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KOLUTHARA
EXPORTS LTD.

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SIXTEENTH ANNUAL REPORT 2004 - 2005

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BOARD OF DIRECTORS

ANTONY VARGHESE KOLUTHARA
Managing Director

JOSEPH VARGHESE
Director

A.C. MATHEW
Director

REGISTERED OFFICE & FACTORY

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

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BANKERS

1. State Bank of India,
Overseas Branch,
Cochin - 682 003.

2. ING Vysya Bank Ltd.,
M.G. Road,
Cochin - 682 035.

AUDITORS

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

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NOTICE

Notice is hereby given that the sixteenth 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 27th September 2005 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 2005, Balance Sheet as on that date and Report of the Directors and of the Auditors thereof.
2. Mr. Joseph Varghese, Director 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 a Special Resolution:

   As a Special Resolution:

   "RESOLVED that Shri Antony Varghese Koluthara who was appointed as Managing Director of the Company for a period of five years from 01.03.1991 to 29.02.1996 under Section 198/309 of the Companies Act, 1956, and re-appointed for two periods of five years from 01.03.1996 to 28.02.2001 and from 01.03.2001 to 28.02.2006 is hereby further reappointed for a period of five years from 01.03.2006 to 28.02.2011 subject to Section 198/309 of the Companies Act 1956 and Schedule XIII thereof, on the following existing terms and conditions:

A) Salary : Rs.15,000/- per month

B) Perquisites :

i) Medical Reimbursement of expenses incurred by the Managing Director and his family subject to the ceiling of one month's salary in a year or three months' salary over a period of three years.

ii) Leave Travel Concession for the Managing Director and his family, once in a year limited to actuals.

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iii) Club Fees - Fees of Clubs subject to a maximum of two Clubs. This will not include admission and life membership fee.

iv) Personal Accident Insurance - Premium not to exceed Rs.1,000/- per annum.

v) Contribution of Provident Fund - According to the rules in force

vi) Gratuity equal to half a month's salary for each completed year of service, subject to limit prescribed.

vii) Use of Car with driver on company's business and telephone at residence. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Managing Director."

NOTES

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. The relative Explanatory Statement, pursuant to Section 173 (2) of the Companies Act, 1956, in respect of the business under item No.4 is annexed hereto.
3. 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,
12.08.2005.

Sd/-
ANTONY VARGHESE KOLUTHARA
MANAGING DIRECTOR

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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

According to the Articles of Association of the Company vide Article 96, Sri. Antony Varghese Koluthara was appointed as the first Managing Director of the Company and subsequently as per Special Resolution passed in the Extra Ordinary General Meeting of the shareholders of the Company held on 1.3.1991 he was appointed for five years from 01.03.1996 to 29.02.1996 and reappointed for another period of 5 years from 01.03.1996 to 28.02.2001 by a special resolution passed at the seventh AGM held on the 20th Sept. 1996. Again he was reappointed for five years from 1.03.2001 to 28.02.2006.

Reappointment for another term of five years from 1.03.2006 is sought now.

BY ORDER OF THE BOARD

AROOR,
12.08.2005.

Sd/-
ANTONY VARGHESE KOLUTHARA
MANAGING DIRECTOR

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DIRECTORS' REPORT

Your Directors are presenting the Sixteenth Annual Report of the Company together with the Audited Accounts for the year ended 31st March 2005. The salient features are highlighted below:

Declaration as a sick Company

The Hon. BIFR has, on the basis of the hearing held on 11.12.2003 gave a verdict that the Company's application dated 9.11.2000 was time barred and rejected the same. The Company has submitted an appeal before the Appellate Authority for Industrial and Financial Reconstruction, New Delhi which is pending now. Simultaneously the Company filed a fresh reference before the Hon. BIFR as per the financial position as on 31.3.2004 which has been registered as Case No.310/2004.

OPERATIONS

During the year, the Company could not continue with its own operation of any substantial manner, since the Banks and Fiancial Institutions have not come forward with any settlement of the credit facilities availed by the Company. The value of its own exports came to Rs.32.35 lakhs. As in the previous year, job works were continued to be undertaken on behalf of two other exporters and the income from job works came to Rs.105.52 lakhs. Due to shortage of raw material, job work was also limited. This resulted in a net loss of Rs.458.87 lakhs during the year 2004-205 which included the interest provided by the Company towards the credit facilities/loans and the cumulative loss was Rs.3249.69 lakhs up to 31.3.2005.

FUTURE PROSPECTS

GOVT. OF INDIA - SUPPORT FROM THE MINISTRY OF COMMERCE

A Forum of Sick Seafood Processing and Exporting Units in India has been formed with 81 members. The Forum has made several representations to the Hon. Prime Minister of India, the Hon. Finance Minister and the Hon. Commerce Minister, the Hon. Chief Minister of Kerala and other Ministers etc. to take effective steps to revive the sick seafood units in the country. The matter is being closely followed by the Managing Director of the Company who is the President of the Forum.

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During the year, the Seafood Industry in the country, continued to be facing multifarious problems as in the last few years which made many units sick fully or partially. The efforts made by the Seafood Exporters' Association of India and the Commerce Ministry to revive the Industry are in progress.

COMMITTEE FOR THE SETTLEMENT OF THE BANK DUES

The Ministry of Commerce constituted a Committee for the settlement and revival of the sick seafood companies. The convener of the Committee is Mr. G. Mohankumar IAS, Chairman, MPEDA. The other members of the Committee are from the Ministry of Finance, Ministry of Commerce, Reserve and of India, Export Credit Guarantee Corporation of India and the concerned leading Banks. The Committee directed the Seafood Exporters Association of India to negotiate with the Banks and Financial Institutions to settle the dues. The work has been already started.

2. KERALA GOVERNMENT-CONSORTIUM OF SICK SEAFOOD COMPANIES

In the meantime, KSIDC has mooted the idea of forming a Consortium of five to eight sick seafood units and your Company is included in this Consortium which is being actively pursued by the Company and some progress is made, with KSIDC taking active interest in this matter.

For the revival of the Sick Seafood Companies through the Consortium, the KSIDC is taking a lead role by way of investment in the equity and also expecting some good investments from India and abroad.

As per the direction of the Chief Minister, a joint meeting had been conducted in the Department of Fisheries and formed a Committee for the settlement and revival of sick Seafood companies in Kerala. The Convener of the Committee is the Secretary to the Fisheries Department. The other members are the Managing Director, KSIDC, Joint Director Marketing, MPEDA, the President of the Forum for Revival and Reconstruction of Seafood Export Industries in India and Mr. Jacob Taliath, a leading seafood Industrialist and Technocrat in Kochi. The Committee has given six suggestions to the Government. One of the suggestions is the formation of Consortium under the control and supervision of KSIDC. KSIDC has started talks with Banks and Financial Institutions to settle the dues.

Now we hope a settlement could be achieved with the Banks and Consortium of Companies could start operations soon. In the meantime the new Company in the name of Food Consortium India Ltd., has already been registered in Cochin.

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BOOK CLOSURE

The Share Transfer Books of the Company will remain closed for the period from 21st to 27th September 2005 (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 Amendment 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) Mr. Joseph Varghese, Director retires at the meeting and being eligible offers himself for re-appointment as a Director.

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AUDITORS

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

MEETING OF AUDIT COMMITTEE

The Audit Committee of the Board of Directors of the Company formed in pursuance of section 292 A of the Companies Amendment Act, 2000 had limited scope, inview of very little activity in the Company due to lack of Working Capital with it and being a sick unit registered with BIFR/AAIFR.

DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the Section 217(2AA) of the Companies Amendment Act 2000, the Directors affirm the following.

(1) In the preparation of the Annual Accounts, the applicable accounting standards have been followed, with proper explanation for any material departure.

(2) The Director had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and

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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 and loss of the Company for the period.

(3) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safe guarding the assets of the Company and for preventing and detecting fraud and other irregularities.

(4) The Annual Accounts have been prepared generally on a going concern basis. However as mentioned earlier, the reference made to the BIFR/AAIFR is pending for a formal declaration of the Company as a sick unit and a final decision and initiation of action for revival of the Company.

INUSTRIAL RELATIONS

Industrial relations were satisfactory, as in the previous years.

APPRECIATION

The Directors convey their grateful thanks to the Hon. Appellate Authority for Industrial & Financial Reconstruction and the Hon. Board for Industrial and Financial Reconstruction, New Delhi, Kerala State Industrial Development Corporation Ltd., Kerala Financial Corporation, The Marine Products Export Development Authority, Central Institute of Fisheries Technology (CIFT), The Export Inspection Agency, the Seafood Exporters Association of India, the Forum for Revival & Reconstruction of Seafood Export Industries in India, State Bank of India, Centurion Bank and ING 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.

BY ORDER OF THE BOARD

AROOR,
12.08.2005.

Sd/-
ANTONY VARGHESE KOLUTHARA
MANAGING DIRECTOR

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