



# Uniroyal Marine Exports Ltd.



**12th ANNUAL REPORT**

**2003 - 2004**



## **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

**GENERAL MANAGER**

THOMAS P KOSHY

**COMPANY SECRETARY**

V. BALACHANDRAN

**AUDITORS**

SUDHIR & KURUVILLA,  
Chartered Accountants  
Kochi - 682018

**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 Twelfth 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 25th September, 2004 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, 2004 and the Balance Sheet as at that date along with the Report of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri. Iype Mathew who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri. V.S. Ramnath who retires by rotation and being eligible, offers himself for re-appointment.
4. To re-appoint M/s Sudhir & Kuruvilla, Chartered Accountants, Kochi, as Statutory Auditors of the company to hold office from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

### SPECIAL BUSINESS

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

"Resolved that pursuant to Section 163 of the Companies Act, 1956, the Register of Members, Share Transfer Books, Index of Members and other shares related records and registers required to be maintained at the Registered Office of the company, be maintained at the Office of the Registrar and Share Transfer Agents, M/s S K D C consultants Ltd, No 11, Seth Narayandoss Layout, Street No 1, Coimbatore - 641 012 "

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

Kozhikode,  
26.08.2004.

V. BALACHANDRAN  
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.Kozhikode - 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 22<sup>nd</sup> September 2004 to 25<sup>th</sup> September, 2004(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 Exchange, a brief resume of Directors who are proposed to be re-appointed at this meeting is given below:

**Shri. IYPE MATHEW**

Date of birth	- 24/02/1952
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

Shri. Iype Mathew is a Chartered Accountant in practice for nearly 30 years. His experience in taxation and corporate matters are of immense help to the company

**Shri. V S RAMNATH**

Date of birth	- 20/05/1952
Date of appointment	- 11/12/1992
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

Shri. V S Ramnath, B Com, is a businessman. He is the agent in India for a number of buyers of marine products like M/s Hoko Fishing Co, Japan, M/s Gelazur, France, M/s Compesca S.A, Spain, M/s Pesclaudio S P A. Italy and M/s Farport International I N C, USA. He is a dynamic business 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 annexed hereto.

**Item No. 5:** Item No 5 related to transfer of records relating to Register of Members and Share Transfer Books and other shares related records and registers from the Registered Office of the company to the Office of the Registrar and Share Transfer Agent.

As per Section 163 of the Companies Act, 1956, the Register of Members, Register of Debenture holders, Index of members and Debenture holders and copies of all Annual Returns under Section 159 and 160 together with copies of certificates and documents required to be annexed thereto under Section 160 and 161 of the Companies Act, 1956 are to be kept at the Registered Office of the Company. The SEBI circular No D & CC/FITTC/CIR-15/2002 dated 27<sup>th</sup> December, 2002 required all listed Companies to maintain share registry functions in terms of both physical and electronic segment at a single point either in-house or with SEBI registered R & T Agent. Accordingly, the company appointed M/s SKDC Consultants Ltd, No 11, Seth Narayandoss Layout, Street No 1, Coimbatore – 641 012, who are SEBI registered R & T Agent, as its Registrar and Share Transfer Agent for both physical and electronic shares. Therefore, in order to facilitate servicing of shareholders, it is desirable to keep Register of Members, Index of Members and other shares related records and documents at the said Registrar's office.

In order to transfer the aforesaid registers, records etc, at Registrar's office, a Special Resolution is required to be passed in terms of provision of Section 163 of the Companies Act, 1956

As statutorily required by Clause (iii) of Proviso to Section 163(1) of the Companies Act, 1956, a copy of the draft of the Resolution has been submitted to the Registrar of Companies, Kerala

None of the Directors of the Company is in any way concerned or interested in the proposed resolution.

Kozhikode  
26.06.2004

By order of the Board  
For UNIROYAL MARINE EXPORTS Ltd.

V. BALACHANDRAN  
Company Secretary.



## DIRECTORS' REPORT

Dear Member,

Your Directors have great pleasure in presenting before you the 12th Annual Report together with the Audited Accounts for the year ended 31st March, 2004.

### Financial Results.

	Rs. in lakhs	
	2003-2004	2002-2003
Sales		
Export	2587.59	2804.48
Domestic	2.71	11.57
Profit before tax	154.52	70.32
Profit after tax	103.59	43.48

On account of accumulated loss, your Directors have not recommended any dividend.

### Operation Analysis

While the sales for the current period has been less in comparison with previous year, we have been able to earn a profit of Rs 154.52 lakh before tax but after providing for depreciation of Rs.70.01 lakh and after adjusting prior period expenses of Rs. 2.87 lakh.

The increase in profit is due to strong control measures introduced by the management during the previous year.

As we reported last year, we had paid the first installment of One Time Settlement (OTS) within the time allowed by IDBI. The second and final installment of OTS Rs 177.5 lakh which had to be paid on or before 18/09/2003 was paid on 17/09/2003. This amount had been raised by way of Foreign Currency Term Loan in US Dollars equivalent to Indian rupee of Rs 125 lakhs from The Federal Bank Ltd, Kozhikode 11 and the balance amount from internal sources. Thus, the company has settled the entire dues to IDBI. The balance Foreign Currency Term Loan remaining outstanding as on 31.03.2004 is Rs 90.26 lakh.

Your Directors are pleased to inform you that Board for Industrial and Financial Reconstruction (BIFR) has removed our company from the list of sick companies under their purview.



## **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	
		2003-2004	2002-2003
<b>(A) Power and Consumption</b>			
1. Electricity			
i) Purchased Units	KWH	2456951.00	2363905.00
ii) Total Amount	Rs.	10718069.00	9471136.00
iii) Rate per unit	Rs.	4.36	4.01
2. Own Generation through Diesel Generator			
i) Unit	KWH	105970.00	98440.00
ii) Unit per Ltr. of Diesel Oil	KWH	3.29	2.89
iii) Cost per Unit	Rs.	7.59	8.18
<b>(B) Consumption per Unit of Production</b>			
a) Electricity	KWH	1.29	1.23
b) Diesel	Ltrs.	0.06	0.05

## **FOREIGN EXCHANGE EARNINGS AND OUTGO**

- i) Foreign Exchange earned during the year (On FOB basis) - Rs. 24,09,39,804
- ii) Foreign Exchange Outgo - Rs. 17,19,191

## **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, Shri. Iype Mathew and Shri. V S Ramnath will be retiring at the ensuing Annual General Meeting. They are eligible and offer themselves for re-appointment.

## **AUDITORS**

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



## **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 judgments 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 31<sup>st</sup> March, 2004 and of the profit for the period ended 31<sup>st</sup> March, 2004.
- (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 safeguarding 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.

## **Resignation of the Chief Executive Officer**

Shri. George John, who was the Chief Executive Officer of the company, resigned from the post effective 6<sup>th</sup> October, 2003. Your Directors place on record their sincere appreciation of the contribution made by Shri George John, during his tenure as Chief Executive Officer.

## **ACKNOWLEDGEMENT**

Your Directors wish to place on record their sincere gratitude especially towards IDBI for settling our dues to them by way of a One Time Settlement, 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  
26<sup>th</sup> June, 2004

K.C.BABU  
Chairman





## **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 aqua culture 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. Shrimp exports to USA have significantly fallen since February, 2004 in the wake of the anti-dumping suit filed by the Ad hoc Shrimp Trade Action committee against imports from India

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 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.
4. The cost control measures introduced by the management have been working successfully and its positive effect is reflected in the financial results of the company.

#### **Risks/Threats**

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



2. Selling prices are governed by international market.
3. Kerala State Electricity Board (KSEB) has increased the electricity tariff during the year under review. This has affected the cost of production adversely.

### **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. The Internal Control system is supplemented by Internal Audit conducted by a Chartered Accountant.

### **Financial Performance**

While the sales for the current period has been less in comparison with previous year, we have been able to earn a profit of Rs 154.52 lakh before tax but after providing for depreciation of Rs 70.01 lakh and after adjusting the prior period expense of Rs. 2.87 lakh. The increase in profits is due to cost control measures introduced by the company during the year under review.

We had paid the first installment of One Time Settlement (OTS) within the time allowed by IDBI during the year 2002-2003. The second and final installment of OTS Rs 177.5 lakh which had to be paid on or before 18/09/2003 was paid on 17/09/2003. This amount had been raised by way of Foreign Currency Term Loan in US Dollars equivalent to Indian rupee of Rs 125 lakh from The Federal Bank Ltd, Calicut 11 and the balance amount from internal sources. Thus the company has settled the entire dues to IDBI. The balance Foreign Currency Term Loan remaining outstanding as on 31.03.2004 is Rs 90.26 lakh.

Your Directors are pleased to inform you that Board for Industrial and Financial Reconstruction (BIFR) has removed our company from the list of sick companies under their purview.

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 171.

### **Cautionary Statement**

Statement given in this section describing the company's objectives, projection, estimates, and expectations may be "forward looking statements" 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 a 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.