PUBLIC ANNOUNCEMENT TO THE SHAREHOLDERS OF

SAARC NET LIMITED

(Regd. Office: 5/A, Vengalrao Nagar, Hyderabad-500038)

This Public Announcement ("PA") is being issued by Ashika Capital Limited (hereinafter referred to as "Manager to the Offer"), on behalf of **Mr. Govind Sharda** alias **Govind Lal Sarda** (hereinafter referred to as 'Acquirer'), and **Mr. Ashish Agarwal** (hereinafter referred to as 'Person Acting in Concert' or 'PAC') pursuant to regulation 10 & 12 and in compliance with Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto (hereinafter referred to as "Regulations").

1. The Offer:

a) The Offer is being made by **Mr. Govind Sharda** resident of C-601, Lovely Home, CGHS, Sector-5, Dwarka, New Delhi-110075 and **Mr. Ashish Agarwal** resident of Citadal Apartments, 2nd Floor, 1A/8, Cenotaph II lane, Teynampet, Chennai -600018 to the Equity Shareholders of **Saarc Net Limited** (hereinafter referred to as "Target Company" or "SNL").

b) The Acquirer/PAC have intended to acquire in aggregate 2,95,62,440 fully paid up Equity Shares of Re. 1/- each aggregating to 51.01% of voting capital of the Target Company and accordingly Share Purchase Agreements ("Agreements") were executed on September 27, 2006 with the Promoter Group [duly represented by Mr. V. Raghu (Promoter) for himself and for Others] and Non-Promoter Group (hereinafter collectively referred to as "Sellers"). The details of the Agreements are as under:

S. No.	Name of the Seller (s)	No. of Shares	% of Voting Capital	Negotiated Price (Rs.)
A.	Promoter Group:			
1.	Mr. V. Raghu	27,82,880	4.80	Re. 0.30/- (Thirty Paisa only)
2.	Mr. K. S. Raju	26,65,680	4.60	
3.	Mr. S. H. Rao	26,07,740	4.50	
4.	Mr. P.V.R. Reddy	15,48,830	2.67	
5.	Others (38 Sellers)	48,05,870	8.29	
	Sub-Total (A)	**1,44,11,000**	**24.86**	
B.	Non-Promoters Group:			
1.	M/s. Swain Finance & Trading Pvt. Ltd.	27,39,940	4.73	Re. 0.40/- (Forty Paisa only)
2.	M/s. Infotech Infin & Trading Pvt. Ltd.	25,40,000	4.39	
3.	M/s. Golkonda Finance & Trading Pvt. Ltd.	28,11,500	4.85	
4.	Mr. K. Sudhir	50,10,000	8.65	
5.	Mr. P. Madhu Mohan	10,10,000	1.74	
6.	Mr. J. Venkat Surpa Raju	5,00,000	0.86	
7.	Ms. A.S. Laxmi	5,40,000	0.93	
	Sub-Total (B)	**1,51,51,440**	**26.15**	
	GRAND TOTAL (A+B)	**2,95,62,440**	**51.01**	

c) The Acquirer and PAC are now making this Open Offer ('Offer') to the Shareholders of SNL (other than the Sellers') to acquire from them 1,15,89,600 Equity Shares of Re. 1/- each representing 20% of Voting Capital, at a price of Rs. 1.05/- per share ("Offer Price") payable in cash.

d) The Equity Shares of SNL are presently listed at Bombay Stock Exchange Limited, Mumbai (BSE) and The Hyderabad Stock Exchange Limited, Hyderabad (HSE)). Based on the information available, the shares of SNL deemed to be infrequently traded on the Stock Exchange in terms of Explanation (i) to regulation 20(5) of the Regulations and hence, the Offer Price has been determined taking into account the following parameters:

i. The Negotiated price under the agreement is Re. 0.30/- and Re. 0.40/- per share.

ii. The Acquirers have not acquired any equity shares of SNL during the 26 weeks prior to the date of PA including by way of allotment in a public, rights or preferential issue.

iii. Other parameters as on 31.03.2006 such as Book Value, Earning per share and Return on Networth are Rs. 1.04/-, Re.0.013/- and Rs. 604.44 Lakhs respectively.

iv. The P/E Multiple of the SNL considering the Offer Price of Rs. 1.05/- per share works out to 80.77. The average industry P/E for the sector in which SNL operates is 21.1 (Source: Capital Market, Volume XXI/14, Dated Sep 11-24, 2006; Industry:-Computers-Software-Medium/Small)

In view of the aforesaid parameters, the Offer Price of Rs. 1.05/- is justified in terms of regulation 20 of the Regulations.

e) As on date of this PA, the Acquirer/PAC does not hold any Equity Shares of SNL. The Acquirer/PAC has not acquired either directly or through any other person any Shares of SNL during the twelve months preceding the date of this PA.

f) The Manager to the Offer i.e. Ashika Capital Limited does not hold any shares in the Target Company as on the date of PA. They declare and undertake that they shall not deal in the shares of the Target Company during the period commencing from the date of their appointment as Manager to the offer till the expiry of 15 days from the date of closure of Offer.

g) The Offer is not subject to any minimum level of acceptances from shareholders and is not a conditional Offer.

h) This is not a competitive bid.

i) The Acquirer/PAC has not entered into any separate non-compete agreements with the Sellers.

j) The Acquirer/PAC has undertaken to comply with the Regulations and complete the Offer formalities irrespective of the compliance or fulfillment or outcome of the Agreement with the Sellers.

2. Information about the Acquirer/PAC:

a. Mr. Govind Sharda

Mr. Govind Sharda alias Govind Lal Sarda, son of Shri Shankar Lal Sharda aged about 51 years is a resident of C-601, Lovely Home, CGHS, Sector-5, Dwarka, New Delhi-110075. He became Chartered Accountant in the year 1978. He worked with few companies in different senior positions before joining Firstcorp Petrochem Limited(engaged in the Business of Commodity Trading) as its Managing Director. Thus, he is having more than 25 years of experience in the areas of Project Finance, Banking and Commercial matters.

His Net worth as on 31.08.2006 is Rs. 302.08 Lakhs as certified by Mr. Ashok Bansal , (Membership No: 90056) Proprietor of M/s. Ashok Om & Co., Chartered Accountants, having Office at 204, Second Floor, 6/1191, Naiwala, Karol Bagh, New Delhi-110005; Tel. No. 011-25811242/25854470 vide certificate dated 25.09.2006.

b. Mr. Ashish Agarwal

Mr. Ashish Agarwal, son of Shri Krishna Kumar Agarwal aged about 33 years is a resident of Citadal Apartments, 2nd Floor, 1A/8, Cenotaph II lane, Teynampet, Chennai -600018. He completed his Master of Business Administration in the year 1997 from Saint Francis College, Fort Wayne, State of Indiana, USA. He is the Promoter/ Director of Amnet Systems Pvt. Ltd., which is engaged in the business of Information Technology (IT) Services. Thus, he is having more than 6 years of experience in the areas of Information Technology.

His Net worth as on 31.08.2006 is Rs. 15.10 Lakhs as certified by Mr. M L Srinivasan, (Membership No: 203154) Partner of M/s. M L Srinivasan & Associates, Chartered Accountants, having Office at B-4, Ceebros Rangam Apartments, 11, Cenetop Road, Teynampet, Chennai-600018, Tel. No. 044-24348797 vide certificate dated 25.09.2006.

c. The Acquirer and PAC are friends.

d. The Acquirer and PAC have not entered into any formal agreement with respect to the acquisition of shares through Agreement as well as this Offer and acting together under an informal understanding.

e. The Acquirer and PAC have promoted few entities. However, none of these entities are participating / interested in this Offer.

3. Information about the Target Company (SNL) :

a) SNL having its Registered Office at 5/A, Vengalrao Nagar, Hyderabad-500038, was incorporated on 25.08.1995 in the name and style of 'Curare Labs Limited', under the Companies Act, 1956 in the State of Andhra Pradesh and Certificate of Commencement of Business was obtained on 28.09.1995. The Name was subsequently changed to 'Curare Industries Limited' with effect from 10.06.1998 and thereafter the name was changed to 'Saarc Net Limited' with effect from 19.02.1999.

b) As on date of this PA, the Authorised Share Capital of the company is Rs. 650.00 Lakhs divided into 6,50,00,000 Equity Shares of Re.1/- each. The Issued and Subscribed Share Capital is Rs. 579.48 Lakhs comprising of 5,79,48,000 fully paid-up Equity Shares of Re.1/- each. There are no partly paid-up Equity Shares.

c) SNL is presently engaged in the business of Software Development, Internet Services and Software support Services.

d) The Equity Shares of SNL are listed on BSE and HSE.

e) As per the Audited Accounts for the year-ended 31.03.2006, the Total Income of SNL was Rs. 822.92 Lakhs and the Profit After Tax was Rs. 7.44 Lakhs. The Networth, Book Value, Earning Per Share and Return on Networth for the year-ended 31.03.2006 are Rs. 604.44 Lakhs, Rs. 1.04/- per share, 0.013 and 1.23% respectively.

4. Reasons for the Acquisition and the Offer:

a) This Offer has been made pursuant to regulation 10 and 12 and other provisions of Chapter III and in compliance with the Regulations.

b) The prime object of the Offer is to acquire substantial acquisition of shares/ voting rights accompanied with change in control and management of SNL.

c) The Acquirer/PAC are presently engaged in the business of IT Services and Commodity Trading and through this acquisition they proposes to strengthen the present activities of the Target Company by inducting more IT experts/ professionals on the Board. They also intend to derive the benefits of a listed company.

d) The Acquirer/PAC does not have any plans to sell, dispose of or otherwise encumber any significant assets of SNL in the next two years, except in the ordinary course of business of SNL. The Acquirer/PAC shall not sell, dispose of or otherwise encumber any substantial assets of SNL except with the prior approval of the shareholders.

5. Statutory Approvals & Conditions to the Offer:

a) The Offer is subject to receiving necessary approval(s), if any, from Reserve Bank of India under Foreign Exchange Management Act, 1999 and subsequent amendments there to for acquiring equity shares tendered by Non Resident Shareholders, if any.

b) As on date of this PA, to the best of the knowledge of the Acquire/PAC, there are no other statutory Approvals/or consents required. However, if any statutory approvals become applicable at a later date, the offer would be subject to such statutory approvals.

c) In case of non-receipt of statutory approvals within time, SEBI has a power to grant extension of time to Acquirer/PAC for payment of consideration to the shareholders, who have accepted the Offer, subject to Acquirer/PAC agreeing to pay interest for the delayed period as directed by SEBI under regulation 22(12) of the Regulations. Further, if the delay occurs on account of willful default by the Acquirer/PAC in obtaining the approvals, regulation 22(13) of Regulations will become applicable.

6. Option in terms of Regulation 21:

The Offer will not result in public shareholding being reduced to a level below the limit specified in the Listing agreement with the Stock Exchange(s) for the purpose of listing on continuous basis.

7. Financial Arrangements:

a) The Acquirer/PAC has adequate financial resources and has made firm financial arrangements for the implementation of the Offer in full out of their own sources and/or short term borrowings from friends/associates/others. However, no borrowings from Banks and/or Financial Institutions are envisaged. Mr. Ashok Bansal , (Membership No: 90056) Proprietor of M/s. Ashok Om & Co., Chartered Accountants, having Office at 204, Second Floor, 6/1191, Naiwala, Karol Bagh, New Delhi-110005; Tel. No. 011-25811242/25854470 has certified vide letter dated September 28, 2006 that sufficient resources are available with the Acquirer/PAC for fulfilling the obligations under this "Offer" in full.

b) The total fund requirement for the Offer is Rs. 1,21,69,080/- (Rupees One Crore Twenty One Lakhs Sixty Nine Thousand and Eighty only). In accordance with regulation 28 of the Regulations, the Acquirer/PAC has opened an Escrow Account in HDFC Bank, Fort Branch, Mumbai400001 and made a Cash deposit of Rs. 30,50,000 (Rupees Thirty Lakhs and Fifty Thousand only) in the account being more than 25% of the total consideration payable to the shareholders under the Offer.

c) The Manager to the Offer i.e. Ashika Capital Limited has been solely authorised by the Acquirer/PAC to operate and realise the value of Escrow Account in terms of the Regulations.

d) The Manager to the Offer confirms that the firm arrangement for the funds and money for payment through verifiable means are in place to fulfill the Offer obligations.

8. Other Terms of the Offer:

a) The Letter of Offer along with Form of Acceptance cum Acknowledgement shall be mailed to all those shareholders of SNL (except parties to the Agreement) whose name appear on the Register of Members of SNL and to those beneficial owners of the equity shares of SNL, whose names appear as beneficiaries on the records of the respective Depository Participants, at the close of business hours on October 6, 2006 ("Specified Date").

b) The Registrar to the Offer has opened a Special Depository Account with IDBI Bank Limited, (Registered with NSDL), styled "Bigshare Services Pvt. Ltd.-Escrow Account-Saarc Net Ltd.-Open Offer". The DP ID is IN300450 and Client ID is 13443343. Shareholders having their beneficiary account in CDSL have to use Inter depository delivery instruction slip for the purpose of crediting their shares in favour of the Special Depository Account.

c) Shareholders holding equity shares in physical form who wish to tender their shares will be required to send their duly signed Form of Acceptance cum Acknowledgement, Original Share Certificate (s) and duly signed and executed Transfer Deed (s) to the Registrar or Manager to the Offer, either by hand delivery on weekdays between (10.00 a.m. to 1.00 p.m. and 2.00 p.m. to 4.00 p.m.) or by Registered Post so as to reach on or before the Closing of the Offer, i.e. December 11, 2006 in accordance with the instructions specified in the Letter of Offer and in the Form of Acceptance cum Acknowledgement.

d) Beneficial owners and Shareholders holding shares in the Dematerialised Form who wish to tender their shares will be required to send their Form of Acceptance cum Acknowledgement along with a photocopy of the delivery instructions in "Off-Market" mode or counterfoil of the delivery instruction in "Off-Market" mode, duly acknowledged by the Depository Participant ("DP"), in favour of the Special Depository Account, to the Registrar either by hand delivery on weekdays between (10.00 a.m. to 1.00 p.m. and 2.00 p.m. to 4.00 p.m.) or by Registered Post, on or before the Closing of the Offer, i.e. December 11, 2006 in accordance with the instructions to be specified in the Letter of Offer and in the Form of Acceptance cum Acknowledgement.

e) Shareholders who have sent their shares for dematerialisation need to ensure that the process of getting shares dematerialized is completed well in time so that the credit in the Special Depository Account should be received on or before the closure of the Offer, else the application would be rejected.

f) All owners of the shares, Registered or Unregistered (except parties to the Agreement) who own the shares any time prior to the closing of the Offer are eligible to participate in the Offer. Unregistered owners can send their application in writing to the Registrar or Manager to the Offer, on a plain paper stating the Name & Address of the First Holder, Name(s) & Address (es) of Joint Holder(s) if any, Number of Shares held, Number of Shares offered, Distinctive Numbers, Folio Number, together with the original Share Certificate(s), valid Transfer Deeds and the original Contract Note issued by the Broker through whom they acquired their shares. No indemnity is required from unregistered owners.

g) In case of non-receipt of the Letter of Offer, the eligible persons may send their consent to the Registrar or Manager to the Offer, on a plain paper stating the Name, Address, Number of Shares held, Distinctive Number, Folio Number and Number of Shares offered, along with documents as mentioned in above point ("f"), so as to reach the Registrar or Manager to the Offer on or before the Closing of the Offer, i.e. December 11, 2006 or in case of beneficial owners, they may send the application in writing to the Registrar or Manager to the Offer, on a plain paper stating the name, address, number of shares held, number of shares tendered, DP name, DP ID, Beneficiary Account Number and a photocopy of the delivery instruction in "Off-Market" mode or counterfoil of the delivery instruction in "Off-Market" mode, duly acknowledged by the DP, in favour of the Special Depository Account, so as to reach the Registrar or Manager to the Offer, on or before the Closing of the Offer, i.e. December 11, 2006.

h) The Registrar will hold in trust the Share Certificates, shares lying in credit of the Special Depository Account, Form of Acceptance cum Acknowledgement, if any, and the Transfer Form/s on behalf of the shareholders of SNL who have accepted the Offer, till the Cheques/Drafts for the consideration and/or the unaccepted shares/share certificates are despatched/returned.

i) In case the shares tendered in the Offer by the shareholders of SNL are more than the shares to be acquired under the Offer, the acquisition of the shares from each shareholder will be as per the provision of regulation 21(6) of the Regulations on a proportionate basis. The rejected Applications / Documents will be sent by the Registered Post.

j) Share Certificates, Transfer Forms and other documents in respect of shares not accepted under the Offer, if any, will be returned by Registered Post at the shareholders/ 'unregistered owners' sole risk to the sole/first shareholder. Shares held in dematerialised form to the extent not accepted will be credited back to the beneficial owners' depository account with the respective DP as per the details furnished by the beneficial owner in the Form of Acceptance cum Acknowledgement.

k) The payment of acquisition of shares will be made by the Acquirer/PAC in Cash through a crossed Demand Draft/Pay Order to the equity Share holders of SNL whose equity share certificates and other documents are found in order and accepted, within 15 Days from the date of closing of the Offer.

l) In terms of regulation 22(5A) of the Regulations, shareholders shall have the option to withdraw acceptances tendered up to three working days prior to the Offer Closing date by submitting the required documents, so as to reach the Registrar. The withdrawal option can be exercised by submitting the Form of Withdrawal enclosed with Letter of Offer. Incase of non-receipt of Form of Withdrawal, the withdrawal can be exercised by making it on plain paper along with the details as mentioned in point 'f' above. The shares withdrawn by the Shareholders, if any, would be returned by the Registered Post.

Activities	Date	Day
Specified Date (for the purpose of determining the name of shareholders to whom the Letter of Offer will be sent)	October 6, 2006	Friday
Last Date for a Competitive Bid	October 21, 2006	Friday
Date by which the Letter of Offer to be Despatched to shareholders	November 13, 2006	Monday
Date of Opening of the Offer	November 22, 2006	Wednesday
Last date for revising the Offer Price/ Number of Shares	November 30, 2006	Thursday
Last date for Withdrawal of Acceptance by share holders who have accepted the Offer	December 6, 2006	Wednesday
Date of Closing of the Offer	December 11, 2006	Monday
Date by which the acceptance / rejection would be intimated and the corresponding payment for the acquired shares and /or the share certificate for the rejected shares will be despatched	December 26, 2006	Tuesday

9. General:

a) Shareholders who have accepted the Offer by tendering the requisite documents in terms of the Public Announcement / Letter of Offer, can Withdraw the same up to three working days prior to the date of Closing of the Offer i.e. on or before December 6, 2006.

b) If there is any upward revision in the Offer Price up to seven working days prior to the date of Closing of the Offer i.e. November 30, 2006 or withdrawal of the Offer, the same would be informed by way of Public Announcement in the same Newspapers where this Public Announcement appeared and such revised Offer Price would be payable to all the shareholders who have tendered their shares any time during the Offer and accepted under the Offer.

c) If there is a Competitive Bid:

i. The Public offers under all the subsisting bids shall close on the same date.

ii. As the offer price cannot be revised during 7 working days prior to the closing date of the offers/ bids, it would, therefore, be in the interest of the shareholders to wait till the commencement of that period to know the final offer price of each bid and tender their acceptance accordingly.

d) The Acquirer/PAC, the Sellers and SNL have not been prohibited by SEBI from dealing in securities, in terms of direction issued u/s 11B of SEBI Act or under any other regulations made under the SEBI Act.

e) Pursuant to regulation 13 of the Takeover Regulations, the Acquirer/PAC has appointed Ashika Capital Limited as Manager to the Offer.

f) The Acquirer/PAC has appointed, Bigshare Services Pvt. Ltd. as the Registrar to the Offer, having office at E-2, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (E), Mumbai-400072; Tel.: 022-28470652/28470653; Fax: 022-28475207; E-mail: bigshare@bom7.vsnl.net.in; Contact Person is Mr. Subodh Mohan Adarkar.

g) The Acquirer/PAC accept full responsibility for the information contained in this Public Announcement and also for the obligations of Acquirer laid down in SEBI (SAST) Regulations 1997 and subsequent amendments thereof.

h) For further details, please refer to the Letter of Offer and Form of Acceptance cum Acknowledgement.

i) This Public Announcement will be available on the SEBI's website at www.sebi.gov.in. Eligible persons to the Offer may also download a copy of Letter of Offer along with Form of Acceptance cum Acknowledgement and Form of Withdrawal, which will also be available on SEBI's website from the Offer opening date i.e. November 22, 2006 and apply in the same.

Issued by Manager to the Offer on behalf of the Acquirers:

ASHIKA CAPITAL LIMITED
1008, 10th Floor, Raheja Centre,
214, Nariman Point, Mumbai-400021.
Tel: +91-22-66111700; Fax: +91-22-66111710
E-Mail: mbd@ashikagroup.com
Contact Person: Mr. Narendra Kumar Gamini

ASHIKA

Place: Mumbai
Date: September 30, 2006.