



KOLUTHARA
EXPORTS LTD.

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**TENTH
ANNUAL REPORT
1998 - 99**

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Koluthara Exports Ltd.



BOARD OF DIRECTORS

ANTONY VARGHESE KOLUTHARA
Managing Director

GEORGE VARGHESE KOLUTHARA
Director

T.A.KRISHNAMOORTHY
Director - KSIDC Nominee
(upto 9.12.1998)

K.V.RAJAN
Director- KSIDC Nominee
(from 10.12.1998)

DR.(MRS)ELIZABETH LEELA GEORGE
Additional Director (upto 25-9-1998)
Director (from 26-9-1998)

DR. J. BOJAN
Director - MPEDA Nominee

A.C.MATHEW
Company Secretary

REGISTERED OFFICE & FACTORY

VII/45, Keltron Road,
Aroor - 688 534,
Alappuzha District, Kerala.

BANKERS

1. **State Bank of India,**
Overseas Branch,
Cochin - 682 003.
2. **The Vysya Bank Ltd.,**
M.G.Road,
Cochin - 682 035.

AUDITORS

M/s.George, John and Prabhu,
Chartered Accountants,
Cochin - 682 016.

KOLUTHARA EXPORTS LTD.



NOTICE

Notice is hereby given that the Tenth Annual General Meeting of the Members of Koluthara Exports Limited will be held at the Registered Office of the Company at VII/45, Keltron Road, Aroor 688 534 Alappuzha District, Kerala on Monday, the 27th September 1999 at 10 AM to transact the following business

1. To consider and adopt the accounts of the Company for the financial year ended 31st March, 1999, Balance Sheet as on that date and Report of the Directors and of the Auditors thereof.
2. To appoint a Director in the place of Dr.(Mrs) Elizabeth Leela George - who retires by rotation at the Annual General Meeting and being eligible, offers herself for re-appointment.
3. To appoint Auditors and fix their remuneration in the place of retiring Auditors MESSRS GEORGE, JOHN & PRABHU, Chartered Accountants, M.G.Road, Ernakulam and are eligible for re-appointment.
4. Special Business

To consider the attached report submitted by the Board of Directors as per Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985 and pass with or without modification, the following resolution:

"RESOLVED THAT the Board of Directors be and is hereby authorised to comply with all the provisions of the Sick Industrial Companies (Special Provisions) Act, 1985."

NOTE

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy and vote instead of himself. A proxy need not be a member of the Company. The proxy form and attendance slip are enclosed.
2. Members are requested to notify immediately any change in their addressess to the Company and all correspondences including share transfer and endorsement matters should be made to the Company directly at the AROOR address.

BY ORDER OF THE BOARD

AROOR,
17.08.1999

A.C.MATHEW
COMPANY SECRETARY



ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT

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

In respect of item No.4 under Special Business:

Under Section of the Sick Industrial Companies(Special Provisions) Act, 1985, the Board of Directors are required to submit a report to the share holders regarding the erosion of net worth of the Company and cause of such erosion.

Report required to be furnished as per section 23 of Sick Industrial Companies (Special Provisions) Act, 1985.

Realising the need to revive and rehabilitate potentially viable units, the Government of India enacted the Sick Industrial Companies (Special Provisions) Act, 1985 and the operation of the entire Act came into force w.e.f. 15.5.1987. All the Industries specified in the first schedule of the Industries Development and Regulation Act, 1951, are coming within the purview of the said Act. Koluthara Exports Limited is a company incorporated under the Companies Act, 1956 and is covered by the provisions of the sick industries (Special Provisions) Act 1985.

Under this Act, company is bound to report the matter to B.I.F.R. as soon as it becomes sick. Koluthara Exports Limited has become a Sick Industrial Company within the meaning of Section 3(1) of the said Act, 1985, in so far as:

1. It is a company registered for not less than 5 years.
2. It has at the end of the financial year ended 31st March 1999, losses equal or exceeding its net worth and
3. Has suffered cash losses in 1997-98 and in the financial year 1998-99 as well.

The net capital, cash loss and accumulated losses since 31st March 1994 to 31.3.1999 are indicated in the table given below:

	1994	1995	1996	1997	1998	(Rs. in lakhs) 1999
Share capital	523	531	531	531	531	531
Reserves	81	159	105	131	38	38
Net Capital	604	690	636	662	569	569
Profit/Loss (-) for the year	31	75	(-)52	28	(-)500	(-)798
Depreciation	15	25	24	25	25	26
Cash Loss (-)						
Profit.	46	100	(-)28	53	(-)475	(-)772
Accumulated loss (-)	-	-	-	-	(-)407	(-)1204

KOLUTHARA EXPORTS LTD.



In the opinion of the Management, following are the main reasons for the sickness of the Company.

(a) Managerial problems :

There is no special Managerial Problems peculiar for the unit.

(b) The loss already incurred has eroded the working capital and the terms liability has increased. To service the increased term loan content (principal and interest) very high level of operation is needed. The compound interest accrued and due to the Institutions amount to Rs.81 lakhs as on 31.3.1999 which may be suitably re-calculated at simple interest and such simple interest may be funded into an interest free funded interest account re-payable in easy instalments, or it may be converted into equity.

The interest on the Working Capital from the Banks amounted to Rs.108 lakhs for 1998-99 which requires a suitable reduction taking into account the paying capacity.

From the above it may be observed that the company comes within the meaning of the said Act, 1985, only from the financial year 1998-99. Hence the matter is being reported to the Annual General Meeting.

BY ORDER OF THE BOARD

AROOR,
17.08.1999

A.C.MATHEW
COMPANY SECRETARY



DIRECTORS' REPORT

Your Directors have pleasure in presenting the Tenth Annual Report of the Company together with the Audited Accounts for the year ended 31st March 1999. The salient features are highlighted below :

FINANCIAL RESULTS

The Sales and other income during 1998-99 was Rs.739.65 lakhs as against Rs.1260.07 lakhs during 1997-98. The Company's operations during 1998-99 resulted in a net loss of Rs.797.80 lakhs as against a loss of Rs.499.95 lakhs in the previous year. The accumulated loss was Rs.1204.43 lakhs as against a loss of Rs.406.63 lakhs in the previous year.

OPERATIONS

The operation during the year 1998-99 continued to be difficult for your Company as in the previous year. The problem of the Industry started with the incidence of plague in Surat in Sept 1994. This was followed by various difficulties like imposition of TED (Turtle Excluder Device) by USA against Indian products, discrimination by USA against cooked products, raw material shortage arising from the decline in sea catches year after year and restrictions ordered by the Supreme Court of India against aquaculture farming and excessive competition from South East Asian countries due to currency depreciation. Above all, the ban against Indian seafood products by the European Union from August 1997 on quality grounds, most severely affected our exports as the Europe was our main market and about 70% of the products were being exported to the European Union.

For modernisation of our plant to meet the EU and the National Standards, we had to spend about Rs.150 lakhs in civil works and plant and machinery. We received ultimately the E.U. approval to export to Europe, on 5.7.1999. The delay in modernising the plant was due to belated and insufficient fund flow. This resulted in the turnover being only Rs.720.12 lakhs during 1998-99. The low turnover coupled with losses arising from disposal of low quality and non-moving stock of this highly perishable commodity, resulted in heavy loss as mentioned above.

Your Company which was a 100% EOU from Feb 1994 has been debonded with effect from 21.6.1999 in order to avoid the restrictions in sale of its products in the domestic market and for undertaking job work in the factory, on behalf of third parties.

With the loss suffered during 1998-99, the net worth of the Company is fully eroded. Therefore your Company is required to apply to the Board of Industrial and Financial Reconstruction, New Delhi under Section-15 of the Sick Industrial Companies (Special Provisions) Act 1985 to register it and to take steps to revive your Company.

The total production during the year was 1241 MTs as against 1300.43 MTs in the previous year. The sales turnover was Rs.720.12 lakhs as against Rs.1130.22 lakhs during 1997-98. As in the previous year, the set up in Veraval, Gujarat for procurement and freezing of raw-materials was continued during the year in a limited way, primarily to take advantage of buying of shrimps and other fishes during season at lower price.

FUTURE PROSPECTS

A proposal is being submitted to the Board of Industrial and Financial Reconstruction for revival of the Company by restructuring its finances and providing more Working Capital, at lesser interest burden which will make the operation viable. It is hoped that the Company could reach a viable level in two years' time, after revival.

KOLUTHARA EXPORTS LTD.**WORKING CAPITAL**

During the year the Export Packing Credit Limits continued to be Rs.600 lakhs jointly financed equally under a consortium arrangement by State Bank of India, Overseas Branch, Willingdon Island, Cochin-3 and The Vysya Bank Ltd., M.G.Road, Cochin-35. But due to the low level of operation and the heavy loss suffered by your Company in the last two years the Working Capital is fully eroded. Efforts to raise loans from private parties have not materialised so far.

BOOK CLOSURE

The Share Transfer Books of the Company will remain closed for the period from 16th to 25th September 1999 (inclusive of both the days) for the purpose of Annual General Meeting of the Company.

PARTICULARS OF EMPLOYEES REQUIRED UNDER SEC.217(2A) OF THE COMPANIES ACT,1956

There was no employee who was drawing remuneration above the limits mentioned under Section 217(2A) of the Companies Act, 1956 amended by the Companies Act, 1988.

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

Information as per Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in the annexure, forming part of this report.

DIRECTORS

a) Dr.(Mrs) Elizabeth Leela George Director retires at the meeting and being eligible offers herself for re-appointment as a Director.

AUDITORS

The Company's Auditors M/s.George, John & Prabhu, Chartered Accountants, Cochin-16 retire at the conclusion of this Annual General Meeting and are eligible for re-appointment,

INDUSTRIAL RELATIONS

Industrial relations are satisfactory.

APPRECIATION

The Directors convey their grateful thanks to Kerala State Industrial Development Corporation Ltd., Kerala Financial Corporation, The Marine Products Export Development Authority, Central Institute of Fisheries Technology (CIFT) Cochin Export Processing Zone, State Bank of India and The Vysya Bank Limited. The Directors wish to place on record their sincere appreciation to the employees, share holders and suppliers of the Company for the co-operation and support extended by them.

ON BEHALF OF THE BOARD OF DIRECTORS

AROOR,
17.08.1999

ANTONY VARGHESE KOLUTHARA
MANAGING DIRECTOR