

**ANNUAL
REPORT AND
ACCOUNTS**

1998 / 99



**THE COCHIN MALABAR ESTATES
AND INDUSTRIES LIMITED**

THE COCHIN MALABAR ESTATES AND INDUSTRIES LIMITED

DIRECTORS

Mr. Jimmy J. Gazdar, Chairman & Managing Director
Mr. B.G. Bangur
Mr. Noshir S. Dhabhar
Mr. K.N.V. Ramani
Mr. K.R. Menon
Mr. K. Vaidyanathan

AUDITORS

Messrs. Fraser & Ross

BANKERS

Bank of India
The Federal Bank Ltd.
Bank of Maharashtra
State Bank of India
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 69th 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 Thursday, 30th September, 1999 at 4 P.M. to transact the following business:

1. To receive and adopt the audited Balance Sheet as at 31st March, 1999 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 appoint a Director in place of Mr. B.G. Bangur, who retire by rotation and being eligible, offer himself for reappointment.
3. To appoint auditors for the ensuing year and to fix their remuneration.

Special Business:

4. To appoint Mr. K. Vaidyanathan as a Director of the Company.

NOTES

- a) The explanatory statement under section 173(2) of the Companies Act, 1956 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 30th September, 1999 both days inclusive.
- d) The Company has already transferred unclaimed dividend declared for the financial year ended 31st March 1995 to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978.

Kochi 682 003
Kerala
1st September, 1999

By Order of the Board
P. V. Varghese
Secretary

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

Item 4

Mr. K. Vaidyanathan who was co-opted to the Board in the casual vacancy of Mr. V. Ramanan will hold office upto the date of ensuing Annual General Meeting in accordance with Section 262 of the Companies Act, 1956.

As required under Section 257 of the Act notice and requisite deposit have been received from a shareholder of the Company signifying his intention to propose Mr. K. Vaidyanathan as a director and the Board of directors recommend this resolution for approval of the shareholders.

None of the Directors of the Company other than Mr. K. Vaidyanathan is interested in this resolution.

Kochi 682 003
Kerala
1st September, 1999

By Order of the Board
P. V. Varghese
Secretary

THE COCHIN MALABAR ESTATES AND INDUSTRIES LIMITED

REPORT OF DIRECTORS

The Directors submit their Sixty-ninth Annual Report and Statement of Accounts for the year ended 31st March, 1999.

Accounts	Rs.
The Profit / (loss) before taxation for the year as shown by the Profit and Loss Account is	(7,72,35,441)
To which has to be added surplus brought forward from previous year	2,68,19,881
Net profit / (loss) carried forward to Balance Sheet	<u>(5,04,15,560)</u>

Dividend

The Directors regret their inability to declare dividend for the year ended 31st March, 1999 owing to the losses suffered by the company.

Estates

The Estates are maintained in a satisfactory manner. Both rubber and tea crop harvested and price realised were lower compared to the previous year. The over all performance of the company was severely hit during the year under report due to the low and uneconomic rubber prices coupled with lack of demand in particular, resulting in increase in losses compared to the previous year.

Eventhough the sale of Pullikanam Tea Estate was authorised by the resolution passed in the 65th Annual General Meeting of the company, your directors are not yet successful to implement the same.

Fire and Security Engineering Division

The business under this Division was affected due to the slump in construction activities consequent on the prevailing general economic recession.

Aqua Culture Project

The performance of this division during the year under report was better than last year.

Rubber Wood Project

The operation of this division was affected by the ban imposed by the Forest Department stopping the working of saw mills within 5 kms of the forest area. The matter has been taken up with the Chief Conservator of Forests (Protection), Trivandrum to the effect that the ban should not be applied to manufacture of the processed rubberwood and should be confined to saw mills. In view of the stoppage of work we could execute only four export orders during the year under report.

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Directors

Mr. V. Ramanan resigned from the Board and Mr. K. Vaidyanathan, Executive Director (Retd.), Life Insurance Corporation of India, Chennai, was co-opted in his place on 28th July 1999. The Board place on record their appreciation of the valuable services of Mr. V. Ramanan during his tenure of office.

In accordance with Article 133 of the Articles of Association of the Company Mr. B.G. Bangur retires by rotation and, being eligible, offers himself for reappointment.

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.

Y2K Compliance

The Company has taken effective steps for Y2K compliance before December 1999.

Auditors

Messers Fraser & Ross, the retiring auditors, are eligible for reappointment.

Addendum to the Directors Report with reference to the Auditors Report on Note B-5

The non-provision for the slow moving stock of rubberwood is in view of the improvement in the market and the anticipation that there may not be a perceptible fall in realisation.

Coimbatore
28th August, 1999

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

THE COCHIN MALABAR ESTATES AND INDUSTRIES LIMITED**ANNEXURE TO DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 1999.**

Statement 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.

(A) Conservation of Energy:

- (a) Energy conservation measures taken : Steps initiated to prevent power leakages and for air drying of rubber to save fuel.
- (b) Additional investments and proposals, if any, being implemented for reduction of Consumption of energy : Feasibility studies for tapping solar and wind energies are being conducted.
- (c) Impact of the measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods : Not presently quantifiable.
- (d) Total Energy Consumption and energy consumption per unit of production as per Form 'A' (For Tea only) :

FORM 'A'*(See Rule 2)***Form for Disclosure of particulars with respect to conservation of energy**

	Current Year (1998-99)	Previous Year (1997-98)
a. Power and Fuel Consumption		
1. Electricity		
(a) Purchased		
Units (KWH)	1,40,782	1,37,024
Total Amount (Rs.)	6,23,547	4,52,189
Rate/Unit (Rs.)	4.43	3.30
(b) Own Generation		
(i) Through Diesel Generator - Units	75,928	1,53,200
Unit per Litre of Diesel Oil	2.81	2.98
Cost/Unit (Rs.)	4.01	3.29
(ii) Through Steam Turbine/Generator	NIL	NIL
2. Coal		
Quantity (Kg.)	18,800	29,470
Value (Rs.)	80,911	1,12,223
Avg. Cost (Rs./Kg.)	4.30	3.80

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	Current Year (1998-99)	Previous Year (1997-98)
3. Leco		
Quantity (Kg)	3,71,670	2,74,130
Total Cost (Rs.)	17,67,883	12,04,462
Avg. Rate (Rs./Kg)	4.75	4.39
4. Others (Purchased)		
Fire Wood (used in Drier Heaters)		
Quantity (Cubic Metre)	328	946
Total Cost (Rs.)	1,49,104	5,12,647
Avg. Rate/Unit (Rs./Cubic Metre)	454	542
b. Consumption Per Unit of Production		
Standards if any		
Product - Tea (Unit/Kg of Made Tea)		
Electricity	0.24	0.21
Leco	0.63	0.41
Coal	0.03	0.04
Fire Wood	0.0005	0.0014
Note: No Standards are available for comparison		

(B) Technology Absorption:

(e) Efforts made in technology absorption



FORM 'B'
(See Rule 2)

Form for Disclosure of particulars with respect to absorption

Research & Development (R&D)

- | | |
|---|--|
| 1. Specific areas in which R&D carried out by the Company | NIL |
| 2. Benefits derived as a result of the above R&D | NIL |
| 3. Future plan of action | Further improvements in cultural and plant protection practices as recommended by UPASI Tea Research Institute are being adopted in addition to our own efforts for achieving better productivity and quality. |
| 4. Expenditure on R&D-Recurring | Annual Research Subscription to UPASI to support the activities of UPASI Tea Research Institute Rs. 42,900/- |

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Technology Absorption, Adaptation and Innovation

- | | |
|---|---|
| 1. Efforts in brief, made towards Technology absorption, adaptation and innovation | Company, a member of UPASI Tea Research Institute, is adopting their suggestions and recommendations in addition to our own efforts for improving productivity and quality. |
| 2. Benefits derived as a result of the above efforts. eg. product improvement, cost reduction, product development etc. | Improvement in Productivity and Quality. |
| 3. In the case of imported technology, following information may be furnished | |
| (a) Technology imported | NIL |
| (b) Year of Import | Not Applicable |

(C) Foreign Exchange Earnings and Outgo

- | | |
|---|---|
| (f) Activities relating to export; initiatives taken to increase exports; development of new export markets for products and services; and export plans | NIL |
| (g) Total foreign exchange earned and used | Earned : Rs. 14,96,045/-
Used : Rs. 63,721/- |

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

THE COCHIN MALABAR ESTATES AND INDUSTRIES LIMITED

REPORT OF THE AUDITORS

To the Members of
The Cochin Malabar Estates And Industries Limited.

We have audited the attached Balance Sheet of THE COCHIN MALABAR ESTATES AND INDUSTRIES LIMITED as at 31st March, 1999 and the Profit and Loss Account for the year ended on that date annexed thereto and report that:

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956 we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to in paragraph 1 above we state that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of such books.
 - (c) The Balance Sheet and the Profit and Loss Account referred to in this Report are in agreement with the books of account.
 - (d) In our opinion the Balance Sheet and the Profit and Loss Account comply with the Accounting Standards referred to in Sub-section (3C) of Section 211 of the Companies Act, 1956.
 - (e) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and the Profit and Loss Account read together with the Significant Accounting Policies and Notes thereon, give the information required by the Companies Act, 1956 in the manner so required and subject to non-provision of slow moving stocks stated at estimated realisable value of Rs. 157.70 lacs as referred to in Note B-5, the effect of which is not quantifiable, give a true and fair view:
 - A. in so far as it relates to the Balance Sheet, of the state of affairs of the Company as at 31st March, 1999
 - and
 - B. in so far as it relates to the Profit and Loss Account, of the Loss of the Company for the year ended on that date.

Coimbatore
28th August, 1999

For FRASER & ROSS
M.K. Ananthanarayanan
Partner
Chartered Accountants

THE COCHIN MALABAR ESTATES AND INDUSTRIES LIMITED

ANNEXURE TO THE AUDITOR'S REPORT

**To the Members of
The Cochin Malabar Estates and Industries Limited
on the Accounts for the year ended 31st March, 1999
(Referred to in Paragraph 1 of our report of even date)**

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. We have been informed that the company has during the year physically verified its assets other than furniture and fixtures, and that no material discrepancies were noticed on such verification.
2. None of the Fixed Assets of the Company have been revalued during the year.
3. (i) The stock of Rubber, Tea, Treated Rubber Wood, Stores and Spare Parts have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
(ii) The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(iii) The discrepancies noticed on verification between the physical stocks and book records were not material. In our opinion, the valuation of stocks other than those relating to Treated Rubberwood Division have been fair and proper and is in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year. In respect of Treated Rubberwood stock which are slow moving no provision has been made for non-realisaibility.
4. The Company has not taken any loan from Companies, Firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 or from Companies under the same management.
5. In respect of advances in the nature of loans, including those given to employees, the parties are generally repaying the principal amount and are also regular in the payment of interest where applicable.
6. In our opinion and according to the information and explanations given to us during the course of audit, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of stores, raw materials including components, equipments and other assets and for the sale of goods.
7. The company has not purchased during the year raw materials, stores, spare parts and packing materials and not sold any goods aggregating to Rs. 50,000/- in value from/to companies or firms in which the directors are interested as recorded in the register maintained under Section 301 of the Companies Act, 1956.