



Uniroyal Marine Exports Ltd.

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11th ANNUAL REPORT

2002 - 2003



UNIROYAL MARINE EXPORTS LTD.

CHAIRMAN AND MANAGING DIRECTOR:

K.C. BABU

DIRECTORS

K.C. THOMAS
IYPE MATHEW
V.MOHANLAL
K.C RAJAN
VARGHESE THOMAS
V.T. JOHN
P. SHRINIVAS
V.S RAMNATH

CHIEF EXECUTIVE

GEORGE JOHN

GENERAL MANAGER

THOMAS P KOSHY

COMPANY SECRETARY

N.SATHEESH KUMAR

AUDITORS

SUDHIR & KURUVILLA,
Chartered Accountants
Cochin - 18

BANKERS

1. THE FEDERAL BANK LTD
2. UCO Bank

REGISTERED OFFICE

11/19, Vengalam P.O
Chemancherry Panchayat
Kozhikode Dist.
Kerala - 673303.
INDIA.

NOTICE

Notice is hereby given that the Eleventh Annual General Meeting of the members of UNIROYAL MARINE EXPORTS LTD., will be held at the Registered Office of the Company at 11/19, Vengalam P.O., Kozhikode District, Kerala - 673303 on Saturday the 27th September, 2003 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, 2003 and the Balance Sheet as on the date along with the Report of the Board of Directors and Auditors thereon.
2. To appoint a Director in the place of Shri. V. Mohanlal who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in the place of Shri. P. Shrinivas who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint M/s Sudhir & Kuruvilla, Chartered Accountants, Kochi, retiring Auditors, as Statutory Auditors of the company to hold the office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting.

SPECIAL BUSINESS

5. To consider and if thought fit to pass with or without modifications the following Resolution as a SPECIAL RESOLUTION.

"Resolved that subject to the provisions of the Companies Act, 1956, (including any statutory amendments from time to time), Securities Contracts (Regulation) Act, 1956, and rules framed there under, Listing Agreements and all other applicable laws, rules, regulations, guidelines and subject to such approvals, permissions, sanctions as may be necessary and subject to such conditions and modifications as may be imposed or prescribed by any statutory authority while granting such a approval, permission, sanctions which may be agreed to by the Board of Directors of the company, the consent of the company be and is hereby accorded to the Board of Directors to delist the securities from Stock Exchange, Ahmedabad and The Delhi Stock Exchange Association Ltd.

Further Resolved that the Company Secretary be and is hereby authorised to do such acts, take such steps as may be necessary to give effect to the above resolution".

By Order of the Board
For UNIROYAL MARINE EXPORTS Ltd.,

Kozhikode,
30.07.2003.

N. SATHEESH KUMAR
Company Secretary.

**NOTES (Forming part of the Notice)**

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. In order to be valid, 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. Calicut - 673303, not less than 48 hours before the commencement of the Meeting.
2. The Register of Members and Share Transfer register of the Company will remain closed from 22nd September 2003 to 27th September, 2003 (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.
5. In terms of Clause 49 of the listing agreement with the Stock Exchanges, a brief resume of Directors who are proposed to be reappointed at this meeting is given below:

Mr.V. Mohanlal

Date of birth	-	21/05/1960
Date of appointment	-	21/08/1992
List of other Directorship held	-	Nil
Chairman / Member of the committees of the Board	-	Nil
Chairman / Member of the Committees of Directors of other Companies in which he is member.	-	Nil

Mr. V. Mohanlal is a famous film actor who has won various Awards. He is the Proprietor of "Pranavam Arts".

Mr.P.SHRINIVAS

Date of birth	-	01/12/1936
Date of appointment	-	11/12/1992
List of other Directorship held	-	East Fish (P)Ltd., & Fortune Hotels(P)Ltd.,
Chairman / Member of the Committees of the Board:		Nil
Chairman/Member of the Committees of Directors		
Of other Companies in which he is member :		Nil

Mr. P. Shrinivas is a founder partner of the Thomsun Group, Dubai, U.A.E. He is also a Director of East Fish (P) Ltd, Ajman, U A.E, one of the leading Sea Food processors in UAE. He is a dynamic entrepreneur.



ANNEXURE TO NOTICE

Explanatory Statement

The explanatory statement pursuant to Section 173 (2) of the Companies Act, 1956 for item number 5 of the accompanying notice is as under.

Presently the company's shares are listed in Cochin Stock Exchange Ltd, The Delhi Stock Exchange Association Ltd, The Stock Exchange, Mumbai and The Stock Exchange, Ahmedabad.

Our Company's shares are not being traded actively in any of the Stock Exchanges. SEBI has introduced a new set of guidelines namely SEBI (Delisting of Securities) Guidelines 2003, by which a Company can voluntarily delist its shares from any of the Stock Exchanges including the Regional Stock Exchange by passing a special resolution in a General Meeting, subject to the condition that the shares should continue to be listed in any of the Stock Exchanges having nationwide terminal facility, i.e. either The Stock Exchange, Mumbai or The National Stock Exchange.

Moreover, as a cost control measure it is in the interest of the Company to delist its shares from at least some of the Stock Exchanges. Hence your Directors propose to delist our shares from The Delhi Stock Exchange Association Ltd and The Stock Exchange, Ahmedabad. Our Company's shares will continue to be listed in the stock exchange, Mumbai having nationwide terminal facility and Cochin Stock Exchanges Ltd which is the Regional Stock Exchange. Delisting of the shares from the above Stock Exchanges will not effect the interest of our shareholders in any way.

Hence the Directors recommend to pass this resolution as a special resolution. None of the Directors are interested in the above resolution.

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

Kozhikode,
30.07.2003.

N. SATHEESH KUMAR
Company Secretary.



DIRECTORS' REPORT

Dear Member,

Your Directors have great pleasure in presenting before you the 11th Annual Report together with the Audited Accounts for the year ended 31st March, 2003.

The Financial Results.

	Rs. in lakhs	
	2002-2003	2001-2002
Profit/(Loss) before interest, provision for doubtful debts and depreciation.	239.32	97.23
Interest and financial charges	71.90	63.35
Profit/(Loss) after Interest and Financial charges	167.42	33.88
Provision for doubtful debts	25.45	11.96
Profit/(Loss) before depreciation	141.97	21.92
Depreciation	68.35	66.77
Profit(Loss) after depreciation but before prior period expenses	73.62	(44.85)
Prior period expenses	3.29	(16.00)
Profit/ (Loss) after prior period expenses	70.33	(60.85)

Operation Analysis

Your Directors have pleasure in informing you that, during the year under review, your Company has been able to substantially increase its sales and that consequently, after providing for Rs 25.45 lakhs for doubtful debts, the Rs 68.35 lakhs towards depreciation and after adjusting the prior period expenses of Rs 3.29 lakhs been able to earn a net profit of Rs 70.33 lakhs.

During the year under review, management introduced strong measures to control costs resulting in substantial reduction in expenses under various heads.

As we reported in our last Report, we had submitted a proposal for a One Time Settlement of our dues to IDBI for the principal amount outstanding, waiving the interest dues. After further correspondence/discussions, IDBI had, vide their letter dated 18/12/2002 agreed to a One Time Settlement (OTS) comprising of the principal amount due plus IDBI's legal expenses rounded off to Rs 355 Lakhs, waiving all outstanding interest dues. The first installment of Rs 177.5 lakhs was required to be paid within 3 months of the offer of the OTS and the remaining Rs 177.5 lakhs within the next 6 months.

Your Directors are pleased to inform you that the first installment of Rs.177.5 lakhs has been paid within the time allowed, partly from interest free unsecured loans from the Directors and partly from cash generated from the operations of the company. The next installment is to be paid on or before 18/09/2003. Subject to certain conditions as laid down in letter dated 18-12-2002, IDBI has waived all the interest arrears due from us. Hence the Rs.442.68 lakhs which appeared in our Books under the head of interest accrued and due to IDBI, has been written back in the accounts of this year. Consequently, the company's net worth has become positive and we are no more a sick company under the provisions of the Sick Industrial Companies (special provisions) Act, 1985. Your Directors have approached BIFR for necessary orders in this regard.



ENERGY CONSERVATION MEASURES

Information on the conservation of energy which are required to be disclosed under section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the report of Board of Directors) Rules 1988 are given below.

	Unit	Energy consumption during	
		2002-2003	2001-2002
(A) Power and Consumption			
1. Electricity			
i) Purchased Units	KWH	2363905.00	1999611.00
ii) Total Amount	Rs.	9471136.00	7085438.00
iii) Rate per unit	Rs.	4.01	3.54
2. Own Generation through Diesel Generator			
i) Unit	KWH	98440.00	69660.00
ii) Unit per ltr.of Diesel Oil	KWH	2.89	2.88
iii) Cost per Unit	Rs	8.18	6.46
(B) Consumption per Unit of production			
a) Electricity	KWH	1.29	1.09
b) Diesel	Ltrs.	0.05	0.04

FOREIGN EXCHANGE EARNINGS AND OUTGO

- i) Foreign Exchange earned during the year (on FOB basis) - Rs.26,24,64,957
- ii) Foreign Exchange outgo -Rs.6,63,483

PARTICULARS OF EMPLOYEES

There were no employees drawing a monthly salary of Rs.2,00,000/- 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, Sri. P.Shrinivas and Sri.V.Mohanlal will be retiring at the end of the ensuing Annual General Meeting. They are eligible and offer themselves for reappointment.

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 reappointment.



DIRECTORS' RESPONSIBILITY STATEMENT UNDER SECTION 217 (2AA) OF THE COMPANIES ACT, 1956.

Your Directors confirm:

- (1) that in the preparation of the Annual Accounts, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- (2) that the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March, 2003, and of the profit for the period ended 31st March, 2003;
- (3) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safe guarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (4) that the directors had prepared the Annual Accounts on a going concern basis.

Report on Corporate Governance

The Code of Corporate Governance introduced by the SEBI is required to be implemented by your company as per the Listing Agreement from the financial year 2002-2003. Pursuant to Clause 49 of the Listing Agreement (a) Management Discussion and Analysis (b) The Report on Corporate Governance of your Directors in the Company (c) Auditors certificate on compliance of the Corporate Governance are given as Annexure to the Directors' Report.

TRANSFER OF UNCLAIMED SHARE APPLICATION MONEY AND INTEREST THEREON TO THE INVESTOR EDUCATION AND PROTECTION FUND.

As per the Section 205 C of the Companies (Amendment) Act, 1999, the amount remaining unclaimed in share application money account and accrued interest thereon for a period of 7 years be transferred to The Investor Education and Protection Fund established by the Central Government. A sum of Rs 2,43,042 and Rs 14,514 interest lying with Punjab National Bank was transferred to the fund on 14.02.2003. The amount so transferred cannot thereafter be claimed by any person.

ACKNOWLEDGEMENT

Your Directors wish to place on record their sincere gratitude especially towards IDBI for approving our proposal for a One Time Settlement for the revival of the Company, The Federal Bank Ltd, UCO Bank, Government Authorities, Central Excise Dept., MPEDA, EIA 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

Kozhikode,
30.07.2003.

K.C.BABU
Chairman and Managing Director.



MANAGEMENT DISCUSSION AND ANALYSIS

Industry structure and development

Our company was incorporated in August 1992 for setting up a modern seafood factory for the processing and export of value added marine Products to USA, the European Union and the Far East. The seafood industry was at that time, considered to be one of the "sunrise" industries with a golden future and an assured export market. But during the last few years the seafood industry had been going through a very bad phase with problems right from procurement of raw materials to sale and export. In December 1994, the US clamped restrictions on all cooked products from India. In 1996, the US banned imports of shrimp harvested by vessels not fitted with turtle excluding devices. Further, adverse court decisions seriously hampered development of aquaculture leading to shortage of raw material from this source. During this period the company, with great effort, built up a good market for its various products in Europe. However, in August 1997, Europe banned imports of all seafood items from India leading to our production virtually coming to a standstill. In March 1998 our company, after considerable investment and modification and improvement in production Procedure, was recommended to EEC for exports of frozen fishery products to its member countries with a limitation on daily production. Immediately after the September 11 attack on USA, the US Congress responded by a Bio-terrorism law which requires that all domestic and foreign food facilities that exports to USA be registered with the Food and Drug Administration (FDA), USA.

There has been a shortage of raw material, possibly due to over fishing by licensed foreign vessels, resulting in low capacity utilization. In spite of all these conditions, as ours is one of the few factories in the country enjoying 'Green Channel' status for export of cooked products into the US and also approved for export of frozen fishery products into the European Union, your Directors are of the opinion that our Company has put behind it, the worst period.

Opportunities / Risks

Opportunities

1. Our Company has adopted IQF (Individually Quick Frozen) technology, ensuring higher value addition in its production.
2. Proximity to main fish landing centers namely Beypore and Puthiyapa in North Kerala.
3. Our company has entered into a One Time Settlement (OTS) with IDBI for settlement of the entire dues. Once this payment is effected on or before 18th September, 2003, our liability to IDBI will cease.
4. Our Company enjoys the Green Channel Status for export of cooked product to USA and also approval for export of IQF and Block fishery products to the European Union.
5. The Cost control measures introduced by the management have been working successfully. The positive effects of these measures will be seen in the coming years.

Risks/Threats

1. The company is largely dependent on natural sea caught material. Availability of the raw material would depend upon the seasons.



2. Selling prices are governed by the international market.
3. Kerala State Electricity Board (KSEB) has increased the electricity tariff during the year under review. This has effected the company's performance.
4. Increase in the number of factories having approval for export to the European Union has resulted increased competition.

Internal Control System and their adequacy

Company has been maintaining adequate internal control systems commensurate with the size and volume of the business with respect to the purchase of stocks, raw materials (including components), plant and machinery, other assets and sale of goods. It also ensures that all the assets of the company are adequately protected against loss and all the transactions are properly authorized, recorded and reported.

Financial Performance

Uniroyal Marine Exports Ltd is one of the few companies in the marine sector, which had earned profits during the year 2002-2003. Your directors have great pleasure in informing you that after a series of discussions, IDBI agreed to a One Time Settlement on our payment of Rs 355 lakhs in two installments of Rs.177.5 lakhs each over a period of 9 months in full and final settlement of our dues to them. IDBI has generously waived the interest amounts due on our loan. We have been able to pay the first installment on time, before 18th March, 2003. Consequently the net worth of our company has become positive and your Directors have therefore requested the Hon'ble BIFR to delist our company from the list of sick companies under their purview. We are confident that the second installment will also be paid within time.

The turnover of the company increased from Rs. 2257 lakhs to Rs 2816 lakhs during the year under review. While overall export of marine products from our country, in terms of value, increased by 14%, we were able to achieve a 24.76% increase. Other significant progress during the year includes an increase in export sales to the European Union by 55% and starting exports to the U.K. Similarly, during the year 2002-03, the company has introduced several cost control measures across the spectrum of operations. As a result there has been a significant saving in expenditure and increase in profitability of the company.

As the company is engaged in manufacture of marine products only, segment wise analysis is not significant.

Industrial relation and human resource management

Your Management firmly believes that success of any organization comes from good human resources. Employees are considered as important and valuable assets of the organization and key to its success. Training is provided to employees in selected areas. Your management offers a conducive environment for professional advancement to its employees. Total number of employees directly employed by the company was 183.

Cautionary Statement

Statement given in this section describing the company's objectives, projections, estimates, and expectations may be "forward looking statement" based on the present environment, rules and regulations. The actual result could differ materially from those expressed or implied. The important factors that could make difference among others are economic situation affecting demand and supply, price fluctuation both in domestic and international markets in which the company operates, changes in Govt. regulations, consumer taste, tax laws and other statutes and other incidental factors. The company assumes no responsibility to publicly amend, modify or revise any of the forward looking statements on the basis of any subsequent developments or events.