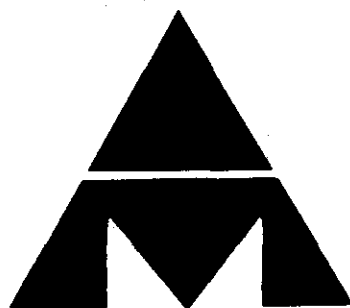


AGRI-MARINE EXPORTS LTD.



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ANNUAL REPORT
1998-99

CONTENTS	Page No.
Notice to Shareholders	2
Directors' Report	4
Auditors' Report	5
Balance Sheet	7
Profit and Loss Account	8
Schedules to Accounts	9
Notes on Accounts	12
Cash Flow Statement	15
Balance Sheet Abstract and Company's General Business Profile	16
Statement pursuant to Section 212(1)(e) of the Companies Act, 1956	
- M&M Harvests Limited	17
- Agri-marine (Europe) Limited	17
Subsidiary Companies	
- M&M Harvests Limited	
Directors' Report	18
Auditors' Report	19
Balance Sheet	20
Profit and Loss Account	21
Schedules to Accounts	22
Notes on Accounts	23
Balance Sheet Abstract and Company's General Business Profile	24
- Agri-marine (Europe) Limited	
Directors Report	26
Auditors Report	26
Balance Sheet	27
Profit and Loss Account	27
Notes to the Financial Statements	28

BOARD OF DIRECTORS

EHJAZ ELIAS	Chairman
ABDUL HAMEED AYOOB	Managing Director
DINESH MADAPA	Executive Director
R MUTHU	Director
FIROZ ELIAS	Director

AUDITORS

M/S. VIVEKANANDAN ASSOCIATES
Chartered Accountants
Chennai.

REGISTERED OFFICE & FACTORY

216-B, Ennore Coastal High Road,
Kaladipet,
Chennai - 600 019.

BANKER

Indian Bank



NOTICE TO THE SHAREHOLDERS

Notice is hereby given that the Fourteenth Annual General Meeting of the members of AGRI-MARINE EXPORTS LIMITED will be held at 10.00 A.M. on Wednesday, the 29th day of December 1999 at the Registered Office of the Company at 216-B, Ennore Coastal High Road, Kaladipet, Chennai - 19 to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March 1999 and Profit and Loss account for the year ended 31st March 1999 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in the place of Thiru R. Muthu who retires by rotation and being eligible offers himself for re-election.
3. To appoint a Director in the place of Thiru Ehjaz Elias who retires by rotation and being eligible offers himself for re-election.
4. To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution.

"RESOLVED that M/s Vivekanandan Associates, Chartered Accountants, Chennai, be and are hereby appointed as the Statutory Auditors of the Company to hold office until the conclusion of the next Annual General Meeting, on such remuneration as may be decided by the Board of Directors in addition to reimbursement of out of pocket expenses incurred by them."

SPECIAL BUSINESS

5. To consider the report of the Directors to the Shareholders dated 27.11.99 and the fact of erosion of more than 50 % of the net worth of the company during the immediately preceding five financial years under the provisions of the Sick Industrial Companies (Special Provisions) Act, 1985 and to record such Report of the Directors.

6. To consider and if thought fit, to pass with or without modifications the following as an Ordinary Resolution:

RESOLVED that the Board of Directors of the Company be and are hereby authorised to take such steps, which are necessary to comply with the various provisions of the Sick Industrial Companies (Special Provisions) Act, 1985 and submit a Report to the Board for Industrial and Financial Reconstruction (BIFR), Government of India, New Delhi regarding the fact of erosion of more than 50% of the Net Worth of the Company and the prospects for revival and to do such other acts and take necessary steps, which are required in relation thereto.

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

"RESOLVED THAT pursuant to Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to the Board of Directors of the Company, to sell, lease or otherwise dispose of the whole or substantially the whole of the Factory of the Company including the Assets and Liabilities of the Company."

"RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to delegate the above powers to any Director or committee of Directors of the Company to effect the above Resolution, to enter into any agreement, sign documents, deeds etc."

8. To consider and if thought fit, to pass with or without modifications the following as an Special Resolution:

RESOLVED to delist the shares of the company from the Stock Exchange, Mumbai and from the Delhi Stock Exchange.

By Order of the Board

27th November 1999
Chennai - 600019

A.H. AYOOB
Managing Director

NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and on poll, to vote instead of himself/herself and a proxy need not be a member of the company. The instrument appointing the Proxy shall be deposited at the Registered Office of the Company not later than 48 hours before the time fixed for the commencement of the meeting. In default, the instrument of proxy shall not be treated as valid.
2. Members are requested to notify immediately any change in their address to the Company.
3. Shareholders seeking any information with regard to accounts are requested to write to the Company at an early

date so as to enable the Management to keep the information ready.

4. Members/Proxies should bring the attendance slip duly filled in for attending the meeting.
5. Shareholders are requested to bring their copy of Annual Report for the meeting.
6. Explanatory statement required under Sec 173(2) of the Companies Act, 1956 in respect of Item Nos. 5 to 8 under Special Business is annexed.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**Item Nos. 5 and 6:**

According to the provisions of the Sick Industrial Companies (Special Provisions) Act, 1985 the Board of Directors of the Company has to give their report about the fact of erosion of more than 50% of the Net Worth of the Company to the shareholders. The Company has accumulated losses of Rs. 446.36 Lacs as at the end of 31.3.99 which is more than 50% of the Net Worth of the Company. According to the provisions of that Act the Directors have to give their report to the shareholders about the erosion of more than 50% of the Net Worth of the Company and record the report. Hence the resolution under Item No.5. Also the Board of Directors has to be authorised to apply to the Board for Industrial and Financial Reconstruction (BIFR), Government of India, New Delhi and to do such acts to revive the prospects for the company. Hence the resolution under Item No.6. Your Directors recommend passing of the above resolutions. None of the Directors are in any way concerned or interested in the above resolutions.

Item No. 7:

The Company plans to settle the dues to Financial Institutions and for this purpose it may be necessary to dispose of whole or part of the undertaking of the

company. According to the provisions of the Companies Act, 1956 approval of the shareholders under section 293(1)(a) is necessary for sell/dispose/lease the undertaking of the company. Hence the resolution. None of the directors of the company are in any way concerned or interested in the resolution.

Item No. 8:

At present the shares of the company are listed in the Madras and Mumbai Stock Exchanges. Though the shares of the company have been delisted from the Delhi Stock Exchange during 1997 it is proposed to get the same approved in the general meeting. Due to the financial problems faced by the company it is proposed to delist the shares of the company from the Stock Exchange, Mumbai also. However, the shares will continue to be listed in the Madras Stock Exchange. According to the provisions of the listing agreement with the stock exchanges and the stipulations of the Securities Exchange Board of India the approval of the shareholders in General Meeting is required to delist the shares from stock exchanges. Hence the resolution. None of the directors of the company are in any way concerned or interested in the above resolution. Your Directors recommend passing of the above resolutions.

By Order of the Board

27th November 1999
Chennai - 600019

A.H. AYOGB
Managing Director

REPORT OF THE DIRECTORS TO THE SHAREHOLDERS REFERRED TO IN ITEM NO.7:

As you are aware, the company implemented the modernisation of its plant and machinery during 1994 and have been doing exports very successfully. During the year 1997 the European Economic Council has banned export of marine products and insisted certified companies only can export. The Company has invested additional funds to comply with the standards prescribed by the EEC in spite of its financial difficulties and have obtained the certification during 1998. Due to the ban to EEC countries and due to the sluggishness of the marine products the company could not produce and hence ran into working capital problems. The Loans with IDBI, GILC and Indian Bank could not be serviced due to the above and the Loan accounts became Non Performing Asset and hence the financial institutions and the Banks have stopped financial assistance to the company. Due to above factors the net worth of the company has become

negative. The company devised various schemes for overcoming the shortage of funds and could not succeed in the same. The interest burden on long term loans and the fixed costs during the periods ended 31.3.98 and 31.3.99 resulted in an accumulated loss of Rs. 446.36 Lacs thereby resulting in erosion of more than 50% of the Net Worth of the Company.

As per the provisions of the Sick Industrial Companies (Special Provisions) Act, 1985 the Company has become a Sick Unit and the Company, within 60 days from the date of its finalisation of duly audited accounts, have to report of the erosion to the Board for Industrial and Financial Reconstruction (BIFR) and also hold a meeting of shareholders of the company for considering such erosion. Hence the report. The Directors are hopeful of revival of the operations with a scheme to be submitted to the BIFR.

27th November 1999
Chennai - 600019

By Order of the Board
A.H. AYOGB
Managing Director



DIRECTORS' REPORT

Your Directors have pleasure in presenting the Fourteenth Annual Report along with the Audited Accounts for the year ended 31st March 1999.

FINANCIAL RESULTS

Your Company has recorded a total turnover of Rs. 168.56 Lakhs during the year ended 31st March 1999. The Net Loss of your Company during the year under review is Rs. 365.97 Lakhs.

The financial results of the company for the year ended 31st March 1999 are summarised as follows :

	Rs. in lakhs
Net sales/Income from operation	73.71
Other Income	94.85
Total Expenditure	417.48
Interest	-
Gross (Loss) after interest but before depreciation and taxation	(248.92)
Depreciation	117.05
Provision for taxation - Wealth Tax	0.15
Net Profit/(Loss)	(366.12)

PROJECTIONS VS ACTUALS

(In terms of Clause 43 of the Listing Agreement)

The following are the Financial Projections as indicated in the Prospectus dated 26th August 1994 with the actuals for the year ended 31st March 1999 :

	(Rs. in Lakhs)	
	Projections	Actuals
Sales/Income from other sources	4,732.20	168.56
Profit before depreciation & tax	483.77	(248.92)
Net Profit after Tax	456.70	(248.92)

Explanation for variance from projections

The Company is facing severe difficulties of working capital during the year and hence could not achieve the financial projections set out in the Prospectus. Moreover, the Aqua Culture industry

remained sluggish which in turn affected the supply of Raw-materials to the Company.

MARKETING

The total turnover of your company during the last year to various markets was in the following ratio :

Europe	40.53%
UAE	59.47%

FUTURE PLANS

Since the Company has obtained the approval of the EEC the Directors are hopeful of getting orders from the European market and expects the future very bright.

Due to versatility of the Factory, your Company is venturing into export of Processed Food Products and Vegetables.

SUBSIDIARY COMPANIES

The Turnover of the subsidiaries, namely, Agri-marine (Europe) Limited amounted to UK Pounds 640, 810 while M&M Harvests achieved a Turnover of Rs. 2.50 Lakhs.

PUBLIC DEPOSIT

The Company has not accepted any deposit from the public during the year.

DIRECTORS

Under Article 79 of the Articles of Association of the Company, Thiru R. Muthu and Mr. Ehjazz Elias, Directors of the Company are retiring by rotation and they are eligible for reappointment. During the year Mr. K. D. Madan, Mr. AL. Vadivelu and Mrs. Mariam Beevi directors of the Company resigned from the Board. Your Directors wish to place on record the commendable services rendered by the Directors during their tenure as director.

PARTICULARS OF EMPLOYEES

With regard to information relating to employees covered under Section 217(2)(A) of the Companies Act, we wish to report that no employee of the Company is in receipt of remuneration during the year under review aggregating Rs. 3,00,000/- or more per annum or Rs 25,000/- or more per month where employed for a part of the year.

AUDITORS

M/s Vivekanandan Associates, the auditors of the company retire at the conclusion of the Annual General Meeting and are eligible for re-appointment.

CLARIFICATION ON THE AUDITORS' COMMENTS

(Rs.in Lakhs)

Regarding the qualification of the auditors on note no. 6 of the Notes on Accounts the company has adopted the realised rate on foreign currency transaction instead of the rate prevailing on the date of presentation of the documents. It is felt that the actual rate realised would be more realistic and hence the company changed the method of accounting.

Regarding the qualification on note no. 7 regarding the non-provision of interest on loans from banks it is clarified that the loans have become non performing asset and hence no provision has been made on the said loans. The company felt that the rate of interest charged by the bank could be negotiated and hence no provision has been made.

Regarding the qualification on note no. 8 regarding capitalisation of interest pertaining to term loan from IDBI and GILC it is clarified that the interest on the loan form part of the fixed assets for which the said loan is raised and hence the company capitalised the interest.

Disclosure of particulars with respect to conservation of Energy, Technology Absorption, Foreign Exchange Earnings and outgo as required under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 and forming part of the report of the Board of Directors for the year ended 31st March 1999.

Total Foreign Exchange Earnings during the year 68.32

Total Foreign Exchange used during the year -

The particulars regarding conservation of Energy, Technology Absorption and R & D are not applicable during the year.

YEAR 2000 PREPAREDNESS

The Company does not have computerised systems which is sensitive to the Year 2000 problem and hence the company is not in any way affected by the same.

ACKNOWLEDGEMENTS

The Board of Directors thanks its Shareholders, Bankers and Financial Institutions for their continued support and wishes to place on record its sincere appreciation and gratitude to all its employees for their contribution.

For and on behalf of the Board

27th November 1999
Chennai - 600019

A.H. AYOOB
Managing Director

DINESH MADAPA
Executive Director

REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the attached Balance Sheet of Agri-Marine Exports Ltd. as at 31st March 1999 and the Profit and Loss account for the year ended on that date annexed thereto and report that:

1. As required by the manufacturing and other companies (Auditors Report) order 1988, issued by the Company Law Board in terms of section 227(4A) of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraph 4 and 5 of the said order.
2. Further to our comments in the annexure referred to in paragraph 1 above:
 - (i) 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.
 - (ii) In our opinion, proper books of accounts as required by law have been kept by the company so far as it appears from our examination of the books.
 - (iii) The Balance Sheet and profit and Loss account referred to in this report are in agreement with the books of accounts.

(iv) In our opinion, the Profit and Loss Account comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.

(v) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with notes thereon subject to:

Note No.6 Regarding accounting policy for foreign currency transactions.

Note No.7 Regarding non-provision of interest on loans from banks.

Note No.8 Regarding capitalisation of interest pertaining to Term Loan from IDBI give the information required by the Companies Act 1956, in the manner so required and give a true and fair view:

- (a) In the case of Balance Sheet of the state of affairs of the company as at 31st March 1999 and
- (b) In the case of the profit and loss account of the Loss of the company for the year ended on 31st March 1999.

Date : 27/11/99
Place : Chennai

For Vivekanandan Associates
Chartered Accountants
V.VIVEKANANDAN : Partner



ANNEXURE TO THE AUDITORS

REPORT REFERRED TO IN PARAGRAPH 1 OF OUR REPORT OF EVEN DATE TO THE MEMBERS OF AGRI MARINE EXPORTS LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 1999.

1. The company is maintaining proper records showing full particulars including quantitative details and situation of Fixed Assets. We are informed that the Fixed Assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.
2. None of the Fixed Assets have been revalued during the year.
3. We are informed that the stock of finished goods, raw materials and stores have been physically verified by the management during the year at reasonable intervals.
4. In our opinion the procedure of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
5. The discrepancies notified in verification between physical stocks and book records were not material in relation to the operations of the company and same have been properly dealt with the books of account.
6. In the absence of physical verification of stock report the valuation of closing stock given by the management has been adopted.
7. The Company has not taken any secured/unsecured loans from companies, firms or other parties listed in the register maintained under section 301 and we are informed that there are no companies under the same management as defined in section 370(1B) of the Companies Act 1956.
8. The Company has granted unsecured loans of Rs.91,21,441/- to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 and the terms and conditions are not prima facie prejudicial to the interest of the company and it has been explained to us that there are no companies under the same management as defined in section 370(1B) of the companies Act, 1956.
9. The employees to whom loans interest free advances in the nature of loans respectively were given, are repaying the principal amount as stipulated.
10. In our opinion and according to the information and explanation given to us there are adequate internal control procedures commensurate with the size of the company and nature of its business for purchase of raw- material including components, plant and machinery, equipment and other assets and for the sale of goods.
11. During the year there were purchase of goods or material and sale of goods, material or services exceeding Rs. 50,000/- in value from / to firms, companies and other parties in which directors are interested in pursuance of contracts entered into with them as maintained under section 301 of the Companies Act, 1956 at prices which are reasonable having regard to prevailing market prices for such goods and materials or the prices at which transactions for similar goods have been made with other parties.
12. As explained to us there were no unserviceable or damaged stores (or) raw material to be determined at the end of the year.
13. The Company has not accepted any deposits from public during the year and therefore the question of compliance of the directives issued by the Reserve Bank of India and the provisions of section 58A of the Companies Act, 1956 does not arise.
14. As explained to us the companies operations do not generate any significant scrap or by-products.
15. The company has an internal Audit System commensurate with the size and nature of its business.
16. As explained to us the Central Government has not prescribed maintenance of cost records for the Industry under section 209(1)(d) of the Companies Act, 1956.
17. There has been some delay in depositing Provident Fund and ESI dues with the appropriate authorities. However, as on the date of report there has been no arrears pertaining to the period remaining unpaid.
18. There are no undisputed amounts payable in respect of Income Tax, Sales Tax, Customs Duty and Excise Duty outstanding as at the last day of the financial year concerned for a period of more than six months from the date they became payable. The Company is yet to remit Rs.66,587/- towards wealth tax for assessment year 1996-97, 1997-98 & 1998-99.
19. In our opinion according to the explanations given to us no personal expenses have been charged to the revenue account other than those payable under contractual obligations or in accordance with generally accepted business practices.
20. The company is not a sick industrial company within the meaning of the Clause (o) of sub section 3 of the Sick Industrial Companies (Special Provisions) Act 1985. However, since more than fifty percent of the peak net worth of the past four years has been eroded, the company has been advised to inform the Board for Industrial and Financial Reconstruction in accordance with the provisions of Section 23 of the Sick Industrial Companies (Special Provisions) Act 1985.

Date : 27/11/99

Place : Chennai

For Vivekanandan Associates
Chartered Accountants

V.VIVEKANANDAN : Partner

BALANCE SHEET AS AT 31ST MARCH 1999

		Schedule	As at 31st March '99		As at 31st March '98	
			Rs.	Rs.	Rs.	Rs.
A. SOURCES OF FUNDS						
1.	SHAREHOLDERS' FUNDS					
a.	Share Capital	1	49348000		49348000	
b.	Reserves and Surplus	2	11534135		11534135	
				60882135		60882135
2.	LOAN FUNDS					
a.	Secured Loans	3	94488617		74577153	
b.	Unsecured Loan	4	54768676		57705684	
				149257293		132282837
3.	DEFERRED LIABILITIES			13677143		15577143
				<u>223716571</u>		<u>208742115</u>
B. APPLICATION OF FUNDS						
1.	FIXED ASSETS	5				
a.	Gross Block		108051681		105207299	
	Less: Depreciation		<u>27672944</u>		<u>15967587</u>	
	Net Block			80378737		89239712
b.	Capital Work in Progress & Advance for Capital items			2590810		6759438
2.	INVESTMENTS	6		13347394		13347394
3.	CURRENT ASSETS, LOANS & ADVANCES					
a.	Inventories	7	11222635		30292963	
b.	Sundry Debtors	8	73402719		58350700	
c.	Cash & Bank Balances	9	402908		772762	
d.	Loans, Advances & Deposits	10	24955924		31200975	
			<u>109984186</u>		<u>120617400</u>	
	Less: Current Liabilities & Provisions	11	<u>33430149</u>		<u>36567627</u>	
	NET CURRENT ASSETS			76554037		84049773
4.	MISCELLANEOUS EXPENDITURE (To the Extent Not Written off)			6209800		7321967
5.	PROFIT & LOSS A/C			44635793		8023831
				<u>223716571</u>		<u>208742115</u>

Schedules and notes referred to form an integral part of the Balance sheet.

As per our report of even date
For **Vivekanandan Associates**
Chartered AccountantsDate : 27/11/1999
Place : ChennaiA.H. AYOOB
MANAGING DIRECTORDINESH MADAPA
EXECUTIVE DIRECTORV. VIVEKANANDAN
PARTNER



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 1999

	Schedule	For the year ended 31-3-99	For the year ended 31-3-98
INCOME		Rs.	Rs.
Sales		7371208	56534160
Other Income	12	9485225	5450814
		<u>16856433</u>	<u>61984974</u>
EXPENDITURE			
Raw Materials		5729702	31207475
Consumables & Stores	13	1224374	2536961
Other Manufacturing & Administrative Expenses	14	14138051	13151462
Selling & Distribution Expenses	15	566592	5834812
Interest & Finance Charges			13292237
Depreciation		11705356	6225077
Increase or Decrease in Stock	16	18977153	16542878
Preliminary Expenses Written off		1112167	1112167
		<u>53453395</u>	<u>89903069</u>
Profit(+)/Loss(-) Before Taxation		(36596962)	(27918095)
Provision for Tax			
A. Income Tax		-	-
B. Wealth Tax		15000	11800
Profit(+)/Loss(-) After Tax		(36611962)	(27929895)
Excess Provision Written Back	17	-	2171312
Brought Forward from Previous Year		(8023831)	17734752
Balance carried to the Balance Sheet		<u>(44635793)</u>	<u>(8023831)</u>
Notes Forming Part of Accounts	18		

Schedules and notes referred to form an integral part of the Profit and Loss Account.

As per our report of even date
For Vivekanandan Associates
Chartered Accountants

Date : 27/11/1999
Place : Chennai

A.H. AYOOB
MANAGING DIRECTOR

DINESH MADAPA
EXECUTIVE DIRECTOR

V. VIVEKANANDAN
PARTNER