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ANNUAL REPORT AND ACCOUNTS

1996/97

Report  Junction.com

THE COCHIN MALABAR ESTATES
AND INDUSTRIES LIMITED



THE COCHIN MALABAR ESTATES AND INDUSTRIES LIMITED

DIRECTORS

Mr. Jimmy J. Gazdar, Chairman & Managing Director
Mr. Minoo H. Mody, Vice-Chairman
Mr. B.G. Bangur
Mr. Noshir S. Dhabhar
Mr. K.N.V. Ramani
Mr. K.R. Menon
Mr. V. Ramanan

AUDITORS

Messrs. Fraser & Ross

BANKERS

Bank of India
The Federal Bank Ltd.
Bank of Maharashtra
State Bank of India
Standard Chartered Bank
Indian Overseas Bank
ANZ Grindlays Bank

REGISTERED OFFICE

"Malabar House"
56, Bristow Road
Willingdon Island
Kochi 682 003
Kerala State

THE COCHIN MALABAR ESTATES AND INDUSTRIES LIMITED

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the 67th Annual General Meeting of the Company will be held at the Registered Office of the Company at "Malabar House", 56, Bristow Road, Willingdon Island, Kochi 682 003, on Monday, 29th September, 1997 at 4 P.M. to transact the following business:

1. To receive and adopt the audited Balance Sheet as at 31st March 1997 and the Profit and Loss Account for the year ended on that date and the reports of the Board of Directors and Auditors.
2. To declare a dividend.

The Board of Directors recommend a dividend of 45% on Equity Shares.

3. To appoint Directors in place of those retiring.

Mr. Noshir S. Dhabhar and Mr. K.N.V. Ramani who retire by rotation and, being eligible, offer themselves for reappointment.

4. To appoint auditors for the ensuing year and to fix their remuneration.

Special Business:

5. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary resolution.

"RESOLVED that consent/approval be and is hereby accorded under Sections 198, 269, 309 and Schedule XIII and other applicable provisions of the Companies Act, 1956 for re-appointment of Mr. Jimmy J. Gazdar as Chairman and Managing Director of the Company for a period of five years from 1st December 1997 and for a payment to him of remuneration, commission and perquisites as set out in the text of the Explanatory Statement in relation to this Resolution annexed to the Notice of the Annual General Meeting, with liberty to the Board of Directors to increase the remuneration so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 and/or any statutory modifications or substitution thereof, and for entering into an Agreement with him incorporating the provisions as to remuneration, commission and perquisites and other applicable terms and conditions as per the draft agreement approved by the Board of Directors for being entered into by the Company with him."

THE COCHIN MALABAR ESTATES AND INDUSTRIES LIMITED

NOTES

- a) The explanatory statement under Section 173(2) of the Companies Act, 1956 relating to the Special Business to be transacted at the meeting is annexed hereto.
- b) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.
- c) The Register of Members and Share Transfer Books of the Company will remain closed from 16th to 29th September 1997 both days inclusive. The dividends to be declared at the meeting will be payable to those members whose names appear on the registers of the Company on 29th September 1997.
- d) With a view to providing protection against fraudulent encashment of dividend warrants, the members were requested in the past to provide their Bank Account number, name of the bank and address of the branch to enable the Company to incorporate the said details in the dividend warrants. Those members who have not yet provided such information are again requested to provide these details quoting their folio numbers, to reach the Company latest by 1st October 1997, to enable the Company to incorporate this information in the dividend warrants. Members will appreciate that the Company will not be responsible for any loss arising out of such fraudulent encashment of dividend warrants.
- e) In accordance with Section 205-A (5) of the Companies Act, 1956 dividends which remained unpaid or unclaimed for a period of three years have been transferred to the General Revenue Account of the Central Government.

Kochi 682 003
Kerala
1st September, 1997

By Order of the Board
P.V. Varghese
Secretary

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956

Item 5:

Mr. Jimmy J. Gazdar was appointed as Chairman and Managing Director of the Company for a period of Three years from 1st December, 1994 and his appointment as well as remuneration and perquisites were approved at the 64th Annual General Meeting of the Company held on 30th September, 1994.

THE COCHIN MALABAR ESTATES AND INDUSTRIES LIMITED

The Board of Directors at their Meeting held on 14th August 1997 have re-appointed Mr. Jimmy J. Gazdar as Chairman and Managing Director for a period of Five years from 1st December, 1997 and the proposed remuneration, perquisites and applicable terms and conditions are set out below:

1. Salary : Rs.87,500/- per month
2. Commission : 1% of the net profits of the Company.
3. PERQUISITES:
 - A) The Chairman and Managing Director shall be eligible to the following perquisites, which are not to be included in the computation of the ceiling on remuneration specified in Paragraph 1 of Section II of Part II of the Schedule XIII to the Companies Act, 1956:-
 - i) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
 - ii) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service; and
 - iii) Encashment of leave at the end of the tenure;
 - B)
 - i) Housing I : Expenditure by the Company on hiring furnished accommodation will be subject to a ceiling of 60% of the Salary.
 - Housing II : In case the accommodation is owned by the Company, 10% of the salary of the appointee shall be deducted by the Company.
 - Housing III : In case no accommodation is provided by the Company, the appointee shall be entitled to House Rent Allowance subject to the ceiling laid down in Housing I above.
 - Explanation : The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income Tax Rules, 1962.

THE COCHIN MALABAR ESTATES AND INDUSTRIES LIMITED

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| ii) Medical Reimbursement | : Expenses incurred for the appointee and his family subject to a ceiling of one month's salary in a year or three months salary over a period of three years. |
| iii) Leave | : For every 11 months service, one month's leave on full pay with liberty to accumulate such leave and encashment of leave at the end of tenure. |
| iv) Leave Travel Concession | : For the appointee and his family once in a year incurred in accordance with the Rules of the Company. |
| v) Club Fees | : Fees of Clubs subject to a maximum of 2 Clubs. This will not include admission and Life Membership Fee. |
| vi) Personal Accident Insurance | : Premium not exceeding Rs.4,000/- per annum. |

OTHER TERMS AND CONDITIONS:

- i) The Remuneration, Commission and Perquisites shall be subject to the overall ceiling under Sections 198 and 309 of the Companies Act, 1956.
- ii) In the event of absence or inadequacy of profits in any financial year during the tenure of the Chairman and Managing Director, he shall be paid the same remuneration as specified above, subject to the overall package of remuneration (inclusive of commission of net profits, if any and exclusive of perquisites not reckoned for the purpose of ceiling in Section II of Part II of Schedule XIII to the Companies Act, 1956) being within the limits prescribed in Section II Part II aforesaid and /or any statutory modifications or substitutions thereof.

Since the proposed appointment, remuneration and perquisites conform to the requirements of Schedule XIII to the Companies Act, 1956, the approval of the Central Government is not required.

Part III of Schedule XIII to the Companies Act, 1956 requires the appointment and remuneration to be approved by a Resolution of the Shareholders in General Meeting. Accordingly the Resolution under Item 5 is recommended by the Board of Directors for approval of the General Meeting.

THE COCHIN MALABAR ESTATES AND INDUSTRIES LIMITED

The Draft Agreement which has been approved by the Board of Directors for being entered into by the Company with the Chairman and Managing Director incorporating the provisions of the remuneration, commission, perquisites and other applicable terms and conditions of appointment is available for inspection by any Member of the Company, at the Registered Office of the Company, between 10.00 A.M. and 12.00 Noon on any working day before the Annual General Meeting including the day of the Meeting.

The above may also be treated as an Abstract of the terms of the Agreement between the Company and the Chairman and Managing Director and memorandum of interest pursuant to Section 302 of the Companies Act, 1956.

Mr. Jimmy J. Gazdar is interested in the Resolution to the extent of the remuneration and perquisites to be paid to him and no other Director is concerned or interested in the Resolution proposed.

Kochi 682 003
Kerala
1st September, 1997

By Order of the Board
P.V. Varghese
Secretary

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THE COCHIN MALABAR ESTATES AND INDUSTRIES LIMITED

REPORT OF DIRECTORS

The Directors submit their Sixty Seventh Annual Report and Statement of Accounts for the year ended 31st March 1997.

Accounts	Rs.
The Profit before taxation for the year as shown by the Profit and Loss Account is	94,33,881
From which has to be deducted the provision for taxation (after writing back earlier years excess provision of Rs. 19,00,000/-)	31,00,000
	<u>63,33,881</u>
To which has to be added surplus brought forward from previous year	5,81,27,939
	<u>6,44,61,820</u>
Which your Directors propose to appropriate as under:	
Transfer to General Reserve	6,34,000
Proposed Dividend @ 45% on Equity Shares	79,73,586
Corporate Dividend tax	7,97,359
Balance to be carried forward	5,50,56,875
	<u>6,44,61,820</u>

Estates

The estates are maintained in a satisfactory manner. Even though the rubber crop declined due to reduction in area under rubber consequent on the acquisition of land by KSIDC, this was made good by increased purchases of latex from outside for processing. Tea crop harvested was higher compared with previous year. Decline in the market price of rubber coupled with increased cost of inputs both in rubber and tea resulted in an overall lower margin of profit.

Eventhough the sale of Pullikanam Tea Estate was authorised by the resolution passed in the 65th Annual General Meeting of the Company, your directors have not been successful so far to carry out the said decision as there was no demand for tea estates during 1996/97 due to unattractive tea prices and the tight money market situation. However, recently conditions show signs of a change for the better and if this trend continues it is hoped that offers for the estate will start coming in.

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Fire and Security Engineering Division

This Division posted substantial improvement in business during the year, resulting in increased profit.

Aqua Culture Project

The performance of this Division during the year was satisfactory having harvested two good crops.

Rubber Wood Project

The commercial production at the rubber wood factory commenced with effect from 1st September 1996 and the Company could execute ten export consignments during the 7 months time in the year under report. Our products have been accepted well by the foreign buyers.

Directors

In accordance with Article 133 of the Articles of Association of the Company Mr. Noshir S. Dhabhar and Mr. K.N. V. Ramani retire by rotation and, being eligible, offer themselves for re-appointment.

Employees

Information as per Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, forms part of this report. However, as per the provisions of Section 219 (1) (b) (iv) of the Companies Act, 1956, the report and accounts is being sent to all shareholders of the Company excluding the statement of particulars of employees under Section 217 (2A) of the Act. Any shareholder interested in obtaining a copy of the said statement may write to the Company Secretary at the Registered Office of the Company.

Relations with staff and labour were generally satisfactory during the year.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo.

The information as required under Section 217 (1) (e) of the Companies Act, 1956, is given in the Annexure to this report.

Subsidiary Company

The Malabar Processors Limited ceased to be the Subsidiary Company during the year under report.

Auditors

Messrs Fraser & Ross, the retiring auditors, are eligible for re-appointment.

As regards the value of the debentures and interest thereon, as referred to in Auditors Report, the management has initiated steps to recover the amounts and presently no provision is considered necessary.

Mumbai
14th August, 1997

For and on behalf of the Board of Directors
Jimmy J. Gazdar
Chairman & Managing Director