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SCANET EXPORTS LIMITED
8th Annual Report

SCANET EXPORTS LTD

SCANET EXPORTS LIMITED

EIGHTH ANNUAL REPORT 2001-2002

BOARD OF DIRECTORS

Dr. M.SAKTHIVEL
Sri.YERABHAGHA MEERA REDDY
MANAGING DIRECTOR
Sri. U.SUBRAMANIAN
Sri. A.H.KISHORE
Smt. YM.R.PRASOONA

COMPANY SECRETARY

J.CHANDRA MOULI

BANKERS

BANK OF INDIA

AUDITORS

L.S.V.RAMANAN & CO.,
Chartered Accountants
No.19, Pulla Avenue
1st Floor, Shenoy Nagar
Chennai – 600 030.

SHARES LISTED AT

The Stock Exchange, Mumbai
Madras Stock Exchange Limited
Bangalore Stock Exchange Limited

REGISTERED OFFICE

Twins Chambers, First Floor
282,Poonamallee High Road
Kilpauk, Chennai – 600 010.

SCANET EXPORTS LTD**NOTICE**

Notice is hereby given that the Eight Annual General Meeting of the members of the Company will be held on Monday, the 30th day of September 2002 at the registered office of the company situated at 282, Poonamallee High Road, Kilpauk, Chennai-600 010 at **10.00 A.M.**

ORDINARY BUSINESS

1. To Receive, Consider and Adopt the Audited Balance Sheet as at 31st March 2002 and Profit and Loss Account for the year ended 31st March 2002 and the reports of the Directors and Auditors thereon.
2. To appoint a Director in the place of, **Dr. M.Sakthivel**, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in the place of, **Mr. U. Subramanian**, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors of the Company who shall hold office from the conclusion of this Meeting to till the conclusion of the next Annual General Meeting and to fix their remuneration. M/s. L.S.V.Ramanan & Co, Chartered Accountants, Chennai, being the retiring auditors are eligible for re-appointment.

Place: Chennai
Date : 31.08.2002

for and on behalf of the Board

Mr.Y.Meera Reddy
Managing Director

Note:

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies instead of himself/herself and such proxy need not be a member.
2. Proxies in order to be valid should be lodged with the Company at least 48 hours before the meeting.
3. The Register of members and share transfer books of the company will be closed from 27th September to 30th September 2002 (both days Inclusive).
4. The equity shares of the company are mandated for trading in compulsory demat mode. The ISIN No. Allotted for the company's shares is INE332F01018.
5. Members are requested to notify the Company/Depository Participant (DP) immediately change of address, if any, and also write to Company/Depository Participant (DP) immediately about corrections, if any, in name, address and pin code.

SCANET EXPORTS LTD**DIRECTORS' REPORT TO THE SHAREHOLDERS**

The Director's are pleased to present the 8th Annual Report of the company together with the Audited accounts for the year ended 31.03.2002.

Financial Highlights

The highlights of the financial performance of the company are as follows:

| Particulars | 31.3.2002 (Rs.in lakhs) | 31.3.2001 (Rs.in lakhs) |
|--|----------------------------|----------------------------|
| Total Income | 907.49 | 589.58 |
| Total Expenditure | 912.24 | 626.75 |
| Loss before Tax | 4.75 | 37.16 |
| Provision for deferred tax | 0.54 | --- |
| Balance in P&L A/c. brought forward | 8.79 | 45.96 |
| Balance Carried forward to Balance Sheet | 4.57 | 8.80 |

Dividend

The company has not declared any dividend for the year ended 2001 - 2002 due to insufficient profits.

Operations

The Company has successfully exported Live Marine Ornamental Fish for the first time in the Country. The Future seems to be good in this line of activity.

Directors

Mr. Krishna Reddy and Mr.C.Asokan, Directors of the company have resigned during the year. The Board places on record its appreciation for the valuable contribution rendered by them during their tenure as Directors in the company. Mr. U. Subramanian, Dr. M.Sakthivel, the retiring directors, offer themselves for re-appointment.

Auditors

The Auditors of the company M/s. L.S.V.Ramanan & Co, Chartered Accountants, retire at the conclusion of this meeting and being eligible offer themselves for re-appointment to hold office till the conclusion of the next Annual General Meeting.

Regarding the Observations of the Auditors regarding Valuation of Stocks, Point No.5 of Schedule 21 in the Notes to accounts is self-explanatory. However, we wish to point out that this has been done to comply with the Accounting Standard-2 (AS-2)

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and this would present a realistic picture of the financial statements of the company. The company intends to adopt the same method in future.

The company employs casual labourers in the places where Live Lobster catching is done on a seasonal basis and on irregular intervals. This being the case the company is not sure whether same labourers would be used for a certain period of time. Hence, it is very difficult, if not impossible, to deduct the ESI and remit it to the authorities. In fact, the company does not deduct any amount towards ESI from these casual labourers. Since the amount paid to these casual labourers are shown as Labour charges/expenses, there is an opinion that ESI should be paid to the ESI authorities whether or not the company deducts ESI from these payments. The company has sought the necessary clarification from ESI and would be remitting the amount if it is so required. It is also to be noted that the amount due towards ESI if payable would be a negligible amount and would not in anyway adversely affect the company's financial results.

And regarding the auditors' remark dealing with not deducting the Employees State Insurance. The company is of view that this Act does not apply to it and its seeking legal opinion in this regard.

Particulars of Employees as per section 217 (2a) & 217 (2aa) of the companies act, 1956 and companies (amendment) act, 2000.

There are no employees drawing remuneration in excess of the limits specified under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975.

None of the Directors of the company are disqualified U/s. 274(1)(g) of the Companies Act, 1956.

Directors Responsibility Statement U/s.217(2AA) of the (Companies Amendment) Act, 2000, indicating therein;

- i) That in the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii) That the directors had selected such accounting policies and applied them consistently and made judgements 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;
- iii) That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

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iv) That the directors had prepared the annual accounts on a going concern basis.

A. Conservation of Energy, Technology Absorption & Foreign Exchange Earnings and Outgo

As required under Section 217(1)(e) of The Companies Act, 1956, read with Rule 2 of the Companies (Disclosure of Particulars in the report of the Board of Directors) Rule 1988, the particulars relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo are furnished below:

| | | |
|-------------------------------------|---|-----------------------|
| A. Conservation of Energy | - | Not Applicable |
| B. Technology Absorption | - | Not Applicable |
| C. Foreign Exchange Earnings | - | Rs. 75935852/- |
| D. Outgo | - | Rs. 4780/- |

Depository system

Pursuant to the Directions of the Securities and Exchange Board of India, the company's Securities has been dematerialised and also admitted into National Securities Depository Limited and has been allotted with ISIN – INE332F01018.

The Company's Shares is listed with Madras Stock Exchange. Your company has paid the Annual listing Fees up-to-date and there are no arrears.

Acknowledgement

Your Directors place on record their appreciation for the valuable services rendered by the Company's Shareholders, employees, Bankers and other agencies associated with the company. The Board expects much more continuous support and co-operation in the future years to come.

For and On behalf of the board

A.H.KISHORE
Director

YERABHAGHA MEERA REDDY
Managing Director

Dated 31st August 2002, Chennai

SCANET EXPORTS LTD**AUDITOR'S REPORT TO THE MEMBERS OF SCANET EXPORTS LIMITED**

1. We have audited the attached Balance Sheet of **SCANET EXPORTS LIMITED** as at **31st March 2002** and the Profit & Loss Account of the Company for the year ended on that date annexed thereto both of which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these statements based on our audit.
2. We have conducted our audit in accordance with the 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 the financial statement presentation. We believe that our audit provides reasonable basis for our opinion.
3. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the paragraph 3 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 purposes 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 and the Profit and Loss Account dealt with by this report are in agreement with the Books of Account.
 - d. In our opinion, the Balance Sheet and the Profit and Loss Account comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956, to the extent applicable.
 - e. On the basis of written representations received from the directors as on 31st March 2002 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2002 from being

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appointed as Directors 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 explanations given to us, the said accounts together with notes thereto give the information required by the Companies Act, 1956 in the manner so required and subject to our comments in para 6 and 17 of the annexure to the auditors report and subject to the comments given in para 5 of notes on accounts referred to in schedule 21 to the annual accounts, give a true and fair view in conformity with the accounting principles generally accepted in India.'
- i. in the case of the Balance Sheet, of the State of affairs of the Company as at 31st March 2002.
- ii. in the case of the Profit and Loss Account, of the Loss of the Company the year ended on that date.

For L.S.V.RAMANAN & CO.,
Chartered Accountant

L.S.VENKATARAMANAN
Proprietor

Place : Chennai.
Date : 31.08.2002.

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ANNEXURE TO THE AUDITOR'S REPORT
 (Referred to in Paragraph 3 of our Report of even date)

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. All the fixed assets have been physically verified by the management during the year in accordance with the regular programme, which in our opinion is reasonable and no material discrepancies between book records and physical verification have been noticed.
2. None of the fixed assets has been revalued during the year.
3. The stock of live lobster has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
4. According to the information and explanations given to us, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. The discrepancies noticed on verification between the physical stocks and the books records were not material and have been properly dealt with in the books of account.
6. On the basis of our examination of stock records, we are of the opinion that the valuation of stocks is fair and proper in accordance with the normally accepted accounting principles and there is a change in the method of valuation of inventory to suit with AS-2. As a result of this change the net profit of the Company is under stated by Rs.29,33,924.
7. Except for certain interest free loans and advances given to employees, the Company has not granted any other loans and advances in the nature of loans. The employees are generally repaying the principal amount as stipulated.
8. In our opinion, the terms and conditions on which loans have been taken from parties listed in the register maintained under section 301 of the Companies Act, 1956 are not prejudicial to the interest of the Company.
9. The Company has not granted loans, secured or unsecured to companies, firms or parties listed in the register maintained under section 301 of the Companies Act, 1956.
10. There were no transactions of purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Act and aggregating during the year to Rs.50,000/- or more in respect of each party.
11. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of stores,