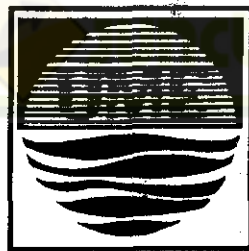


UNIROYAL MARINE EXPORTS Ltd.

SEVENTH ANNUAL REPORT 1998-99



Regd. Office:
11/19, VENGALAM P.O.,
KOZHIKODE - 673 303, KERALA.



UNIROYAL MARINE EXPORTS LTD.

BOARD OF DIRECTORS : Shri. K.C. Babu (Chairman and Managing Director)
 Shri. K.C. Thomas (Director)
 Shri. K.C. Rajan (Director)
 Shri. V.T. John (Director)
 Shri. Varghese Thomas (Director)
 Shri. P. Shrinivas (Director)
 Shri. Iype Mathew (Director)
 Shri. V. Mohanlal (Director)
 Shri. V.S. Ramanath (Director)

BANKERS : 1) The Federal Bank Ltd.
 Calicut - 673 011
 2) UCO Bank
 Calicut - 673 001

AUDITORS : Sudhir & Kuruvilla
 Chartered Accountants
 Cochin -16

REGISTERED OFFICE : 11/19, Vengalam P.O.
 Chemancherry Panchayat
 Kozhikode District, Kerala

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NOTICE

Notice is hereby given that the Seventh Annual General Meeting of the share holders of UNIROYAL MARINE EXPORTS LTD., will be held at the Registered Office of the Company at 11/19, Vengalam P.O., Kozhikode District, Kerala - 673 303 on Saturday the 25th day of September 1999 at 2.30 P.M. to transact the following Business.

Ordinary Business

1. To receive, consider and adopt the Profit and Loss account for the year ended 31st March, 1999 and the Balance Sheet as at that date along with the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in the place of Sri. P. Shrinivas who retires by rotation and being eligible offers himself for the re-appointment.
3. To appoint a Director in the place of Sri. V. Mohanlal who retires by rotation and being eligible offers himself for the re-appointment.
4. To appoint Auditors and fix their remuneration. The present Auditors M/s Sudhir & Kuruvilla, Chartered Accountants, Cochin retire in this meeting and being eligible offer themselves for re-appointment.

By Order of the Board
for UNIROYAL MARINE EXPORTS LTD.,

Sd/-

K.C. BABU
CHAIRMAN & MANAGING DIRECTOR

Kozhikode,
26-07-99.

NOTES

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the company. The instrument appointing the proxy duly stamped and executed should be sent so as to reach the Registered Office of the Company at Uniroyal Marine Exports Ltd., 11/19, Vengalam P.O., Kozhikode - 673 303, not less than 48 hours before the commencement of the Meeting in order to be valid.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 16-09-99 to 23-09-99 (both days inclusive).
3. Members are requested to notify immediately any change in their address to the Regd. Office of the Company.
4. Members/Proxies must bring the original attendance slip sent herewith duly filled in, signed and hand it over at the entrance of the Meeting hall.



DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the 7th Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 1999.

Financial Results

The financial results of the Company for the year 1998-99 is given below:

	(Rs. in lakhs)	
	1998-99	1997-98
Sales	2649.86	1364.94
Depreciation	63.51	61.34
Profit / (Loss)	20.66	(98.85)

Your company's operation during the year 1998-99 resulted in a cash profit of Rs. 90.90 lacs and a net profit of Rs. 20.66 lacs after providing depreciation of Rs. 63.51 lacs and miscellaneous expenditure Rs. 6.73 lacs. This shows a gradual turnaround of your company's performance.

During the year under review, your company exported 2485.75 tonnes of marine products worth Rs. 2649.86 lakhs mainly to Australia, South Africa, USA and European countries.

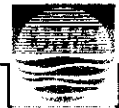
Current Year Operations and Future Prospects

The year under review commenced on an optimistic note as your company was one among the few companies approved for export to the European Union and one among first five companies enjoying Green Channel Status for the export of cooked shrimp into the United States. Compared to sea food industry in general, your company has fared reasonably well during the year 1998-99, having achieved a turn over of Rs. 26.49 crores registering an increase in revenue of over 94%. Your company has implemented the HACCP system in the factory and complies with the guidelines issued by the European Union as well as the US in this regard.

From the figures available with the Marine Products Exports Development Authority, the total quantity of marine products exports during 98-99 declined to 302934 tonnes from 385818 tonnes during the corresponding previous year, showing a decline of 21%. It has also been observed that there had been a decline of 20% in the prices of marine products during 98-99.

Poor landings coupled with severe competition at the landing centers led to high cost of raw-materials on the one side and a fall in the price of marine products in the international market on the other, resulted in an erosion in margins. Further the continued economic recession in Japan, Thailand, Malaysia etc, resulted in an overall recession in the seafood industry. The recent hike in the electricity charges by KSEB has further increased the cost of operation of the company.

In order to make your company more competitive, it has been decided to debond the factory from the 100% EOU status that it is now enjoying, to The Export Promotion Capital Goods Scheme.



Steps have been initiated in this regard and on completion of the legal formalities, your company would become eligible to participate in the DEPB scheme.

Energy Conservation Measures

The project has been conceived and implemented with measures for energy conservation and effluent disposal in mind. A most modern effluent treatment plant has been installed and suitable provision has been made for conservation of energy.

The following table will show the energy consumption during the year 1998-99 as compared to that of 1997-98.

A. Power and fuel Consumption	Unit	Energy Consumption during	
		1998-99	1997 - 98
1. Electricity			
i) Purchased units	KWH	1150969.00	8,14,636.00
ii) Total amount	Rs.	1242106.00	7,90,161.00
iii) Rate per unit	Rs.	1.08	0.97
2. Own Generation through Diesel Generator			
i) Unit	KWH	93110.00	1,19,600.00
ii) Unit per Lr. of diesel oil	KWH	2.71	2.72
iii) Cost per unit	Rs.	4.35	4.20
B. Consumption per Unit of Production			
a) Electricity	KWH	0.53	0.60
b) Diesel	LTRS.	0.04	0.09

Foreign Exchange Earnings and Outgo

- i) Foreign Exchange earned during the year - Rs. 2414.79 lakhs.
- ii) Foreign Exchange outgo - Rs. 4.60 lakhs.

Employee Relations

The employee relations in the Company throughout the period continued to be cordial.

Particulars of Employees

There were no employees drawing a monthly salary of Rs. 25,000/- or more and therefore, no information is required to be furnished as per Sec. 217 (2A) of the Companies Act, 1956.

**Directors**

In terms of Article 95 of the Articles of Association, Shri. P. Shrinivas and Shri. V. Mohanlal retire by rotation at this meeting. They are eligible for re-appointment. IDBI has withdrawn its nominee director Shri. K.R. Murali Mohan from the Board with effect from October 15, 1998. The Board wishes to place on record their deep appreciation for the valuable advice and guidance given by Shri. Murali Mohan during his tenure as a director of the company.

Auditors

M/s Sudhir & Kuruvilla, Chartered Accountants, Cochin were appointed as Auditors of the Company till the conclusion of this Annual General Meeting. They are eligible for re-appointment..

Y2K Compliance

The computer hardware and software of the company are Y2K compliant.

Acknowledgement

Your Directors place on record their deep appreciation for the continued co-operation and support from IDBI, The Federal Bank, UCO Bank, Government Authorities, especially Central Excise Dept., MPEDA, EIA, CEPZ and other statutory authorities, customers, suppliers and share holders. The Directors also acknowledge the valuable contribution made by employees at all levels towards the progress of the Company.

For and on behalf of the Board of Directors

Sd/-

K.C. BABU

Chairman and Managing Director

Kozhikode,

26-07-'99.



AUDITORS' REPORT

The Shareholders of
M/s Uniroyal Marine Exports Limited
Vengalam P.O.
Kozhikode

We have audited the attached Balance Sheet of M/s Uniroyal Marine Exports Limited, Vengalam P.O., Kozhikode, as at 31st March, 1999 and the Profit and Loss Account of the Company for the year ended on that date annexed thereto and report that:

1. 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.
2. In our opinion, proper books of accounts as required by law have been kept by the Company and have been prepared in compliance of the applicable Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956 so far as appears from our examination of the books.
3. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts and returns and give the information required by the Companies Act, 1956 in the manner so required.
4. As required by the Manufacturing and other Companies (Auditors' Report) Order, 1988, we further report that:
 - i. The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets. As per the information and explanations given to us, the fixed assets have been physically verified by the Management periodically and no material discrepancies are stated to have been noticed on such verification. In our opinion, the frequency of physical verification of fixed assets is reasonable having regard to the size of the Company and nature of its business.
 - ii. None of the Fixed Assets of the Company have been revalued during the year.
 - iii. The stocks of finished goods, stores, spare parts and raw materials have been physically verified by the management during the period. In our opinion, the frequency of verification is reasonable.
 - iv. The procedures of physical verification of the stocks followed by the management are reasonable and adequate, commensurate with the size of the company and the nature of its business.
 - v. We are informed that the discrepancies between the physical stocks and the book records are not material and these have been properly dealt with in the books of account.
 - vi. On the basis of our examination of stock records, we are of the opinion that the valuation