

# ANNUAL REPORT

2005 - 2006



## The Plantation Corporation of Kerala Ltd

(A Government of Kerala Undertaking)

KOTTAYAM - 686 004



**THE PLANTATION  
CORPORATION OF KERALA LTD.  
KOTTAYAM - 686 004**

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2578349, 2578194, 2578164  
2578763, 2578254, 2578294

**44th Annual Report  
2005-2006**



## **BOARD OF DIRECTORS**

**Sri. T.J. Anjalose, Ex.M.P.**

*Chairman (From 10-8-2006)*

**Smt. M.G. Girija**

*Director (From 03-11-2006)*

**Sri. K.V. Krishnan**

*Director (From 31-08-2006)*

**Sri. C.K. Unnikrishnan**

*Director (From 04-11-2006)*

**Sri. Mathew C. Kunnumkal, I.A.S.**

*Director (From 23-06-2004 to 15-03-2007)*

**Adv. P.S. Pradeep**

*Director (From 12-08-2004 to 10.10.2006)*

**Sri. K. Balachandran Thampi, I.F.S.**

*Director (From 24-04-1997 to 10.10.2006)*

**Sri. Babu Thomas**

*Managing Director (From 07.11.2006)*

**Smt. M. Albertin**

*Director (From 15-03-2007)*

**Sri. P.N. Prabhakaran**

*Director (From 04-11-2006)*

**Sri. K. Babu**

*Director (From 16-06-2006 to 03-11-2006)*

**Sri. R. Krishnamoorthy, B.Com., F.C.A.**

*Managing Director in charge  
(From 16-08-2006 to 07-11-2006)*

**Sri. P.J. Joy**

*Director (From 12-08-2004 to 10.10.2006)*

*Secretary*

**John Vadassery**

*Auditors*

**M/s. Vishnu Rajendran & Co.**

**Chartered Accountants**

**Kottayam.**

## **NOTICE TO SHAREHOLDERS**

Notice is hereby given that the 44th Annual General Meeting of the company will be held on Saturday, the 30th September, 2006 at 11.30 A.M at the Registered Office of the Company, Kottayam-04 to transact the following business.

1. To consider the adjournment of the consideration of the accounts for the year 2005-2006 to a suitable date.
2. To record the appointment of Directors by the Governor of Kerala in the place of retiring directors at the time of Annual General Meeting under Article 63(2) of the Articles of Association.

The following Directors retire and are eligible for re-appointment.

1. Sri. Mathew C. Kunnumkal, I.A.S.
  2. Sri K. Balachandran Thampi, I.F.S.
  3. Sri. K. Babu
  4. Sri. P.J. Joy
  5. Adv. P.S. Pradeep
3. To authorise the Board of Directors to fix the remuneration of Auditors appointed by the Comptroller & Auditor General of India.

By the Order of the Board,  
For THE PLANTATION CORPORATION OF KERALA LIMITED,

Kottayam  
24-08-2006

*Sd/-*  
**JOHN VADASSERY**  
Secretary

**Note:** A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member. A form of proxy is attached. The proxy form must be returned duly completed to reach the office not less than 48 hours before the meeting.

### **NOTICE TO SHAREHOLDERS**

Notice is hereby given that the 44th (adjourned) Annual General Meeting of the Corporation will be held on Tuesday, the 24th April, 2007 at 11.00 A.M. at the Registered Office of the Corporation, Muttambalam, Kottayam-4 to transact the following business.

To receive, consider and adopt the Directors' Report, Auditors' Report and the audited Profit and Loss Account for the year ended 31st March, 2006 and the Balance Sheet as on that date.

By Order of the Board,  
For THE PLANTATION CORPORATION OF KERALA LIMITED,

*Sd/-*

**BABU THOMAS**  
Managing Director

Kottayam  
28-03-2007

**Note:** A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member. A form of proxy is attached. This must be returned duly completed to reach the office not less than 48 hours before the meeting.

## **DIRECTOR'S REPORT FOR THE YEAR 2005-2006**

Gentlemen,

Your Directors have pleasure in presenting the 44th Annual Report of the Corporation for the year ended 31<sup>st</sup> March, 2006.

### **OPERATING RESULTS**

Particulars	2005-06 (Rs.in Lakh)	2004-05 (Rs in Lakh)
Sales	4470.53	3111.84
Stock Differential	-447.45	325.12
Other Income	40.84	27.13
Net Revenue after adjusting stock differential	4063.92	3464.09
Manufacturing & Operating Cost	3186.01	2472.53
Depreciation	42.83	40.82
Provision for Gratuity	573.50	377.57
Tax Provision	60.00	---
Net Profit before Taxation	261.57	573.17

### **TERM LOAN**

The Corporation has repaid all the loans payable to Government of Kerala except the loans drawn for investment in Oil Palm India Limited. The said loans has been cancelled by the Government of Kerala when the subsidiary status of Oil Palm India Limited was terminated. The balance outstanding in the loan account was Rs. 32,61,222/- as on 31-03-1996. This was transferred to Capital Reserve account.

Subsequently as per letter No. L11(1) 15099/84 dated 24-11-1999 Director of Agriculture has requested to remit an amount of Rs. 62,75,140/- as shown below.

Principal	:	Rs. 32,61,222.00
Interest	-	Rs. 28,67,382.00
Penal Interest	-	Rs. 1,46,536.00
Total		<u>Rs. 62,75,140.00</u>

The Company has requested Government of Kerala for exemption from the above payment considering the serious financial crisis faced by the Company and also on the contention that the entire loan of Rs. 112 lakhs was already cancelled by the Government of Kerala as per G.O. (MS) No.239/83/AD dated 04-08-1983.

The above request was not considered by the Government. Government have ordered to convert the amount of Rs. 62,75,140/- as Share Capital of Government.

The matter was again placed before the Board and the Board has authorised Managing Director to present the case again with the Government considering the present financial position of the Corporation. The request made by the Managing Director is pending at Government level.

The penal interest for delayed remittance of some earlier loan installments and interest is due to Government of Kerala. In earlier years when the Corporation was meeting its Working Capital requirements with overdraft facilities the loan installments and interest could not be remitted in time.

The Corporation had availed a Kissan Credit Overdraft from Canara Bank for a period of three years after mortgaging the land and property at Kasargode and Vadavathoor (Kottayam) and hypothecation of standing crops. The rate of interest at the time of sanction in August 2001 was 15.75% and presently it is 10.75%. The overdraft limit was valid for a period of 3 years. The facility was renewed for a further period of 3 years at the rate of 10.75%. The balance loan that is outstanding as on 31-03-2006 under Kissan credit facility is Rs. 74,15,154.71.

Canara Bank vide letter No. CR/679/234/02 dated 07-05-2002 has also sanctioned a Term Loan of Rs. 14.78 crores at an interest rate of 14.75% in addition to Rs. 6.90 crores already availed under Kissan Credit Scheme.

Government has also vide G.O. (MS) No.21/2003/AD dated 27-01-2003 accorded sanction for availing a loan of Rs. 21.68 crores (Including Rs. 6.90 crores already taken and Rs. 15 crores for which Government sanction was already accorded) from Canara Bank.

Government Guarantee has also been provided for the entire loan amount and its accruing interest till the repayment of the entire amount subject to payment of guarantee commission. Government has also declared moratorium on payment of Agricultural Income Tax, Plantation Tax and lease rent by Plantation Corporation of Kerala Limited till the completion of the repayment of entire loan amount.

Based on the Government Order the guarantee deed has been executed by Agricultural Production Commissioner on 15-03-2003. We have so far availed an amount of Rs. 6 crores against the sanctioned Term Loan of Rs. 14.78 crores at an interest rate of 13.5%. The rate of interest for Term Loan has been reduced to 10.75%. Further it has been reduced to 8.9% with effect from 1<sup>st</sup> October 2005. The balance in Term loan as on 31-3-2006 is Rs. 9,653.02

### **AGRICULTURAL INCOME TAX**

The assessment of Agricultural Income Tax has been completed up to the financial year 2003-04. For the completed assessment the Company has filed appeals before the higher authorities which are pending for disposal.

### **SALES**

#### **Rubber**

During the year 2005-2006 the quantity of rubber sold was 5165.16 M.Ts. worth Rs.3934.20 lakhs as against 4057.16 M.Ts. worth Rs. 2483.89 lakhs in 2004-05.

#### **Cashew**

During the year 2005-2006 the amount received on sale of cashew nuts was Rs. 393.30 lakhs as against Rs.480.55 lakhs in 2004-05.

### **PRODUCTION**

#### **Rubber**

The production target was 5761,500 M.Ts. and the achievement was 4346.988 M.Ts. (75.45%) during 2005-06.

The D4 tapping system is followed in the entire normal tapping area with cyclic application of stimulant as per Rubber Board direction.

#### **Cenex**

We have produced 2884 M.Ts. (DRC) of Cenex during the period of 2005-2006. (KGL Factory-1697 M.Ts & Kallala Factory-1187 M.Ts.)

### **Rubber Wood**

Factory has been temporarily shut down.

### **Oil Palm Plantations**

We have harvested 2886.695 M.Ts. of Oil Palm FFB during the year 2005-2006

### **RUBBER ESTATES**

There are seven Rubber Estates under the ownership of the Corporation, which are located in the Districts of Pathanamthitta, Ernakulam, Malappuram and Kozhikode.

### **CASHEW ESTATES**

There are four cashew estates viz. Kasargode, Rajapuram and Cheemeni (including Alakode division in Kannur District) in Kasargode District and Mannarghat Estate in Palakkad District.

### **FACTORIES**

PCK has 3 major Rubber Processing Factories and one Rubber Wood factory.

- a. Kodumon Group Latex Factory situated in Pathanamthitta District. (36,000 liters per day)
- b. Kallala Centrifuge Factory situated in Ernakulam District. (27,000 liters per day)
- c. Vettilappara Crumb Rubber Factory situated in Ernakulam District. (1800 M.T. per year)
- d. Rubber Wood Factory - Kodumon situated in Pathanamthitta District.

### **NEW ACTIVITIES**

The Corporation propose to put up a Centrifuged Latex Factory at Kodumon with additional processing capacity and latest equipments to meet the demand of Cenex consumers and also to modernize the Crumb Rubber Factory at Vettilappara.

It is also proposed to start a commercial nurseries in all the plantations using the infrastructure available in the estates.

There is a plan to start a Training Centre at Kottayam for imparting training to employees.

The activities of the Plantation Valley - Farm Tourism Project, is being strengthened taking professional help from Agencies in Tourism field and also extending similar activities in Perambra estate and Kasargode estate by using available infrastructure.

### **INDUSTRIAL RELATIONS**

The industrial relations during the period 2005-2006 were cordial and peaceful.

### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUT GO**

The information required under Section 217(1)(e) of the Companies Act 1956 is given in the Annexure - I of the Report.

### **PARTICULARS OF EMPLOYEES**

Particulars under Section 217 (2A) of the Companies Act 1956 read with Companies (Particulars of employees) Rules 1975 as amended is deleted since none of the employees falls in that limit.

**DIRECTOR'S RESPONSIBILITY STATEMENT (AS PER SECTION 217 (2AA) OF  
THE COMPANIES ACT 1956**

- (i) In the preparation of annual accounts, the application of accounting standards have been followed along with proper explanation relating to material departures wherever applicable.
- (ii) We had 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 and the profit or loss of the Company for that period.
- (iii) We had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act so as to safeguard the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) The annual accounts are prepared on a going concern basis.

**DIRECTORS**

The details of Board of Directors including the change that have taken place during the period under report is given in Annexure - II.

**CORPORATE GOVERNANCE**

The report on corporate Governance is given in Annexure - III.

**AUDITORS**

M/s Vishnu Rajendran & Co., Chartered Accountants, Kottayam were appointed by Comptroller and Auditor General of India as the Auditors of the company for the year 2005-06.

**COMPLIANCE CERTIFICATE**

Compliance Certificate for the year 2004-05 was forwarded to the Bureau of Public Enterprises in accordance with Circular No.954/BPE2/60/Pig. dated 24-03-2006 issued by Planning & Economic Affairs (BPE) Department, Government of Kerala.

**ACKNOWLEDGEMENT**

Your Directors are grateful to the Government of Kerala, Rubber Board, Canara Bank, S.B.T., Corporation Bank, Syndicate Bank and North Malabar Gramin Bank and others for the continued support during the year under review.

Your Directors wish to place on record their deep sense of appreciation of the devoted service rendered by the Executives, Staff and Workers of the Corporation.

For and on behalf of the Board of Directors

Kottayam  
28-03-'07

*Sd/-*  
T.J. ANJALOSE  
(Chairman)

## ANNEXURE - I

Statement under Section 217 (1) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors)

### **A. CONSERVATION OF ENERGY**

(a) Energy conservation measures taken	Nil
(b) Additional investment and proposals; if any being implemented for reduction of energy.	Nil
(c) Impact of the measures (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.	Due to the efforts taken during the previous years in getting steady electric supply, the production cost is reduced.
(d) Total energy consumption per Unit of Production	Not applicable

### FORM - B

(See Rule 2)

Form of Disclosure of Particulars with Respect of Absorption (to the extent applicable)

Research and Development	Nil
(e) Activities relating to export initiatives taken to increase exports development of new export market for new products and services and export plans	Nil
(f) Total foreign exchange used and earned	
Used	Nil
Earned	Nil

## ANNEXURE - II

Details of Directors including changes taken place during the year ending 31-03-2006.

<u>Sl. No.</u>	<u>Name</u>	<u>Address</u>	<u>Date of Appointment</u>
1.	Sri. A.C. Mathew Edayadi (Chairman)	Edayadi House Jubilee Road, Sea-view Ward Alappuzha	29-11-2002
2.	Dr. A.K. Krishnakumar (Director)	Rubber Production Commissioner Rubber Board Kottayam - 2	09-11-1995
3.	Sri. K. Balachandran Thampi, IFS (Director)	Additional Principal Chief Conservator of Forests, Forest Headquarters, Vazhuthacadu, Thiruvananthapuram.	24-04-1997
4.	Sri. B. Sugadan (Director)	Additional Secretary, Establishment C-Section, Finance Department, Government of Kerala, Secretariat, Thiruvananthapuram.	27-11-2001
5.	Dr. V.K. Raju ( Managing Director)	Valakadavil House Ettumuna Karuvannur P.O., Thrissur.	22.07.2004
6.	Sri. Mathew C. Kunnumkal, I.A.S (Director)	Agriculture Production Commissioner, Agriculture (PU) Department, Government of Kerala, Secretariat, Thiruvananthapuram	23.06.2004
7.	Sri. P.J. Joy, M.L.A. (Director)	Puthussery House, M.G. Road, Angamaly P.O., Ernakulam-683 572.	12.08.2004
8.	Sri. T.T. Soman, (Director)	Thundiyl House, Kudianmala P.O., Kannur.	11.08.2004
9.	Sri. P.S. Pradeep, (Director)	Sudha Bhavan, Nedungolam, Paravoor, Kollam.	11.08.2004

**THE PLANTATION CORPORATION OF KERALA LTD.**

(A Govt. of Kerala Undertaking)

KOTTAYAM-686 004

**ANNUAL ACCOUNTS**

**&**

**SCHEDULES**

**2005-2006**

**THE PLANTATION CORPORATION OF KERALA LTD.,**  
**KOTTAYAM-4**  
**BALANCE SHEET AS AT 31st MARCH 2006**

Previous Year Rs. Ps.	LIABILITIES	Current Year Rs. Ps.
	<b>SHARE CAPITAL</b>	
75000000.00	Authorised - 75000 Equity Shares of Rs.1000/- each	75000000.00
55688000.00	Issued - 55688 Equity Shares of Rs. 1000/- each	55688000.00
55688000.00	Subscribed, called up and paid up 55688 Equity shares of Rs. 1000/- each (Of the above shares, 12182 shares are allotted as fully paid up pursuant to a contract without payments being received in cash)	55688000.00
230780572.88	<b>RESERVES &amp; SURPLUS (Sch.A)</b>	232484297.88
39323887.50	SECURED LOANS (Sch.B1)	7424807.73
	UNSECURED LOANS From Govt.of Kerala for Estate Development	
4820960.51	Interest accrued and due	4820960.51
	<b>CURRENT LIABILITIES &amp; PROVISIONS</b>	
215563882.67	a. Current Liabilities - Sch. B	246996383.29
197346745.07	b. Provisions - Sch.C	235023322.07
	<b>ACCOUNTING POLICIES &amp; NOTES TO ACCOUNTS</b>	
	a. Accounting policies - Sch.J	
	b. Notes Forming Part of Accounts - Sch.K	
<b>743524048.63</b>	<b>TOTAL</b>	<b>782437771.48</b>

For and on behalf of Board of Directors

Sd/- T.J. ANJALOSE Chairman	Sd/- R. KRISHNAMOORTHY Managing Director	Sd/- THAMPY ABRAHAM G.M. (F & A)	Sd/- JOHN VADASSERY Secretary	Subject to our report of even date For VISHNU RAJENDRAN & CO. Chartered Accountants Sd/- Partner
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# THE PLANTATION CORPORATION OF KERALA LTD.,

## KOTTAYAM-4

### BALANCE SHEET AS AT 31st MARCH 2006

Previous Year Rs. Ps	ASSETS	Current Year Rs. Ps.
	<b>FIXED ASSETS</b>	
401218433.23	a) Plantations - Sch D	418295318.09
52004968.67	b) Plant & Machinery, Roads Buildings etc. - Sch. E	75070368.03
23774933.20	c) Capital Work in Progress	78577442.28
	<b>INVESTMENTS</b>	
12501000.00	In Shares (at cost) - Sch F	12501000.00
	<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>	
109002974.24	a) Current Assets - Sch. G	151964005.36
76853785.32	b) Loans & Advances - Sch.H	221275208.47
68167953.97	<b>PROFIT &amp; LOSS APPROPRIATION ACCOUNT</b>	51788802.64
<b>743524048.63</b>	<b>TOTAL</b>	<b>782437771.48</b>

For and on behalf of Board of Directors

Sd/-  
T.J. ANJALOSE  
Chairman

Sd/-  
R. KRISHNAMOORTHY  
Managing Director

Sd/-  
THAMPY ABRAHAM  
G.M. (F & A)

Sd/-  
JOHN VADASSERY  
Secretary

Subject to our report of even date  
For VISHNU RAJENDRAN & CO  
Chartered Accountants

Sd/-  
Partner

**THE PLANTATION CORPORATION OF KERALA LTD.,**  
**KOTTAYAM-4**  
**PROFIT & LOSS ACCOUNTANT FOR THE YEAR ENDED 31 st MARCH 2006**

Previous Year Rs. Ps.	EXPENDITURE	Current Year Rs. Ps.
44861131.99	To Opening Stock- Rubber and Agrl.Products	77373134.48
41132.00	To Purchase of Latex from Union	96252.00
38660231.87	To Salaries & Allowances	58864296.03
242295.00	To Salaries & Allowances to MD	383159.00
2645357.50	To Leave Encashment	3391456.00
18988223.00	To Employer's Contribution -PF	22278297.00
18153580.24	To Bonus & Production Incentive	15343736.58
24000.00	To Honorarium to Chairman	24000.00
127512.50	To TA & Sitting fee to Directors	125679.50
973118.96	To TA to staff & officers	1337037.60
60073.00	To Rent	105849.25
1389415.60	To Rates & taxes	1369014.75
0.00	To Rates & taxes - Fringe Benefit	4142248.00
14620346.00	To Electricity Charges	15475116.77
15189871.00	To Lease Rent	16292856.00
484904.00	To Insurance Charges	612059.00
1496244.00	To Advertisement Charges	1531750.50
430197.27	To Legal Expenses	476177.62
304234.00	To Remuneration to Auditors	309681.00
2965668.00	To Interest on Loan	1209658.00
294930.00	To Guarantee Commission	55685.00
9814545.44	To Rep. & Maintenance of Assets - Sch.I	12606846.40
5886888.45	To Miscellaneous Expenses -Sch. II	5171759.50
18261210.45	To Welfare expenses - Sch. III	20101350.63
4082469.12	To Depreciation	4283048.79
12018923.98	To Cultivation & Upkeep - Rubber	18892503.35
50145450.61	To Tapping & Collection - Rubber	70595151.45
20631576.81	To Manufacturing & Selling Expenses	29737558.05
8512310.10	To Cultivation & Upkeep - Cashew	9124596.49
3127750.00	To Cultivation & Upkeep - Oil Palm	4416220.00
53334.08	To Cultivation & Upkeep - Other Crops	219419.90
1367094.92	To Collection Charges - Cashew	1363081.18
341143.40	To Harvesting Expenses - Oil Palm	558017.00
37757154.00	To Provision for Gratuity	57350378.78
0.00	To Net Loss - Rubber Wood Factory -Sch.IV	627740.74
0.00	To Net Loss-Farm Tourism Project - Schedule - V	1763063.01
57317069.70	To Net Profit c/d to P & L Appropriation A/c	26157441.18
	Earning Per Share : Rs 362.00	
<b>391269386.99</b>	<b>TOTAL</b>	<b>483765320.53</b>

For and on behalf of Board of Directors

Sd/-  
T.J. ANJALOSE  
Chairman

Sd/-  
R. KRISHNAMOORTHY  
Managing Director

Sd/-  
THAMPY ABRAHAM  
G.M. (F & A)

Sd/-  
JOHN VADASSERY  
Secretary

Subject to our report of even date  
For VISHNU RAJENDRAN & CO.  
Chartered Accountants  
Sd/-  
Partner

**THE PLANTATION CORPORATION OF KERALA LTD.,**  
**KOTTAYAM-4**  
**PROFIT & LOSS ACCOUNTANT FOR THE YEAR ENDED 31 st MARCH 2006**

Previous Year Rs. Ps	INCOME	Current Year Rs. Ps.
	<b><u>By Sales</u></b>	
248389053.28	Rubber 393420324.53	
48054658.77	Cashew 39301343.88	
10619200.00	Oil Palm 11901045.00	
624855.00	Agricultural Produce 704810.83	
3086313.30	Rubber Trees & Firewood 1164212.70	
36771.00	Tender Forms 39200.00	
373254.90	Empties & Unserviceables 522203.41	447053140.35
	<b><u>By Interest</u></b>	
658406.88	From Contractors & Customers 798135.76	
0.00	From Banks & Treasury 119951.00	
114418.17	From Staff Loans 44934.92	963021.68
	<b><u>By Other Income</u></b>	
303133.00	Rent of Building 349676.00	
107680.00	Profit on Sale of Assets 174335.32	
0.00	Dividend Received 500000.00	
931666.29	Miscellaneous Income 1772665.68	
	Plantation Refund Adjustment 298238.50	
175029.00	Inter Crops 25890.00	3120805.50
	<b><u>By Closing Stock of Finished Goods &amp; W.I.P</u></b>	
75557937.00	Rubber 29797194.00	
1620860.18	Cashew 2552841.00	
194337.30	Other Agricultural Produces 278318.00	32628353.00
421812.92	To Net Profit - Rubber Wood Factory - Sch.IV	0.00
<b>391269386.99</b>	<b>TOTAL</b>	<b>483765320.53</b>

For and on behalf of Board of Directors

Sd/- T.J. ANJALOSE Chairman	Sd/- R. KRISHNAMOORTHY Managing Director	Sd/- THAMPY ABRAHAM G.M. (F & A)	Sd/- JOHN VADASSERY Secretary	Subject to our report of even date For VISHNU RAJENDRAN & CO. Chartered Accountants Sd/- Partner
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**THE PLANTATION CORPORATION OF KERALA LTD.,  
KOTTAYAM - 4**

**PROFIT AND LOSS APPROPRIATION ACCOUNT FOR THE YEAR ENDED 31st MARCH 2006**

Previous Year Rs. Ps.		Current year Rs. Ps.	Previous year Rs. Ps.		Current Year Rs. Ps.
123192745.57	To Balance as per last Balance sheet	68167953.97	57317069.70	By Net Profit as per P & L A/c	26157441.18
2933278.10	To Prior Period Expenses	3778289.85	641000.00	By Prior Period Income	0.00
0.00	To Tax Provision - CIT	2000000.00	68167953.97	By Net Loss transferred to Balance Sheet	51788802.64
0.00	To Tax Provision - FBT	4000000.00			
<b>126126023.67</b>	<b>TOTAL</b>	<b>77946243.82</b>	<b>126126023.67</b>	<b>TOTAL</b>	<b>77946243.82</b>

For and on behalf of Board of Directors

Sd/-  
T.J. ANJALOSE  
Chairman

Sd/-  
R. KRISHNAMOORTHY  
Managing Director

Sd/-  
THAMPY ABRAHAM  
G.M. (F & A)

Sd/-  
JOHN VADASSERY  
Secretary

Subject to our report of even date  
For VISHNU RAJENDRAN & CO.  
Chartered Accountants  
Sd/-  
Partner

**SCHEDULE - A**  
**RESERVES & SURPLUS AS ON 31-03-2006**

Previous Year Rs. Ps.		Current Year Rs. Ps.
	<b>RESERVES &amp; SURPLUS</b>	
118989520.90	1. <u>Capital Reserve</u> As per last Balance Sheet	118989520.90
81958000.00	2. <u>Replanting Reserve</u> As per last Balance Sheet	81958000.00
14079091.48	3. <u>Rehabilitation Reserve</u> As per last Balance Sheet	14079091.48
	<b>SUBSIDY FROM GOVERNMENT</b>	
12006020.50	1. <u>Subsidy from Rubber Board</u> Rubber Cultivation:  As per last Balance Sheet 12006020.50 Additions during the year 26725.00	12032745.50
3747940.00	2. <u>Subsidy from Govt. of Kerala</u> Cashew Plantation Upkeep As per last Balance Sheet 3747940.00 Additions during the year 1677000.00	5424940.00
<b>230780572.88</b>	<b>TOTAL</b>	<b>232484297.88</b>

**SCHEDULE - B**  
**CURRENT LIABILITIES AS ON 31-03-2006**

Previous Year Rs. Ps.		Current Year Rs. Ps.
1246349.50	Sundry Creditors Due to Small Scale Industrial Undertakings 1518092.00 Due to other than Small Scale Industrial Undertakings 566251.50	2084343.50
158181070.55	Other Liabilities	186713403.68
4952608.32	EMD	4924599.17
12559261.02	Security Deposit	12840043.02
20838704.00	Advance against Sales	17828579.00
10000.00	Housing Scheme - Workers	0.00
37914.38	Welfare Fund	43613.56
17737151.90	Agricultural Income tax due	17737151.90
0.00	Central Sales Tax payable	744894.96
823.00	Value added Tax payable	2625.00
0.00	Plantation Tax payable Adjustment	4077129.50
<b>215563882.67</b>	<b>TOTAL</b>	<b>246996383.29</b>

For and on behalf of Board of Directors

Sd/-	Sd/-	Sd/-	Sd/-	Subject to our report of even date
T.J. ANJALOSE Chairman	R. KRISHNAMOORTHY Managing Director	THAMPY ABRAHAM G.M. (F & A)	JOHN VADASSERY Secretary	For VISHNU RAJENDRAN & CO. Chartered Accountants Sd/- Partner

**SCHEDULE - B1**  
**SECURED LOAN AS ON 31-03-2006**

Previous Year Rs. Ps.		Current Year Rs. Ps.
	<b>LOANS AND ADVANCES FROM BANKS</b>	
39304234.48	<b>1. Kissan Credit Over Draft from Canara Bank</b> Kissan Credit Overdraft availed from Canara Bank, Main Branch, Koattayam, secured by the hypothecation of stock and mortgage of lands at Vadavathoor and Kasaragode and guaranteed by the Govt. of Kerala vide GO (MS)No.21/2003/AD dtd.27/01/2003	7415154.71
19653.02	<b>2. Term Loan from Canara Bank</b> Term Loan availed from Canara Bank, Main Branch, Kottayam, secured by the hypothecation of stock and mortgage of lands at Vadavathoor and Kasaragode and guaranteed by the Govt. of Kerala vide GO (MS) No.21/2003/AD dtd, 27/01/2003	9653.02
<b>39323887.50</b>	<b>TOTAL</b>	<b>7424807.73</b>

**SCHEDULE - C**  
**PROVISIONS AS ON 31-03-2006**

Previous Year Rs. Ps.		Current Year Rs. Ps.
173393880.00	<b>1. Gratuity</b> As per last Balance Sheet 173393880.00 ADD: Additions this year 57350378.78 <u>230744258.78</u> LESS: Paid this year 25498552.78	205245706.00
4200000.00	<b>2. Bonus:</b> As per last Balance Sheet 4200000.00 ADD: Additions this year (from 1-1-2006 to 31-3-2006) 4000000.00 <u>8200000.00</u> LESS Adjusted this year (from 1-1-2005 to 31-3-2005) 4200000.00	4000000.00
19752865.07	<b>3. Taxation:</b> As per last Balance Sheet 19752865.07 ADD Additions this year 6000000.00 <u>25752865.07</u> LESS Adjusted this year (24751.00)	25777616.07
<b>197346745.07</b>	<b>TOTAL</b>	<b>235023322.07</b>

For and on behalf of Board of Directors

Sd/- T.J. ANJALOSE Chairman	Sd/- R. KRISHNAMOORTHY Managing Director	Sd/- THAMPY ABRAHAM G.M. (F & A)	Sd/- JOHN VADASSERY Secretary	Subject to our report of even date For VISHNU RAJENDRAN & CO. Chartered Accountants Sd/- Partner
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**SCHEDULE - D**  
**DEVELOPMENT OF PROPERTY AS ON 31ST MARCH 2006**

Item	Opening Balance		Additions		Disposals		Closing Balance	
	Rs.	Ps.	Rs.	Ps.	Rs.	Ps.	Rs.	Ps.
Rubber	335223818.49		12030327.49		0.00		347254145.98	
Cashew Plantations	29346675.43		3798466.70		59615.33		33085526.80	
Arecanut Plantations	898999.18		171368.00		0.00		1070367.18	
Oil Palm Plantation	32031580.18		812481.00		0.00		32844061.18	
Teak Plantations	732013.50		22351.00		0.00		754364.50	
Cocoa Plantation		0.00	12797.00		0.00		12797.00	
Coconut Plantations	204782.86		0.00		0.00		204782.86	
Survey	228484.53		1250.00		0.00		229734.53	
Evicted Area Expenses	1694037.42		0.00		0.00		1694037.42	
Eucaliptus & Accasia	598815.64		12428.00		0.00		611243.64	
Vanila plantation	259226.00		263593.00		0.00		522819.00	
Pathimugham Plantation		0.00	11438.00		0.00		11438.00	
<b>TOTAL</b>	<b>401218433.23</b>		<b>17136500.19</b>		<b>59615.33</b>		<b>418295318.09</b>	

For and on behalf of Board of Directors.

Sd/-	Sd/-	Sd/-	Sd/-	Subject to our report of even date
T.J. ANJALOSE	R. KRISHNAMOORTHY	THAMPY ABRAHAM	JOHN VADASSERY	For VISHNU RAJENDRAN & CO.
Chairman	Managing Director	G.M. (F & A)	Secretary	Chartered Accountants
				Sd/-
				Partner

**THE PLANTATION CORPORATION OF KERALA LTD.,  
KOTTAYAM - 686 004**

**SCHEDULE - E**

**SCHEDULE OF FIXED ASSETS AS ON 31st MARCH 2006**

ITEM	ORIGINAL COST						DEPRECIATION						DISPOSALS / WRITE-OFF				BALANCE							
	At the end of Previous Year		Additions during current Year		Total Cost		At the end of Previous Year		For the current Year		Total Depreciation		Original Cost		Depreciation Written off		Total Cost as on 31-03-2006		Total Deprn. as on 31-03-2006		Net Block as on 31-03-2006		Net Block as on 31-03-2005	
	Rs.	Ps.	Rs.	Ps.	Rs.	Ps.	Rs.	Ps.	Rs.	Ps.	Rs.	Ps.	Rs.	Ps.	Rs.	Ps.	Rs.	Ps.	Rs.	Ps.	Rs.	Ps.	Rs.	Ps.
1. Furniture	2736630.66		687235.00		3424065.66		2354552.66		105674.00		2960426.66		0.00		0.00		3424065.66		2960426.66		763639.00		182278.00	
2. Office Equipments	3679114.65		840.00		3879954.65		2868658.65		151635.00		3020293.65		0.00		0.00		3879954.65		3020293.65		859661.00		1010456.00	
3. Electric Appliances	102157.74		293950.00		396107.74		95228.74		31190.00		130418.74		0.00		0.00		396107.74		130418.74		265689.00		2929.00	
4. Electrical Installation	6473640.26		1187520.00		7661160.26		5902180.26		165477.00		6067657.26		0.00		0.00		7661160.26		6067657.26		1593503.00		571460.00	
5. Telephone	295552.38		3400.00		298952.38		230978.38		9226.00		240206.38		0.00		0.00		298952.38		240206.38		58746.00		64574.00	
6. Survey Instruments	12484.92		0.00		12484.92		12295.92		27.00		12322.92		0.00		0.00		12484.92		12322.92		162.00		189.00	
7. Library	70903.36		0.00		70903.36		57412.36		1350.00		58762.36		0.00		0.00		70903.36		58762.36		12141.00		13491.00	
8. Roads	2483024.42		2544734.62		27376759.04		11374920.42		790093.62		12365014.04		0.00		0.00		27376759.04		12365014.04		15011745.00		13257104.00	
9. Fence/Kayyala	9999280.09		7048.94		10006309.03		8655131.09		334780.00		6989911.09		0.00		0.00		10006309.03		6989911.09		3016397.94		3344129.00	
10. Electric Fittings	185236.03		25013.00		210249.03		159352.03		8165.00		167517.03		0.00		0.00		210249.03		167517.03		42732.00		25884.00	
11. Plant & Machinery	25583397.38		3106461.00		28690058.38		19677785.71		862191.79		20539977.50		0.00		0.00		28690058.38		20539977.50		8150080.88		5905811.67	
12. Buildings	60089609.52		15167733.35		75257342.87		38378766.52		1544129.00		39922895.52		0.00		0.00		75257342.87		39922895.52		35334447.35		21710843.00	
13. Vehicles	12400717.27		3898533.84		16299251.11		10485930.27		614543.38		1110493.65		692414.90		689691.22		15805836.21		10420802.43		5166033.78		1504787.00	
14. Water Supply Instn.	8445984.33		257632.00		8703616.33		8233943.33		103847.00		8337790.33		0.00		0.00		8703616.33		8337790.33		365826.00		212041.00	
15. Ammonia cylinders	523639.00		0.00		523639.00		521863.00		863.00		522646.00		0.00		0.00		523639.00		522646.00		993.00		1656.00	
16. Wells	265952.95		35870.00		301822.95		86934.95		8952.00		95886.95		0.00		0.00		301822.95		95886.95		205936.00		179016.00	
17. Landing pad	118844.25		0.00		118844.25		71638.25		2361.00		73999.25		0.00		0.00		118844.25		73999.25		44845.00		47206.00	
18. Jhankar & Boat	63041.49		0.00		63041.49		37362.49		2568.00		39930.49		0.00		0.00		63041.49		39930.49		23111.00		25679.00	
19. Freehold land	3148635.65		0.00		3148635.65		1.65		0.00		1.65		0.00		0.00		3148635.65		1.65		3148634.00		3148634.00	
20. Computer	1048410.00		301000.00		1949410.00		651591.00		311774.00		963365.00		0.00		0.00		1949410.00		963365.00		986045.00		396819.00	
<b>TOTAL</b>	<b>160275636.35</b>		<b>28116971.83</b>		<b>188392608.18</b>		<b>108270667.67</b>		<b>5048848.79</b>		<b>113319516.46</b>		<b>692414.90</b>		<b>689691.22</b>		<b>187700193.28</b>		<b>112629625.24</b>		<b>75070368.03</b>		<b>52004968.67</b>	
Previous Year Total	156862024.35		3437362.00		160299386.35		104032794.55		4259303.12		108292097.67		23750.00		21430.00		160275636.35		108270667.67		52004968.67		52845752.36	

For and on behalf of Board of Directors

Sd/-  
T.J. ANJALOSE  
Chairman

Sd/-  
R. KRISHNAMOORTHY  
Managing Director

Sd/-  
THAMPY ABRAHAM  
G.M. (F & A)

Sd/-  
JOHN VADASSERY  
Secretary

Subject to our report of even date  
For: VISHNU RAJENDRAN & CO.  
Chartered Accountants  
Sd/-  
Partner

**SCHEDULE - F**  
**INVESTMENTS AS ON 31-03-2006**

Previous Year Rs. Ps.		Current Year Rs. Ps.
	In shares of Companies (unquoted) :	
1000.00	a) 10 Equity shares of Rs.100/- each fully paid up in Banana & Fruit Development Corporation Ltd., Madras	1000.00
10000000.00	b) 1000 Equity Shares of Rs. 10,000/- each fully paid up in Kerala Feeds Ltd., Kallettumkara, Trichur.	10000000.00
2500000.00	c) 2,50,000 Equity shares of Rs. 10/- each fully paid up in Cochin International Airport Ltd., Nedumbassery.	2500000.00
<b>12501000.00</b>	<b>TOTAL</b>	<b>12501000.00</b>

For and on behalf of Board of Directors

Sd/-	Sd/-	Sd/-	Sd/-	Subject to our report of even date
T.J. ANJALOSE Chairman	R. KRISHNAMOORTHY Managing Director	THAMPY ABRAHAM G.M. (F & A)	JOHN VADASSERY Secretary	For VISHNU RAJENDRAN & CO Chartered Accountants
				Sd/- Partner

**SCHEDULE - G  
CURRENT ASSETS AS ON 31-03-2006**

Previous Year	Current Year
Rs. Ps.	Rs. Ps.
16636883.63	18319254.13
2268474.11	2550636.83
735639.62	925562.02
7557937.00	29797194.00
1268910.00	147450.00
1620860.18	2552841.00
194337.30	278318.00
970535.65	820083.83
33297.28	103874.63
86331.00	239194.00
1133647.04	1111480.08
52242.75	139818.00
551994.14	56985706.52
<b>B. SUNDRY DEBTORS (Unsecured considered good):</b>	
Exceeding six months	5096565.43
Others	4110998.53
Less : Provision for Doubtful Debts	1387786.91
	9207563.96
<b>C. CASH &amp; BANK BALANCES:</b>	
a. Stamp & Stamp Papers	223.00
b. Cash Balance:	0.00
c. Bank Balances	6152387.79
1. With Scheduled Banks in Current Accounts	5911.00
2. With Treasury S.B.A/c.	8100000.00
3. FD with Treasury	87158521.79
<b>TOTAL</b>	<b>151964005.36</b>

For and on behalf of Board of Directors

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-	Partner
T.J. ANJALOSE	H. KRISHNAMOORTHY	THAMPY ABRAHAM	JOHN VADASSERY	For VISHNU RAJENDRAN & CO	Chartered Accountants
Chairman	Managing Director	G.M. (F & A)	Secretary		

Subject to our report of even date

**SCHEDULE - H  
LOANS & ADVANCES AS ON 31-03-2006**

Previous Year	Current Year
Rs. Ps.	Rs. Ps.
<b>76853785.32</b>	<b>69311203.11</b>
<p><b>1. SECURED (Considered Good)</b></p> <p><b>STAFF LOAN</b></p> <p>1. Motor car Loan 74200.00</p> <p>2. Motor Cycle Loan 156084.85</p> <p>3. Housing Loan 546868.60</p> <p><b>2. UNSECURED (Considered Good)</b></p> <p>a) 1. K.S.C.H.D.C. 2500000.00</p> <p>2. K.S.H.D.C. 15000000.00</p> <p>b) Advances recoverable in cash or kind for value to be received. 24528337.33</p> <p>c) Advance payment of taxes 3364867.86</p> <p>1. Sales tax 7869275.00</p> <p>2. Agricultural income tax 14214843.00</p> <p>d) Prepaid expenses 140599.00</p> <p>e) Tax refund due: 286300.00</p> <p>1. Income tax 5082748.18</p> <p>2. Agricultural income tax 61668.25</p> <p>f) Rebate receivable on Govt.Loan 2412502.00</p> <p>1. KSEB, Port Trust &amp; other Govt. Dept. 294155.00</p> <p>2. Other Deposits 246092.00</p> <p>3. With Court 75244.25</p> <p>4. With Suppliers 2412502.00</p> <p><b>3. DEPOSITS</b></p> <p>1. Income tax 286300.00</p> <p>2. Agricultural income tax 5082748.18</p> <p>3. Plantation tax 4077129.50</p> <p>f) Rebate receivable on Govt.Loan 61668.25</p> <p>2412502.00</p> <p>319652.00</p> <p>296092.00</p> <p>55387.25</p> <p>3083633.25</p>	

For and on behalf of Board of Directors

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-	Partner
T.J. ANJALOSE	R. KRISHNAMOORTHY	THAMPY ABRAHAM	JOHN VADASSERY		
Chairman	Managing Director	G.M. (F & A)	Secretary		
Subject to our report of even date					
For VISHNU RAJENDRAN & CO Chartered Accountants					

**SCHEDULE - I**  
**REPAIRS & MAINTENANCE OF ASSETS**

Previous Year			Current Year	
Rs.	Ps.		Rs.	Ps.
4181893.88		Repairs to Vehicles	5090131.91	
912223.00		Repairs to Buildings	1670211.32	
1155763.03		Repairs to Plant & Machinery	1950206.22	
203906.59		Repairs to Roads	738080.74	
988270.60		Repairs to Electrification	1021491.77	
926186.48		Repairs to Water Supply Installation	952807.00	
80423.24		Repairs to Office Equipments	48391.00	
561325.60		Repairs to Fence / Kayyala	512972.11	
339974.26		Repairs to Tools	420671.91	
0.00		Repairs to Jhankar & Boat	22875.00	
46164.00		Repairs to Computer	78003.20	
54385.00		Repairs to Furniture	22793.00	
118600.76		Repairs to Temporary Shed	56745.22	
245429.00		Repairs & Maint. To Assets	21466.00	
<b>9814545.44</b>		<b>TOTAL</b>	<b>12606846.40</b>	

**SCHEDULE - II**  
**MISCELLANEOUS EXPENSES**

Previous Year			Current Year	
Rs.	Ps.		Rs.	Ps.
691418.57		Postage, Telephone & Telegram	876440.34	
372307.50		Printing & Stationery	963641.60	
233349.78		Office Expenses & Others	418113.67	
803744.05		Security Expenses	1302400.92	
7925.00		Storage Expenses	35294.99	
49428.00		Survey Expenses	106042.68	
9882.00		Books & Periodicals	15648.00	
275078.86		IB Expenses	389962.38	
88233.75		Entertainment Expenses	102171.65	
63556.00		Staff Training Expenses	195187.00	
107220.00		Ferry Expenses	105953.00	
2512074.00		Donation	2926.00	
667906.44		Bank Charges	654714.87	
4764.50		Gardening	3262.40	
<b>5886888.45</b>		<b>TOTAL</b>	<b>5171759.50</b>	

For and on behalf of Board of Directors

Sd/-  
T.J. ANJALOSE  
Chairman

Sd/-  
R. KRISHNAMOORTHY  
Managing Director

Sd/-  
THAMPY ABRAHAM  
G.M. (F & A)

Sd/-  
JOHN VADASSERY  
Secretary

Subject to our report of even date  
For VISHNU RAJENDRAN & CO.  
Chartered Accountants  
Sd/-  
Partner

**SCHEDULE - III  
WELFARE EXPENSES**

Previous Year			Current Year	
Rs.	Ps.		Rs.	Ps.
1842908.90		Sickness Benefit	1792086.97	
49597.00		Maternity Benefit	73060.00	
2973720.55		Leave with wages	3157716.97	
3849880.91		Holiday wages	4353513.35	
185060.30		Weather Protection Expenses	221483.47	
943456.87		Drinking Water Supply	1024353.44	
393724.69		Sanitation	417604.92	
65768.75		Recreation Facility	77612.00	
6557394.58		Medical & Hospital Facility	6875843.22	
44793.00		Way Expenses -Workers	34031.00	
205687.15		Running & Maint. of School	164815.00	
16843.00		Creche Expenses	13800.00	
56146.00		Workmen's Compensation	321648.00	
202524.00		Group Insurance	151266.00	
243559.95		Uniform to Staff & Workers	744302.17	
128599.80		Subsistance Allowance	45966.32	
52473.00		Labour Welfare fund	49366.00	
434047.00		DLI	571770.80	
15025.00		Funeral Expenses	11111.00	
<b>18261210.45</b>		<b>TOTAL</b>	<b>20101350.63</b>	

For and on behalf of Board of Directors

Sd/-	Sd/-	Sd/-	Sd/-	Subject to our report of even date
T.J. ANJALOSE	R. KRISHNAMOORTHY	THAMPY ABRAHAM	JOHN VADASSERY	For VISHNU RAJENDRAN & CO.
Chairman	Managing Director	G.M. (F & A)	Secretary	Chartered Accountants
				Sd/-
				Partner

**SCHEDULE - IV**  
**RUBBER WOOD FACTORY**  
**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2006**

Previous Year			Current Year		Previous Year		Current Year	
Rs.	Ps.		Rs.	Ps.	Rs.	Ps.	Rs.	Ps.
1406537.92		To opening Stock	1268910.00		2804577.00		By Sale of Processed Rubber Wood	1643058.50
818807.00		To Purchase of Rubber Trees		0.00	154163.00		By Sale of By Products and Waste	0.00
223734.30		To Pay & Allowances	327680.00		2474.00		By Interest on Staff loans	0.00
170695.04		To Factory Wages	208361.36		0.00		By Interest from Customers	4464.00
14326.00		To Bonus to Staff & Workers	41636.00		6930.21		By Miscellaneous Income	104303.98
53149.00		To Contribution to PF	68494.00		1268910.00		By Closing Stock	147450.00
23922.33		To Welfare Expenses	25018.16		0.00		By Net Loss transferred To P & L A/c	627740.74
5688.00		To Travelling Expenses	7346.00					
56124.50		To Rep. & Maint. of Assets	43362.50					
450.00		To Advt. & Sales Promotion	67985.00					
16027.50		To Office Expenses	14527.50					
176834.00		To Depreciation	151874.00					
848833.70		To Mfg. & Selling Expenses	301455.70					
0.00		To Bank Charges	275.00					
112.00		To Labour welfare fund	92.00					
421812.92		To Net Profit transferred to P & L A/c	0.00					
<b>4237054.21</b>		<b>TOTAL</b>	<b>2527017.22</b>		<b>4237054.21</b>		<b>TOTAL</b>	<b>2527017.22</b>

For and on behalf of Board of Directors

Sd/-  
T.J. ANJALOSE  
Chairman

Sd/-  
R. KRISHNAMOORTHY  
Managing Director

Sd/-  
THAMPY ABRAHAM  
G.M. (F & A)

Sd/-  
JOHN VADASSERY  
Secretary

Subject to our report of even date  
For VISHNU RAJENDRAN & CO.  
Chartered Accountants

Sd/-  
Partner

**SCHEDULE - V**  
**PLANTATION VALLEY**  
**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2006**

Previous Year			Current Year		Previous Year		Current Year	
Rs.	Ps.		Rs.	Ps.	Rs.	Ps.	Rs.	Ps.
0.00		To Salaries & Allowances	326990.00		0.00	By Room Rent Received from Farm Tourism		398046.00
0.00		To Purchase of Kitchen Supplies	108690.25					
0.00		To Labour Charges	149260.00		0.00	By Net Loss Transferred to P/L A/c		1763063.01
0.00		To Electricity Charges	127484.00					
0.00		To Rates and Taxes	48944.00					
0.00		To Sanitation	3000.00					
0.00		To Depreciation	613926.00					
0.00		To Postate, Telephone and Telegram	9614.00					
0.00		To Printing and Stationery	2296.00					
0.00		To Travelling expenses	225.00					
0.00		To Rep. and Maint. of Assets	2850.00					
0.00		To Entertainment expenses	14945.00					
0.00		To Gardening	1185.00					
0.00		To Preliminary expense written off	751699.76					
<b>0.00</b>		<b>TOTAL</b>	<b>2161109.01</b>		<b>00.00</b>	<b>TOTAL</b>		<b>2161109.01</b>

For and on behalf of Board of Directors

Sd/-

T.J. ANJALOSE  
Chairman

Sd/-

R. KRISHNAMOORTHY  
Managing Director

Sd/-

THAMPY ABRAHAM  
G.M. (F & A)

Sd/-

JOHN VADASSERY  
Secretary

Subject to our report of even date  
For VISHNU RAJENDRAN & CO.  
Chartered Accountants

Sd/-  
Partner

## SCHEDULE - J

### SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2006

**1. Basis of Accounting:**

The Financial Statement of the company are prepared under historical cost convention in accordance with generally accepted accounting principles (GAAP) applicable in India and the provisions of the Indian Companies Act, 1956.

**2. Use of Estimates:**

The preparation of the Financial Statements in conformity with the GAAP requires that the management makes estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liability as at the date of the financial statement, and the reported amounts of revenue and expenses during the reported year. Actual results could differ from these estimates.

**3. Fixed Assets:**

The Fixed Assets are accounted on historical cost basis, which includes purchase price and all other costs attributable to bringing the assets into its working condition as reduced by accumulated depreciation upto the end of the financial year.

**4. Taxes on Income:**

This includes taxes under the Central Income Tax Act and the Kerala State Agricultural Income Tax Act accumulated as per the requirement of the Accounting Standard 22 - Accounting for Taxes. Tax expense for the year comprises of current tax and deferred tax. Current taxes are measured at the amounts expected to be paid using the applicable tax rates and tax laws. Deferred Tax Assets and Deferred Tax Liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. The effect on Deferred Tax Assets and Liabilities of a change in tax rates is recognised in the Profit and Loss a/c in the year of change. Deferred Tax Assets and Deferred Tax Liabilities are recognised for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carry forwards.

**5. Earning per Share:**

The earnings considered in ascertaining company's EPS comprises the net profit after tax (and includes the post tax effect of any extraordinary items). The number of shares used in computing Basic EPS is the weighted average number of shares outstanding during the year.

**6. Depreciation:**

Depreciation has been provided for in the accounts on the written down value method at the rates specified in Schedule XIV of the Companies Act, 1956.

**7. Inventories:**

- a) Closing stock of finished goods and work-in-progress are valued at lower of costs or net realisable value as in the previous years using weighted average method. Net realisable value of finished goods is selling price less associated selling cost.
- b) Agricultural produces are valued at market value.
- c) Serviceable tools and implements and other equipments are valued at cost less depreciation.

d) Nurseries comprising of saplings held for planting or sale have been valued at cost.

e) Stores and spares are valued at cost less provision, if any, for obsolescence.

**8. Treatment of Expenses during Construction period:**

Expenses during construction period is included under the head Capital Work in Progress and the same is allocated to the respective fixed assets on the completion of the construction.

**9. Development Expenditure:**

Expenditure incurred for the development of plantation is capitalised and is shown in the Balance Sheet as Fixed Assets- Plantation. At the time of disposal of the plantation, the proceeds are treated as profit or loss after setting off the related development expenditure less subsidy if any received.

**10. Subsidies:**

Subsidy received is shown as a separate liability and is disclosed as a separate item under Reserves & Surplus. The obligation to Rubber Board with respect to Subsidy is fulfilled only on disposal of the related property.

**11. Investments:**

Investments are stated at cost.

**12. Retirement Benefits:**

The Company provides for Gratuity and Leave encashment benefits only, to its employees as retirement benefits. These are provided for based on actuarial valuation from an approved actuary. The amount of these benefits are provided on the basis of the earnings of the employees and the payment to the retired employees are made out of the same.

**13. Contingent Liabilities:**

All liabilities of a contingent nature are disclosed at their expected cost.

**SCHEDULE - K**  
**NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED**  
**31ST MARCH 2006**

**1) RESERVES AND SURPLUS**

The Reserves and Surplus includes Capital Reserve, Replanting Reserve and Rehabilitation Reserve. The balance in Capital Reserve account is Rs. 11,89,89,520.90 (Previous year Rs.11,89,89,520.90).

**2) SUBSIDY FROM GOVERNMENT**

The subsidy from government includes Capital Subsidy received for Rubber and Cashew Cultivation from Government. The subsidy received from Govt. of Kerala for Cashew Cultivation up to 31-3-2006 is Rs.54,24,940/- (Previous year Rs.37,47,940/-). The Corporation has received Rs. 1,20,32,745.50 as Rubber Board subsidy up to 31-3-2006 (Previous year Rs.1,20,06,020.50) and the corporation is contingently liable to the Government for the same in case the plantation is destroyed or is used for any public purpose.

**3) UNSECURED LOANS GRANTED**

**Loan To Kerala State Horticultural Products Development Corporation**

In pursuance of the Government order (Rt) No. 1546/96/AD dated 01-11-96, the company has paid Rs. 1.5 crores to Kerala State Horticultural Products Development Corporation Limited.

In spite of repeated requests, the K.S.H.P.D.C has not paid any part of the loan or interest due to the Corporation. The Govt. of Kerala has directed to convert the loan and interest into share capital. The Corporation's Board meeting held on 30.10.1999 has accorded sanction to convert the principal amount of loan to share capital and to request the Govt. to pay the interest to the corporation rather than converting the same into share capital. However, the Govt. of Kerala vide letter No. 38402/PUI/99 AD dated 10/1/2000 has not accepted the proposal of the Corporation and has affirmed that the Govt. adheres to the earlier Govt. direction and hence interest of Rs.27 lakhs at the rate of 18% has not been provided.

**Loan To Kerala State Coconut Development Corporation Ltd.**

In pursuance of the government order (Rt) No. 1828/97/AD dated 1-11-1997, the corporation has paid Rs.25 lakhs to the Kerala State Coconut Development Corporation Limited during 1997-98. Interest for the current year at the agreed rate of 12% per annum amounts to Rs. 3 lakhs. (Previous year Rs. 3 lakhs) The K.S.C.D.C has closed down its operation since April 1998 and is under liquidation. It is expected to realise the amount on disposal of the immovable property of the company. Hence no provision for loss is made in the accounts.

**4) OTHER LIABILITIES**

**Labour Welfare Fund**

An amount of Rs.43,613.56 (Previous year Rs.37,914.38) payable to the Labour Welfare Fund of the State Government represents funds credited out of time barred wages and bonus unclaimed for a period of more than three years.

**5) SUNDRY CREDITORS**

Sundry Creditors includes an amount of Rs.15,19,092.00 (previous year Rs. 5,90,131.60) due to Small Scale Industrial Undertakings during the current year and details of which are as under:

Manali Bitumen, Chennai	:	Rs. 4,07,626.00
Pala Co-Operative Marketing Society	:	Rs. 9,17,822.00
Steel Industries	:	Rs. 18,525.00
Zimi Industries	:	Rs. 62,100.00
Sham Traders	:	Rs. 62,166.00
Gears Engineering Co.	:	Rs. 42,103.00
Avalone System & Services	:	Rs. 7,750.00
<b>Total</b>	<b>:</b>	<b>Rs.15,18,092.00</b>

## 6) PROVISIONS

1. Gratuity and leave encashment benefit liability have been provided on the basis of Actuarial valuation by an approved actuary.
2. a) Based on the calendar year earnings, Bonus at 20%(previous year @ 18%) has been paid to the employees for the calendar year 2005 vide G.O.(Rt) No. 1186/06/AD dated 31.08.2006. Those who are not eligible for bonus, special festival allowance is paid @ Rs 5000/- (Previous year Rs. 4000/-) as per the Government Order. The bonus debited to Profit and Loss account for the current year amounts to Rs. 1,53,85,372.58/- (Previous year Rs. 181,53,580.24/-)
- b) Agricultural Income Tax and Income Tax assessments are completed up to the assessment year 2003-04. Based on the completed assessment and return filed up to assessment year 2003-2004, there is a short provision of Rs. 620.66 lakhs (Previous year Rs.726 lakhs). Since most of the assessments are under appeal, no additional provision has been made in this regard. The short provision relates to the assessment years from 1977-78 to 2005-06.

## 7) FIXED ASSETS

- a) The total area of land handed over to the company by the Government of Kerala as on 31-03-2006 is 14,168.27 hectares (Previous Year total area 14,192.64 Ha.). Certain areas have been subjected to survey. Particulars are given below:

Details	Mature Area (Ha)	Immature Area (Ha)
Rubber Plantation	5555.30	968.11
Cashew Plantation	6459.75	18.22
Oil Palm Plantation	704.73	0.00
<b>Total</b>	<b>12719.78</b>	<b>986.33</b>

Area under Cultivation	:	13706.11 Ha
Other Crops	:	61.90 Ha
Vacant and Rocky	:	400.26 Ha
<b>Gross Total</b>	:	<b>14168.27 Ha</b>

- b) Even though the terms and conditions for the transfer of 3714.62 acres of land in Cheemeni Estate has determined by the Government vide GO (MS) No. 227/2004/RD dated 30.06.2004, the Corporation has requested to reconsider the whole matter and to make a fair and proper arrangement with regard to the land vide letter dated 27.01.2006 with Revenue Department as this property is entrusted to PCK as excess land under the provisions of the Kerala Land reforms Act. The actual area handed over to the Corporation as per our records is only 975 hectares. The Corporation was paying Land tax for the said property till 2003-04. Therefore the whole issue relating to the fixation of lease rent at Rs.1,300/- for the land is under reconsideration of the Government. However, pending settlement of the dispute, provision for lease rent @ Rs.1,300/- is made for 848.45 hectares (excluding 126.55 hectares of land handed over to Prison Department) in the accounts for the year ended 31.03.06 for the years 2004-05 and 2005-06.

The 975 hectares in Cheemeni Estate includes 126.55 hectares transferred to the Prison Department as per G.O (MS) No. 95/99/RD dated 18-03-1999, an area of 126.55 Ha in Thuravu II division was transferred and possession is handed over to Prison Department invoking urgency claim subject to the condition that the terms and conditions of transfer will be decided later. The company has claimed an amount of Rs. 582.30 lakhs from the Prison Department (by production loss and value of timber trees) as compensation. However no adjustment in this regard has been made in the accounts since the matter is still pending. At the time of final decision in this matter, the amount receivable will be provided in the accounts.

- c) Lease deeds for lands handed over to the company since 1970 are pending execution except for the land handed over for the development of cashew plantations (Rajapuram Estate) under World Bank Scheme.
- d) The written down value of Buildings, Roads, Landing Pads and Fences is Rs. 534.07 lakhs of which assets worth Rs. 491.39 lakhs are constructed on lease hold lands.

## 8) SUNDRY DEBTORS

Sundry Debtors include Rs. 7,63,820.11 (Previous year Rs.7,63,820.11) from companies owned by the Government of Kerala and Government of India details of which are as under:

Trivandrum Rubber Works Ltd., Trivandrum	:	Rs. 1,39,846.47
Hindustan Latex Limited, Belgaum	:	Rs. 78,663.40
Hindustan Latex, Ltd. Trivandrum	:	Rs. 17,446.54
Secretary, Rubber Board, Kottayam	:	Rs. 5,100.00
State Farming Corporation of Kerala Ltd, Punalur	:	Rs. 5,22,763.70
<b>Total</b>	:	<b>Rs. 7,63,820.11</b>

## 9) STAFF LOAN & ADVANCES

### a) Secured Loan

- 1) Motor Vehicle loans to officers and staff are fully secured by hypothecation of vehicles in favour of the company.
- 2) Housing loan to staff and officers are fully secured.

## 10) Deposits with Government Departments:

These comprise balances with;

Details	Current Year (Rs.)	Previous year (Rs.)
Cochin Port Trust	3,600.00	3,600.00
Civil supplies Corporation	10,000.00	10,000.00
Post & Telegraph Department	40,317.00	40,317.00
Kerala State Electricity Board	23,58,585.00	23,58,585.00
<b>TOTAL</b>	<b>24,12,502.00</b>	<b>24,12,502.00</b>

## 11) PLANTATION TAX

The issue of Plantation Tax assessment for the period from 1989-90 to 1997-98 has been disposed of by R.D.O, Adoor vide Order No.B5-5072/81 dated 20.2.2006. The effect of this final assessment order is incorporated in the accounts during the year. A sum of Rs. 43,75,368/- has been found to be the excess amount paid during the earlier periods. The amount will be adjusted against future plantation tax liability of the Corporation. During the year a sum of Rs. 2,98,238.50 has been charged to the Profit and Loss Account under Rates & Taxes - Plantation Tax by adjusting the excess amount paid. The balance amount is shown under Loans & Advances (Dr.) as Plantation Tax Refundable and Plantation Tax Payable Adjustment A/c (Cr.) as a contra item under Current liabilities.

## 12) SALES TAX

KGST assessments and CST assessments are completed only up to 2000-2001. No provision has been made on the additional demand since the assessment orders are under appeal.

A Demand of Rs.60,37,598/- has been raised against the company in respect of the reopened sales tax assessments for 1988-89 to 1990-91. No Provision has been made in the accounts as the company has disputed the same and appeals are pending.

## 13) LEASE RENT

The rate of lease rent as per G.O.(MS) No. 11/89 dated 20-01-1989 is Rs.1,300/- per Ha., Payable to Forest Department with effect from 18-12-1987. In view of the repeated representations made by the Corporation, the Government has ordered (vide letter L32/62939/95 dated 22-02-1997) to accept remittance from the Corporation at Rs.475/- per hectare per annum w.e.f. 01.01.1981 on a purely provisional basis. Corporation is providing in its books of accounts lease rent at Rs.1,300/-per Ha.and payment is made at Rs.475/- per Ha. till 1998-99. Payment of Rs.475/- from 1999-2000 onwards has not been made due to paucity of funds. The Forest department has claimed penal interest of Rs. 848.19 lakhs for not remitting lease rent at the

increased rate. The lease rent claimed by the Government is against the lease deed. Since the rate of lease rent is appealable, the question of penal interest does not arise at present. However this has not been provided since the final decision has not been made by the Government. The Government also vide G.O. (MS) No.21/2003 AD dated 27-1-2003 has deferred the payment of lease rent by the company, till completion of repayment of the entire loan and interest availed by the company from Canara Bank. There has been a decision to fix the lease rent payable by the company upto the end of 1991 at Rs.475/- Ha. No adjustment has been made in the accounts in respect of excess provision if any upto the end of 1991 as the decision is subsequent to the Balance Sheet date.

#### 14) SALARY PAYABLE

The salary to the employees of the Corporation which was pending for the period from July 2001 to October 2001 due to the precarious financial position, was paid as per Finance (PUB) dated 13.12.2004 in January 2005 and the Provident Fund dues were remitted in February 2005. The Company has not provided for any damages and interest for the payment of P.F

#### 15) MANAGERIAL REMUNERATION

Managerial Remuneration paid/payable to Managing Director is as follows

	<i>Current Year (Rs.)</i>	<i>Previous year (Rs.)</i>
Pay & Allowances	3,83,159.00	2,42,295.00
Medical Reimbursement	Nil	703.00

#### 16) REMUNERATION TO OTHER DIRECTORS

	<i>Current year (Rs.)</i>	<i>Previous Year (Rs.)</i>
TA & Sitting fee to Directors	1,25,679.50	1,27,512.50
Honorarium to chairman	24,000.00	24,000.00

#### 17) AUDITOR'S REMUNERATION

	<i>Current year (Rs.)</i>	<i>Previous Year (Rs.)</i>
Statutory Auditors fee	51,794.00	52,753.00
Expenses to statutory Auditors	10,000.00	10,000.00
Internal Auditor's Fee	2,13,788.00	2,17,746.00
Other services	28,652.00	29,182.00
<b>Total</b>	<b>304,234.00</b>	<b>309,681.00</b>

#### 18) DEPRECIATION

The Company has charged depreciation on the written down value method at the rates prescribed in Schedule XIV to the Companies Act except in the case of Office Equipment and survey instruments at 15%, library at 10% and Water supply installation at 30% consistently.

#### 19) REVISION OF SALARY & WAGES

Wages of the workers in Rubber Estates was revised vide G.O Rt No. 377/2006/LBR dated 18.2.2006 and the arrears wages from 1.4.2002 amounting Rs.190 lakhs has disbursed in the current year.

The revision of salary to staff and officers has been implemented vide G.O (MS) No. 07/06/AD dated 30.01.2006. An amount of Rs.345.30 lakhs was disbursed as arrears of salary from 01.04.2001 to which a sum of Rs.162 lakhs being the provision of previous years has been adjusted.

#### 20) MANUFACTURING AND SELLING EXPENSES

This includes cost of 30392 Nos. packing drums worth Rs.1,46,05,722.45/-

## 21) SALES

- a) Additional information pursuant to the provisions of Paragraph 3, Part II of the Schedule VI to the Companies Act, 1956.

Item	Current Year		Previous Year	
	Quantity (M.Ts.)	Value (Rs. lakhs)	Quantity (M.Ts.)	Value (Rs. lakhs)
Sale of goods (as classified in the sales register)				
Rubber	5165.16	3934.20	4057.16	2483.89
Cashew	N.A.	393.01	N.A.	480.55

Quantitative particulars of cashew are not available as the sales were effected by tender - cum- auction.

- b) The right of collection of cashew nuts from most of the company estates has been awarded under the tender -cum-auction system. As the crop season is from February to June, 40% of the auction price has been recognised as income of the current year and the balance as deferred income.

## 22) RUBBER WOOD FACTORY

The Corporation has a pilot plant at Kodumon for the treatment of rubber wood collected from the estates. The working result of the project has been separately shown in Schedule IV to the Profit & Loss Account for the year ended 31-03-2006.

## 23) FARM TOURISM PROJECT

The Corporation has a Farm Tourism Project at Adirappally which was inaugurated on 7.1.2001. Even though the Stage I approval of the project was accorded by Central Government in December 2000, the stage II approval was accorded only in September 2005 vide letter No.C (C) A/11.2/101/KER/MISC dated 23rd September 2005. The Commercial operation can be started only after getting the stage II approval from the Government of India under Forest Conservation Act. So the assets has been transferred to the Fixed Assets account and the working results of the project after the date of approval has been separately shown as Schedule V to the Profit and Loss Account of the Year ended 31.3.2006. Depreciation has been provided on the assets from 23rd September 2005.

## 24) CONTINGENT LIABILITIES

- a) Estimated amount of contracts for which the company is contingently liable on capital account and not provided for is Rs 27,22,800/- (Previous year Rs.36,86,179/-)
- b) 21 cases (Previous year 36 cases) are pending, including one appeal before the tax authorities against the company for which amounts are not ascertainable as claims of the parties have not been finalised. As such they are not acknowledged as creditors and have not been provided for.
- c) Lease rent - As per Note 13.

## 25) ADDITIONAL INFORMATION AS PER CLAUSE 4D OF PART II SCHEDULE VI TO THE COMPANIES ACT

Particulars	Current Year		Previous Year	
	Value (Rs lakhs)	Consumption	Value (Rs lakhs)	Consumption
a) CIF value of import during the year	Nil		Nil	
b) Expenditure in Foreign Currency	Nil		Nil	
c) Value of raw materials, stores, spares and components during the year	Value (Rs lakhs)	Consumption	Value (Rs lakhs)	Consumption
1. Imported Value	Nil	Nil	Nil	Nil
2. Indigenous (Stores & Spares)	262.32%	100%	268.73	100%
d) Particulars of dividend remitted in foreign exchange	Nil		Nil	
e) Earnings in Foreign Exchange	Nil		Nil	

- 26) Total wages paid during the year to tappers, field workers and factory workers are Rs.969.87lakhs. (Previous year Rs.778.19 lakhs)

## 27) PRIOR PERIOD EXPENSES

Lease rent for Cheemeni estate for the year 2004-05	1102985.00
Plantation tax refund adjusted to Plantation Tax due for earlier Periods as per Assessment Order No. B-5/5072/81 dated 20.02.2006 of R.D.O Adoor	2566334.85
Sale of Cashew excess accounted during 2004-05 in Perambra Estate	64870.00
Sale of Cashew excess accounted during 2004-05 in Mannarghat Estate	44100.00
<b>Total</b>	<b>3778289.85</b>

- 28) Cash flow statement for the year ended 31st March 2006 has not been prepared and annexed to the accounts, since it is not a listed company and it is not mandatory under the Accounting Standards issued by ICAI.

## 29) DEFERRED TAX ASSETS AND LIABILITIES

Even though the company has achieved a net profit of Rs. 261 lakhs during the current year, the company has not recognised the corresponding Deferred tax liability/deferred tax assets, because the DTA relating to the accumulated loss of the previous years was not recognised during the earlier period at that time because of the uncertainty with regard to the realisation of enough future profits.

- 30) The Government of Kerala sanctioned the following amounts to the Corporation for investment in the shares of Oil Palm India Ltd (Formerly subsidiary of Plantation Corporation) as detailed below.

	<i>Rs.</i>
G.O (MS) No. 361/99 dt.28.12.1977	56,00,000/-
G.O (MS) No.75/78 dt.13.03.1978	46,00,000/-
G.O (MS) No. 407/80 dt. 11.02.1980	10,00,000/-
<b>Total</b>	<b>1,12,00,000/-</b>

Out of this Rs.112 lakhs, the Corporation has repaid to Govt. of Kerala Rs. 17,33,338/- As per Govt. order GO (MS) No. 238/93 AD dated 4.8.1983 and GO (MS) No. 41/84 AD dated 2.2.1984, the subsidiary status of Oil Palm India Ltd. was terminated and the three loans amounting to Rs. 112 lakhs were cancelled.

With the loan amount, the Corporation has invested in shares worth Rs.121.20 lakhs in Oil Palm India Ltd. For the termination of subsidiary status of Oil Palm Ltd., as per Government orders referred above, the Govt. has fixed the intrinsic value of each share worth Rs.1000 at Rs.512 per share [GO (MS) No.294/85/AD dated 4.11.1985].

The Government has also ordered to adjust this amount against the loan. As such an amount of Rs.62,05,440/- has been adjusted against the loan.

The balance amount of Rs.32,61,222/- outstanding in the books of the Corporation towards the loan was transferred to Capital Reserve Account during financial year 1996-97

During 1999-2000, the Corporation was directed to repay an amount of Rs.62,75,140/- (Principal: Rs. 32,61,222/-, interest: Rs.28,67,382/-and penal interest: Rs.146536/-) vide GO (MS) No. 238/99/AD dated 19.8.99 and letter No.L II(I)15099/84 dated 24.11.1999 from the Director of Agriculture. The Govt. of Kerala vide GO (MS) No. 34/2002/AD dated 15/3/02 has ordered that the amount of Rs. 62, 75,140/- be converted in to Share Capital and has directed the Managing Director to issue Share Certificate for the said amount to the Government. However, no provision is made in the accounts for the same as the matter is still under correspondence.

## 31) GUARANTEE COMMISSION

Provision has been made in the accounts in respect of Gurantee Commission at 0.75% payable to the Government in respect of Gurantee given on loan taken from Canara Bank, secured by the hypothecation of stock and mortgage of lands at Vadavathoor and Kasargode estate and guaranteed by Govt. of Kerala vide GO (MS) No.21/2003/ AD dated 27-01-2003. The gurantee Commission amounts to Rs. 55,685/- for the current year (Previous year Rs. 2,94,930/-)

- 32) Previous year figures have been re-grouped /recast wherever necessary.

**BALANCE SHEET ABSTRACT AND COMPANY'S  
GENERAL BUSINESS PROFILE**

**1. Registration details**

Registration No. : 01997 State Code : 09  
Balance Sheet date : 31-3-2006

**2. Capital Raised during the year (Amount in Rs. Thousands)**

Public Issue	Rights issue	Bonus issue	Private Placement
NIL	NIL	NIL	NIL

**3. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)**

Total Liabilities	Total Assets
782437	782437

**Sources of Funds**

• Paid up Capital	Reserves & Surplus
55688	232484
Secured Loans	Unsecured Loans
7425	4821

**Application of Funds:**

Net Fixed Assets	Investments
78577	12501
Net Current Assets	Misc. Expenditure
(-) 25721	Nil
Accumulated Loss	
51789	

**4. Performance of the company (Amount in Rs. Thousands)**

Turnover	Total Expenditure
483765	457608
Profit / Loss before tax	Profit / Loss after tax
Profit 26157	Profit 20157
Dividend (Percentage)	Earnings per share
Nil	Rs. 362.00

**5. Genetic names of Three Principal Products/Services of Company (As per monetary terms)**

1. Item code No. (ITC Code)	400110.00
Product Description	Centrifuged Latex (Natural Rubber latex pre vulcanised)
2. Item code No. (ITC Code)	400122.09
Product Description	Technically specified natural rubber (Others) ISNR
3. Item Code No. (ITC Code)	080131.00
Product Description	Cashew nuts in shell (Cashew plantation crop)

For and on behalf of Board of Directors

Sd/-	Sd/-	Sd/-	Sd/-
T.J. ANJALOSE Chairman	R. KRISHNAMOORTHY Managing Director	THAMPY ABRAHAM G.M. (F & A)	JOHN VADASSERY Secretary

## AUDITOR'S REPORT

**To The Share Holders of the Plantation Corporation of Kerala Ltd., Kottayam, Kerala.**

We have audited the attached Balance Sheet of **The Plantation Corporation of Kerala Limited, Kottayam** as at 31<sup>st</sup> March 2006 and the Profit and Loss Account of the company for the year ended on that date annexed thereto, together with the notes thereon. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of subsection (4A) of section 227 of the Companies Act, 1956, and subsequent amendments thereto, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

**Further to our comments in the Annexure referred to above, we report that:**

*A sum of Rs. 40 lakhs has been provided for in the accounts towards fringe benefit tax in additon to the amount of Rs.41,42,248.00/- paid as Fringe Benefit Tax. So the Profit for the year is understated by Rs. 40 lakhs.*

*Attention is invited to the fact that the correctness of balances of each party under Sundry Debtors, each item under Loans and Advance (Debit)-Schedule H, Current Liabilities-Schedule B, Provisions-Schedule C and the amount debited to Profit and Loss Account under the head salaries and allowances could not be ascertained due to non availability of confirmations or complete reconciliations. The financial impact, if any, is currently unascertainable.*

*Though Loans amounting to Rs. 150 lakhs given to Kerala State Horticultural Products Development Corporation Ltd. and Rs. 25 Lakhs given to Kerala State Coconut Development Corporation Ltd are still outstanding, no provision has been made with regard to the said unsecured loans. The consequential financial impact is unascertainable since the quantum of recovery possible is unknown, according to the information provided.*

Subject to the above;

- (1) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (2) In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of these books.
- (3) The balance sheet and the profit and loss account dealt with by this report are in agreement with the books of account.
- (4) In our opinion, the balance sheet and the profit and loss account dealt with by this report, comply with the accounting standards referred to in subsection (3C) of section 211 of the Companies Act, 1956.

(5) Without considering the effect of our qualifications above the effect of which are not quantifiable now, in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

(a) in the case of balance sheet, of the state of affairs of the Company as at 31st March 2006 and

(b) in the case of profit and loss account, of the profit for the year ended on that date.

For VISHNU RAJENDRAN & CO.  
Chartered Accountants

Sd/-

M.P. JOSE FCA (Partner)  
M.No.204255

Place : Kottayam

Date : 22.11.2006

## ANNEXURE TO AUDITOR'S REPORT

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets, for all major assets.
- (b) According to the information provided there is a regular programme for the physical verification of these assets at reasonable intervals. No material discrepancies are reported to have been noticed on such verification.
- (c) The Company has not disposed off any substantial part of the fixed assets during the year.
- (ii) (a) Physical verification of Inventories has been conducted by the management at reasonable intervals.
- (b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company has maintained proper records of inventory, and no material discrepancies were noticed on physical verification as per the information provided to us.
- (iii) (a) During the year the Company has not granted any loans secured or unsecured from/to companies, firms or other parties listed in the register maintained u/s 301 of the Companies Act, 1956.
- (b) No comment is required under this clause in the light of (a) above.
- (c) In respect of loans and advances in the nature of loans given by the company during the earlier periods to Kerala State Coconut Development Corporation Ltd (Rs.25 Lakhs) and Kerala State Horticulture Products Development Corporation Ltd (Rs.150 Lakhs), payment of the principal amount and interest are not regular.
- (d) According to the information provided the Company has taken reasonable steps for the recovery of the principle and interest.
- (e) The Company has not taken any loans secured or unsecured from companies, firms or other parties covered in the register maintained u/s 301 of the Act, and so no comment is required under clauses (e), (f) and (g).
- (iv) According to the informations provided there is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. No continuing failure to correct major weaknesses in Internal Control System has been noticed.
- (v) (a) The particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section; and
- (b) Transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The company has not accepted any deposits from the public and so no comment is required to be made.
- (vii) In our opinion the company has an Internal Audit system commensurate with the size and nature of its business.
- (viii) According to the informations provided to us, the company has maintained such accounts and other records prescribed by the Central Government to be maintained under Section 209 (1)(d) of the companies Act,1956.
- (ix) (a) According to the information provided and the records made available for our verification the company is regular in depositing to the appropriate authorities undisputed statutory dues referred to in this clause.
- (b) Particulars of dues of income tax/sales tax/wealth tax / service tax/customs duty / excise duty /cess etc. which have not been deposited on account of any dispute, the amounts involved and the forum where dispute is pending are mentioned as per the schedule attached.

- (x) The accumulated losses of the company are not more than fifty percent of its net worth. The Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) The company has not defaulted in repayment of dues to banks during the year.
- (xii) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The company is not a Chit Fund or a Nidhi/Mutual Benefit Fund/ Society.
- (xiv) The Company is not dealing or trading in shares, securities, debentures or other investments.
- (xv) The Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) The Company has applied the term loans for the purpose for which they were obtained.
- (xvii) The Company has not raised any fund on short-term basis to be used for long-term investment or vice versa.
- (xviii) The Company has not made any preferential allotment of shares during the year.
- (xix) The Company has not issued any debentures.
- (xx) The Company has not raised any money by public issues during the year.
- (xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

For VISHNU RAJENDRAN & CO.  
Chartered Accountants

Sd/-

M.P. JOSE FCA (Partner)  
M.No.204255

Place : Kottayam  
Date : 22.11.2006

(Seal)

**SCHEDULE TO ITEM No. (IX) (B) OF ANNEXURE TO AUDITORS REPORT FOR THE YEAR 2005-06**

Assessment Year	Nature of Tax	Forum where dispute is pending	Disputed amount of Tax / Appeal
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**(1) Agricultural Income Tax**

1985-86	AIT	Agricultural Income Tax Appellate Tribunal, Ernakulam.	1,28,91,806.00
1986-87	AIT	Agricultural Income Tax Appellate Tribunal, Ernakulam.	1,07,72,664.00

**(2) Central Income Tax**

No Disputed Tax is pending remittance.

**(3) Sales Tax**

1998-1999	KGST	Deputy Commissioner (Appeals) Commercial Taxes, Kollam	13,07,031.00
1998-1999	CST	Deputy Commissioner (Appeals) Commercial Taxes, Kollam	2,11,010.00
1999-2000	KGST	Deputy Commissioner (Appeals) Commercial Taxes, Kollam	25,58,020.00
1999-2000	CST	Deputy Commissioner (Appeals) Commercial Taxes, Kollam	6,23,802.00
2000-2001	KGST	Deputy Commissioner (Appeals) Commercial Taxes, Kollam	21,79,060.00
2000-2001	CST	Deputy Commissioner (Appeals) Commercial Taxes, Kollam	28,66,719.00

(Seal)

**REPLY TO THE REPORT OF THE STATUTORY AUDITORS FOR THE YEAR 2005-06**

Since the Fringe benefit Tax is a new provision in the Income Tax Act, the provision for Rs.40 lakhs is additionally made taking into consideration of the possibility of the disallowance of expenditure to be included as Fringe benefit for tax calculation. Moreover the amount of Rs.40 lakhs is shown under P&L appropriation account and as such there is no understatement of Profit as commented.

The Loan of Rs.150 lakhs and Rs.75 lakhs were given to Kerala State Horticulture Products Development Corporation Ltd. and Kerala State Coconut Development Corporation Ltd, as per the direction of the State Government.



प्रधान महालोखाकार (लेखापरीक्षा) का कार्यालय, केरल, तिरुवनन्तपुरम  
**OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL (AUDIT), KERALA,  
THIRUVANANTHAPURAM**

*Comment of the Comptroller and Auditor General of India under section 619 (4) of the Companies Act, 1956 on the Accounts of The Plantation Corporation of Kerala Limited, Kottayam for the year ended 31st March 2006.*

**Profit and Loss Account**

Net Profit carried to P & L appropriation account- Rs 261.57 lakh

Net profit for the year has been understated by Rs. 17.07 lakh due to :

	(Rs. in lakh)
(a) Non inclusion of the value of 422.280 MTs of Palm Oil Seeds held in stock at Athirappally Estate; and	18.83
(b) Error in computation of depreciation on building and vehicle in Kodumon factory	(-) 1.76
	17.07

Sd/-

वी. रविन्द्रन

**V. RAVINDRAN**

महालेखाकार (लेखापरीक्षा), केरल  
**ACCOUNTANT GENERAL (AUDIT)  
KERALA**

तिरुवनन्तपुरम  
Thiruvananthapuram  
Date: 15-02-2007

**Reply to the comments of the Comptroller and Auditor  
General of India under Section 619 (4) of the Companies Act., 1956.**

(a) Noted.

(b) Noted. Necessary adjustments will be made in the subsequent year.

**COMMENTS OF PRINCIPAL SECRETARY (FINANCE)**  
**ON THE AUDITED ACCOUNTS OF**  
**PLANTATION CORPORATION OF KERALA LIMITED**  
**FOR THE YEAR 2005-2006**

In the year under review the income of the Company "By Sales" has been increased by Rs.1358.69 lakh. The administrative expenses of the Company has also increased by Rs.924.96 lakh this year. During the year under review the loss of the Company has been reduced by Rs.163.79 lakh and as on 31-03-2006 the accumulated loss stands at Rs.517.89 lakh. No provision has been made in the accounts for the disputed Sales Tax demand amounting to Rs.60,37,598/-. The guarantee commission dues may be paid to Government urgently. The Management should take all efforts to wipe out the accumulated losses early.

Thiruvananthapuram  
Date : 09.02.2007

*sd/-*  
**K. JOSE CYRIAC**  
**PRINCIPAL SECRETARY**  
**(FINANCE)**

**REPLY TO THE COMMENTS OF**  
**THE PRINCIPAL SECRETARY (FINANCE) ON**  
**THE AUDITED ACCOUNTS OF PLANTATION CORPORATION**  
**OF KERALA LIMITED FOR THE YEAR 2005-06**

Noted.

The increase in administrative expenses is mainly due to the implementation of the revision of salary and wages to employees which has been clearly disclosed in Note (19) of the notes forming part of the Accounts. Sales Tax disputed amount is a contingent liability since the appeals are pending disposal before the Appellate Authorities which has been clearly stated in Note No. (12) of Notes forming part of Accounts. The guarantee commission due to Government is regularly paid and there is no dues outstanding. It is expected that by 2006-07 the accumulated losses will be wiped out.

# VISION-2012

Target Excellence

