.50)			(28.51)
	Taxes			(5.04)			(0.24)
	Total Profit / (Loss) After Tax			0.54			(28.27)
	OTHER INFORMATION						
3	Segment Assets	43.40	0.34	43.74	30.18	0.60	30.78
	Unallocated Assest			538.04			562.30
	Total Assets			581.78			593.08
4	Segment Liability	25.52	–	25.52	1.16	3.85	5.01
	Unallocated Liability			11.16			49.27
	Total Liability			36.68			54.28
5	Capital Expenditure			1.78			2.98
6	Depreciation			1.19			1.98
7	Other Non Cash Expenses			–			–

12. Previous year figures have been regrouped/rearranged/reclassified wherever considered necessary to make them comparable with the current year figures.

13. Figures have been rounded off to the nearest Rupee.

14. Earning Per Share

The computation of earning per share is as follows:

Particulars	(Rs. in Lacs)	
	Year ended 31.03.2011	Year ended 31.03.2010
Profit / (Loss) attributable to equity share holders (Rs. In Lacs)	0.54	(28.27)
Basic weighted average number of shares during the year (Nos.)	5,79,48,000	5,79,48,000
Total Shares issued	5,79,48,000	5,79,48,000
Basic EPS (Rs.)	0.0009	(0.05)
Diluted EPS (Rs.)	0.0009	(0.05)

15. Additional information pursuant to the provisions of paragraph 3 and 4 of part II of Schedule VI of the Companies Act, 1956:

STATISTICAL DATA :

	For the year ended 31.03.2011	For the year ended 31.03.2010
a. Licensed and Installed Capacity :		
Licensed Capacity	NA	NA
b. Production, Turnover and Stocks :		
Computers Hardware & Software (Nos.)		
Opening Stock	50	Nil
Purchase	7040	150
Sale :	7040	100
Closing Stock	50	50
Shares (Nos.)		
Opening Stock	4080	1321
Purchase :	-	40469
Sale	117	37710
Closing Stock	3963	4080
c. Value of Raw Material Stores and spare and Components consumed :		
	NA	NA
d. CIF Value of imports		
	Nil	Nil
e. Expenditure in foreign currency		
	Nil	Nil
f. Earning in foreign currency		
	Nil	Nil

16. Additional information as required under Part IV of Schedule VI of the Companies Act, 1956

(Rs. in Lacs)

	Year ended 31.03.2011	Year ended 31.03.2010
1. Registration details		
Registration No.	21534	21534
State Code	55	55
Balance sheet date	31.03.2011	31.03.2010
2 Capital Raised During the year		
Public issue	Nil	Nil
Rights issue	Nil	Nil
Bonus issue	Nil	Nil
Private placement	Nil	Nil
3 Position of Mobilization of Fund		
Total liabilities	636.16	648.75
Total assets	636.16	648.75
Sources of funds		
Paid-up capital	579.48	579.48
Reserve and Surplus	Nil	Nil
Secured Loans	Nil	Nil
Unsecured Loans	20.00	15.00
Application of Funds		
Net fixed assets	1.78	2.98
Investment	0.10	0.10
Net current assets	545.00	538.70
Deferred Tax Assets	4.19	3.75
Miscellaneous Expenses	Nil	Nil
Profit and Loss Account	48.41	48.95
4 Performance of the Company		
Turnover	896.13	48.02
Total expenditure	900.63	76.53
Profit/ (loss) before tax	(4.50)	(28.51)
Profit/ (loss) after tax	0.54	(28.27)
Earning per share in Rs.	0.0009	(0.05)
Dividend rate %	Nil	Nil
5 Generic Names of Principal Products/ Services of		
The Company (as per monetary terms)		
Item Code No. (ITC Code)	854210	85390091
Product description	Computer	Computer
Hardware	Software	

AUDITORS' REPORT

As per our Audit Report of even date Attached

For and on behalf of
M/s MANV & ASSOCIATES
 Firm Regd. No. 007351N
 Chartered Accountants

Sd/-
VIJAY KUMAR JAIN
 Partner
 M.No. 087502

Sd/-
Sagar Jain
 Whole Time Director

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

Sd/-
Vinod Porwal
 Director

Sd/-
A. R. Mishra
 Company Secretary

Sd/-
M.A. Solanki
 Director

Sd/-
A.C. Mistry
 Director

Place : New Delhi
 Date : 25th August, 2011

CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2011

Particulars	31.03.2011 (In Rupees)	31.03.2010 (In Rupees)
A. CASH FLOW FROM OPERATIONAL ACTIVITIES:		
Net profit/(loss) before tax and extraordinary items	(450,062)	(2,851,358)
Adjustments		
Add: Speculative Loss on Commodity	—	1,851,115
Add: Depreciation	119,019	198,366
Add: (Profit) / loss on sale of fixed assets / Investment	(2,081)	—
Add: Provision for Income Tax Earlier Year Written Off	1,516,131	—
Operating profit before working capital changes	1,183,007	(801,877)
Changes in working capital		
Inflow/(outflow)		
(Increase)/Decrease in current assets	(1,253,440)	96,119,730
Increase/(Decrease) in current liabilities	(1,759,454)	(89,405,629)
(Increase)/Decrease in net current assets	(3,012,894)	6,714,101
Cash generated from operations	(1,829,887)	5,912,224
Tax Paid	1,055,017	—
Net cash flow from operating activities	(2,884,904)	5,912,224
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Inflow(Outflow)		
Purchase of fixed asset	—	—
Capital Work in Progress	—	3,000,486
Sale of Fixed Asset	—	—
Proceeds from sale of investment	2,081	—
(Increase)/Decrease in loans and advances	2,380,837	(7,089,684)
Net cash flow from investing activities	2,382,918	(4,089,198)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Inflow(outflow)		
Proceeds from issue of Share capital	—	—
Proceeds from long term borrowing (Unsecured)	500,000	—
Net cash flow from financing activities	500,000	—
D. CASH FLOW FROM SPECULATION BUSINESS		
Speculative Loss on Commodity	—	1,851,115
Net increase in cash or cash equivalents (A+B+C-D)	(1,986)	(28,089)
Cash or cash equivalents at the beginning of the year	319,033	347,122
Cash or cash equivalents at the end of the year	317,046	319,033

AUDITORS' REPORT

As per our Audit Report of even date Attached

For **MANV & ASSOCIATES**
Firm Registration Number: 007351N
Chartered Accountants

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

Sd/-
VIJAY KUMAR JAIN
Partner
M.No. 087502

Sd/-
Sagar Jain
Whole Time Director

Sd/-
Vinod Porwal
Director

Sd/-
A. R. Mishra
Company Secretary

Sd/-
M.A. Solanki
Director

Sd/-
A.C. Mistry
Director

Place : New Delhi
Date : 25th August, 2011

SAARC NET LIMITED**Regd. Office :** 39 Sadhana Enclave 1st Floor, Panchsheel Park, New Delhi-110017**PROXY FORM**

Regd. Folio No. _____ No. of shares Held _____

I/We _____ of _____ being member of Saarc Net Limited hereby appoint _____ of _____ or failing him _____ of _____ as my/our proxy to attend and vote for me/us on my/our behalf at the 16th Annual General Meeting of the Company to be held on Friday, the 30th September, 2011 at 10.30 AM at 39 Sadhana Enclave 2nd Floor, Panchsheel Park, New Delhi-110017 thereof.

Signed this _____ day of _____ 2011.

Re. 1/- Stamp Signature
--

Notes:

- The form should be signed across the stamp as per specimen signature.
- The proxy form duly completed must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the aforesaid Meeting.

SAARC NET LIMITED**Regd. Office :** 39 Sadhana Enclave 1st Floor, Panchsheel Park, New Delhi-110017**ATTENDANCE SLIP**

(to be handed over at the Entrance of the Meeting Hall)

Member's Folio No. _____ **No. of shares Held** _____

I hereby record my presence at the 16th Annual General Meeting of the Company being held on Friday, the 30th September, 2011 at 10.30 AM at 39 Sadhana Enclave 2st Floor, Panchsheel Park, New Delhi-110017 thereof.

Name of the Attending Member (in Block Letters): _____

Name of the Proxy: _____
(to be filled in if the proxy attends instead of the member)

Signature of the Member/Proxy: _____

*To be signed at the time of handing over this slip

BOOK POST

If Undelivered please return to :

SAARC NET LIMITED

39 Sadhana Enclave,
1st Floor, Panchsheel Park,
New Delhi-110017