

**ANNUAL
REPORT AND
ACCOUNTS**

2003 / 2004

A watermark logo for Report Junction is centered on the page. It features the text "Report Junction.com" in a light green font, with a yellow diamond icon containing a black arrow pointing upwards and to the right. The logo is enclosed in a light green rounded rectangular border.

**THE COCHIN MALABAR ESTATES
AND INDUSTRIES LIMITED**

THE COCHIN MALABAR ESTATES AND INDUSTRIES LIMITED

BOARD OF DIRECTORS

(As on May 11, 2005)

Mr. Jimmy J. Gazdar, Chairman & Managing Director
Mr. Hemant Bangur
Mr. B. Rangarajan
Mr. Rajendra K. Dalal
Mr. B.R. Bhansali
Mr. Sathyendra Goel

AUDITOR

Mr. R. Srinivasan
Chartered Accountant

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 74th ANNUAL GENERAL MEETING

Notice is hereby given that the 74th Annual General Meeting of the members of The Cochin Malabar Estates & Industries Limited will be held at The Registered Office of the Company at "Malabar House", 56, Bristow Road, Willingdon Island, Kochi 682 003, on Thursday, 30th June, 2005 at 3.00 P.M. to transact the following business:-

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2004 and the Profit and Loss Account for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
2. To appoint a director in the place of Mr. B. Rangarajan who retires by rotation and being eligible, has offered himself for reappointment.
3. To appoint auditors for the ensuing year and to fix their remuneration.

Special Business:

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

"RESOLVED THAT Mr. B.R. Bhansali who holds office as additional director up to the date of this annual general meeting and in respect of whom a member of the company has given a notice in writing pursuant to section 257 of the Companies Act, 1956 and who has filed with the company his consent to act as director; if so appointed be and is hereby appointed as director of the company whose term of office shall be liable to determination by rotation".

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

"RESOLVED THAT Mr. Sathyendra Goel who holds office as additional director up to the date of this annual general meeting and in respect of whom a member of the company has given a notice in writing pursuant to section 257 of the Companies Act, 1956 and who has filed with the company his consent to act as director; if so appointed be and is hereby appointed as director of the company whose term of office shall be liable to determination by rotation".

For The Cochin Malabar Estates and Industries Limited

Jimmy J. Gazdar
Chairman & Managing Director

Place : Coimbatore

Date : May 11, 2005

THE COCHIN MALABAR ESTATES AND INDUSTRIES LIMITED

NOTES

- a) The explanatory statement under Section 173(2) of the Companies Act, 1956 in respect of special business mentioned herein above 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. PROXY IN ORDER TO BE VALID THE INSTRUMENT APPOINTING PROXY DULY EXECUTED MUST BE LODGED WITH THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME OF THE ANNUAL GENERAL MEETING.**
- c) **The Register of Members and Share Transfer Books of the Company will remain closed from 16th June, 2005 to 30th June, 2005; both days inclusive.**
- d) The Company has already transferred unclaimed dividend declared for the financial year ended 31st March 1997 to the Investor Education and Protection Fund of the Central Government as per Section 205 (c) of the Companies Act, 1956.
- e) All documents referred to in the notice of the annual general meeting and the explanatory statement have been kept open for inspection of the members at the registered office of the company at Malabar House, 56, Bristow Road, Willingdon Island, Kochi 682 003 between 10.30 a.m. to 12.30 p.m. on working days.

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956 IN RESPECT OF SPECIAL BUSINESS TO BE TRANSACTED AT THE 74th ANNUAL GENERAL MEETING OF THE COCHIN MALABAR ESTATES AND INDUSTRIES LIMITED.

Item No: 4

- 1) In pursuance of the power conferred on the board of directors by article 124 in the Articles of Association of the company and in exercise of such power, the board of directors co-opted Mr. B.R. Bhansali as additional director of the company with effect from 11th May, 2005.

Pursuant to the provisions of section 260 of the Companies Act, 1956 Mr. B.R. Bhansali holds office as additional director up to the date of this forthcoming 74th annual general meeting.

A member of the company has given pursuant to section 257 of the Companies Act, 1956 a notice in writing together with deposit of Rs. 500/- (Rupees five hundred only) proposing appointment of Mr. B.R. Bhansali as director of the company at the forthcoming 74th annual general meeting.

Mr. B.R. Bhansali has also filed with the company his consent to act as director; if so appointed.

None of the directors of the company; except Mr. B.R. Bhansali, is deemed to be concerned or interested in the resolution under consideration at serial no. 4.

Shri Bhansali, aged 66 years, is a Fellow Member of The Institute of Chartered Accountants of India and The Institute of Company Secretaries of India, New Delhi. He was formerly the Executive Director of a well known Plantation Company in South India and has to his credit, more than three decades of wide experience in plantations industry. Shri Bhansali is well versed in Corporate Taxation and other laws relating to the Industry.

THE COCHIN MALABAR ESTATES AND INDUSTRIES LIMITED

Shri Bhansali is a Founder Member of The Tea Trade Association of Coimbatore and later on served as its Chairman. Shri Bhansali is also an Executive and Taxation & Finance Committee Member of the United Planters' Association of India, Indian Chamber of Commerce & Industry. Shri Bhansali also served on the Executive Committees of Associated Chambers of Commerce & Industry, New Delhi, and The Indian Coffee Trade Association, Bangalore for two terms.

Item No: 5

- 2) In pursuance of the power conferred on the board of directors by article 124 in the Articles of Association of the company and in exercise of such power, the board of directors co-opted Mr. Sathyendra Goel as additional director of the company with effect from 11th May, 2005.

Pursuant to the provisions of section 260 of the Companies Act, 1956 Mr. Sathyendra Goel holds office as additional director up to the date of this forthcoming 74th annual general meeting.

A member of the company has given pursuant to section 257 of the Companies Act, 1956 a notice in writing together with deposit of Rs. 500/- (Rupees five hundred only) proposing appointment of Mr. Sathyendra Goel as director of the company at the forthcoming 74th annual general meeting.

Mr. Sathyendra Goel has also filed with the company his consent to act as director; if so appointed.

None of the directors of the company; except Mr. Sathyendra Goel, is deemed to be concerned or interested in the resolution under consideration at serial no. 5.

Shri Goel, M.Com., A.C.A., aged 46 years, has more than twenty years of experience in Plantations. He is presently the Dy. Chief Executive of Joonkolllee Tea & Industries Ltd., looking after the administration of its South Indian operations comprising Goomankhan Estate (Tea Division) and Cowcoody Estate (Coffee Division) of the Company where tea, coffee, and other minor crops are produced and harvested.

Shri Goel has varied experience in administration, sales, finance, taxation, sales accounts, etc., relating to Plantation Industry. He has sound knowledge on Budgetary Control, Funds Management and Cost Control, Cost Analysis & Reduction.

Shri Goel is also on the Board of M/s. Abhyudaya Agrotech Ltd. and Sri Sitaram Investments Ltd.

For The Cochin Malabar Estates and Industries Limited

Jimmy J. Gazdar
Chairman & Managing Director

Place : Coimbatore

Date : May 11, 2005

THE COCHIN MALABAR ESTATES AND INDUSTRIES LIMITED

REPORT OF DIRECTORS

Your directors present their 74th annual report and audited accounts for the year ended 31st March, 2004.

| 1. Financial Performance | Rs. |
|--|----------------------------|
| Loss before taxation for the year as shown by the profit and loss account is | 1,86,65,613 |
| To which has to be added deficit brought | 37,57,12,392 |
| Net loss carried forward to Balance Sheet | <u>39,43,78,005</u> |

2. Comments on observations/remarks of the statutory auditor:

The statutory auditor, has commented upon the working of the Company in para 2(f) of his report. Your directors have to state as under:

- i) As regards the comment of the auditor in para 2(f)(1) the company is defending the Petition filed under Section 397 and 398 and other applicable provisions of the Companies Act. For the aforesaid, the company has appointed M/s. Hariani and Co., Advocates and Solicitors as the attorneys for the company.
- ii) As regards the comment of the auditor in para 2(f)(2), we have provided an estimated premium amount in the books of account based on the previous years valuation which according to us will cover the shortfall in the fund.
- iii) As regards the comment of the auditor at para 2(f)(3), the Management is taking appropriate steps for obtaining balance confirmations from the concerned parties in due course of time.
- iv) As per MOU dated 27th July 2003, entered between the Company and the purchaser Mr. P.K.C. Ahmed Kutty, the purchaser had access to the property, Kinalur Estate to fulfill his obligations.

As at 31st March 2004 (last date of the Financial year), the MoU with Mr.P.K.C.Ahmed Kutty was pending performance and the order of the DRT dated 9th February 2004 was yet to be worked out. In respect of subsequent developments in the Current Financial year the Board is yet to take a decision as to how the transaction is to be finalized, on which will depend the accounting treatment of the advance payments received from Mr.P.K.C.Ahmed Kutty, the expenses relating to the Estate and also the income. In these circumstances, and for the purpose of the Accounts as at 31st March 2004, the advances received may be reflected as such and it is Mr.P.K.C.Ahmed Kutty who is liable to incur the expenses and has incurred them.

The Board authorized Mr. Jimmy Gazdar to enter into a supplementary agreement with Mr. P.K.C. Ahmed Kutty to fulfill the obligations on sale of Kinalur estate.

THE COCHIN MALABAR ESTATES AND INDUSTRIES LIMITED

- v) The Company has since received the notice from the Provident Fund Department giving total interest & damages on delayed payment of Provident Fund contributions. Company has gone for appeal for waiving the Damages. Provision for Interest will be made during the current financial year on receipt of detailed workings.
- vi) The Management is taking adequate steps to settle the gratuity payments to the workers at the earliest.
- vii) The Company has filed appeals in various courts and forums regarding the auction of Sampaji Estate by DRT and hence no provision has been made in the accounts relating to the Fixed Assets.
- viii) The management is taking appropriate steps for strengthening internal control procedures as well as internal audit system as referred to by the auditor in paragraph no. (i) (b) in the Annexure to the Auditor's Report.

3. Dividend

In view of the accumulated losses for the year ended as on 31st March 2004 your directors regret their inability to recommend any dividend for the year under review.

4. Review of the Operations

During the year under review, there was subsequent increase in income from rubber sales. The management is taking adequate steps for minimizing losses by curtailing expenses through proper controls.

Plantations

The Prices of South Indian Tea are considerably lower than cost of production. Due to non-viability of running the Pullikanam tea factory, there was no production of tea. We are in the process of finding a prospective buyer for the same as this division has become unviable.

The production of rubber as compared to the previous year were moderately higher and there has been improvement in the average sale price.

Fire Engineering Division

Due to financial problems no new contracts were taken by the Company.

Aqua Culture Division

Due to the financial problems faced by the company, no operations were carried out during the current year.

Rubber Wood Factory

The operations continued to remain standstill 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

5. Important events that occurred during the year and subsequent to the closure of the last financial year ended on March 31, 2004

- i) Some members of the company have filed a Petition under Section 397 & 398 of the Companies Act, 1956 before Hon'ble Additional Principal Bench, Company Law Board, Chennai alleging certain acts of oppression and mismanagement. Your company and some of its directors are respondent in the Petition. As the matter is still pending before Hon'ble Additional Principal Bench, Company Law Board, Chennai your directors do not wish to comment thereon.
- ii) The company has outstanding dues on account of Provident Fund in respect of its employees. The management has requested the concerned authorities for some more time for payment of these long outstanding and due liabilities. The management is taking all possible steps for payment of outstanding provident fund dues, at an early date.
- iii) The company has outstanding gratuity dues in respect of its employees. The management is taking all possible steps for payment of all outstanding gratuity dues at an early date.
- iv) In view of the inability of the company in meeting its export obligations, the company has received a claim from Director General of Foreign Trade on account of payment of import duty / customs duty. The company has already made a provision for Rs. 67,08,803/- in the books of account of the company.

6. Directors

Mr. B. Rangarajan retires by rotation at the forthcoming 74th Annual General Meeting.

As on the date of this report the board of directors consists of Messrs. Jimmy J. Gazdar, Hemant Bangur, B. Rangarajan and Rajendra K. Dalal.

7. Directors' Responsibility Statement

As required by Section 217 (2AA) of the Companies Act, 1956 your directors hereby confirm that:-

- i) in the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) the directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year ended on March 31, 2004 and loss of the the company for that period;
- iii) the directors have 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;
- iv) the directors have prepared the annual accounts on a going concern basis.

THE COCHIN MALABAR ESTATES AND INDUSTRIES LIMITED

8. Employees

During the year no employee was in receipt of remuneration in excess of the limit laid down in section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

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

9. 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.

10. Auditors

The Auditor, Mr. R. Srinivasan, Chartered Accountant, Ernakulam retires at the forthcoming Annual General Meeting and being eligible, offers himself for reappointment.

11. Acknowledgement

Your directors take this opportunity to thank all those members/shareholders, employees, suppliers, customers and all business associates and well wishers of the company who have extended all possible support and cooperation during these difficult times.

For and on behalf of the Board of Directors
The Cochin Malabar Estates and Industries Limited

Jimmy J. Gazdar
Chairman & Managing Director

Place : Coimbatore

Date : 7th February, 2005

THE COCHIN MALABAR ESTATES AND INDUSTRIES LIMITED**ANNEXURE TO DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2004.****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.
- (b) Additional investments and proposals, if any, being implemented for reduction of Consumption of energy : NIL
- (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 quantifiable at present.
- (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 (2003-04) | Previous Year (2002-03) |
|--------------------------------------|---------------------------------------|--|
| a. Power and Fuel Consumption | | |
| 1. Electricity | | |
| (a) Purchased | | |
| Unit (KWH) | — | 1,42,300 |
| Total Amount (Rs.) | — | 11,18,548 |
| Rate/Unit (Rs.) | — | 7.86 |
| (b) Own Generation | | |
| (i) Through Diesel Generator Unit | — | 27,825 |
| Unit per Litre of Diesel Oil | — | 2.60 |
| Cost/Unit (Rs.) | — | 7.35 |
| (ii) Through Steam Turbine/Generator | — | NIL |