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**ELEVENTH
ANNUAL REPORT
1999 - 2000**

KOLUTHARA EXPORTS LTD.**CONTENTS**

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KOLUTHARA EXPORTS LTD.

BOARD OF DIRECTORS

ANTONY VARGHESE KOLUTHARA
Managing Director

GEORGE VARGHESE KOLUTHARA
Director

K. V. RAJAN
Director - KSIDC Nominee

DR. (Mrs.) ELIZABETH LEELA GEORGE
Director (upto 27 - 12 - 1999)

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 Eleventh 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 Tuesday, the 26th September 2000 at 10 A. M. to transact the following business.

ORDINARY BUSINESS

1. To consider and adopt the accounts of the Company for the financial year ended 31st March, 2000, 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. George Varghese Koluthara who retires by rotation at the Annual General Meeting and being eligible, offers himself 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.

SPECIAL BUSINESS

4. To consider and pass with or without modification, the following resolution, as an Ordinary Resolution :

" RESOLVED THAT the Board of Directors be and is hereby authorised to make a fresh reference to the Board for Industrial and Financial Reconstruction on the basis of the financial position as on 31 - 3 - 2000 as the Company continues to be a Sick Industrial Company within the meaning of Section 3 (1) (O) of the Sick Industrial Companies (Special Provisions) Act 1985 and to comply with all the provisions of the said Act."

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 addresses 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,
06 - 06 - 2000

A. C. MATHEW
COMPANY SECRETARY

KOLUTHARA EXPORTS LTD.



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.

The reference made to BIFR New Delhi, in August 1999, on the basis of the financial position as at 31-3 - 1999, had not been accepted by it. This was primarily because of the non acceptance of the write offs of the deteriorated stock, overdue debts and advances in the accounts for 1998 - 1999, due to the opposition of the two Banks. An appeal against this is being submitted to the Appellate Authority for the Industrial and Financial Reconstruction. Simultaneously a fresh reference is being made to BIFR on the basis of further erosion of Capital during 1999 - 2000, making the companies net worth highly negative as on 31 - 3- 2000

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BY ORDER OF THE BOARD

AROOR,
06 - 06 - 2000

A. C. MATHEW
COMPANY SECRETARY

KOLUTHARA EXPORTS LTD.**DIRECTORS' REPORT**

Your Directors have pleasure in presenting the Eleventh Annual Report of the Company together with the Audited Accounts for the year ended 31st March 2000. The salient features are highlighted below :

FINANCIAL RESULTS

The Sales and other income during 1999 - 2000 was Rs.273.91 lakhs as against Rs.739.65 lakhs during 1998 - 99. The Company's operations during 1999 - 2000 resulted in a net loss of Rs.240.23 lakhs as against a loss of Rs.797.80 lakhs in the previous year. The accumulated loss was Rs.1444.66 lakhs as against a loss of Rs.1204.43 lakhs in the previous year.

DECLARATION AS A SICK COMPANY

The net worth of the Company was fully eroded by 31st March 1999 due to the loss suffered during 1998 - 99 and the Company filed a reference to BIFR, New Delhi as approved by the last Annual General Meeting held on 27th Sep. 1999 for registering the Company as a sick unit under Section 15 of the Sick Industrial Companies (Special Provisions) Act 1985. However our application has not been accepted by the BIFR due to the stiff opposition by our Banks, viz, the SBI and the Vysya Bank who prefer a one time settlement of their dues. The Company is now preferring an appeal under Section 25 of the Sick Industrial Companies (Special Provisions) Act 1985. Also the Company is filing a second reference to the BIFR on the basis of the position as on 31 - 3- 2000 .

OPERATIONS

Since the Company became sick, both SBI and Vysya Bank, stopped extending any working Capital Facilities to the Company from 1 - 4 - 1999. It resulted in Company's inability to accept any order for exporting of its products to foreign countries. This appeared paradoxical, since we could not make any exports even after obtaining the approval of E. U. authorities and complying with their various requirements in modernising the plant. With no Working Capital, the Company is processing the raw material of two other exporters on job work basis. With the small amounts being received from them, the Company could meet certain expenses towards maintenance, power consumption and wages of workers and supervisors, required for the job works.

In this situation our own operation was very small during 1999 - 2000. The total production during the year was 148 MT and export turn over was Rs.184.02 lakhs. This resulted in heavy loss of Rs.240.23 lakhs during the year and the cumulative loss came to Rs.1444.66 lakhs.

FUTURE PROSPECTS

It is hoped that the appeal we are filing before the Honourable Appellate Authority for Industrial & Financial Reconstruction (AAIFR)/ the fresh reference to BIFR would be successful and that the Company will be revived in due course.

KOLUTHARA EXPORTS LTD.**WORKING CAPITAL**

Both SBI and the Vysya Bank Ltd. have frozen the Working Capital limits sanctioned by them as already mentioned earlier. Only after getting the registration under AAIFR / BIFR, the revival of this facility can be expected.

BOOK CLOSURE

The Share Transfer Books of the Company will remain closed for the period from 18th to 25th September 2000 (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.

AUDITORS' REMARK

The Note Nos.3(ii)(b) and 6(b) of Notes on Accounts adequately explain the observations made in paras 13 and 17 of the Auditors' Report.

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

Information as per Section 217(i) (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

Dr. George Varghese Koluthara Director retires at the meeting and being eligible offers himself 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,
06 - 06 - 2000

ANTONY VARGHESE KOLUTHARA
MANAGING DIRECTOR

KOLUTHARA EXPORTS LTD.**ANNEXURE TO THE DIRECTORS' REPORT**

Information as per Section 217(i)(e) read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988 and forming part of the Directors' Report for the year ended 31 - 03 - 2000.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO.**A. CONSERVATION OF ENERGY :-****a) Energy conservation measures taken :**

Conservation of energy is a continuous process and the company had taken various steps in this direction during the year under review, as in the past years.

b) The total energy consumption for production was as under :

	1999 - 2000	1998 - 99
i) Electricity :		
Purchased Units (KWH)	726419	552495
Total Value (Rs.)	2439635	1465006
Rate per Unit (Rs.)	3.36	2.65
(Through Diesel Generators)		
Own Generation :		
Units Generated (KWH)	34128	130745
Litres of Diesel oil per unit	0.30	0.32
Cost per unit (Rs.)	4.74	3.49
ii) Furnace Oil	Nil	Nil
Diesel for boiler	2700 Ltrs.	7200 Ltrs.

B. PARTICULARS REGARDING RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION :**a) Research and Development**

As in the previous years the Company continued with its R & D programme in its Quality Assurance Laboratory but on a low key, as exports declined sharply during the year.

b) Technology Absorption :

We had set up IQF freezing facility in 1992 and the technology had already been fully absorbed.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

	1999 - 2000	(Rs. in lakhs) 1998 - 99
a) Earnings :		
Export Sales	184.02	599.75
b) Outgo :		
Capital Goods & other materials	NIL	NIL
Foreign Travel	NIL	4.25
Subscription / books	NIL	0.04
Sales Commission	NIL	1.12

ON BEHALF OF THE BOARD OF DIRECTORS

AROOR,
06 - 06 - 2000

ANTONY VARGHESE KOLUTHARA
MANAGING DIRECTOR

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

We have audited the attached Balance Sheet of Koluthara Exports Limited as at 31st March 2000 and the annexed Profit and Loss Account for the year ended on that date which are in agreement with the books of account.

As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 and on the basis of such checks of books and records of the Company as we considered appropriate and the information and explanations given to us during the course of our audit, we further state that, in our opinion :

1. The Company has maintained proper records to show full particulars including quantitative details and situation of fixed assets. In accordance with the Company's programme which in our opinion, is reasonable having regard to the size of the company and nature of its assets, major items of fixed assets were physically verified during the year by the management and no material discrepancies were noticed between book records and physical inventory.
2. None of the fixed assets has been revalued during the year.
3. Physical verification has been conducted by the management, at reasonable intervals in respect of finished goods, stores, spare parts and raw materials and in our opinion the frequency of such verification is reasonable.
4. 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. Discrepancies noticed on such verification between physical stock and book records were not material and have been properly dealt with in the books of account. The damaged stock due to quality deterioration has been adjusted in the accounts.
6. On the basis of the examination of the stock records, we are of opinion that the valuation of the stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year. However attention is invited to Note No. 4. Schedule 25 regarding the age and recoverability of stock or finished goods.
7. The Company has not taken any loans secured or unsecured from companies, firms or other parties listed in the Register maintained under Section 301, of the Companies Act, 1956 or Companies under the same management within the meaning of Section 370 (IB) of the Companies Act, 1956.
8. The company has not granted any loans secured or unsecured, except advances for supplies or services to companies, firms or other parties listed in the register maintained under Section 301, of the Companies Act, 1956 or Companies under the same management within the meaning of Section 370(IB) of the Companies Act, 1956.
9. The parties to whom loans or advances in the nature of loans have been given by the Company, the amounts are being recovered according to stipulation / re-stipulation and are also regular in payment of interest where applicable.