



# **UNIROYAL MARINE EXPORTS LTD.**



## **ANNUAL REPORT**

**2004 - 2005**



## **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  
Nadakkavu West  
Kozhikode 673 011**

**2. UCO Bank  
Kozhikode 673 001**

### **REGISTERED OFFICE**

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



## NOTICE

Notice is hereby given that the Thirteenth 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 24th September, 2005 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, 2005 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. K.C Rajan who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri.V.T John 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 an **ORDINARY RESOLUTION**.

"Resolved that pursuant to the provisions of Clause 49 of the Listing Agreement with Stock Exchanges, the consent of the Company be and is hereby accorded for payment of Rs. 1,000 ( Rupees one thousand only ) or such other amount as may be approved by the Board of Directors subject to the ceiling prescribed under the Companies Act, 1956, or rules framed there under as amended from time to time as sitting fee for each meeting of the Board of Directors or the Committee(s) thereof, attended by the Non- Executive Directors of the company".

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

Kozhikode,  
29.07.2005.

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 21st September 2005 to 24<sup>th</sup> September, 2005(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. K.C RAJAN**

Date of birth	- 14/09/1944
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. K.C. Rajan is a businessman. He is associated with many business enterprises such as Baby Agencies, Baby Marine Fisheries and Baby Memorial Hospital. His experience in marine field is of immense help to the company.

**Shri. V.T JOHN**

Date of birth	- 24/05/1952
Date of appointment	- 21/08/1992
List of other Directorship held	- 1
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.T John is a dynamic business entrepreneur. He is the founder partner of Thomsun Group Dubai. He is also a partner in Thomsun Supermarket, Dubai and a Director of East Fish (P) Ltd, Ajman, UAE.

**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:** The Securities and Exchange Board of India has issued a circular to all the Stock Exchanges advising them to amend the Listing Agreement with the Company. The said amendment in the Listing Agreement is effective from January 01, 2006. One of the requirements stipulated under the revised clause is that all the fees/compensation payable to Non-Executive Directors including the Independent Directors, shall be fixed by the Board of Directors and shall require previous approval of the members in General Meeting.

At present, the Company is paying the Non - Executive Directors of the Company sitting fees of Rs 1,000 for each of the meeting of the Board of Directors or a Committee(s) thereof attended by them.

In view of the revised Clause 49 of the Listing Agreement, the previous approval of members is requested for the payment of such sitting fees. The Directors recommend adoption of the Ordinary Resolution at item No. 5. This resolution is meant for confirming the sitting fee that is being paid to the Directors since the inception of the company for attending the meeting of the Board or committee thereof.

All Directors except Managing Director of the Company is interested in the resolution

Kozhikode  
29.07.2005

By order of the Board  
For UNIROYAL MARINE EXPORTS Ltd.

V. BALACHANDRAN  
Company Secretary.



## DIRECTORS' REPORT

Dear Member,

Your Directors are pleased to present the 13<sup>th</sup> Annual Report on the business and operations of the company together with the Audited Accounts for the year ended 31st March, 2005.

### Financial Results.

	Rs. in lakhs	
	2004-2005	2003-2004
<b>Sales</b>		
Export	2239.48	2587.59
Domestic	21.04	2.71
Profit before tax	59.46	154.52
Profit after tax	35.94	103.59

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

### Operation Analysis

The total revenue (includes sale of licence Rs. 129.19 lakh) decreased to Rs 2389.71 lakh from Rs 2654.60 lakh (includes sale of licence of Rs 64.30 lakh) in 2004 thus showing a decline of 10%. The profit after tax and prior period adjustment decreased to Rs 35.94 lakh in the current year from Rs 103.59 lakh in the previous year showing a decline of 65%.

The factors responsible for the shortfall in profit are mainly due to higher procurement cost for raw materials and depressed market for seafood products in the international market.

For increasing the storage capacity, the company has constructed a cold storage of its own with 600 tonnes capacity. The company had availed a term loan of Rs. 60 lakh from the bankers for this purpose. The Board is happy to report that the repayment of Foreign Currency Term Loan referred to in last year's report would be complete before long.



### **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	
		2004-2005	2003-2004
<b>(A) Power and Consumption</b>			
1. Electricity			
i) Purchased Units	KWH	2427646.00	2456951.00
ii) Total Amount	Rs.	10684188.00	10718069.00
iii) Rate per unit	Rs.	4.40	4.36
2. Own Generation through Diesel Generator			
i) Unit	KWH	121432.00	105970.00
ii) Unit per Ltr. of Diesel Oil	KWH	4.20	3.29
iii) Cost per Unit	Rs.	7.62	7.59
<b>(B) Consumption per Unit of Production</b>			
a) Electricity	KWH	1.42	1.29
b) Diesel	Ltrs.	0.07	0.06

### **FOREIGN EXCHANGE EARNINGS AND OUTGO**

- i) Foreign Exchange earned during the year (On FOB basis) - Rs. 20,56,35,122
- ii) Foreign Exchange Outgo - Rs. 11,36,395

### **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. K.C.Rajan and Shri. V.T. John will be retiring at the end of 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, 2005 and of the profit for the period ended 31<sup>st</sup> March, 2005.
- (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**

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.

## **ACKNOWLEDGEMENT**

Your Directors wish to place on record their sincere gratitude towards 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 contribution made by employees at all levels.

For and on behalf of the Board of Directors

Kozhikode  
29<sup>th</sup> July, 2005

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.

Over the last decade the organized corporate sector has become increasingly involved in preservation, processing and export of coastal fish. With the liberalised policy, fish processing sector has been attracting more foreign investment. Various imponderables existed in the industry in succession over the last 8-9 years, the latest being the anti-dumping action by the U S and the tsunami impact.

Countries to which a major portion of sea foods are destined are becoming increasingly discerning and quality conscious. There is an all round realisation at every level that quality production of international standards is the watchdog for survival now. Uniroyal Marine Exports Ltd was conscious about maintenance of quality from the very inception of the company and have fully geared to maintain quality right from the selection of the raw material to that of the ingredients. We had also already taken steps to upgrade the hygienic and sanitary conditions of the workers, plant and machinery so as to ensure quality of the finished product.

### **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 are being continued

#### **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 effected the cost of production to some extent.

**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 35.94 lakh after tax and prior period adjustments. The shortfall in profit is mainly due to higher raw material procurement cost and depressed market for seafood products in the international market.

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. Total number of employees directly employed by the company was 164

**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.