

**ANNUAL  
REPORT AND  
ACCOUNTS**

**2007 / 2008**

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**THE COCHIN MALABAR ESTATES  
AND INDUSTRIES LIMITED**

## **THE COCHIN MALABAR ESTATES AND INDUSTRIES LIMITED**

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### **BOARD OF DIRECTORS**

Mr. Hemant Bangur  
Mr. B.R. Bhansali  
Mr. G.S. Narayanan  
Mr. S.D. Bhattar - Executive Director

### **AUDITOR**

M/s. Rajan Sankar & Co.  
Chartered Accountants

### **BANKERS**

Bank of India  
HDFC Bank Ltd.  
State Bank of Travancore  
The Federal Bank Ltd.

### **SHARE TRANSFER AGENT**

M/s. Integrated Enterprises (India) Ltd.,  
"Seema"  
41/426 Rajaji Road  
Near Abad Metro Hotel  
Ernakulam - 682 035

### **REGISTERED OFFICE**

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

### **DATE OF INCORPORATION**

14th March, 1930

## **THE COCHIN MALABAR ESTATES AND INDUSTRIES LIMITED**

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### **NOTICE OF THE 78th ANNUAL GENERAL MEETING**

Notice is hereby given that the Seventy-eighth Annual General Meeting of the members of The Cochin Malabar Estates And Industries Limited will be held on Saturday, 13th September 2008 at 3.15 p.m. at the Registered office of the company at 39/4946A, Ground floor, NGO Union office building, Pallimukku, Kochi - 682 016 to transact the following business:

#### **Ordinary Business :**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2008 and the Profit and Loss Account for the year ended on that date and the Report of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. G.S. Narayanan who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration. The retiring Auditors M/s. Rajan Sankar & Co, Chartered Accountants are eligible for re-appointment.

#### **Special Business:**

4. Appointment of Whole-time Director

To consider and if thought fit to pass the following resolution as special resolution :

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and 310 of the Companies Act, 1956 (the Act) and subject to approval of the Central Government and/or such other approvals, permissions and sanctions, as may be necessary, approval of the Company be and is hereby accorded to the re-appointment of Mr. S.D. Bhatte, as the Whole-time Director, designated as "Executive Director" of the Company for a period of one year with effect from 2nd August 2008 as well as the payment of salary and perquisites upon terms and conditions as detailed in the Explanatory Statement attached to the Notice is hereby approved and sanctioned.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to execute all agreements, applications, returns and other documents and take such steps as may be necessary and desirable or expedient to implement and give effect to the forgoing resolution".

For The Cochin Malabar Estates and Industries Limited

**S.D. Bhatte**  
*Executive Director*

Place : Kochi

Date : 5th August, 2008

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### **NOTES**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy instead of himself and the proxy need not be a member of the company.
2. Proxies, in order to be effective, shall be deposited at the Registered office of the company not less than 48 hours before the time for holding the meeting or in the case of poll, not less than 24 hours before the time appointed for taking poll.
3. The Explanatory statement u/s 173(2) of the Companies Act 1956 in respect of the Special Business is annexed hereto.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 1st September, 2008 to 13th September, 2008; both days inclusive.
5. 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, NGO Union Office Building, Pallimukku, Kochi - 682 016 between 10.30 a.m. and 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 78TH ANNUAL GENERAL MEETING OF THE COCHIN MALABAR ESTATES AND INDUSTRIES LIMITED**

#### **Item No: 4**

The Board of Directors in its meeting held on 29th July, 2008 re-appointed Mr. S.D. Bhattar, as the Whole-time Director, designating him as "Executive Director" for a further period of one year from 2nd August 2008. The appointment is to be approved by the Members at the Annual General Meeting to be held on 13th September 2008. The terms of appointment of Mr. S.D. Bhattar as Executive Director for one year will expire on 1st August, 2009.

The Board, at the meeting held on 29th July 2008, subject to requisite approvals and in accordance with the recommendations of the Remuneration Committee, approved the reappointment and remuneration payable to Mr. S.D. Bhattar for a further period of one year from 2nd August, 2008, as under:-

1. Salary                      Rs. 60,000/- per month.
2. In addition to salary payable, the Executive Director shall also be entitled to perquisites and allowances like accommodation (furnished or otherwise), or house rent allowance in lieu thereof, together with reimbursement of expenses or allowances for utilities such as gas, electricity, water, medical reimbursement and leave travel concession for self and family, personal accident insurance and other perquisites and allowances in accordance

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with the Rules of the Company or as may be agreed to by the Remuneration Committee and/or the Board of Directors and the Executive Director. However, such perquisites and allowances shall be subject to maximum of 50% of the annual salary.

3. Provident Fund Contribution as per rules of the Company.
4. Gratuity : Calculated at half month's salary for each year of service effective from 1st April, 2003.
5. Provision for use of Company Car for office duties which shall not be treated as perquisite.

The Board is of the opinion that the reappointment of Mr. S.D. Bhattar as Executive Director having an overall experience of nearly 33 years in the Plantation Industry in South India and with the Company for 25 years is in the interest of the Company and the remuneration proposed is commensurate with the remuneration he has been drawing in the capacity of General Manager of the Company prior to his appointment as Executive Director and is also in accordance with market trends and industry standards.

In respect of the appointment of Mr. S.D. Bhattar as a whole-time-Director designated as Executive Director for the period of one year from 2nd August, 2007, vide approval of the Board of Directors dated 2nd August, 2007 and approval of the Annual General Meeting dated 28th September 2007, the requisite approval of the Central Government for which application has been made under Section 269(2) of the Companies Act, 1956 is awaited.

The Special Resolution now placed before the Annual General Meeting and recommended for approval by the Board of Directors of the Company is for re-appointment and remuneration payable to the Executive Director for the period of one year from 2nd August, 2008.

The Executive Director shall not be entitled to any Sitting Fee during his tenure as Executive Director.

Your Directors recommend the special resolution at item No. 4 of the Notice for approval of the Members.

Apart from Mr. S.D. Bhattar, no other Director is concerned or interested in the Item No. 4 of business.

This may also be considered as an abstract of terms of Mr. S.D. Bhattar's appointment and remuneration as required under Section 302 of the Companies Act, 1956.

For The Cochin Malabar Estates and Industries Limited

**S.D. Bhattar**  
*Executive Director*

Place : Kochi

Date : 5th August, 2008

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### **DIRECTORS' REPORT TO THE MEMBERS**

Your Directors have pleasure in presenting the 78th Annual Report and Audited Accounts of the Company together with Report of the Auditors for the year ended 31st March, 2008.

#### **Financial Results**

	<b>Year Ended 31st March</b>	
	<b>2008</b>	<b>2007</b>
	<b>(Rs. in lacs)</b>	
Sales & Other Income	1890.92	1433.92
Total Expenditure	1536.67	1226.24
Operating Profit	354.25	207.68
Interest	201.25	174.21
Depreciation	24.60	19.07
Profit before Tax	128.40	14.40
Provision for Taxation	0.65	0.54
Profit after Tax	127.75	13.86
Balance brought forward from previous year	(3666.86)	(3680.72)
Deficit	(3539.11)	(3666.86)
Balance carried to Balance Sheet	(3539.11)	(3666.86)

#### **Dividend**

In view of the accumulated losses, your Directors regret their inability to propose any dividend for the year under report.

#### **Operations - Plantations**

##### **Rubber Estates**

The Rubber crop harvested during the year was 986 MT compared to 1040 MT during the previous year. The crop was lower by 54 MT owing to reduction in planted area consequent on replanting of older and uneconomic areas. The weather was also not conducive for an increase in production.

The Company also purchased field latex/cenex from the market for better utilization of existing processing facilities on Estate and to fulfill the orders on hand. The quantity purchased during the year was 259 MT against 205 MT in the previous year. The market was generally steady during the year with a marginal

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drop in price realizations. The wage arrears amounting to Rs. 56.49 lakhs pursuant to retrospective increase in wages with effect from 01.04.2002 has been paid and charged during the year. This coupled with increase in cost of all the inputs required for production has eroded margins.

Kinalur Estate continues to be mired in legal problems as the prospective buyer Mr. P.K.C. Ahamedkutty failed to make payment despite several promises. The Receiver appointed by the Hon'ble High Court earlier continues to have constructive possession of the Estate. Meanwhile, the Company has approached Hon'ble High Court of Kerala for cancellation of MOU with Mr. P.K.C. Ahamedkutty and forfeiture of advance paid by him and to permit the Company to sell the estate afresh and the same is pending.

The Writ Petition filed by the Company before the Hon'ble High Court, Chennai against the order of Debts Recovery Appellate Tribunal, Chennai in connection with the auction sale of Sampaji Estate is still pending.

### **Tea Estate**

The production of Made Tea has gone up to 396 MT during the year compared to 74 MT of Made Tea and 542 MT of Green Leaf of the last year. The improvement achieved is not adequate enough as the year ended with operating loss. However, with various developmental works under way, the results would improve in due course. Your Directors are pleased to report that Pullikanam Estate won the Flavours of India - Tea Testing competition awards for both the eligible grades.

### **Other Divisions**

Fire Engineering Division : The Office premises at Mumbai with furniture, fixtures, fittings and all other assets have been sold during the year.

Aqua Culture Division : Pursuant to approval obtained from the Members of the Company, two Aqua Culture Ponds with all equipments, accessories and assets were sold during the year. However, one Pond was given on sub-lease upto March 2008 and the lease has not been renewed after April 2008. Efforts are on to lease out this Pond.

Rubber Wood Factory : This factory continues to be non-operational during the year as the ban imposed by the Forest Department earlier has not been withdrawn as yet. The Company has made fresh representation to the Forest officials for withdrawal of the ban imposed as the same is not applicable for processing Rubber Wood.

### **Prospects**

The Rubber market has begun with uncertainty. The Rubber price, which was generally steady and stable during the previous year, has started moving up from April onwards in line with up-trend in Crude oil prices. The bench mark RSS-4 is hovering around Rs. 135/- per kg. at present, which is significantly higher than that of the last year. At the same time, there has been meteoric rise in the cost of all the inputs required

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by the plantation and huge increase in workers' wages is under negotiation. However, it is expected that if the prices hold for the rest of the year the Rubber Division should turn out better results barring unforeseen circumstances.

The replanting programme on Chemoni and Pudukad Estates is being implemented in a phased manner as planned earlier to improve the yields. With replanted areas coming into bearing, the crop is expected to improve in the years to come.

Developmental works undertaken on Pullikanam Estate are continuing. In the factory, installation of a new CTC Machine with larger capacity is in progress, besides conveyerisation and other improvements. The Company has taken up ambitious replanting programme and 60 acres of old and uneconomic yielding area has been replanted with high yielding clones during the year. All these measures are expected to improve the quality of teas and the yields in next few years when newly replanted areas come into bearing.

Rubber crop for the year has been estimated at 1200 MT and Tea crop at 420 MT during the ensuing year.

### **Directors' Responsibility Statement**

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

- a) that in preparation of Annual Accounts, the applicable standards has been followed along with proper explanations for material departures.
- b) that selected Accounting Policies has been consistently applied 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.
- c) that proper and sufficient care has been taken 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.
- d) that the Annual Accounts have been prepared on a going concern basis.

### **Auditors' Report**

The observations of the Auditors made in their Report are explained wherever necessary in appropriate Notes on the Accounts.

### **Secretarial Compliance**

In accordance with the provisions of Section 383-A of the Companies Act, 1956, a Certificate from a Practising Company Secretary, which forms part of this Report is given as **Annexure**.



### **Board**

Mr. G.S. Narayanan, retires by rotation, and being eligible, offers himself for reappointment, at the forthcoming Annual General Meeting.

Your Directors, at their meeting held on 29th July 2008, reappointed Mr. S.D. Bhattar, as the Wholetime Director, designating him as 'Executive Director' for a further period of one year from 2nd August, 2008.

### **Auditors**

M/s. Rajan Sankar & Co., Chartered Accountants, Coimbatore retires at the forthcoming Annual General Meeting and being eligible, offers themselves for re-appointment.

### **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.

### **Acknowledgement**

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

Your Directors express their appreciation for the good work done by all employees at all levels and also thank State Government officials, vendors, customers, bankers, brokers, shareholders and associates of your Company for their continued cooperation and support.

On behalf of the Board

**Hemant Bangur**  
*Director*

**S.D. Bhattar**  
*Executive Director*

Place : Kochi

Date : 5th August, 2008

## THE COCHIN MALABAR ESTATES AND INDUSTRIES LIMITED

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### ANNEXURE TO DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2008.

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 Rubber only) :



#### FORM 'A'

(See Rule 2)

#### Form for Disclosure of particulars with respect to conservation of energy

	Current Year (2007-08)	Previous Year (2006-07)
a. Power and Fuel Consumption		
1. Electricity		
(a) Purchased		
Unit (KWH)	135425	—
Total Amount (Rs.)	1464034	—
Rate/Unit (Rs.)	10.81	—
(b) Own Generation		
(i) Through Diesel Generator-Unit	52183	32856
Unit per Litre of Diesel Oil	2.55	2.02
Cost/Unit (Rs.)	13.63	17.45
(ii) Through Steam Turbine/Generator	—	—