



# **SCANET EXPORTS LIMITED**

13<sup>th</sup> Annual Report

# **SCANET EXPORTS LIMITED**

**THIRTEEN ANNUAL REPORT 2006 - 2007**

## **BOARD OF DIRECTORS**

Dr. M. SAKTHIVEL  
Sri. YERABHAGHA MEERA REDDY  
MANAGING DIRECTOR  
Sri. U. SUBRAMANIAN  
Smt. Y.M.R. PRASOONA

## **BANKERS**

BANK OF INDIA  
Chennai

## **AUDITORS**

GANESH VENKAT & CO  
Chartered Accountants  
New No. 2, (Old No. 25), Chengalvayan Street,  
1<sup>st</sup> Floor, Shenoy Nagar,  
Chennai – 600 030.

## **SHARES LISTED AT**

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

## **REGISTERED OFFICE**

No. 4, Jayalakshmipuram  
1<sup>st</sup> Street, Nungambakkam  
Chennai – 600 034

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## SCANET EXPORTS LIMITED

### NOTICE

Notice is hereby given that the Thirteenth Annual General Meeting of the members of the Company will be held on Friday, the 28<sup>th</sup> day of September 2007 at the registered office of the Company situated at No-4, Jayalakshmipuram, 1<sup>st</sup> Street, Nungambakkam, Chennai – 600 034 at 10.00 A.M. to transact the following business:

#### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2007 and Profit and Loss Account for the year ended 31<sup>st</sup> March 2007 and the reports of the Directors and Auditors thereon.
2. To appoint a Director in the place of, Mr.U.Subramanian, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in the place of, Mrs.Y.M.R.Prasoon, who retires by rotation and being eligible, offers herself 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.Ganesh Venkat & Co, Chartered Accountants, Chennai, being the retiring auditors are eligible for re-appointment.

for & on behalf of the Board

Place: Chennai

Date : 24.08.2007

Sd/-

**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 to attend and vote instead of himself and the proxy or proxies so appointed need not be a member or members as the case may be of the company. The instrument appointing the proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the registered office of the company not later than 48 hours before the time fixed for holding the meeting.*

## **SCANET EXPORTS LIMITED**

2. The Register of members and share transfer books of the company will be closed from 26<sup>th</sup> September 2007 to 28<sup>th</sup> September 2007 (both days Inclusive)
3. 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.
4. 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.
5. As a measure of economy, copies of the annual report will not be distributed at the annual general meeting. Members are therefore requested to bring their copies of the annual report to the meeting.
6. Members are requested to affix their signature at the space provided on the attendance sheet annexed to the proxy form and hand over the slip at the entrance of the meeting hall.
7. No gifts/refreshments will be provided at the venue of the meeting.
8. Statement pursuant to Clause 49 of the Listing Agreement in respect of particulars of Directors who are retiring by rotation and seeking re-appointment are detailed in Corporate Governance Report.

## SCANET EXPORTS LIMITED

### DIRECTORS REPORT & MANAGEMENT DISCUSSION AND ANALYSIS

The Director's are pleased to present the 13<sup>th</sup> Annual Report of the Company together with the Audited accounts for the year-ended 31.03.2007.

#### Financial Highlights

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

Particulars	31.03.2007 (Rs. In lakhs)	31.3.2006 (Rs. In lakhs)
Total Income	1235.02	1226.21
Total Expenditure	1096.21	1288.30
Profit/ (Loss) before Tax	138.81	(62.08)
Provision for deferred tax	8.93	8.70
Profit/(Loss) after tax	114.90	(71.41)
Balance in P&L A/c. brought forward	(52.74)	18.66
Surplus Carried forward to Balance Sheet	62.16	(52.75)

#### Dividend

Due to insufficient profits during the financial year your Directors do not recommend any dividend for the financial year 2006 – 2007.

#### Operations

The Operations of the Company during the year under review was satisfactory. We are glad to inform you that the Company has maintained the same trend and during the current year it has yielded marginal operational profits. The Company however during the year had sold its Land situated at Semmancheri Village, Chengalpet Taluk, MGR District admeasuring to 5.07 acres for a consideration of Rs.270 Lacs by which the Company has settled its dues with the Bank which has reduced the high interest cost burden and also written off the accumulated loss which has resulted in surplus being carried to Balance sheet of Rs.62.16 Lacs.

Your Company is hopeful of better performance and reasonable profits in future. It is proposed to restructure the activities carried on by the Company keeping in view the current market trends and demand, and in this regard your Company proposes to enter into diversified business opportunities in the field of development of infrastructure projects. In view of this Your Company has applied for change of its name to YKM Industries Limited in order to have significant presence and build a Brand name for its business.

## **SCANET EXPORTS LIMITED**

### ***Audit Committee***

The Company has constituted an Audit Committee comprising of Dr.M.Sakthivel, Mr. U.Subramanian, Mr.A.H.Kishore and Mr.Y.Meera Reddy as its members. The role, terms of reference, authority and powers of Audit Committee are in conformity with the provisions of the Companies Act, 1956 inserted by Companies Amendment Act, 2000. The Audit committee has had their meetings as per statutory requirements and has made no adverse comments.

### ***Industry Structure And Development***

The Industry is going through lots of change due to condition laid down by the government in the importing countries. The Industry has started seeing things in its reality, which is of good sign.

### ***Opportunities And Threats***

New rules and new regulations from various countries might bring about far reaching changes in the pricing structure. The Company has very sound control systems with each and every kilogram being accounted from the time of purchase to the time of export.

### ***Out Look***

As the Company is mainly engaged in the business of processing, sale and exports of marine products to various parts of the world, the Company's has been cautious in complying with exports norms and considering the regulations of the country to which it supplies its products and the Company's approach during this year has helped to consolidate the working results and if this trend continues the Company should have better years to come.

### ***Internal Control Systems & Adequacy***

Suitable control measure has been put in place and periodic checks are done to ensure norms are followed. The Company has adequate internal control procedures commensurate with the size of the Company and the nature of its business.

### ***Human Resources***

Much emphasis has given to the quality of work and keeping this in view staff are systematically trained to do all round jobs. The Company has maintained cordial relationship with its employees throughout the year.

## SCANET EXPORTS LIMITED

### **Directors**

Mr.U.Subramanian, & Mrs.Y.M.R.Prasoona, Directors liable to retire by rotation being eligible offer themselves for re-appointment. Mr.A.H.Kishore, Director resigned from the Board on 01.05.2007 and the Board wishes to place sincere appreciation for the valuable services rendered by him.

### **Auditors**

The Auditors of the Company M/s. Ganesh Venkat & 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.

### **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;
- iv. That the directors had prepared the annual accounts on a going concern basis.

## SCANET EXPORTS LIMITED

### **Public Deposits**

The Company has not accepted any Public Deposits during the year.

### **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	- The Company is making sustained efforts continuously to minimise the consumption of Electricity and Fuel wherever used.
B. Technology Absorption	- Not Applicable
C. Foreign Exchange Earnings	- Rs.87316541 /- (Previous year Rs.94016687/-)
D. Foreign Exchange Outgo	- Purchase of Lobster &
- Transhipment charges	- Rs. 11127204 /- (Previous year Rs. 17704383/-)
- CIF Value of Imports on Capital Account	- Nil
- Foreign Travel Expense	- Nil (Previous year Nil)

### **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 are listed with Madras Stock Exchange, The Stock Exchange Mumbai and The Bangalore Stock Exchange. Your company has paid the Annual listing Fees up-to-date and there are no arrears.

### **Corporate Governance**

The Corporate Governance report as set out in Annexure hereto form an integral part of this report. A Certificate from the auditors of the Company certifying compliance of the conditions of Corporate Governance as stipulated in Clause 49 of the listing agreement with stock exchanges is also annexed to the report on Corporate Governance.



**SCANET EXPORTS LIMITED****Directors**

Mr.A.H.Kishore, Director ceased to be a Director w.e.f 01.05.2007.The Board places on record its appreciation for the valuable contribution rendered by him during their tenure as Director. Mr. U. Subramanian, Y.M.R.Prasoon, the retiring directors, offer themselves for re-appointment.

**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 & on behalf of the Board

Place: Chennai

Date : 24.08.2007

Sd/-

Y. Meera Reddy  
Managing Director

Y.M.R.Prasoon  
Director

**CAUTION**

*This Report is based on the current situation, past experience and information available to the Company about its various businesses and assumptions regarding economic and industrial scenario, Governmental and other regulatory policies. The Performance of the Company is, to a great extent, dependent on these factors. The future performance may be materially influenced by the changes in any of these factors, which are beyond the control of the Company and may affect the views expressed in or perceived from this Report. Therefore the investors are requested to make their own independent judgments by taking into account all relevant factors before any investment decision.*

## **SCANET EXPORTS LIMITED**

### **CERTIFICATE ON CORPORATE GOVERNANCE TO THE MEMBERS OF SCANET EXPORTS LIMITED**

I have examined the Compliance conditions of Corporate Governance by Scanet Exports Limited, for the year ended 31<sup>st</sup> March 2007, 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. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit for an expression of opinion of the financial statements of the Company.

In my opinion and to the best of my information and according to the explanation given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

The Company has maintained the register in which the investor(s) grievances are recorded with the date of disposal. On the basis of such register I note that no investor grievance is pending for a period exceeding one month against the Company.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Place: Chennai  
Date : 24.08.2007

Sd/-  
**I.B.HARIKRISHNA**  
Practising Company Secretary  
C.P.No. : 5302