

ANNUAL REPORT AND ACCOUNTS

1999 / 2000



**THE COCHIN MALABAR ESTATES
AND INDUSTRIES LIMITED**

THE COCHIN MALABAR ESTATES AND INDUSTRIES LIMITED

DIRECTORS

Mr. Jimmy J. Gazdar, Chairman & Managing Director
Mr. G.D. Bangur
Mr. Noshir S. Dhabhar
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

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 70th 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 Friday, 29th September, 2000 at 4 P.M. to transact the following business:

1. To receive and adopt the audited Balance Sheet as at 31st March, 2000 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. Jimmy J. Gazdar, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Noshir S. Dhabhar, who retires by rotation and being eligible, offers himself 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 of the company be and is hereby accorded under Section 293(1) (a) and other applicable provisions if any of the Companies Act, 1956 to the Board of Directors of the company to hive off or lease out the Rubber Wood Factory situated at Kinalur Estate, Calicut with land, buildings, plant and machinery with all infrastructures and appurtenants thereto both immovable and/or movable to the best advantage of the company on such terms and conditions as they deem fit, failing which, to close down the said unit and dispose off the assets rendered unproductive/surplus".

6. To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution:

"Resolved that consent of the company be and is hereby accorded under Section 293(1) (a) and other applicable provisions if any of the Companies Act, 1956 to the Board of Directors of the company to sell or lease out the Aqua Culture Farms of the company situated at Goa with seeding ponds, land, buildings, plant and machinery with all infrastructures and appurtenants thereto both immovable and/or movable to the best advantage of the company on such terms and conditions as they deem fit".

7. To consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution:

"Resolved that consent of the company be and is hereby accorded under Section 293(1) (a) and other applicable provisions if any of the Companies Act, 1956 to the Board of Directors of the company to close down the Fire Engineering Division of the company at Bombay and sell the office premises situated at Maker Tower F, Cuffe Parade, Bombay to the best advantage of the company on such terms and conditions as they deem fit".

THE COCHIN MALABAR ESTATES AND INDUSTRIES LIMITED

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 15th to 29th September, 2000 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, 2000

By Order of the Board
P. V. Varghese
Secretary

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

Item 5, 6 and 7

Though the Company's core business has always been Rubber Plantations, the Company diversified in the period subsequent to 1983 to certain lines of business in the expectation that these would help to broaden the activities of the company and improve its profitability. Accordingly, the new lines of business viz: Fire Engineering Division at Bombay, Aqua Culture Farming at Goa and Rubber Wood Factory at Calicut were started. The Capital outlay in all these diversification was Rs. 26.21 crores. However, these activities have not produced the anticipated results and have resulted in revenue losses. With the rubber prices falling from 1995/96 onwards affecting the core business activity of the Company, it is no longer considered possible to sustain the diversified lines of business.

In the interest of the Company's viability and to conserve its resources and reduce its borrowings, the Board of Directors have decided to concentrate on the core business of Rubber plantations and deal with the diversified lines of business by hiving them off/lease/sale as may be found feasible on terms most advantageous to the Company.

Accordingly, the necessary resolutions are proposed under subject 5 in respect of Rubber Wood Factory, subject 6 in respect of Aqua Culture Farm, subject 7 in respect of Fire Engineering Division to seek the approval of the shareholders and also comply with the requirements of Section 293(1) (a) of the Companies Act, 1956 in so far as the said provision may be attracted. None of the Directors are interested in the proposed resolutions.

Kochi 682 003
Kerala
1st September, 2000

By Order of the Board
P. V. Varghese
Secretary

THE COCHIN MALABAR ESTATES AND INDUSTRIES LIMITED

REPORT OF DIRECTORS

The Directors submit their Seventieth Annual Report and Statement of Accounts for the year ended 31st March, 2000.

Accounts	Rs.
The loss before taxation for the year as shown by the Profit and Loss Account is	11,31,33,143
To which has to be added deficit brought forward from previous year	5,04,15,560
Net loss carried forward to Balance Sheet	16,35,48,703

Dividend

The Directors regret their inability to declare dividend for the year ended 31st March 2000, owing to the losses suffered by the company.

Review of the Operations

The general industrial recession, apart from the fall in the rubber prices and the interest burden on Company's borrowings have had a severe impact on the performance of all the divisions of the company resulting in a loss of Rs.11.31 crores.

Plantations

During the peak production months from the last week of November 1999 to January 2000 the workers, demanding higher percentage of bonus, resorted to go slow agitation which resulted in a loss of 3,49,848 kg of Rubber crop and 76,600 kg of Tea crop as compared to last year. The rubber market continued to remain depressed and tea price recorded a fall of Rs.7.82 per kg due to poor export demand. The labour rate as also the cost of other input had sharply gone up. The combined effect of this resulted in unprecedented loss.

Fire Engineering Division

The lack of orders due to industrial recession and slump in construction activity adversely affected the business of the division.

Aqua Culture Division

The first crop harvested was much lower than the expected production and for want of working capital, stocking could not be done for second crop.

Rubber Wood Factory

As reported last year, the operations continued to remain stand still following the ban imposed by the Forest Department. Representations have been made to the concerned authorities for withdrawal of the aforesaid ban and the orders are awaited.

THE COCHIN MALABAR ESTATES AND INDUSTRIES LIMITED

Future Prospects

Due to continued losses from the newly diversified lines of business your directors are considering various options i.e. to hive off these units; to gradually close down and dispose off the surplus assets. They are also exploring the possibilities of leasing out the rubberwood factory at Calicut and the aqua culture farms at Goa. The company is now concentrating on its core business of plantations. Various measures initiated in this regard have shown sign of recovery in respect of Rubber plantations in the first quarter ending 30th June 2000. The market for Tea which was depressed in the first quarter ended on June 2000 is now improving. Thus, the company expects better performance during the current financial year barring unforeseen developments.

Directors

Mr. K.N.V. Ramani and Mr. B.G. Bangur resigned from the Board. The Board place on record their appreciation of the valuable services rendered by Mr. K.N.V. Ramani and Mr. B.G. Bangur during their tenure of office.

Mr. G.D. Bangur was appointed as Director on 30th April 2000, to fill in the vacancy caused by the resignation by Mr. B.G. Bangur.

In accordance with Article 133 of the Articles of Association of the Company Mr. Jimmy J. Gazdar and Mr. Noshir S. Dhabhar retire by rotation and, being eligible, offer themselves 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 barring the agitation by workers for higher bonus referred earlier 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 become Y2K compliant w.e.f. December 1999.

Auditors

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

Coimbatore
24th August, 2000

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, 2000.**

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 (1999-2000)	Previous Year (1998-99)
a. Power and Fuel Consumption		
1. Electricity		
(a) Purchased		
Unit (KWH)	1,70,588	1,40,782
Total Amount (Rs.)	9,66,741	6,23,547
Rate/Unit (Rs.)	5.67	4.43
(b) Own Generation		
(i) Through Diesel Generator - Units	48,904	75,928
Unit per Litre of Diesel Oil	2.58	2.81
Cost/Unit (Rs.)	5.51	4.01
(ii) Through Steam Turbine/Generator	NIL	NIL
2. Coal		
Quantity (Kg.)	1,59,830	18,800
Value (Rs.)	6,62,132	80,911
Avg. Cost (Rs./Kg.)	4.14	4.30

THE COCHIN MALABAR ESTATES AND INDUSTRIES LIMITED

	Current Year (1999-2000)	Previous Year (1998-99)
3. Leco		
Quantity (Kg)	1,64,570	3,71,670
Total Cost (Rs.)	8,40,926	17,67,883
Avg. Rate (Rs./Kg)	5.10	4.75
4. Others (Purchased)		
Fire Wood (used in Drier Heaters)		
Quantity (Cubic Metre)	496	328
Total Cost (Rs.)	2,04,668	1,49,104
Avg. Rate/Unit (Rs./Cubic Metre)	412	454
b. Consumption Per Unit of Production		
Standards if any		
Product - Tea (Unit/Kg of Made Tea)		
Electricity	0.33	0.24
Leco	0.32	0.63
Coal	0.31	0.03
Fire Wood	0.0009	0.0005
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 | NIL |

THE COCHIN MALABAR ESTATES AND INDUSTRIES LIMITED

Technology Absorption, Adaptation and Innovation

- | | |
|---|--|
| 1. Efforts in brief, made towards Technology absorption, adaptation and innovation | The Company is adopting the 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. NIL
Used : Rs. NIL |



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, 2000 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 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 which has been prepared on principles applicable to a going concern for the reasons mentioned in Note-B. 5 in Schedule-12, 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 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, 2000
 - 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
24th August, 2000

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