

ANNUAL REPORT AND ACCOUNTS

2005 / 2006

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**THE COCHIN MALABAR ESTATES
AND INDUSTRIES LIMITED**

THE COCHIN MALABAR ESTATES AND INDUSTRIES LIMITED

No. 39 / 4946-A, Ground Floor, NGO Union Office Building, Pallimukku, Kochi 682 016, Kerala

PROXY

I / We _____

of _____

being a member / members of the above-named Company hereby appoint

of _____

or failing him, _____

of _____

as my / our proxy to vote for me / us on my / our behalf at the Annual General Meeting of the Company to be held on 30th day of September, 2006 and at any adjournment thereof.

Signed this _____ day of _____, 2006.

Affix
1 Rupee
Revenue
Stamp

NOTE : 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

The Cochin Malabar Estates and Industries Limited

Regd. Office: Door No. 39/4946A Ground Floor , NGO Union Office Building
Pallimukku, Kochi – 682 016 , Kerala

NOTICE OF THE 76th ANNUAL GENERAL MEETING

Notice is hereby given that the 76th Annual General Meeting of the members of The Cochin Malabar Estates & Industries Limited will be held at the Registered Office of the Company at Door No. 39/4946A Ground Floor, NGO Union Office Building , Pallimukku, Kochi 682 016, on Saturday, 30th September, 2006 at 3.15 p.m. to transact the following business : -

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2006 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 place of Mr B.R.Bhansali who retires by rotation and being eligible, has offered himself for reappointment.
3. To appoint auditors in place of retiring auditor Mr.R.Srinivasan, Chartered Accountant to hold the office till the conclusion of the next Annual General Meeting (the 77th Annual General Meeting) and to fix their remuneration.

The retiring auditor Mr.R.Srinivasan,Chartered Accountant has informed his unwillingness to seek reappointment as auditor of the company.

Special notice for consideration of an ordinary resolution for appointment of statutory auditors.

One of the members of the company has given a special notice pursuant to Section 190 and 225 of the Companies Act, 1956 proposing appointment of M/s.Rajan Shanker & Co., Chartered Accountants as statutory auditors of the company at the 76th Annual General Meeting. The following resolution is to be considered as an ordinary resolution.

"RESOLVED THAT, M/s.Rajan Shankar & Co., Chartered Accountants who have confirmed their eligibility for appointment as statutory auditors be and is hereby appointed as statutory auditors of the company to hold the office till the conclusion of the 77th Annual General Meeting on such remuneration as may be fixed by the Board of Directors".

Special Business

Appointment of Director

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

"RESOLVED THAT, Mr.G.S.Narayanan in respect of whom a special notice has been received from a member of the company, pursuant to section 190 read with section 257 and other applicable provisions, if any, of the Companies Act, 1956 and who has filed with the company his written consent to act as director, if so appointed, be and is hereby appointed as director of the Company".

For The Cochin Malabar Estates and Industries Limited

Place : Kochi

Dated : 1st September'2006

Hemant Bangur

Director

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 September, 2006 to 30th September, 2006 ; both days inclusive.**
- d) 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 Door No.39/4946A, Ground Floor, NGO Union Office Building, Pallimukku, Kochi – 682 016 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 76TH ANNUAL GENERAL MEETING OF THE COCHIN MALABAR ESTATES AND INDUSTRIES LIMITED.

Item No.4

Mr.G.S.Narayanan is a commerce graduate and has working experience of 35 years as Senior Company Executive . He retired from TTK-LIG Ltd as Senior Vice President (Commercial).

The member who has proposed appointment of Mr.G.S.Narayanan has deposited with the company a deposit of Rs.500/- pursuant to section 257 of the Companies Act 1956.

None of the directors of the company are deemed to be concerned or interested in the resolution.

For The Cochin Malabar Estates and Industries Limited

Place: Kochi
Dated: 1ST September, 2006

Hemant Bangur
Director

THE COCHIN MALABAR ESTATES AND INDUSTRIES LIMITED

BOARD OF DIRECTORS

(As on August 5, 2006)

Mr. Hemant Bangur

Mr. B.R. Bhansali

Mr. Satyendra Goel

AUDITOR

Mr. R. Srinivasan

Chartered Accountant

BANKERS

Bank of India

HDFC Bank Ltd.

State Bank of Travancore

The Federal Bank Ltd.

REGISTERED OFFICE

No. 39 / 4946-A

Ground Floor

NGO Union Office Building

Pallimukku

Cochin - 682 016

Kerala State

THE COCHIN MALABAR ESTATES AND INDUSTRIES LIMITED

DIRECTORS' REPORT**TO THE MEMBERS**

Your Directors have pleasure in presenting the 76th Annual Report and Audited Accounts of the Company together with Report of the Auditors for the year ended 31st March, 2006.

Financial Results

The highlights of the financial results of the Company for the year ended 31st March, 2006 are as under:

	Year Ended 31.03.2006 (Rs. in lacs)	Year Ended 31.03.2005 (Rs. in lacs)
Sales & Other Income	1366.80	1002.88
Total Expenditure	1001.89	1108.35
Operating Profit / Loss	364.91	(105.47)
Interest	185.78	253.15
Depreciation	72.12	68.21
Profit before Tax	107.01	(426.83)
Provision for Taxation	1.00	—
Profit after Tax	106.01	(426.83)
Balance brought forward from previous year	(3786.73)	(3943.78)
Deficit	(3680.72)	(4370.61)
Amount transferred from General Reserve	—	583.88
Balance carried to Balance Sheet	(3680.72)	(3786.73)

Dividend

In view of the accumulated losses, your Directors regret their inability to recommend any dividend for the year ended 31st March, 2006.

Operations

The Production and Sales of Rubber of your Company during the year under review were 1496.55 M. Tons and 1556.64 M. Tons in comparison to 1192.24 M. Tons and 1159.09 M. Tons respectively during the year 2004-05

The Operating Profit for the year stands at Rs. 364.91 lacs as against the loss of Rs. 105.47 lacs during the year 2004-05. This Operational Profit has been achieved by the Company after a lapse of 8 years. The Rubber prices have increased substantially coupled with the purchase Latex operation have facilitated the Company to make profit even after the considerable increase of other inputs including wages.

THE COCHIN MALABAR ESTATES AND INDUSTRIES LIMITED

Plantations**Rubber**

CHEMONI AND PUDUKAD ESTATES : Normal operation was there at these estates. Replanting of high yielding clones on the estates is being done in a phased manner.

KINALUR ESTATE : This estate continued to be mired in legal problems and the buyer continued to have access and control of the estate even after the appointment of a Receiver by the Hon'ble Sub-Court, Kozhikode. The Company is taking all the necessary steps, including legal, to resolve the issue at the earliest.

SAMPAJI ESTATE : This estate was auctioned by the DRT in 2004. The Company preferred appeal against the sale and the matter is now pending before the Hon'ble High Court, Chennai. Meanwhile proceeds from auction sale of this estate was already appropriated by the Federal Bank Ltd. against their dues last year.

Tea

* PULLIKANAM ESTATE : This estate continued to be non-operational during the year under review. However, your Directors are pleased to inform that pursuant to bilateral agreement entered into with the Workers' Unions on 26th April, 2006, operation on the estate was resumed on 30th April, 2006.

Factory

RUBBER WOOD FACTORY : This factory also continued to be non-operational during the year due to the ban imposed by the Forest Department coupled with the problems of Kinalur Estate.

Other Divisions

FIRE ENGINEERING DIVISION : This division continued to be non-operational during the year and the Board at last decided to close the same in view of unviability with effect from 31st March, 2006.

AQUA CULTURE DIVISION : This division too continued to be non-operational during the year. Since the division has facility to cultivate SHRIMPS, your Directors started exploring the possibilities to utilize the available assets in a best profitable manner.

Prospects

The Rubber industry has almost come out of the purview of the *surplus over demand* position and has come out of the recession witnessed over the last eight years. The Rubber prices have already started improving during the last year. The Company expects to further improve the performance in the current year.

THE COCHIN MALABAR ESTATES AND INDUSTRIES LIMITED

Directors

Mr. Jimmy J. Gazdar, Chairman and Managing Director, Mr. Rajendra K. Dalal and Mr. B. Rangarajan, Directors resigned from the Board of Directors. Mr. B.R. Bhansali retires by rotation at the forthcoming Annual General Meeting.

Auditors

Mr. R. Srinivasan, Chartered Accountant, the Auditor of the Company, retires at the conclusion of the 76th Annual General Meeting. The Company received a notice from Mr. R. Srinivasan showing his unwillingness for reappointment as Auditor of the Company. Hence, it is proposed for the Members' approval for appointing M/s. Rajan Shankar & Co., Chartered Accountants, Coimbatore from the conclusion of the forthcoming Annual General Meeting to the conclusion of the next Annual General Meeting.

Auditors' Comments

Auditors' comments on the accounts of the Company for the year ended 31st March, 2006 are self-explanatory.

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

Additional information required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is given in the annexure and forms part of the report.

Particulars of Employees

The Company had no employee of the category specified under Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of employees) Rules, 1975 as amended, during the year under review.

Directors' Responsibility Statement

In terms of the provisions of Section 217(2AA) of the Companies Act, 1956 your Directors confirm as under:

- i) that in the preparation of Annual Accounts, the Applicable Standards had been followed along with proper Explanations for material departures;
- ii) 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 at the end of the Financial Year and of the profit or loss of the Company for the period;
- iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the Directors had prepared the Annual Accounts on a going concern basis.

THE COCHIN MALABAR ESTATES AND INDUSTRIES LIMITED

Secretarial Compliance Certificate

In accordance with the provisions of Section 383A of the Companies Act, 1956, a certificate from Shri T.V. Krishnamurthy, Company Secretary, certifying that the Company has complied with the provisions of the Companies Act, 1956 is given in the Annexure and forms part of this report.

Acknowledgement

The industrial relations by and large remained cordial at all levels during the year under review.

Your Directors express their appreciation for the services of all employees and thank all stakeholders including vendors, customers, bankers and shareholders for their continued support.

On behalf of the Board

Hemant Bangur
Director

Satyendra Goel
Director

Place : Kochi

Date : 5th August, 2006



THE COCHIN MALABAR ESTATES AND INDUSTRIES LIMITED**ANNEXURE TO DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2006.**

**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, : NIL
if any, being implemented for reduction
of Consumption of energy
- (c) Impact of the measures at (a) & (b) : Not quantifiable at present.
above for reduction of energy consumption
and consequent impact on the cost of
production of goods
- (d) Total Energy Consumption and energy :
consumption per unit of production as
per Form 'A' (For Rubber only).


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

	Current Year (2005-06)	Previous Year (2004-05)
a. Power and Fuel Consumption		
1. Electricity		
(a) Purchased		
Unit (KWH)	357448	355384
Total Amount (Rs.)	1682269	1700516
Rate/Unit (Rs.)	4.71	4.78
(b) Own Generation		
(i) Through Diesel Generator-Unit	43865	40694
Unit per Litre of Diesel Oil	3.50	3.50
Cost/Unit (Rs.)	8.93	8.32
(ii) Through Steam Turbine/Generator	—	—