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SCANET EXPORTS LTD

5th Annual Report

SCANET EXPORTS LTD
FIFTH ANNUAL REPORT 1998-99

BOARD OF DIRECTORS

Dr. M.SAKTHIVEL
Sri. Y.KRISHNA REDDY
Sri. YERABHAGHA MEERA REDDY
MANAGING DIRECTOR
Sri. U.SUBRAMANIAN
Sri. A.H.KISHORE
Sri. C.ASOKAN
Smt. Y.M.R.PRASOONA

BANKERS

BANK OF INDIA
INDIAN OVERSEAS BANK

AUDITORS

M. SREENIVASAN, B.Com., F.C.A.,
Charatered Accountant
Flat No.G-1, "Madhuram"
No.2, West Avenue Road,
Kodambakkam,
Chennai - 600 024.

REGISTERED OFFICE

47, STERLING AVEUE
NUNGAMBAKKAM
CHENNAI - 600 034.

SCANET EXPORTS LTD

NOTICE

NOTICE IS HEREBY GIVEN THAT THE FIFTH ANNUAL GENERAL MEETING OF THE MEMBERS OF THE COMPANY WILL BE HELD ON THURSDAY THE 23RD SEPTEMBER, 1999 AT 11 AM AT THE REGISTERED OFFICE OF THE COMPANY AT NO.47, STERLING AVENUE, NUNGAMBAKKAM, CHENNAI - 600 034 TO TRANSACT THE FOLLOWING BUSINESS :

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited accounts of the Company for the year ended 31st March, 1999 together with the reports of the Directors and Auditor thereon.
2. To appoint a Director in the place of Dr.M.Sakthivel, who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in the place of Mr.U.Subramanian, who retires by rotation and is eligible for re-appointment.
4. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS :

5. To consider and if thought fit, to pass the following resolution with or without modification as an Ordinary Resolution.

RESOLVED that pursuant to the provisions of Sections 198,269,309 and 310 and other applicable provisions, if any, of the Companies Act 1956 read with Schedule XIII thereto and subject to such approvals, if any as may be necessary, consent of the company be and is hereby accorded to the re-appointment of Sri.Yerabhagha Meera Reddy as Managing Director for a period of 5 years w.e.f 2nd September,1999 on the terms and conditions specified in the Resolution of the Board of Directors passed at their meeting held on 24th July,1999.

BY ORDER OF THE BOARD

Place : Chennai
Date : 2nd August,1999

YERABHAGHA MEERA REDDY
Managing Director

NOTES : A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE PROPERLY FILLED IN AND DEPOSITED WITH THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR HOLDING THE MEETING.

Explanatory statement setting out all material facts pertaining to the Special Business to be transacted is enclosed.

The Register of Members and the Share Transfer Book of the Company will remain closed from Wednesday the 15th September, 1999 to Thursday the 23rd September,1999 (both days inclusive) during which period no transfer of shares will be registered.

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EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

ITEM NO:5

Sri Yerabhagha Meera Reddy was appointed as Managing Director of the Company through a resolution passed at the Extra-ordinary General Meeting of the members of the Company held on Tuesday the 27th day of September, 1994 for a period of 5 years w.e.f 2nd September, 1994. The said period of 5 years will expire on 1st September, 1999.

Therefore, members consent is sought for re-appointing him as Managing Director of the Company for a period of 5 years w.e.f 2nd September, 1999 as per the terms and conditions specified in the resolution of the Board of Directors passed at their meeting held on 24th July, 1999. Copy of the resolution is given below :

"RESOLVED THAT pursuant to provisions of Sections 198, 269, 309 and 310 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII thereto and subject to the approval of the members in the ensuing Annual General Meeting Mr. Yerabhagha Meera Reddy be and is hereby re-appointed as Managing Director of the Company for a period of 5 Years commencing from 2nd September, 1999 on the following terms and Conditions.

CATEGORY - A

- | | | | |
|------|-------------|---|--|
| I. | Salary | : | Rs. 30,000/- P.M |
| II. | Commission | : | 1 % of the net profits of the Company. |
| III. | Perquisites | | |

PART - I**HOUSING - I**

If the accommodation is provided by the Company, the expenditure on hiring unfurnished accommodation Subject to 60% of the Salary over and above 10% payable by the Managing Director.

OR

HOUSING - II

If the accommodation provided to the Managing Director is owned by the Company 10% of the Salary of the Managing Director shall be deducted by the Company.

OR

HOUSING - III

In case, no accommodation is provided by the Company the Managing Director is entitled to House Rent Allowance Subject to the ceilings laid down in Housing-I above.

The expenditure incurred by the Company on Gas, Electricity, Water and Furnishings shall be valued as per the Income Tax Rules, 1962 subject to a ceiling of 10% of the Salary of the Managing Director.

PART - II**MEDICAL REIMBURSEMENT**

The Managing Director and his family shall be entitled to Medical Reimbursement Subject to a maximum of one months Salary in a year or three months salary for a period of 3 years.

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**PART - III
LEAVE TRAVEL CONCESSION**

The Managing Director and his family can avail Leave Travel Concession once in a year in accordance with the rules specified by the Company.

PART - IV

The Managing Director is entitled to fees for two clubs. However this will not include any admission or life Membership fee.

PART - V

Personal Accident Insurance.

A Premium not exceeding Rs.4000/- per month.

CATEGORY - B**I. Provident Fund**

The Managing Director shall be entitled to Provident fund, Superannuation as per the rules of the Company.

II. Gratuity

The Managing Director shall be entitled to Gratuity @ half months salary for each completed year of service subject to a ceiling of Rs. 1,00,000/-

CATEGORY - C**PROVISION OF CAR**

The Company shall provide car with Driver to the Managing Director for use on Company's business. Personal use of car for Private purposes shall be billed by the Company to the Managing Director.

TELEPHONE

The Managing Director is entitled for Telephone at residence, However personal long distance calls shall be logged in and paid over to the Company.

The above Perquisites shall be restricted to an amount equal to Annual Salary or Rs. 2,70,000/- per annum whichever is less.

RESOLVED that in the event of inadequacy of profits or no profits in any financial year the Company may pay to Mr.Yerabhagha Meera Reddy remuneration by way of salary, perquisite and other allowances not exceeding Rs.57,000/- per month in terms of Section II of part II of Schedule XIII of the Companies Act 1956.

RESOLVED that Mr. Y. Krishna Reddy, Director of the Company be and is hereby authorised to send abstract of the revised remuneration payable to the Managing Director to all the Share Holders as required under section 302 (7) of the Companies Act 1956 and file necessary returns with the Registrar of Companies, Tamil Nadu.

None of the Directors other than Sri Yerabhagha Meera Reddy is interested in the resolution.

BY ORDER OF THE BOARD

Place : Chennai
Date : 2nd August,1999

YERABHAGHA MEERA REDDY
Managing Director

SCANET EXPORTS LTD

DIRECTORS' REPORT

Your Directors are happy to present the Fifth Annual Report of the company together with the audited accounts for the year ended 31st March, 1999.

FINANCIAL RESULTS

	(Rs. in Lakhs)	
	31.03.1999	31.03.1998
Turnover	545.99	674.26
Other Income	39.50	40.36
Profit before Depreciation	3.87	5.04
Less : Depreciation	2.64	1.60
Profit before Tax	1.23	3.44
Profit after Tax	1.23	0.68
Balance in P & L a/c brought forward	39.99	39.31
Balance carried forward to Balance Sheet	41.22	39.99

OPERATIONS

Yours directors are confident of achieving better working results in the coming years.

DIVIDEND

Your Directors are not recommending any dividend for the year ended 31st March, 1999.

DIRECTORS

Dr.M.Sakthivel retires by rotation at the ensuing Fifth Annual General Meeting and being eligible offers himself for re-appointment.

Mr.U.Subramanian retires by rotation at the ensuing Fifth Annual General Meeting and being eligible offers himself for re-appointment.

Y2K COMPLIANCE

Your Company has taken adequate steps to ensure its computer systems to be Y2K compliant by September, 1999. No material impact on account of Y2K is expected on its operations.

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AUDITORS

Mr. M. Sreenivasan, Chartered Accountant, Auditor of the Company holds office till the conclusion of the ensuing Fifth Annual General Meeting and is eligible for re-appointment.

AUDITOR'S REPORT

The note on the accounts referred to in the Auditor's Report is self explanatory and therefore doesn't call for any further comments.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The additional information required to be disclosed pursuant to Section 217 (1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given below :

Conservation of Energy	:	Not Applicable
Technology Absorption	:	Not Applicable
Foreign Exchange Earnings	:	Rs. 460.60 lakhs
Outgo	:	Rs. 3.16 lakhs

PARTICULARS OF EMPLOYEES

As required by the Provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employee) Rules, 1975 as amended, the names and other particulars of employees are set out in the Annexure forming part of this Report.

INFORMATION PURSUANT TO CLAUSE 43 OF THE LISTING AGREEMENT

The statement showing the comparison between the projections and performance is given in Annexure-B which forms part of Directors Report.

ACKNOWLEDGEMENT

Your Company and its Directors sincerely thank the Bankers for their continuing assistance and co-operation. The Directors also wish to place on record their sincere appreciation of the sustained and dedicated efforts put in by all the employees. The Directors also sincerely thank the share holders for the confidence reposed by them in the Company.

FOR AND ON BEHALF OF THE BOARD

Place : Chennai
Date : 2nd August, 1999

YERABHAGHA MEERA REDDY
Managing Director