



THE COCHIN MALABAR ESTATES
AND INDUSTRIES LIMITED



ANNUAL REPORT
09-10

CORPORATE INFORMATION

BOARD OF DIRECTORS

Hemant Bangur
Chairman

P. J. Bhide
Director

B. R. Bhansali
Director

K. C. Mohta
Director

B. L. Dhanuka
Director

BANKERS

State Bank of Bikaner & Jaipur
HDFC Bank Ltd.
State Bank of Travancore

AUDITORS

Singhi & Co.
Chartered Accountants

REGISTRARS & SHARE TRANSFER AGENT

Maheshwari Datamatics Pvt. Ltd.
6, Mangoe Lane, 2nd Floor
Kolkata - 700 001

GARDENS

Pullikanam Tea Estate, Kerala
Kolahalmedu Tea Estate
Chemoni Rubber Estate, Kerala
Pudukad Rubber Estate, Kerala
Ichipara Rubber Estate, Kerala
Kinalur Rubber Estate, Kerala

REGISTERED OFFICE

21, Strand Road
Kolkata - 700 001
West Bengal

CONTENTS

Directors' Report	3
Auditors' Report	11
Balance Sheet	14
Profit & Loss Account	15
Cash Flow Statement	16
Schedule to Accounts	17
Balance Sheet Abstract	31

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors have pleasure in presenting their 80th Annual Report and Audited Accounts of the Company for the year ended 31st March, 2010.

FINANCIAL PERFORMANCE

(Amount in Rs.)

	31.03.2010	31.03.2009
Profit for the year before Depreciation	1,80,93,186	1,45,89,920
Deduct : Depreciation	49,32,855	36,41,782
Profit Before Tax	1,31,60,331	1,09,48,138
Deduct : Provision for Corporate Taxation	—	—
Fringe Benefit Tax	—	80,000
Net Profit	1,31,60,331	1,08,68,138
Add : Balance of Profit /(Loss) brought forward from previous year	(34,30,43,286)	(35,39,11,424)
Balance Carried to Balance Sheet	(32,98,82,955)	(34,30,43,286)

DIVIDEND

In view of accumulated losses, your Directors regret their inability to propose any dividend for the year ended 31st March, 2010.

REVIEW OF OPERATIONS

RUBBER ESTATES

Chemoni, Pudukad & Ichipara Estates

Your Company's production of Rubber during the year was lower by 67,815 kgs. at 10,21,055 Kgs. compared to 10,88,870 Kgs. harvested in the previous year. The production was lower primarily on account of poor yields from old standing trees and un-conducive weather conditions which prevailed during the harvesting months of the year. The Company also purchased 1,70,411 Kgs. of field latex/cenex from the market for better utilization of processing facilities at the Estates and to meet, timely, the orders on hand.

The overall price realization was higher by Rs.8 per Kg. over last year which was partly due to producing quality products. Company continues to focus on quality to fetch premium in the market for its product.

Kinalur Estate

The Hon'ble High Court of Kerala delivered the judgment or order dismissing all cases/ suits and intervening applications by various parties in respect of different issues pertaining to the Estate. Accordingly, the Hon'ble Court released the Receiver appointed by it holding possession of the Estate. Owing to the fact that Mr. P. K. C Ahmmmed Kutty, who had agreed to

buy the property, failed repeatedly in honouring his commitment to pay the sale consideration amount due to the Company in stipulated time, the Company has, as such, cancelled the Memorandum of Understanding entered into with him and also revoked the Power of Attorney granted in his favour.

Sampaji Estate

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 this Estate is still pending.

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 representation to the Forest officials for withdrawal of the ban imposed as the same is not applicable for processing Rubber Wood.

TEA ESTATE

Pullikanam Estate

Made Tea Production was impacted by unfavourable weather conditions during the year. Your Company produced 4,15,850 Kgs. Tea as against the production of 4,59,313 Kgs. during 2008-09. The average selling price for your Company's Tea for the year was higher by Rs.11/- per Kg. at Rs.74/- per Kg. as compared to Rs.63/- per Kg. realized last year. The main factors which contributed in getting higher price were production of improved quality teas and favourable market conditions.

OTHER DIVISION

Aqua Culture Division

Two of the Company's Aqua Culture Farms were disposed of earlier and third Farm remained without any activity for quite some time. Accordingly, the developmental expenditure capitalized pertaining to these Farms stands written off and effect thereof is given in the accounts for the year under review. Possibilities are being explored for proper use of available land for productive purposes.

PROSPECTS

RUBBER

It is estimated that the world Rubber consumption is to go up by 11% in 2010-11, but the current trends do not reflect matching production to be achieved in the Rubber producing countries. The projected mismatch between demand and supply has already resulted in higher prices. The benchmark RSS Grade Rubber price is currently ruling around Rs.180/- per Kg. as compared to Rs.130/- per Kg. prevailing some time back. Increase in inputs cost, both for material and man power will impact the profitability. However, it is expected that prices will be remunerative in the remaining period of the year.

TEA

Demand for Tea is likely to remain at higher level in view of overall production being lower. Consequently, the prices will remain firm.

Your Company has undertaken massive replantation programme both in Tea and Rubber in a phased manner. With the replanted areas coming into bearing, performance of the Company is expected to improve significantly in the coming years.

HOLDING COMPANY

M/s. Joonktolllee Tea & Industries Ltd. continues to remain the Holding Company of the Company by virtue of Section 4(1)(a) of the Companies Act, 1956 and in terms of an agreement with the Company.

REGISTERED OFFICE

Your Company's Registered Office stands shifted to the State of West Bengal from the State of Kerala in terms of the approval granted by the Company Law Board vide its order dated 6th April, 2010.

PUBLIC DEPOSITS

In terms of the provisions of Section 58A of the Companies Act, 1956, read with the Companies (Acceptance of Deposits

Rules) 1957, your Company has not invited/accepted any Deposits during the year under review.

SECRETARIAL COMPLIANCE CERTIFICATE

As required under the provisions of Section 383A of the Companies Act, 1956, Certificate from a Practicing Company Secretary forming part of this Report is attached herewith.

SOCIAL WELFARE

Your Company continues its welfare activities by participating in various projects sponsored by UPASI in the State of Kerala and also directly contributes to the area's social causes.

DISCLOSURE OF PARTICULARS

Information as per the Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988, relating to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo is provided in Annexure 'A' forming part of this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms :

- i) that in the preparation of the annual accounts, the applicable Accounting Standards have been followed and there has been no material departure;
- ii) that the selected Accounting Policies were applied consistently and the Directors 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 as at March 31, 2010 and of the profits of the Company for the year ended on that date;
- iii) that proper and sufficient care has been taken 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) that the annual accounts have been prepared on a going concern basis; and
- v) that the Company has adequate internal systems and controls in place to ensure compliance of laws applicable to the Company.

DIRECTORS

Shri Hemant Bangur and Shri B.L. Dhanuka retire from the Board by rotation and are eligible for re-appointment at the forthcoming Annual General Meeting. The Notice convening the forthcoming Annual General Meeting includes the proposals for re-appointment of Directors.

AUDITORS

The Auditors, M/s. Singhi & Co. Chartered Accountants, hold office until the conclusion of the ensuing Annual General Meeting and are recommended for re-appointment. Certificate from the Auditors has been received to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

In respect of Auditors' observations in para 2(f) of their Report, attention is invited to Notes B-6 and B-7 of Schedule 13 of the Accounts which are self-explanatory.

PERSONNEL

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

Your Directors take this opportunity to thank the Banks, Central and State Government Authorities, Regulatory Authorities, Stock Exchanges and the Stakeholders for their continued co-operation and support to the Company. Your Directors also wish to record their appreciation for the continued co-operation and support received from the employees of the Company.

On behalf of the Board

Kolkata
5th August, 2010

Hemant Bangur
Chairman

ANNEXURE - A**ANNEXURE TO THE DIRECTORS' REPORT**

INFORMATION AS PER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2010

(A) CONSERVATION OF ENERGY

- | | | |
|------------------------------------------------------------------------------------------------------------------------------------|---|-----------------------------------------------------------------|
| (a) Energy conservation measures taken | : | Steps initiated to prevent power leakage based on Energy Audit. |
| (b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy. | : | Modern machineries are being installed. |
| (c) Impact of the measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production. | : | Not quantifiable at present. |
| (d) Total energy consumption and energy consumption per unit of production. | : | As per Form 'A' (For Tea only). |

FORM 'A'

Form for Disclosure of Particulars with respect to Conservation of Energy

	2009-10	2008-09
A) POWER & FUEL CONSUMPTION		
1. Electricity		
(a) Purchased		
Units (KWH)	3,14,002	2,92,432
Total Amount (Rs.)	17,49,082	22,02,171
Rate/Unit (Rs.)	5.57	7.53
(b) Own Generation		
(i) Through Diesel Generator - Unit	38,136	34,446
Unit per Litre of Diesel Oil	3.01	2.87
Cost/Unit (Rs.)	12.10	12.15
(ii) Through Steam Turbine/Generator	—	—
2. Others : (Purchased)		
Fire Wood (used in Drier Heaters)		
Quantity (m ³)	2,623.39	2,511.30
Value (Rs.)	17,31,055	14,92,861
Average Cost (Rs./m ³)	659.82	594.45
B) CONSUMPTION PER UNIT PRODUCTION		
Standard, if any, Product - Tea (Unit/Kg)		
Electricity	0.75	0.71
Coal	—	—
Petroleum Code	—	—
Briquetted Fuel	—	—
Fire Wood	0.006	0.005
Note : No Standards are available for comparison		

FORM 'B'

Form of Disclosure of particulars with respect to Technology Absorption, Research & Development

RESEARCH AND 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 | : | N.A. |
| 3. | Future Plan of Action | : | Improvement in cultural and plant protection practices as recommended by Tea Board are being adopted in addition to our own efforts for achieving better productivity and quality. |
| 4. | Expenditure on R&D Recurring | : | Nil |

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- | | | | |
|----|----------------------------------------------------------------------------------------------------------------------|---|-----------------------------------------------------------------------------------------------------------------------------------------------|
| 1. | Efforts, in brief, made towards technology absorption, adaptation and innovation | : | The Company is adopting the suggestion and recommendation of Tea Board in addition to its own efforts for improving productivity and quality. |
| 2. | Benefits derived as a result of the above efforts e.g. Product improvement, cost reduction, product development etc. | : | Improvement in productivity and quality. |
| 3. | In case of imported technology following information may be furnished : | | |
| | (a) Technology imported | : | Nil. |
| | (b) Year of import | : | N.A. |

FOREIGN EXCHANGE EARNINGS AND OUTGO

- | | | | |
|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------|---|-----|
| (a) | Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services, and export plans. | : | Nil |
| (b) | Total foreign exchange earned and used | | |
| | Earned | : | Nil |
| | Used | : | Nil |

On behalf of the Board

Kolkata
5th August, 2010

Hemant Bangur
Chairman

ANNEXURE TO DIRECTORS' REPORT SECRETARIAL COMPLIANCE CERTIFICATE

To
The Members of
The Cochin Malabar Estates and Industries Ltd.

We have examined the registers, records, books and papers of **THE COCHIN MALABAR ESTATES AND INDUSTRIES LIMITED** as required to be maintained under the Companies Act, 1956 and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2010. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies or other authorities as prescribed under the Act and the rules made thereunder.
3. The Company being a public limited Company, has the minimum prescribed paid up capital. The Company has become a subsidiary of Joonktollee Tea & Industries Ltd. by virtue of Section 4(1)(a) of the Companies Act, 1956.
4. The Board of Directors duly met five times respectively on 27.04.2009, 07.05.2009, 27.07.2009, 27.10.2009 and 27.01.2010 in respect of which the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.
5. The Company has closed its Register of Members from 16.09.2009 to 22.09.2009 and necessary compliance of Section 154 of the Companies Act, 1956 has been made.
6. The Annual General Meeting for the financial year ended on 31.03.2009 was held on 22.09.2009 and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No extra ordinary general meeting was held during the financial year.
8. The Company has not advanced any loans during the financial year to its Directors, or Persons or Companies as referred under section 295 of the Companies Act, 1956.
9. The Company has duly complied with the provisions of Section 297 of the Companies Act, 1956 in respect of contracts specified in that section.
10. The Company has made necessary entries in the register maintained under Section 301 of the Companies Act, 1956.
11. As there were no instances during the financial year, falling within the purview of Section 314 of the Companies Act, 1956 the Company has not obtained any approvals from the Board of Directors, Members or Central Government.
12. The Company has not issued any duplicate share certificates during the financial year.
13. (i) The Company has delivered all the certificates on transfer/transmission of shares during the financial year.
(ii) The Company has not deposited any amount in a separate Bank account as no dividend was declared during the financial year.
(iii) The Company was not required to post dividend warrants to any member as no dividend was declared during the financial year.
(iv) The Company was not required to transfer any amount to Investor Education and Protection Fund during the financial year.
(v) The Company has complied with the requirements of Section 217 of the Companies Act, 1956.
14. The Board of Directors of the Company is duly constituted and the appointment of Directors have been duly made.
15. The Company has not appointed any Managing Director / Whole-Time Director / Manager during the financial year. The appointment of Whole Time Director made during the last financial year was approved by the Central Government during this financial year.
16. The Company has not appointed any sole selling agent during the financial year.
17. The Company had filed a petition before the Company Law Board for shifting of registered office from Kochi (State of Kerala) to Kolkata (State of West Bengal) in the last financial year which has been approved by the Order dated 06.04.2010.
18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Companies Act, 1956 and the rules made thereunder.

19. The Company has not issued any shares/securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. There was no redemption of preference shares or debentures during the financial year.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
24. The amount borrowed by the Company from banks and others during the financial year are within the borrowing limits of the Company and necessary resolutions as per Section 293(1)(d) have been passed in the general meeting.
25. The Company has not made any loans or advances or given guarantees or provided securities or made any fresh investments in other bodies corporate during the financial year.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny. The alteration was made in the last financial year for shifting of registered office from Kerala to West Bengal.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the financial year under scrutiny.
30. The Company has not altered its Articles of Association during the financial year.
31. No offences occurred under the Companies Act, 1956 and no show cause notice was received by the Company during the year. No fines, penalty or any other punishment was imposed on the Company and its directors. The Shareholders and Creditors winding up petitions filed against the Company are pending before the Hon'ble High Court of Kerala
32. The Company has not received any security deposit from its employees during the year.
33. The Company has deposited both employees' and employer's contribution to Provident Fund with prescribed authorities pursuant to Section 418 of the Companies Act, 1956.

For **SUSHIL TIWARI & ASSOCIATES**
Company Secretaries

Place : Kolkata
Date : 05.08.2010

Sushil Tiwari
Proprietor