



# THE PLANTATION CORPORATION OF KERALA LTD.

KOTTAYAM - 686 004

(An ISO 9001-2008 Certified Company)



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**51<sup>st</sup> Annual Report**

**2012-2013**



**BOARD OF DIRECTORS**

**Dr. Varughese George**  
Chairman (From 24.12.2011)

**Sri. A. Unnikrishnan**  
Managing Director (From 14.12.2012)

**Dr. J. Thomas**  
Director (From 9.12.2011)

**Sri. M. V. Markose**  
Director (From 9.12.2011)

**Sri. V. T. Joseph**  
Director (From 03.08.2013)

**Adv. E. R. Santoshkumar**  
Director (From 24.08.2012)

Auditors  
**M/s Kuryan and Suseelan**  
Chartered Accountants  
Kottayam

Company Secretary (i/c)  
**Sri. Harish K.**

**Sri. K. Subair Khan**  
Managing Director  
(From 04.12.2010 to 14.12.2012)

**Sri S. P Singh IFS**  
Director (From 5.01.2012)

**Sri P T Thomas**  
Director (From 9.12.2011)

**Sri P. Khalid Master**  
Director (From 17.10.2012)

**Sri P Binu**  
Director (From 19.11.2012)

Internal Auditors  
**M/s Argee & Co.**  
Chartered Accountants  
Ernakulam

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## NOTICE TO SHAREHOLDERS

Notice is hereby given that the 51<sup>st</sup> Annual General Meeting of the Corporation will be held on Friday, the 27<sup>th</sup> September, 2013 at 11.00 A.M. at the Registered Office of the Corporation at Muttambalam (P.O), Kottayam-4 to transact the following business;

### **ORDINARY BUSINESS**

1. To receive, consider and adopt the audited Balance Sheet as on 31<sup>st</sup> March 2013 and profit and loss Account for the year ended on that date, the reports of Directors and Auditors thereon.
2. To consider declaration of dividend on equity shares.
3. To record the appointment of Directors by the Governor of Kerala in place of Directors retiring at the Annual General Meeting under Article 63(2) of the Articles of Association. The following directors retire and are eligible for re-appointment.
  - i. Sri. S. P. Singh IFS
  - ii. Dr. J. Thomas
  - iii. Sri. M.V. Markose
  - iv. Sri. P.T. Thomas
  - v. Sri. P. Khalid Master
  - vi. Advocate E.R. Santhoshkumar
  - vii. Sri. P. Binu
  - viii. Sri. V.T. Joseph
4. To Authorize the Board of Directors to fix the remuneration of the Auditors appointed by the Comptroller and Auditor General of India.

By Order of the Board,  
For the Plantation Corporation of Kerala Ltd.

Sd/-  
Harish K.  
Company Secretary i/c

Kottayam  
05.09.2013

### **Note:-**

1. 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. A proxy Form must be returned duly completed to reach the office not less than 48 hours before the meeting.
2. Directors 'report, Auditors' report, audited profit and loss account for the year ended 31st March 2013 and Balance Sheet as on that date are also seen attached herewith.

## NOTICE TO SHAREHOLDERS

Notice is hereby given that the 51<sup>st</sup> Adjoined Annual General Meeting of the Corporation will be held on Monday, the 25<sup>th</sup> November, 2013 at 11.00 AM at the Registered Office of the Corporation at Muttambalam (P.O), Kottayam-4 to transact the following business;

### **ORDINARY BUSINESS**

1. To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March 2013 and Profit and Loss Account for the year ended on that date, the reports of Directors and Auditors thereon.
2. To consider declaration of dividend on equity shares.

By Order of the Board,  
For the Plantation Corporation of Kerala Ltd.

Kottayam  
28.10.2013

Sd/-  
Harish K  
Company Secretary i/c

### **Note:-**

1. 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. A proxy Form must be returned duly completed to reach the office not less than 48 hours before the meeting.
2. Directors' report, Auditors' report, audited profit and loss account for the year ended 31<sup>st</sup> March 2013 and Balance Sheet as on that date are also seen attached herewith.

## DIRECTORS' REPORT FOR THE YEAR 2012-'13

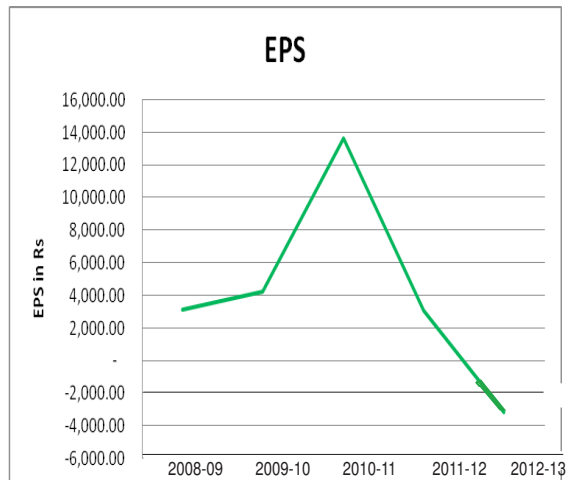
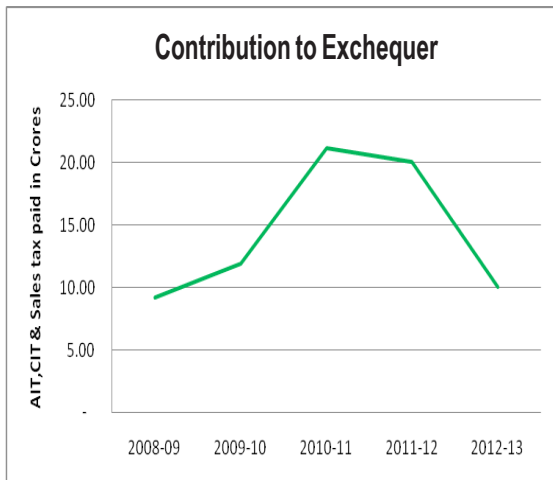
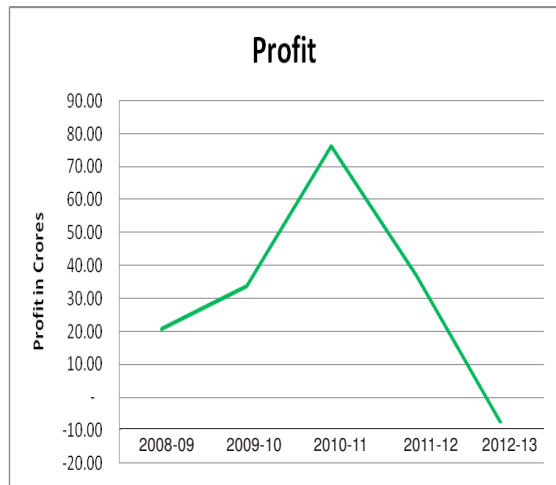
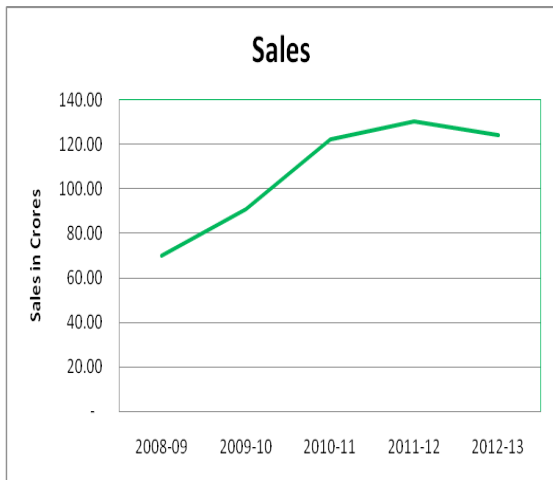
Your Directors have pleasure in presenting the 51<sup>st</sup> Annual Report of the Corporation for the year ended 31<sup>st</sup> March 2013.

### Financials at a glance

Paticulars	2012-13	2011-12	2010-11
Sales	12,426.59	13,050.37	12,242.55
Stock differential	9.42	114.46	150.2
Other income	1,895.27	1,569.91	1,174.57
Net revenue after adjusting stock differential	14,331.28	14,734.74	13,567.32
Manufacturing and other cost	7,852.87	6,602.04	5,290.50
Depreciation	218.7	182.24	160.74
Tax provision	1,000.00	2,004.52	2,347.30
Net profit before tax	-762.04	3,717.34	7,589.00
Earnings Per Share*	-3,164.12	3,075.75	13,627.72
Capital	556.88	556.88	556.88
Reserves	16,055.18	17,810.73	16,063.12
Net worth	16,612.06	18,367.61	16,620.00

\* EPS for 2012-13 calculated after taking into consideration provision for contribution to endosulphan victims of ₹ 6021.75 lakhs

\* EPS for 2010-11 calculated after taking into consideration release of excess gratuity provision of ₹ 2,339 lakhs



Note: Profit and EPS have been arrived at after considering the provision for contribution to endosulphan victims amounting to ₹ 60.22 crores.

## DIVIDEND

In the light of huge provision toward Endosulphan victims, the Corporation has ended up in an after tax loss amounting to ₹ 17.62 crores. Therefore the Corporation is not in a position to pay dividend for the year 2012-13.

## TRANSFER TO RESERVES

No amount has been transferred to General Reserve, since the Corporation is under loss.

## TERM LOAN

The Corporation had availed a loan from Government of Kerala for investment in Oil Palm India Limited. The said loan 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 ₹ 32, 61,222.00 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 ₹ 62, 75,140.00 as shown below:

Principal	-	₹ 32,61,222.00
Interest	-	₹ 28,67,382.00
Penal Interest	-	₹ 1,46,536.00
		₹ 62,75,140.00

The Company had 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 ₹ 112.00 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 ordered to convert the amount of ₹ 62, 75,140.00 as Share Capital of Government.

The matter was again placed before the Board and the Board has authorized 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.

## AGRICULTURAL INCOME TAX

The assessment order of Agricultural Income Tax was received up to Assessment Year 2009-10. For the current year due to provision for Endosulphan Victims, the Corporation has incurred losses, as such no provision was made for Agricultural Income Tax. No additional provision has been made for these cases as all are pending litigations and the Corporation is pursuing cases for favorable orders.

## SALES

### *Rubber*

During the year 2012 -'13 the value of rubber sold was ₹ 10,539.83 lakhs as against value of ₹ 11,238.56 lakhs in 2011-'12.

### *Cashew*

During the year 2012-'13 the amount received on sale of Cashew was ₹ 608.26 lakhs (refer note no 1.1) as against ₹ 399.20 lakhs in 2011-'12.

## PRODUCTION

### 1. Rubber Estates

There are seven Rubber estates owned by the Corporation, which are located in the Districts of Pathanamthitta (Kodumon, Chandanappally & Thannithode Estates), Ernakulam, Thrissur (Kallala & Adirappally Estates), Kozhikode (Perambra Estate) and Malappuram (Nilambur Estates). These estates are raised in the lands leased out to P.C.K. Ltd., by the State Forest Department. In Kallala & Adirappally Estate, the Corporation has also raised Oil Palm plantations. Further the Corporation is in the process of planting rubber in the suitable areas of Kasaragode Estate where about 300 Ha, have already been planted with rubber.

### 2. Cashew Estates

There are four cashew estates: Kasaragode, Cheemeni and Rajapuram Estates in Kasaragode District and Mannarghat Estate in Palakkad District. Out of these Estates, Rajapuram and Mannarghat Estates are raised in the leased out Forest Lands. Cheemeni Estate is surplus revenue land. The Kasaragode Estate is fully owned by the P.C.K. Ltd.

### 3. Factories

P C K has 3 major Rubber Processing Factories and one Rubber Wood Factory, the locations of which are given below:

1. Kodumon Group Latex Factory in Pathanamthitta District
2. Kallala Centrifuge Factory situated in Ernakulam District
3. Vettilappara T.S.R. Factory in Ernakulam District
4. Rubber Wood Factory in Pathanamthitta District.

### 4. Production

#### *a. Rubber*

The production target was 5677 MTs (PY 5816) and the achievement was 5412.095 MTs (PY 5545.61) during the period 2012 -2013. In terms of target achievement percentage for the year 2012-13 is 95.33% (PY 95.35%)

#### *b. Cenex*

The production of cenex during the period 2012 - 2013 was 4,081.851 MTs (DRC) (PY 3418.486) [KGL Factory – 2,505.462 MTs & Kallala Factory –1,576.389 MTs).

*c. Rubber Wood Factory*

During the period 2012-2013, the quantity of 3763.76 cft. (PY 4789.104) of treated rubber wood was sold and the value realized was ₹ 27,07,320/-

*d. Oil Palm Plantations*

The FFB harvested during the year 2012 - 2013 was 4,196.852 MTs. (PY 5,642.550)

*e. Plantation Valley*

The Plantation Valley, farm tourism project of PCK in Athirappally has earned revenue of ₹ 61.05 lakhs (PY 49.85) and a net profit of ₹ 3.89 lakhs (PY 3.02) during the year.

**NEW ACTIVITIES****2012 - 2013**

1. Construction of Office cum Complex at Regional Office, Calicut
2. Proposal for construction of cashew nut processing factory at Kasaragod
3. Proposal for new latex crump factory at old KGL factory.
4. Proposal for new oil palm factory at Adirapally.

**2013 – 2014**

1. Erection of Lattice Bridge at Nilambur.
2. Solar power plant at Nilambur estate.
3. Sheeting unit at Vaniyampuzha, Nilambur.
4. Proposal for Biogas plant at Plantation Valley.
5. Water treatment plant at Adirapally.
6. Proposal for bus stand cum shopping complex at Periya, Kasaragod.
7. Integrated dairy farm project at Kasaragod.

**INDUSTRIAL RELATIONS**

The industrial relations during the period 2012-13 remained cordial and peaceful. Following are some of the major activities in this area.

- a. Guidelines issued for initiating disciplinary procedure against workers in order to avoid confusion and chaos.
- b. New housing loan scheme proposed in association with housefed.
- c. Interim relief sanctioned for staff and officers.
- d. Re-organized hospital advisor committee.

**Extraordinary items**

The Government of Kerala vide order no. GO (MS) 147/12/H&FW dated 26.05.2012 has directed the Corporation to pay compensation to endosulphan victims as recommended by the National Human Rights Commission. The total amount computed as per a further letter no 50073/GI/2010/H&FW dated 31.05.2012 is ₹ 87.26 crores. As first installment, an amount of ₹ 27.04 crores was remitted to the Government on 4.06.2012. The liability for an amount of ₹ 60.22 crores is recognized as on 31.03.2013. The Corporation has made representation to the Government for refund of the amount already paid via a Govt. grant and to exempt the Corporation from further payment of amount as mentioned in the letter.

## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGES AND OUTGO**

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 not provided 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 applicable accounting standards had 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 judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and 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 changes that 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 Kuryan and Susheelan, Chartered Accountants, Kottayam were appointed by Comptroller and Auditor General of India as the Auditors of the company for the year 2012-13.

## **ACKNOWLEDGEMENT**

Your Directors are grateful to the Government of Kerala, Rubber Board, The Directorate of Cashew nut & Cocoa Development, Canara Bank, S.B.T and other bankers of the Corporation and others for their 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

Sd/-  
Dr. Varughese George  
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) Rules, 1988.

### **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 previous years in getting steady subsequent impact on the cost of production of goods	Nil
(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)

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

## ANNEXURE – II

Details of Directors including changes taken place during the year ending 31-03-2013.

SI No.	Name	Address	Date of Appointment
1	Dr.Varughese George	Kodumthara Malayil, Eraviperoor P.O. Thiruvalla	24.12.2011
2	Sri.S P Singh	Principal, Chief Conservator of Forests (Social Forestry) Forest Head Quarters, Vazhuthacaud, Thiruvananthapuram.	05.01.2012
3	Dr.J.Thomas	Rubber Board, Production Commissioner, Kottayam	09.12.2011
4	Sri.P.T.Thomas	Kerala Khadi & Village Industries Board Grama soubhagya Vanchiyoor, Thiruvananthapuram.Pin. 695035	09.12.2011
5	Sri.M.V.Markose	Additional Secretary, Finance Department, Government of Kerala, Secretariat, Thiruvananthapuram.	09.12.2011
6	Sri K.Subairkhan	Managing Director Plantation Corporation of Kerala Limited, Kottayam.	04.12.2010- 14.12.2012
7	Sri.P.Khalid Master	Chokad, Pullengodu. P.O.Malappuram	17.10.2012
8	Sri.E.R.Santhoshkumar	Eranallur House, Panamaram P.O., Wayanad	24.08.2012
9	Sri.P.Binu	Ambady, Chaathanadu, Alappuzha.	19.11.2012
10	Sri.A.Unnikrishnan	Managing Director Plantation Corporation of Kerala Limited, Kottayam.	14.12.2012

### ANNEXURE III

## REPORT ON CORPORATE GOVERNANCE

During the period 2012-13, meetings of the Board of Directors were convened as per Section 285 of the Companies Act, 1956. The details regarding number of Board meetings held during the period 2012-13 and meetings attended by the Directors are as follows:

Sl. No.	Name of the Director	Total No. of Board meetings	Total number of meetings attended by the Director	Total number of meetings required to be attended	Whether AGM attended by the Director
1	Dr Varughese George	10	10	10	Yes
2	Sri K.Subair Khan	10	8	8	Yes
3	Dr J Thomas	10	3	10	NA
4	Sri P T Thomas	10	10	10	NA
5	Sri M V Markose	10	7	10	NA
6	Sri S P Singh IFS	10	5	10	NA
7	Sri P Khalid Master	10	4	4	NA
8	Adv E R Santoshkumar	10	3	4	NA
9	Sri P Binu	10	3	3	NA
10	Sri A Unnikrishnan	10	2	2	NA

**INDEPENDENT AUDITORS' REPORT**  
**TO THE MEMBERS OF THE PLANTATION CORPORATION OF KERALA LIMITED,**  
**MUTTAMBALAM P.O, KOTTAYAM**

**1. Report on the Financial Statements**

We have audited the accompanying financial statements of THE PLANTATION CORPORATION OF KERALA LIMITED ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

**2. Management's Responsibility for the Financial Statements**

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in section 211(3C) of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**3. Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An Audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessment, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### 4. Basis for Qualified Opinion

- a) *Though Loans amounting to ₹150 lakhs given to Kerala State Horticultural Products Development Corporation Ltd. and ₹ 25 lakhs given to Kerala State Coconut Development Corporation Ltd. are outstanding for a long period, 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.*
- b) *₹ 48.21 lakhs shown under Long-term borrowings (Note No.4) is due to the Government of Kerala for estate development being interest accrued and due is subject to confirmation/adjustment by the concerned Government departments.*
- c) *Balance of each item under Other current liabilities (Note No.6), Trade Payables (Note No.5), Trade receivables (Note No.12), Long term loans and advances (Note No.10) and Short term loans and advances (Note No.14) are subject to confirmation, reconciliation and consequential adjustment. We have relied only on the books of accounts maintained and information and explanations furnished by the company. The impact, if any, on the financial statements is not ascertainable.*
- d) *The company has not charged depreciation on development of property (Note No.8) for various cultivations viz. ₹ 4818.17 lakhs for Rubber plantation, ₹ 799.67 lakhs for Cashew, ₹ 321.43 lakhs for Oil palm and ₹ 33.77 lakhs under other heads. The company should have amortised the development of property on a systematic basis over their useful lives. As the amount of such non-provision of depreciation pertaining to the current year and prior periods is not furnished, the consequential impact on the financial statement is not ascertainable.*
- e) *The company has not recognized impairment of development of property with respect to vanilla cultivation of ₹ 5.23 lakhs in accordance with Accounting Standard-28(AS-28). As a result we are of the opinion that the loss was understated to the extent of ₹ 5.23 lakhs and development of property (Note No.8) under fixed assets is overstated to that extent. Also the impairment of development of property due to natural calamities like windfall, fire etc. has not been quantified and recognized in the Statement of Profit and Loss.*
- f) *The company has shown subsidy of ₹ 17.29 lakhs received from Government of Kerala during the year under the head "Subsidy from Government under Note no.3 Reserves and Surplus". The total subsidy from Rubber Board till 31.03.2013 is ₹ 150.48 lakhs and from Government of Kerala against Cashew Plantation is ₹ 316.82 lakhs. These Government grants related to specific assets should have been deducted from the gross value of the assets in arriving their book value. Alternatively it could have been credited in the Statement of Profit and Loss in a systematic and rational manner over the useful life of the asset in the proportion in which depreciation on those assets charged. The above method of treatment as prescribed in "Accounting Standard 12-Accounting for Government grant" has not been complied by the company. The impact as a result of the departure on the financial statement is not ascertainable in the absence of relevant details.*

- g) As shown in Note No.12 to the financial statements, the Company has classified Sundry Debtors amounting to ₹ 85.73 lakhs as unsecured- considered good, which is not appropriate in accordance with the disclosure requirement of Schedule VI to the Companies Act, 1956. In the absence of records relating to the Sundry Debtors against which provision for doubtful debts is created, we are unable to verify the correctness of the amount shown as provision for doubtful debts of ₹ 13.88 lakhs and Sundry Debtors of ₹ 85.73 lakhs in Note No.12. The impact of the above, if any, on the financial statements is not ascertainable.
- h) As shown in Note No.35 (A) & (B) to the financial statements, the company has not made provision for disputed Central Income Tax demands amounting to ₹ 34.32 lakhs and disputed Agricultural Income Tax demands amounting to ₹ 2,232.17 lakhs. From the information provided to us, the probable outcome of these disputed tax demands and the impact thereof on the financial statements are not ascertainable.
- i) Since no records are made available to us for verifying the individual break-up or party wise details of many items under "Other Deposits (Note No.10)" amounting to ₹ 28.15.lakhs, "Secured Loan (Note No.10)" amounting to ₹142.49 lakhs, "Advance recoverable in Cash or Kind for value to be received (Note No.10)" amounting to ₹ 26.32 lakhs, "Advance recoverable in Cash or Kind for value to be received (Note No.14)" amounting to ₹ 377.96/- lakhs , "Trade Payables (Note No.5)" amounting to ₹ 73.14 lakhs and "Other Current Liabilities (Note No.6)" amounting to ₹ 2930.26 lakhs, we are unable to verify the correctness of the same. The impact of the same, if any, on the financial statements is not ascertainable.
- j) Though the company has incurred a loss amounting to ₹12.71 Lakhs on account of budding failure in Rubber Nursery at Kallala Estate, the same has not been recognized in the Statement of Profit and Loss. As such we are of the opinion that loss is understated and Inventories under Note No.11 has overstated to that extent.
- k) The Government of Kerala vide G.O (M.S) No.112/13/H&FWD dated 26.03.2013. decided to give compensation to endosulphan victims who are mentally retarded. But the said order has not fixed any amount or proportionate share which the Company has to pay. As such, the company has not provided any amount for the same in the Statement of Profit and Loss for the period ended on 31.03.2013. The probable outcome of these and the impact thereof on the financial statements are not ascertainable.
- l) The company has estimated its tax liability for the year 2012-13 at ₹1000 lakhs and provided the same in the Statement of Profit and Loss. Since no records were made available to us for verifying the details of such estimation, we are unable to verify the correctness of the same. The impact of the same, if any on the financial statements is not ascertainable.

## 5. Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements give the information required by the Act 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 the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2013;
- (b) In the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

## 6. Report on other Legal and Regulatory Requirements

1. As required by the Companies ( Auditor's Report) order, 2003 ( "the Order") issued by the Central Government in terms of Section 227 (4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that :
  - a) 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;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement Comply with the Accounting Standards referred to in section 211 (3C) of the Act;
  - e) Being a government Company, pursuant to the Notification No. GSR 829 (E) dated 21<sup>st</sup> October 2003 issued by Department of Company Affairs, provisions of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956, are not applicable to the company; and
  - f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

**For Kuryan & Suseelan**

Chartered Accountants

(FRN 001635S)

Sd/-

**CA V.K Kuryan (Partner)**

Membership No. 021949

Kottayam

12<sup>th</sup> September 2013

**ANNEXURE TO INDEPENDENT AUDITORS' REPORT  
DATED 12th September, 2013 TO THE MEMBERS OF M/S  
THE PLANTATION CORPORATION OF KERALA LIMITED, MUTTAMBALAM P.O,  
KOTTAYAM FOR THE YEAR ENDED 31<sup>st</sup> March 2013**

**Referred to in Paragraph 6(1) of our report of even date**

- (i) (a) The Company has maintained records for the fixed assets. *However, the company is in the process of updating the Fixed Asset Register showing the quantitative details and situation of Fixed Assets.*
- (b) As explained to us, fixed assets other than land both under freehold and leasehold were physically verified by the management in accordance with program of verification, which in our opinion, is reasonable having regard to the size of the company and nature of its assets. It was further explained to us that no material discrepancies were noticed on such verification *other than land and development expenditure with respect to vanilla plantations of ₹ 5.23 lakhs. In the case of freehold land and leasehold land, the company has not produced title deeds for our verification and thus we are unable to ascertain the correctness of land holdings as stated in the title deeds with the record of land holdings.*
- (c) During the year, the Company has not disposed off substantial part of its Fixed Assets.
- (ii) (a) It has been explained to us that, the Company has conducted physical verification of inventory during the year at reasonable intervals. In our opinion, the frequency of verification is reasonable.
- (b) *In our opinion the procedure for physical verification of inventory needs to be strengthened to make the same adequate in relation to the size of the Company and the nature of its business.*
- (c) As explained to us, the company is maintaining proper records of inventory. Discrepancies noticed on verification between physical stocks and the records are not material and have been appropriately dealt with in the books of accounts.
- (iii) (a) During the year the company has not granted any loans secured or unsecured to the companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
- (b) In light of (a) above, no comment is required under Paragraph 4 (iii) (b) of the said order.
- (c) *In respect of loans and advances in the nature of loans given by the company during the prior years to Kerala State Coconut Development Corporation Ltd. (₹ 25 lakhs) and Kerala State Horticultural Products Development Corporation Ltd. (₹ 150 lakhs), receipt of either the principal amount or the interest was outstanding for a long time. But in the case of Kerala State Horticultural Products Development Corporation Ltd, interest is waived by the Department of Agriculture through a letter No.6571/ PU2/13/ AD dated 19-07-2013.*

- (d) *According to the information provided, the Company has taken reasonable steps for the recovery of the principal and interest, but no material evidence regarding this was made available to us.*
- (e) The Company has not taken any loans secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Act, and so no comments are required under clauses (e), (f) and (g) of Paragraph 4 (iii) of the said order.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures 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. In our opinion and according to the explanations given to us, there is no continuing failure to correct major weakness in the internal control.
- (v) It was explained to us that, during the year the company has not entered into any contract or arrangement that needs to be entered in the register maintained pursuant to Section 301 of the Act. Therefore, the requirement under paragraph 4(v) (b) of the said Order is not applicable for the company.
- (vi) The company has not accepted deposits from the public. Hence, the requirement under paragraph 4(vi) of the said Order is not applicable to the company.
- (vii) The internal audit function is carried out by a firm of independent Chartered Accountants appointed by the management and is commensurate with the size and nature of the business of the Company.
- (viii) We have broadly reviewed the books of account relating to material, labour and other items of cost maintained by the company pursuant to the rules made by the Central Government for maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 and we are of the opinion that *prima facie* the prescribed accounts and records have been made and maintained. *We have not, however carried out a detailed examination of the same.*
- (ix) a) To the best of our knowledge and according to the information and explanations given to us, the company is regular in depositing undisputed statutory dues including income tax, sales tax and other material statutory dues with the appropriate authorities.
- b) *The disputed statutory dues that have not been deposited on account of disputed matters pending before appropriate authorities are as under : Central Income Tax of ₹ 34.32 lakhs, Agriculture Income Tax of ₹ 2232.17 lakhs and Sales Tax of ₹ 381.60 lakhs as given in Note No. 35(A), (B), & (C) respectively in the forums where the disputes are pending are mentioned.*
- (x) The company has no accumulated losses as at the end of the financial year. The Company has not incurred cash losses during the financial year under audit and in the immediately preceding financial year.
- (xi) Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the company has not defaulted in repayment of dues to financial institutions and banks.

- (xii) In our opinion and according to the information and explanations given to us, no loans and advances have been granted by the company on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore the requirements under paragraph 4(xiii) of the said Order are not applicable for the company.
- (xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Therefore the requirements under paragraph 4(xiv) of the said Order are not applicable for the company.
- (xv) According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions. Therefore the requirements under paragraph 4(xv) of the said Order are not applicable for the company.
- (xvi) According to the information and explanations given to us the company has not availed any term loan during the year, Therefore the requirements under paragraph 4(xvi) of the said order are not applicable to the company.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we are of the opinion that the company has not raised funds on short-term basis during the year.
- (xviii) It was explained to us that the company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Act.
- (xix) It was explained to us that the company has not issued any debentures.
- (xx) The company has not raised any money by way of public issue during the year.
- (xxi) We have placed reliance on the explanations given by the management of the company that during the year no fraud on or by the company that causes the financial statements to be materially mis-stated has been noticed or reported.

**For Kuryan & Suseelan**  
Chartered Accountants  
(FRN 001635S)

**Sd/-**

**CA V.K Kuryan (Partner)**  
Membership No. 021949

Kottayam  
12<sup>th</sup> September 2013

**REPLY TO THE COMMENTS OF STATUTORY AUDITORS ON  
THE ACCOUNTS OF THE PLANTATION CORPORATION OF KERALA LTD.  
FOR THE YEAR ENDED 31.03.13**

- a. The loan amounting to ₹ 150 Lakhs and ₹ 25 Lakhs are given to Kerala State Horticultural Products Development Corporation Ltd. and Kerala State Coconut Development Corporation Ltd. as per Government order GO (Rt) No 1546/96/AD dated 1/11/1996 and GO (Rt) No 1828/97/AD dated 1/11/1997 and the same are fully Government owned Public Sector Undertakings. As the payment of principal amount and interest are not regular, it may be noted that the matter was again placed before with the Government as the loan has been paid as per Government direction and the details for the same is shown in Note No. 10(1)& 10(2) forming part of financial statements.
- b. This figure remains in the Balance sheet for the last several years and relates to the penal interest provided for the Government loan granted to Plantation Corporation of Kerala Ltd. The Corporation has fully repaid the principal amount due and interest amounts on Government loan.
- c. The report on the balance of each item under Current Liabilities (Note.6) Trade Payables (Note.5) Trade Receivables (Note No. 12) Long term Loans and Advances-(Note No.10) and short term Loans and advances (Note No. 14) are only a general statement and not specific. Regarding Sundry Debtors separate action is being taken for detailed verification of each customers account and also relevant provision has been made for doubtful debts in case of State Public sector Undertakings.
- d. The treatment of development expenditure for Plantation followed by the Corporation is shown in clause j of Note No. 1 significant accounting policies followed by the Corporation as on 31.03.13. This practice has been consistently followed.
- e. As per clause j of Note No.1, the policy of the company in treatment of development of Plantations is clearly disclosed. The policy is that 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. Here there is no such disposal of plantation, in the case of vanilla cultivation. Vanilla Cultivation it is legally disputed in different Courts including Hon'ble High Court of Kerala. Therefore the writing off of this plantation has not been done during this year.
- f. The treatment of subsidies is shown in clause k of Note No.1 Significant Accounting policies and Note No. 3(d) of Notes forming part of financial statements. The company is following capital accounting method as per AS-12. As the subsidy is not meant for the purpose of procurement of capital asset and moreover the development of property is not depreciable, the subsidy amount is not credited in development of property, but shown as separate head under Reserve & Surplus.

- g. We are in the process of verification of “advance from customers”, Sundry Debtors and other liabilities and the same is corrected up to financial year 2007-08. Reconciliation and correction of contra entries are being made for the rest of financial years. We expect to complete this exercise with in a period of six months.
- h. The Company has not made any provisions for disputed tax demand, as disclosed in the Note No.35, the files are pending before various Tax authorities and the corporation is expecting favorable orders. Follow up action is being taken in all these cases.
- i. For most of the Loans and Advances, individual breakups are available in the registers maintained at various Units.
- j. It was disclosed in the Accounts as a foot note to Note No.11. As the loss is to be ascertained as per Board decision which was pending, could not be written off.
- k. Noted.

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**THE PLANTATION CORPORATION OF KERALA LIMITED  
KOTTAYAM  
BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2013**

Particulars	Note No.	Current Year ₹	Previous Year ₹
<b>EQUITY AND LIABILITIES</b>			
<b>I) Shareholder's Funds</b>			
a) Share Capital	2	5,56,88,000.00	5,56,88,000.00
b) Reserves and Surplus	3	1,60,55,17,873.18	1,78,10,73,105.64
<b>II) Non-Current Liabilities</b>			
a) Long-term borrowings	4	48,20,960.51	48,20,960.51
<b>III) Current Liabilities</b>			
a) Trade payables	5	73,14,090.80	75,99,891.80
b) Other current liabilities	6	29,30,26,043.45	31,64,42,231.64
c) Short-term provisions	7	1,47,44,15,444.07	1,12,16,32,206.07
<b>Total</b>		<b>3,44,07,82,412.01</b>	<b>3,28,72,56,395.66</b>
<b>ASSETS</b>			
<b>IV) Non-current assets</b>			
a) Fixed assets			
i) Tangible assets	8	76,85,49,281.94	69,25,99,192.42
ii) Intangible assets	8	3,75,803.00	82,992.00
iii) Capital work-in-progress	8	77,32,634.95	52,07,569.86
b) Non-current investments	9	1,50,01,000.00	1,50,01,000.00
c) Long term loans and advances	10	4,33,35,155.07	4,06,48,752.76
<b>V) Current assets</b>			
a) Inventories	11	14,78,10,264.81	14,71,14,685.38
b) Trade receivables	12	71,85,097.20	14,29,904.20
c) Cash and cash equivalents	13	1,61,61,23,929.03	1,70,59,92,745.21
d) Short term loans and advances	14	71,00,19,988.06	62,05,17,186.96
e) Other current assets	15	12,46,49,257.95	5,86,62,366.87
<b>Total</b>		<b>3,44,07,82,412.01</b>	<b>3,28,72,56,395.66</b>

Significant Accounting Policies and notes on financial statements - 1 - 41

For and on behalf of Board of Directors

As per report of Even date.

Sd/-  
Dr. Varughese George  
Chairman

Sd/-  
A. Unnikrishnan  
Managing Director

Sd/-  
Sreelakumar S.  
G.M. (F & A) i/c

Sd/-  
Harish K.  
Company Secretary i/c

For Kuryan & Suseelan  
Chartered Accountants(FRN : 001635S)  
C.A V K Kuryan(Partner)  
Membership No. 021949

Kottayam  
12.09.2013

**THE PLANTATION CORPORATION OF KERALA LIMITED  
KOTTAYAM**

**PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2013**

Particulars	Note No.	Current Year ₹	Previous Year ₹
I. Revenue from operations	16	1,24,26,59,995.78	1,30,50,37,133.54
II. Other Income	17	18,95,27,825.24	15,69,91,460.60
III Prior Period Income	18	12,11,452.40	1,01,93,879.80
<b>Total Revenue</b>		<b>1,43,33,99,273.42</b>	<b>1,47,22,22,473.94</b>
IV. Expenses:			
Cost of materials consumed	19	31,68,24,590.66	25,34,17,196.23
Purchase of Stock-in-Trade		3,36,029.00	33,32,566.00
Changes in inventories	20	(9,42,470.00)	(1,14,46,044.00)
Employee benefit expense	21	40,32,19,935.57	45,80,86,527.20
Depreciation and amortization expense	8	2,18,70,015.15	1,82,24,040.18
Administrative and Other expenses	22	16,54,29,980.50	10,46,52,258.47
Prior Period Expense	23	6,89,883.00	37,96,983.00
<b>Total Expenses</b>		<b>90,74,27,963.88</b>	<b>83,00,63,527.08</b>
V. Profit before extraordinary items and tax		52,59,71,309.54	64,21,58,946.86
VI. Extraordinary Items	28	60,21,75,000.00	27,04,25,000.00
VII. Profit before tax (V-VI)		<b>(7,62,03,690.46)</b>	<b>37,17,33,946.86</b>
VIII. Tax expense:			
Current tax		10,00,00,000.00	20,04,51,700.00
IX. Profit/(Loss) for the period (VII-VIII)		<b>(17,62,03,690.46)</b>	<b>17,12,82,246.86</b>
X. Earning per equity share:			
Basic and Diluted		(3,164.12)	3,075.75

Significant Accounting Policies and notes on financial statements - 1 - 41

For and on behalf of Board of Directors

As per report of Even date.

Sd/-  
Dr. Varughese George  
Chairman

Sd/-  
A. Unnikrishnan  
Managing Director

Sd/-  
Sreelakumar S.  
G.M. (F & A) i/c

Sd/-  
Harish K.  
Company Secretary i/c

For Kuryan & Suseelan  
Chartered Accountants(FRN : 001635S)  
C.A V K Kuryan(Partner)  
Membership No. 021949

Kottayam  
12.09.2013

**CASH FLOW STATEMENT AS PER AS-3**

2011-12		2012-13	
₹			₹
	37,17,33,946.86	Net Profit before Taxation & after Extraordinary Item	(7,62,03,690.46)
1,82,24,040.18		Adjustments for:	
8,64,585.14		Depreciation & Amortisation	2,18,70,015.15
(13,47,95,523.09)		Write off	16,43,435.35
(9,14,62,813.96)		Interest on Investments	(15,15,59,194.08)
(3,70,061.21)		Profit on Sale of Trees	(8,47,75,136.00)
(7,50,000.00)		Profit on Sale of Assets	(3,16,720.86)
-		Divident Received	(8,00,000.00)
-		Subsidy Written back	(10,80,640.00)
(15,36,267.16)		Prior Period Expenses	3,07,044.00
27,04,25,000.00	6,05,98,959.90	Interest Income on Loans & Advances	(30,97,059.35)
	43,23,32,906.76	Extraordinary items	60,21,75,000.00
		Operating Profit before Working Capital Changes	<b>30,81,63,053.75</b>
		Adjustments for:	
6,22,73,424.00		Increase /(Decrease) in Provisions	(7,57,30,662.00)
7,69,54,973.51		Increase/(Decrease) in Current Liabilites	(2,37,01,989.19)
(2,38,63,504.48)		(Increase)/Decrease in Inventories	(6,95,579.43)
78,03,529.00		(Increase)/Decrease in Debtors	(57,55,193.00)
(2,93,11,645.25)	9,38,56,776.78	(Increase)/Decrease in Advance & Deposits	16,42,071.15
	52,61,89,683.54	Cash Generated from Operations	(10,42,41,352.47)
	(23,34,15,515.00)	Income Tax Paid	20,39,21,701.28
	29,27,74,168.54	Cash flow before Extraordinary items	(9,40,38,731.00)
	(5,00,00,000.00)	Contribution to CM's DRF	10,98,82,970.28
	0	Extraordinary items	0.00
	24,27,74,168.54	<b>Net Cash Flow from operating activities</b>	(27,04,25,000.00)
			(16,05,42,029.72)
		<b>B CASH FLOWS FROM INVESTING ACTIVITES</b>	
(2,29,93,035.43)		Purchase of Fixed Assets	(3,75,41,621.10)
(4,08,68,689.73)		Development Property	(6,49,03,261.71)
3,78,500.00		Sale of Fixed Assets	3,80,600.00

9,14,62,813.96		Sale of Trees	8,47,75,136.00	
12,06,02,542.00		Interest Received on Investments	8,55,72,303.00	
15,36,267.16		Interest Received on Loans & Advances	30,97,059.35	
62,63,101.00		Subsidy Received	17,29,098.00	
7,50,000.00		Dividend Received	8,00,000.00	
	15,71,31,498.96	Net Cash Available from Investing Activities		7,39,09,313.54
		<b>C CASH FLOWS FROM FINANCING ACTIVITES</b>		
(27,84,400.00)		Dividend Paid	(27,84,400.00)	
(4,51,700.00)		Dividend Distribution Tax Paid	(4,51,700.00)	
	(32,36,100.00)	Net Cash Available from Financing Activities		(32,36,100.00)
	39,66,69,567.50	Net Increase/(Decrease) in Cash and Cash Equivalents		(8,98,68,816.18)
	1,30,93,23,177.71	Opening Cash & Cash Equivalents		1,70,59,92,745.21
	1,70,59,92,745.21	Closing Cash & Cash Equivalents		1,61,61,23,929.03

For and on behalf of Board of Directors

As per report of Even date.

Sd/-  
Dr. Varughese George  
Chairman

Sd/-  
A. Unnikrishnan  
Managing Director

Sd/-  
Sreelakumar S.  
G.M. (F & A) i/c

Sd/-  
Harish K.  
Company Secretary i/c

For Kuryan & Suseelan  
Chartered Accountants(FRN : 001635S)  
C.A V K Kuryan(Partner)  
Membership No. 021949

Kottayam  
12.09.2013

## **NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**31.03.2013**

### **1. Significant accounting policies**

#### **A. Basis of Accounting:**

The Financial Statements of the Corporation are prepared under historical cost convention in accordance with generally accepted accounting principles (GAAP) applicable in India and comply with the Accounting Standards ("AS") prescribed in the Companies (Accounting Standards) Rules, 2006 and with the relevant provisions of the Companies Act, 1956, to the extent applicable.

#### **B. 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. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

#### **C. 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 up to other end of the financial year.

#### **D. Taxes on Income:**

This includes taxes under the Central Income Tax Act and the Kerala State Agricultural Income Tax Act and are accounted 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 at the Balance Sheet date. The effect of change in tax on Deferred Tax Assets and Liabilities is recognized in the Profit and Loss account in the year of change. Deferred Tax Assets and Deferred Tax Liabilities are recognized for the future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carry forwards.

#### **E. Earnings per Share:**

The earning considered in ascertaining Corporation's EPS comprises the net profit after tax and prior period adjustments (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.

#### **F. Depreciation:**

The Corporation has charged depreciation on the written down value method at the rates prescribed in Schedule XIV to the Companies Act consistently except in the case of

Office Equipment and Survey Instruments	15%
Library	10%
Fence & Kayyala	10%
Water Supply Installation	30%

Loose Tools, Electronic Equipments, Lab Equipments, Manager's Bungalow equipments and I.B. Equipments are revalued at 10% below its book value and charged to repairs and maintenance.

#### **G. Sales:**

Sales are accounted at the time of preparation of invoices in the case of all products.

#### **H. Inventories:**

- i. Closing stock of finished goods and work-in-progress are valued at lower of costs or net realizable value using weighted average method. Net realizable value of finished goods is selling price less associated selling cost.
- ii. Agricultural produces are valued at market value.
- iii. Serviceable tools and implements and other equipments are valued at cost less depreciation.
- iv. Nurseries comprising of saplings held for planting or sale have been valued at cost.
- v. Stores and spares are valued at cost less provision, if any, for obsolescence.

#### **I. 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.

#### **J. Development expenditure:**

Expenditure incurred for the development of plantation is capitalized and is shown in the Balance Sheet as tangible assets – Development of Property. 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.

#### **K. 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.

#### **L. Investments:**

Investments are stated at cost. Dividends are from Long Term Investments in shares of companies.

## M. Employee Benefits:

### (i) Short term Employee Benefits:

Employee benefits payable wholly within twelve months of rendering the services are classified as short term employee benefits and are recognized in the period in which the employee renders the related service.

### (ii) Post employment benefits (defined benefit Plans)

The employees' gratuity plan is a defined benefit plan. The present value of the obligation under such defined benefit plan is determined as on 31.03.2013, the balance sheet date, based on an independent actuarial valuation by Life Insurance Corporation of India. The valuation is determined using projected unit credit method.

### (iii) Post Employment Benefit (defined contribution plan)

Contribution to the provident fund which is a defined contribution scheme is recognized in the Profit and Loss account in the period in which the contribution is made.

### (iv) Long Term Employee Benefits

Long Term employee benefit comprises of compensated absences and other employee incentives. These are measured on actuarial valuation carried out by an independent actuary LIC of India, as on the balance sheet date. Actual liability is recognized in the Profit and Loss account.

## N. Contingent Liabilities:

Contingent liabilities are disclosed for:

Possible obligations, which will be confirmed only by future events not wholly within the control of the Corporation, or,

Present obligation arising from past events, where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of obligation cannot be made.

### 1.1 changes in accounting policy.

**Sales:-** Sales are accounted at the time of preparation of invoices in the case of all products except Cashew. The right of collection of cashew nuts from most of the Corporation 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 recognized as income of the current year and the balance as deferred income.

This accounting policy is changed from the current year as given below:

Sales are accounted at the time of preparation of invoices in the case of all products.

The variation in Profit/(Loss) due to the above change in accounting policy is as below.

Profit/(Loss) as per Profit and loss statement after the change in accounting policy	(7,62,03,690.46)
Profit/(Loss) that would have been recorded prior to change in accounting policy	(9,54,08,498.86)
Difference	1,92,04,808.40

## 2. Share Capital

Authorised issued and paid up capital

Particulars	As on 31 <sup>st</sup> March 2013		As on 31 <sup>st</sup> March 2012	
	Numbers	Amount	Numbers	Amount <sup>†</sup>
<u>Authorised</u>				
Equity shares of ₹ 1000 each	75,000	7,50,00,000.00	75,000	7,50,00,000.00
<u>Issued, Subscribed and Paid up</u> <u>Equity Share Capital</u>				
Equity shares of ₹ 1000 each*	55,688	5,56,88,000.00	55,688	5,56,88,000.00
<b>Total</b>	<b>55,688</b>	<b>5,56,88,000.00</b>	<b>55,688</b>	<b>5,56,88,000.00</b>

\* Of the above shares, 12182 shares are allotted as fully paid up pursuant to a contract without payments being received in cash. Hon'ble Governor of Kerala holds 55684 shares of the Corporation.

## 3. Reserves and Surplus:

Particulars	Current Year ₹	Previous year ₹
<b>1) General Reserve</b>		
Balance as at the beginning of the Year	12,31,49,563.44	10,59,76,168.44
Add : Additions made during the Year		
- Profit & Loss Statement	-	1,71,73,395.00
- Transferred from Rehabilitation Reserve	1,40,79,091.48	-
- Transferred from Replanting Reserve	1,39,58,000.00	-
Balance as at the end of the Year	<b>15,11,86,654.92</b>	<b>12,31,49,563.44</b>
<b>2) Capital Reserve</b>	<b>11,97,89,050.90</b>	<b>11,97,89,050.90</b>
<b>3) Replanting Reserve</b>		
Balance as at the beginning of the Year	12,89,58,000.00	11,82,58,000.00
Add : Additions made during the Year	-	1,07,00,000.00
Less : Transferred to General Reserve	1,39,58,000.00	-
Balance as at the end of the Year	<b>11,50,00,000.00</b>	<b>12,89,58,000.00</b>
<b>4) Rehabilitation Reserve</b>		
Balance as at the beginning of the Year	1,40,79,091.48	1,40,79,091.48
Less : Transferred to General Reserve	1,40,79,091.48	-
Balance as at the end of the Year	-	<b>1,40,79,091.48</b>
<b>5) Surplus/(Deficit) in the Statement of Profit and Loss</b>		
Balance as at the beginning of the Year	1,34,90,15,617.32	1,20,83,91,165.46
Add : Profit during the Year	(17,62,03,690.46)	17,12,82,246.86
Less : Provision for Dividend	-	(27,84,400.00)
Transferred to General reserve	-	(1,71,73,395.00)

Transferred to Replanting reserve	-	(1,07,00,000.00)
Balance as at the end of the Year	<b>1,17,28,11,926.86</b>	<b>1,34,90,15,617.32</b>
<b>Subsidy From Government</b>		
<b>1) Subsidy from Rubber Board</b>		
(Rubber Cultivation)		
Balance as at the beginning of the Year	1,50,48,248.50	1,29,84,491.50
Add : Additions made during the Year	-	20,63,757.00
Balance as at the end of the Year	<b>1,50,48,248.50</b>	<b>1,50,48,248.50</b>
<b>2) Subsidy from Government of Kerala</b>		
(Cashew Cultivation)		
Balance as at the beginning of the Year	3,10,33,534.00	2,68,34,190.00
Add : Additions made during the Year	17,29,098.00	41,99,344.00
Less : Transferred to prior period income	10,80,640.00	-
Balance as at the end of the Year	<b>3,16,81,992.00</b>	<b>3,10,33,534.00</b>
<b>Total</b>	<b>1,60,55,17,873.18</b>	<b>1,78,10,73,105.64</b>

- The Reserves and Surplus consists of General Reserve, Replanting Reserve, Capital Reserve, Rehabilitation Reserve and capital subsidy from Govt. In the case of replanting reserve the Corporation has been transferring 2% of Development of property account over the years. Since the Corporation is in loss during the current year, no amount has been transferred. Similarly no amount has been transferred to Capital reserve and Rehabilitation Reserve in the current year.
- Prior to the enactment of the new Kerala Agricultural Income Tax Act 1991, 3% of the capital expenditure incurred for replanting can be deducted towards replanting allowance. However there were no conditions attached for this transfer. As such maintenance of Rehabilitation Reserve was not compulsory. Hence during the current year the entire amount (₹ 1,40,79,091.48) standing to the credit of Rehabilitation Reserve is transferred to General reserve.
- Replanting Reserve is maintained for meeting the future expenses in connection with replanting activities. Based on estimate made for future replanting program an amount of ₹ 11,50,00,000/- is required for this purpose and the same amount has been deposited in the Treasury Account. The balance amount ₹ 1,39,58,000.00/- (₹ 12,89,58,000.00-11,50,00,000.00) standing to the credit of Replanting Reserve account is transferred to General Reserve during the current year.
- The Subsidy from Government includes Capital Subsidy received for Rubber and Cashew Cultivation from Government. The Corporation is contingently liable to the Government for the same in case the plantation is destroyed or is used for any public purpose. All subsidies lying in the credit of this account till 31<sup>st</sup> March 1980 have been recognized as income in the current year, since all the plantation with year of planting before that date had already been disposed off and the income had been recognized in various prior years. As such ₹ 10,80,640 has been taken to prior period income (Note no. 18).

**4. Long Term Borrowings**

Particulars	Current Year ₹	Previous year ₹
From Govt of Kerala, for Estate Development, Interest accrued and Due (since 31.03.1999)	48,20,960.51	48,20,960.51
<b>Total</b>	<b>48,20,960.51</b>	<b>48,20,960.51</b>

**5. Trade Payables**

Particulars	Current Year ₹	Previous year ₹
Sundry Creditors*	73,14,090.80	75,99,891.80
<b>Total</b>	<b>73,14,090.80</b>	<b>75,99,891.80</b>

\*The management has initiated the process of identifying enterprises which have provided goods and services to the Corporation and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006. Further, in view of the management, the impact of interest, if any that may be payable in accordance with the provisions of the Act is not expected to be material.

**6. Other Current Liabilities**

Particulars	Current Year ₹	Previous year ₹
a) Other Liabilities	1,55,65,568.49	1,22,14,291.62
b) Lease rent Payable	15,60,36,312.82	13,91,01,642.08
c) EMD	1,16,63,926.17	1,23,73,304.17
d) Security Deposit	3,12,60,315.72	4,24,01,517.72
e) Advance against sales	-	2,35,17,927.60
f) Labour welfare fund	36,075.35	37,445.35
g) Agricultural Income Tax Due	1,77,37,151.90	1,77,37,151.90
h) Leave Encashment Provision - Short Term	19,45,261.00	-
i) Central sales Tax Payable	2,58,196.49	6,84,354.89
j) Value added Tax Payable	25,14,806.78	51,07,098.56
k) Luxury Tax Payable	24,824.00	22,398.00
l) Liability for Expenses	3,07,02,304.92	3,87,88,879.52
m) Advance from Contractors	47,06,803.00	48,20,892.00
n) Retention Account	37,30,946.50	39,78,616.50
o) Wages Payable Account	1,28,27,302.87	1,23,10,081.29
p) With held Contractors	39,29,017.44	33,46,630.44
q) Service Tax Payable	87,230.00	-
<b>Total</b>	<b>29,30,26,043.45</b>	<b>31,64,42,231.64</b>

The balance outstanding in the Labour welfare fund that mainly includes funds credited out of time – barred wages and bonus unclaimed for a period of more than three years. Balance in the same as on 31/03/2013 is ₹ 36,075.35 (PY 37,445.35)

#### 7. Short term provisions

Particulars	Current Year ₹	Previous year ₹
<b>Provision for employee benefits:</b>		
a) Gratuity		
Balance as at the beginning of the Year	13,08,27,304.00	10,46,94,047.00
Current Year Provision	6,44,40,361.00	15,92,84,967.00
Paid this Year	19,06,05,018.00	13,31,51,710.00
Balance as at the end of the Year	46,62,647.00	13,08,27,304.00
b) Bonus	6,49,00,000.00	4,75,00,000.00
c) Leave Encashment		
Balance as at the beginning of the Year	3,16,00,000.00	-
Add : Current Year Provision	15,82,116.60	-
Less : Adjusted this Year	83,29,621.60	-
Balance as at the end of the Year	2,48,52,495.00	3,16,00,000.00
d) Provision for Provident Fund	1,56,10,090.00	1,08,28,590.00
e) Provision for Salary arrears due to pay revision		
<b>Others:-</b>	5,82,41,000.00	2,32,41,000.00
a) Provision for Taxation		
Balance as at the beginning of the Year	56,53,25,055.07	37,66,87,486.07
Add : Current Year Provision	10,00,00,000.00	20,04,51,700.00
Less : Adjusted this Year	4,51,700.00	1,18,14,131.00
Balance as at the end of the Year	66,48,73,355.07	56,53,25,055.07
b) Provision for sales Tax	3,91,00,857.00	3,91,00,857.00
c) Provision for Endosulfan victims	60,21,75,000.00	27,04,25,000.00
d) Proposed Dividend for the Year	-	27,84,400.00
<b>Total</b>	<b>1,47,44,15,444.07</b>	<b>1,12,16,32,206.07</b>

- a) Provision for bonus is made at 29.5% of eligible earnings to employees.
- b) Provision for salary arrears due to pay revision is made on the basis of difference in the existing pay scale and proposed pay scale for each category. The pay revision is due with effect from 01.04.2011.

**NOTE 8 - PLANT & MACHINERY, ROADS, BUILDINGS ETC AS ON 31-03-2013****Tangible Assets**

	ORIGINAL COST				DEPRECIATION				NET CARRYING AMOUNT	
	As at 1/4/2012	Additions during the year	Deletion	As at 31/03/2013	Up to 31/03/2012	For the year	Deletion/ adjustments	up to 31.03.13	Net Block as on 31.03.13	Net Block as on 31.03.12
	₹ P.	₹ P.	₹ P.	₹ P.	₹ P.	₹ P.	₹ P.	₹ P.	₹ P.	₹ P.
1. Furniture	4536609.66	106009.00	0.00	4642618.66	3784090.37	181575.26	0.00	3965665.63	676952.62	752519.29
2. Office equipments	4370595.65	42730.00	0.00	4413325.65	3818629.50	103990.70	0.00	3922590.20	490735.34	551966.15
3. Electrical appliances	965568.79	106559.00	0.00	1072127.79	686052.17	84352.41	0.00	770404.58	301723.22	279516.62
4. Electrical Installation	14705970.69	19794.00	0.00	14725764.69	7636757.03	985198.40	0.00	8621955.43	6103809.33	7069213.66
5. Telephone	465731.67	15562.00	0.00	481293.67	366440.99	20492.41	0.00	386933.40	94361.01	99290.68
6. Survey instruments	10517.54	0.00	0.00	10517.54	10457.44	9.02	0.00	10466.46	51.08	60.10
7. Library	84795.36	0.00	0.00	84795.36	78342.90	645.24	0.00	78988.14	5807.23	6452.46
8. Roads	38607022.79	1794962.00	0.00	40401984.79	17834238.04	1142225.27	0.00	18976463.31	21425520.95	20772784.75
9. Fence/Kayala	24914745.21	5511929.00	0.00	30426674.21	11481737.72	1796447.92	0.00	13278185.64	17148488.53	13433007.49
10. Electric Fittings	337479.03	0.00	0.00	337479.03	247956.31	17904.55	0.00	265860.86	71618.16	89522.72
11. Plant & machinery	74658480.99	12633703.00	2506395.00	84785788.99	43692766.07	9155879.38	1489660.00	51358985.45	33426803.00	30965714.92
12. Buildings	122032057.39	7766170.00	0.00	129798227.39	52295876.31	4098924.40	0.00	56394800.71	73403426.85	69736181.08
13. Vehicles	29665350.24	3211500.00	1601641.88	31275208.36	19620505.34	3321399.99	1537762.74	21404142.59	9871065.77	10044844.90
14. Water supply installations	10890272.33	100216.00	0.00	10990488.33	9275398.86	506766.78	0.00	9782165.64	1208322.68	1614873.47
15. Amonium cylinders	523639.00	0.00	0.00	523639.00	523592.56	18.58	0.00	523611.14	27.86	46.44
16. Wells	867295.95	0.00	0.00	867295.95	172501.70	34739.73	0.00	207241.43	660054.51	694794.25
17. Landing pad	118844.25	0.00	0.00	118844.25	85879.26	1648.25	0.00	87527.51	31316.76	32964.99
18. Jhanakar boat	32650.00	85000.00	0.00	117650.00	11365.67	6273.64	0.00	17639.31	100010.69	21284.33
19. Freehold land	3148635.65	2975344.01	547782.41	5776197.25	1.65	0.00	0.40	1.25	5576196.00	3148634.00
20. Computer	4647553.20	308678.00	0.00	4956231.20	3941878.48	365964.23	0.00	4307842.71	648388.43	705674.72
21. Development of Property (Refer Note No 8)	532579845.40	64903261.71	178506.07	597304601.04					597304601.04	532579845.40
<b>Total</b>	<b>868163660.79</b>	<b>99581417.72</b>	<b>4834325.36</b>	<b>962910753.15</b>	<b>175564468.37</b>	<b>21824426.15</b>	<b>3027423.14</b>	<b>194361471.38</b>	<b>768549281.94</b>	<b>692599192.42</b>
<b>Previous Year Total</b>	<b>760898597.84</b>	<b>110906327.10</b>	<b>3641264.15</b>	<b>868163660.79</b>	<b>157967807.84</b>	<b>18211191.18</b>	<b>614529.21</b>	<b>175564468.37</b>	<b>692599192.42</b>	<b>602930891.58</b>
<b>INTANGIBLE ASSETS</b>										
Computer Software	117490.00	338400.00	0.00	455890.00	34498.00	45589.00	0.00	80087.00	375803.00	82992.00
<b>CAPITAL WORK IN PROGRESS</b>										
Capital work in progress	5207569.86	2698942.09	173877.00	7732634.95	0.00	0.00	0.00	0.00	7732634.95	5207569.86

\* Refer Note no: 8(a)

## 8. Fixed Assets

### a) Development of Property

Item	Opening Balance ₹	Additions ₹	Disposals ₹	Closing Balance ₹
Rubber	42,69,21,518.35	5,50,29,200.55	1,33,265.58	48,18,17,453.32
Cashew Plantations	7,01,56,883.25	98,55,692.31	45,240.49	7,99,67,335.07
Arecanut Plantations	11,93,643.18	4,991.85		11,98,635.03
Oil Palm Plantation	3,21,43,207.66			3,21,43,207.66
Teak Plantations	7,54,364.50			7,54,364.50
Cocoa Plantation	12,797.00			12,797.00
Coconut Plantations	2,47,445.82	13,377.00		2,60,822.82
Eucaliptus & Accasia	6,11,243.64			6,11,243.64
Vanilla Plantations	5,22,819.00			5,22,819.00
Pathimugham Plantation	15,923.00			15,923.00
<b>Total</b>	<b>53,25,79,845.40</b>	<b>6,49,03,261.71</b>	<b>1,78,506.07</b>	<b>59,73,04,601.04</b>
<b>Previous Year</b>	<b>49,17,11,155.67</b>	<b>4,38,86,985.88</b>	<b>30,18,296.15</b>	<b>53,25,79,845.40</b>

b) The total area of land handed over to the Corporation by the Government of Kerala as on 31-03-2012 is 14,135.27 hectares (P.Y. 14,135.27 Ha.). Certain areas have been subjected to survey.

Details	Mature Area (Ha)	Immature Area (Ha)
Rubber Plantation	5,305.94	1,000.07
Cashew Plantation	5,293.01	725.08
Oil Palm Plantation	704.73	0.00
<b>Total</b>	<b>11,303.68</b>	<b>1,725.15</b>

Area under Cultivation : 13,028.83 Ha

Other Crops : 61.90 Ha

Replanting & Slaughter Tapping : 644.28 Ha

Vacant and Rocky : 400.26 Ha

**Gross Total : 14,135.27 Ha**

The previous year data is furnished above, as detailed census and survey for the current year is in progress.

c) 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 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 ₹ 1300 per hectare for the land is under reconsideration of the Government. However pending settlement of the dispute, provision for lease rent of ₹ 1300 per hectare is made for 1378.3556 hectare (excluding 126.55 hectares of land handed over to Prison department) in the accounts for the year-ended 31.03.2006 for the years 2004-05 and 2005-06. Provision for lease rent of ₹ 1,300/-per hectare is made in the accounts from the year 2006-07 onwards.

- d) 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 Corporation has claimed an amount of ₹ 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
- e) Government has vide order No G.O. (MS)NO.19/2009/ID dated 07-02-09, directed the corporation to hand over 2000 acres of land from Cheemeni Estate for its proposed Thermal Power Project. The Project has not taken off until date. The Corporation is still in possession of the said land and enjoying the benefits of agriculture from the land. No correspondence is received at the Corporation to alienate the land for the above mentioned purpose. No adjustment has been made in the books in this regard.
- f) Government has vide its letter No. 25376/PUI/08/AD dated. 05-01-2009 directed to hand over 100 acres of land from Cheemeni Estate for its proposed IT Park. No Govt. Order is received in this regard. Further the Project has not taken off until date. The Corporation is still in possession of the said land and enjoying the benefits of agriculture from the land. No correspondence is received at the Corporation to alienate the land for the above mentioned purpose. Hence, no adjustment has been made in the books in this regard.
- g) Lease deeds for lands handed over to the Corporation since 1970 are pending execution except for the land handed over for the development of cashew plantations (Rajapuram Estate) under World Bank Scheme. The lease deed relating to Rajapuram Estate expired on September 30, 2012. An application for renewal of the same was filed on September 25, 2012. The matter is now pending with Forest Department.
- h) The written down value of Buildings, Roads, Landing pads and Fences is ₹ 1,120.09 Lakhs of which assets worth ₹ 1,041.60 Lakhs are constructed on lease hold lands.
- i) Government vide its order GO (MS) No. 96/2012/RD dated 5.03.2012 has asked the Corporation to hand over 51 acres of land to Central University from Kasaragod Revenue land. As per the Board decision, Corporation has asked for a compensatory land equivalent to the value of 51 acres of land at Kasaragod. The matter is pending at the Govt. level, no adjustments has been made in the books in this regard.

- j) Government vide its order No. GO (MS)No.77/2011/RD dated 16.02.2011 asked the Corporation to hand over 310 acres of land to Central University from Kasargod revenue land. In lieu of above transfer, equal area of land was handed over to the Corporation at Cheemeni estate. Proportionate value of land at Kasargod has been transferred to Cheemeni via book entry. Also loss in connection with immature plantation amounting to ₹ 45,240.49 has been written off from the Development of property account . Corporation has claimed approximately ₹ 2 crores as additional compensation vide letter No. SEC/23 dated 30.03.2011.This matter is pending at Government level. Hence no adjustment has been made in the books during the current year.
- k) Depreciation was charged on Plant and Machinery from the date on which asset put to use and in case of other assets from the date of purchase or on completion of construction. The factories are operated in single, double and triple shift basis. So for the current year the extra shift depreciation on plant and machinery has been provided in proportion with the number of days for which the concern worked double shift or triple shift bears to the number of working days during the year.
- l) A machinery damaged completely in PCK Latex Factory in the year 2012-13 with a written down value of ₹ 10,16,735/- has been written off. An insurance claim of ₹ 20 lakhs has been made in this regard. On the principle of conservatism, no accounting entries has been made in the books for the claim made by the Corporation.
- m) Intangible assets are amortized by using straight line method over a period of 10 years.

#### 9. Non current investments

Particulars	Current Year ₹	Previous year ₹
a) 10 Equity shares of ₹ 100/- each fully paid up in Banana & Fruit Development Corporation Ltd., Madras (at cost, non trading and unquoted)	1,000.00	1,000.00
b) 1000 Equity Shares of ₹ 10,000/- each fully paid up in Kerala Feeds Ltd., Kallettumkara, Trichur. (at cost, non trading and unquoted)	1,00,00,000.00	1,00,00,000.00
c) 5,00,000 Equity shares of ₹ 10/- each fully paid up in Cochin International Airport Ltd., Nedumbassery. (at cost, non trading and unquoted)	50,00,000.00	50,00,000.00
<b>Total</b>	<b>1,50,01,000.00</b>	<b>1,50,01,000.00</b>

- a) The Government of Kerala vide its order No. GO (MS) 97/12/AD dated 13.4.2012 has accorded sanction to invest ₹ 50 Lakhs for the proposed Kannur International Airport project in consideration of the share of the Kannur International Airport Ltd. The above amount has not been remitted till date as there is no further direction regarding the recipient of the same. As such no adjustment has been made in this regard during the current year.

**10. Long term loans and advances**

Particulars	Current Year ₹	Previous year ₹
<b>1. SECURED</b> (Considered Good)		
STAFF LOAN:		
1) Motor Car Loan	54,51,150.00	54,07,776.00
2) Motor Cycle Loan	87,83,061.10	81,70,964.10
3) Housing Loan	14,617.00	41,268.60
<b>2. UNSECURED</b> (Considered Good)		
a. K.S.C.D.C.	25,00,000.00	25,00,000.00
b. K.S.H.P.D.C.	1,50,00,000.00	1,50,00,000.00
c. Advances recoverable in cash or kind for value to be received.	26,32,085.72	24,84,783.81
d. Rebate receivable on Govt. Loan (Inclusive of Guarantee Commn. Refund due)	2,58,205.25	2,58,205.25
<b>3. DEPOSITS (unsecured considered good)</b>		
1. KSEB, Port Trust & other Govt. Dept.	42,07,964.00	42,98,997.00
2. Other Deposits	28,15,451.00	14,50,110.00
3. With Court	16,72,621.00	10,36,648.00
<b>Total</b>	<b>4,33,35,155.07</b>	<b>4,06,48,752.76</b>

**1. Loan to Kerala State Horticultural Products Development Corporation Ltd.**

In pursuance of the Government order (Rt) No. 1546/96/AD dated 01.11.1996, the Corporation has paid ₹ 1.5 crores to Kerala State Horticultural Products Development Corporation Limited. The K.S.H.P.D.C. has not paid 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. 3840/PU1/99/AD dated 10.01.2000 did not accept the proposal of the Corporation and has affirmed that the Govt., adheres to the earlier Govt. direction and hence interest of ₹ 27 Lakhs at the rate of 18% has not been provided. The matter was again taken up before the Board of Directors and the board decided to stick on to its earlier decision on 30/10/1999 and the same was informed to the Government and pending at high power committee. Meanwhile Agriculture (PU) Department vide letter No.6571/PU2/13/AD dated 19-07-2013 directed to waive the interest portion of the above loan.

**2. Loan to Kerala State Coconut Development Corporation Ltd.**

In pursuance of the Government order (Rt.) No. 1828/97/AD dated 01.11.1997, the Corporation has paid ₹ 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 ₹ 3 Lakhs. (Previous year ₹ 3 Lakhs). The K.S.C.D.C. has closed down its operation since April 1998 and is under liquidation. It is expected to realize the amount on disposal of the immovable property of the Corporation. Hence no provision for loss or interest income is made in the accounts.

### 3. Others

- a) Motor Vehicle loans to officers and staff are fully secured by hypothecation of vehicles in favour of the Corporation.
- b) Housing loan to staff and officers are fully secured.
- c) Motor Cycle Loan given to staff and employees are also fully secured by hypothecation in favour of the Corporation.
- d) Deposit with Govt. departments, comprises balances with:

Particulars	Current Year ₹	Previous year ₹
BSNL	500.00	500.00
Cochin Port Trust	3,600.00	3,600.00
Water Authority	18,370.00	18,370.00
Civil Supplies Corporation	10,000.00	10,000.00
Post & Telegraph Department	41,317.00	41,317.00
KSEB and Others	41,34,177.00	42,25,210.00
<b>Total</b>	<b>42,07,964.00</b>	<b>42,98,997.00</b>

### 11. Inventories

Particulars	Current Year ₹	Previous year ₹
1. Stores and Spares at cost	3,99,70,931.74	4,36,83,254.07
2. Loose Tools	69,37,092.88	65,54,923.82
3. Agricultural and Other Equipments	8,84,562.07	8,03,092.87
4. Stock of Rubber & Rubber in Process	7,41,44,522.00	7,61,28,858.00
5. Stock of Rubber Wood	18,93,030.00	24,56,294.00
6. Stock of Cashew Nuts	48,74,777.00	12,86,846.00
7. Closing Stock – Others	11,96,317.00	12,94,178.00
8. <u>Nurseries</u> :		
Budwood – Rubber	9,91,581.94	8,77,438.74

Polybag – Rubber*	1,02,87,547.02	75,94,116.83
Seedlings – Rubber	46,44,446.40	47,93,194.41
Oil Palm Nursery	2,91,604.00	2,91,604.00
Cashew Nursery	15,69,349.76	12,41,602.36
Other Nurseries	1,24,503.00	1,09,282.28
<b>Total</b>	<b>14,78,10,264.81</b>	<b>14,71,14,685.38</b>

\* ₹ 12,70,754/- to be written off from nursery account in Kallala Estate is kept pending awaiting board's sanction.

## 12. Trade receivables

Particulars	Current Year ₹	Previous year ₹
SUNDRY DEBTORS (Unsecured considered good):		
Exceeding six months	5,96,217.70	5,96,217.70
Others	79,76,666.41	22,21,473.41
	<b>85,72,884.11</b>	<b>28,17,691.11</b>
Less : Provision for doubtful Debts	(13,87,786.91)	(13,87,786.91)
<b>Total</b>	<b>71,85,097.20</b>	<b>14,29,904.20</b>

Sundry Debtors include ₹ 85,72,884.11 (Previous year ₹ 27,85,291.11) from companies owned by the Government of Kerala and Government of India details of which are as under:

Oil Palm India Ltd, Kottayam	:	79,76,666.41
State Farming Corporation of Kerala Ltd, Punalur	:	5,22,127.70
Handicraft Development Corporation	:	<u>74,090.00</u>
<b>Total</b>	:	<b><u>85,72,884.11</u></b>

## 13. Cash and cash equivalents

Particulars	Current Year ₹	Previous year ₹
<b>Bank Balances:</b>		
1) With Scheduled Banks in Current Accounts	82,69,926.03	93,62,475.21
2) With Treasury S.B. A/c.	9,689.00	6,955.00
3) With Scheduled Banks in Fixed Deposits more than 12 months	1,02,04,66,000.00	82,05,00,000.00
4) With Scheduled Banks in Fixed Deposits less than 12 months	17,14,43,226.00	38,62,95,136.00

5) With Treasury S.B. A/c. in Fixed Deposits less than 12 months	30,09,35,088.00	33,97,80,992.00
6) Investment Deposit Scheme with District Treasury	11,50,00,000.00	15,00,47,187.00
<b>Total</b>	<b>1,61,61,23,929.03</b>	<b>1,70,59,92,745.21</b>

Of the above bank deposit, an FD for ₹ 1, 38,403 with Canara Bank is kept as bank guarantee.

#### 14. Short Term Loans and Advances

Particulars	Current Year ₹	Previous year ₹
a) Advances recoverable in cash or kind for value to be received.*	3,77,96,088.66	4,20,82,081.56
b) Advance payment of taxes:		
1. Sales tax	1,38,04,873.18	1,38,04,873.18
2. Agricultural Income tax	34,30,09,988.00	34,27,82,658.00
3. Central Income tax	29,88,52,339.00	20,50,40,938.00
c) Tax refund due :		
1. Income tax	1,09,77,333.00	1,09,77,333.00
2. Agricultural Income tax	50,82,748.18	50,82,748.18
3. Plantation tax	4,41,230.79	6,91,167.79
d) Deposit with supplier	55,387.25	55,387.25
<b>Total</b>	<b>71,00,19,988.06</b>	<b>62,05,17,186.96</b>

\*Includes advances for capital contract works amounting to ₹ 1,50,74,434.75 (P.Y. 1,73,89,758.75)

#### 15. Other current assets

Particulars	Current Year ₹	Previous year ₹
Interest Receivable on Fixed Deposit	12,46,49,257.95	5,86,62,366.87
<b>Total</b>	<b>12,46,49,257.95</b>	<b>5,86,62,366.87</b>

#### 16. Revenue from operations

Particulars	Current Year ₹	Previous year ₹
Rubber	1,05,39,82,573.66	1,12,38,55,851.93
Cashew	6,08,26,172.60	3,97,53,418.20
Oil Palm	2,71,61,022.00	3,35,76,410.00
Agriculture Produce	55,83,057.98	73,40,775.59

Trees and Firewood	8,47,75,136.00	9,14,62,813.96
Processed Rubber wood	27,07,320.00	25,42,074.00
Income from Plantation Valley	61,04,832.00	49,85,270.00
Tender Forms	10,28,459.54	8,60,062.86
Empties and Unserviceable	4,91,422.00	6,60,457.00
<b>Total</b>	<b>1,24,26,59,995.78</b>	<b>1,30,50,37,133.54</b>

### 17. Other income

Particulars	Current Year ₹	Previous year ₹
Rent of Building	1,21,945.00	1,73,874.00
Profit on sale of Assets	3,16,720.86	3,70,061.21
Dividend from Long Term Investments	8,00,000.00	7,50,000.00
Miscellaneous Income	32,94,574.95	55,69,260.62
Slaughter Tapping	45,12,953.00	1,37,96,474.52
Interest Income	15,46,56,253.43	13,63,31,790.25
Weather Based Crop Insurance	2,58,25,378.00	-
<b>Total</b>	<b>18,95,27,825.24</b>	<b>15,69,91,460.60</b>

### 18. Prior period income

Particulars	Current Year ₹	Previous year ₹
FBT Due	-	2,28,648.00
CIT refund	-	33,800.00
Interest received on FBT	-	39,004.00
Interest short accounted for 2008-09 and 2010-11 now accounted	-	18,55,791.00
Liability reversed	-	57,14,070.00
Income from sale of cashew not accounted in the previous year now accounted	-	21,34,948.80
Interest recoverable on contract	-	54,810.00
Excess gratuity provision released	-	1,32,808.00
Advance from Customers	8,984.40	-
Subsidy Cashew Plantation	10,80,640.00	-
Interest from contractors	1,21,828.00	-
<b>Total</b>	<b>12,11,452.40</b>	<b>1,01,93,879.80</b>

### 19. Cost of materials consumed

Particulars	Current Year ₹	Previous year ₹
Manufacturing Expenses	5,00,62,008.65	4,91,81,167.59
Tapping & Collection - Rubber	18,00,82,783.49	13,84,38,599.20
Collection Charges - Cashew	25,21,944.00	10,40,896.00
Harvesting Expenses - Oil Palm	29,43,163.00	31,28,217.00
Cultivation & Upkeep - Rubber	4,13,78,547.69	3,25,94,059.14
Cultivation & Upkeep - Cashew	2,22,14,996.50	1,84,33,911.30
Cultivation & Upkeep - Oil Palm	83,31,025.00	37,90,166.00
Cultivation & Upkeep - Other Crops	15,67,154.33	5,01,011.00
Electricity Charges	77,22,968.00	63,09,169.00
<b>Total</b>	<b>31,68,24,590.66</b>	<b>25,34,17,196.23</b>

### 20. Changes in Inventory

Particulars	Current Year ₹	Previous year ₹
Opening Stock - Rubber and Agrl. Products	8,11,66,176.00	6,97,20,132.00
Less : Closing Stock		
Rubber	7,41,44,522.00	7,61,28,858.00
Cashew	48,74,777.00	12,86,846.00
Other Agricultural Produces	11,96,317.00	12,94,178.00
Treated Rubber Wood	18,93,030.00	24,56,294.00
<b>Total</b>	<b>(9,42,470.00)</b>	<b>(1,14,46,044.00)</b>

### 21. Employee benefit expense

Particulars	Current Year ₹	Previous year ₹
Salaries & Allowances	15,33,20,885.74	12,19,59,202.53
Salaries & Allowances to MD	8,23,148.00	9,52,945.00
Honorarium to Chairman	1,20,000.00	36,129.00
TA & Sitting Fee to Directors	2,99,304.00	1,22,339.00
Leave Encashment	35,27,377.60	2,65,13,951.00
Employer's Contribution - PF	5,05,18,158.00	3,53,22,026.00
TA to Staff & Officers	24,46,418.00	19,35,278.20

L I C - Group Gratuity Premium	8,00,000.00	8,54,477.00
Bonus & Production Incentive	7,42,97,072.00	6,34,66,259.00
Welfare Expenses	5,25,12,729.23	4,76,38,953.47
Provision for Gratuity	6,45,54,843.00	15,92,84,967.00
<b>Total</b>	<b>40,32,19,935.57</b>	<b>45,80,86,527.20</b>

## 22. Administrative and other expense

Particulars	Current Year ₹	Previous year ₹
Rep. & Maintenance of Assets	8,04,54,673.75	3,73,08,481.87
Insurance Charges	11,53,228.00	7,90,093.00
Weather Based Crop Insurance	49,69,860.00	44,03,580.00
Selling Expenses	1,92,444.50	1,04,782.00
Rent	6,90,520.00	4,90,003.00
Advertisement Charges	65,72,362.00	45,29,915.00
Rates & Taxes	22,52,861.60	39,50,638.26
Legal Expenses	11,00,692.00	18,95,996.00
Security Expenses	99,87,385.85	73,84,588.18
Professional Fees	7,35,223.00	7,64,039.00
Miscellaneous Expenses	93,19,728.42	84,12,447.54
Electricity Charges	2,28,80,935.00	1,75,53,824.99
Lease Rent	1,74,02,443.74	1,69,58,076.74
Golden Jubilee Expenses	76,35,706.67	-
Bank Charges	81,915.97	1,05,792.89
<b>Total</b>	<b>16,54,29,980.50</b>	<b>10,46,52,258.47</b>

## 23. Prior period expense

Particulars	Current Year ₹	Previous year ₹
Stores control account	-	9,06,307.00
Chandanappally Estate-Wages to Workers	14,350.00	-
Sundry Creditors - Chandanappally-Slaughter Tapping	-	22,68,585.00
Security deposit	-	2,38,836.00
Awards and incentives	-	53,220.00
Advertisement charges - factory	-	3,28,548.00
Salary -KGL factory	-	1,487.00

Kallala Estate- Rubber Seedling Nursery	1,01,578.00	-
K.G.L Factory- D.A.Arrears	69,290.00	-
Perambra Estate –Salary arrears	2,07,229.00	-
Perambra Estate – Vehicle repairs	4,267.00	-
P.F. Contribution HO	77,703.00	-
Honararium to Chairman	10,000.00	-
Plantation Tax Refundable	2,05,466.00	-
<b>Total</b>	<b>6,89,883.00</b>	<b>37,96,983.00</b>

#### 24. Disclosure as per AS 29

Disclosure for each class of provision

Particulars	Gratuity	Bonus	Leave Encashment
	₹	₹	₹
Opening Balance	13,08,27,304.00	4,75,00,000.00	3,16,00,000.00
Additions during the year	6,44,40,361.00	6,49,00,000.00	35,27,377.60
Utilization during the period	19,06,05,018.00	4,75,00,000.00	83,29,621.60
Unused amount written back	-	-	-
<b>Closing balance</b>	<b>46,62,647.00</b>	<b>6,49,00,000.00</b>	<b>2,67,97,756.00</b>

#### 25. Disclosure as per AS 15

A fund called Employees Group Gratuity cum Life Assurance Scheme with Life Insurance Corporation of India, Pension & Group Scheme Department has been established by the Corporation for the purpose of providing gratuity benefits to the employees of the Corporation. All the transactions related to the Gratuity Fund invested in LIC's Group Gratuity Scheme are managed by a trust which is also responsible for maintaining separate books of accounts in respect of the above. The accounts for the same are audited by independent auditors. The Group Gratuity liability has been provided as per the actuarial valuation given by LIC, Pension & Group Scheme. The valuation method used is 'Project Unit Credit Method'. The assumptions and details of gratuity and leave encashment are as follows:

#### Defined Benefit Plan

Particulars	Gratuity		Leave Encashment	
	Current Year	Previous year	Current year	Previous Year
Valuation method - Projected unit credit method				
1. Assumptions				
Mortality	LIC -1994 -96 Ultimate			
Discount rate	0.08	0.08	0.08	0.08
Withdrawal rate (depending on age)	1% - 3%	1% - 3%	1% - 3%	1% - 2%

Salary Escalation	0.10	0.15	0.10	0.15
<b>2. Valuations</b>				
Present value of past service benefit	48,87,13,194.00	43,95,19,851.00	-	-
Current Service cost	1,42,34,622.00	2,76,23,844.00	56,64,231.00	73,00,000.00
Total Service gratuity	64,22,21,632.00	52,22,64,437.00	-	-
Accrued gratuity	34,00,12,893.00	28,83,72,540.00	-	-
<b>3. Contribution</b>				
Fund value as on renewal date	49,82,85,169.00	33,70,03,092.00	-	-
Amount payable	46,62,647.00	13,08,27,304.00	2,67,97,756.00	3,16,00,000.00

### 26. Segment reporting as per AS 17

The primary business activity of the Corporation is to produce, sell and deal in products of rubber and other agricultural crops of every description. The Corporation has two other business interests, which are not directly related to the production and sale of agricultural crops viz. Plantation Valley (a resort) and Rubber Wood Factory (processing of rubber wood). The agriculture segment deals in production and sale of agricultural crops. Plantation Valley is a resort which provides accommodation and restaurant facilities to customers. Rubber Wood Factory deals with processing and sale of rubber woods. Each segment maintains separate books of accounts. Accounting policies of each segment are in line with the accounting policies of the Corporation. Financial information about business segments is presented in the table below.

*in Lakhs*

Particulars	Agriculture Business		Plantation Valley		Rubber Wood Factory		Total	
	Curr.Yr.	Prev.Yr.	Curr.Yr.	Prev.Yr.	Curr.Yr.	Prev.Yr.	Curr.Yr.	Prev.Yr.
Segment Revenue	13,508.06	14,079.11	61.13	49.85	31.32	33.02	13,600.52	14,161.98
Segment Results	5,358.56	6,110.34	3.89	3.02	-3.00	-16.07	5,359.45	6,097.29
Dividend & Interest Income							1,554.56	1,370.82
Unallocated H.O Expenses							1,654.30	1,046.52
Extra Ordinary Items							6,021.75	2,704.25
Current Tax							1,000.00	2,004.52
Net Profit / (Loss)							-1,762.04	1,712.82
<b>Other Informations</b>								
Tangible Assets	7,563.45	6,796.61	116.32	123.10	5.72	6.28	7,685.49	6,925.99
Depreciation	210.75	173.19	7.29	7.97	0.66	1.08	218.70	182.24
Other Assets	26,714.15	25,937.65	2.81	2.71	5.37	6.38	26,722.33	25,946.74
Liabilities	17,791.18	14,499.06	2.40	2.01	2.19	3.88	17,795.77	14,504.95
Write Off	16.43	24.90	0.00	0.00	0.00	0.00	16.43	24.90

## 27. Deferred tax assets and liabilities

The Corporation has not recognized the corresponding deferred tax liability/deferred tax assets, because the DTA relating to the accumulated loss of the previous years was not recognized during the earlier period as the assessment for AIT from 1976-77 are not yet completed. Depreciation as per IT Act has been taken only for Rubber Estates and Factories as only the Genex Profit comes under the purview of Income Tax. Moreover the Corporation has incurred loss of ₹ 17.62 Crores (P.Y17.12 profit) in the current year.

## 28. Extraordinary items

The Government of Kerala vide order no. GO (MS) 147/12/H&FW dated 26.05.2012 has directed the Corporation to pay compensation to endosulphan victims as recommended by the National Human Rights Commission. The total amount computed as per a further letter no 50073/GI/2010/H&FW dated 31.05.2012 is ₹ 87.26 crores. As first installment, an amount of ₹ 27.04 crores was remitted to the Government on 4.06.2012. As such the liability for an amount of ₹ 27.04 crores is recognized as on 31.03.2012. Balance ₹ 60.22 crores has been made as provision for Endosulfan victims in the current year.

## 29. Disclosure as per AS-20- Earnings per Share-(EPS)

Particulars	Current Year ₹	Previous year ₹
(a) Net Profit after tax but before considering Extra ordinary items (₹ in Lakhs)	4,259.71	4,417.07
(b) Extra ordinary item- Compensation towards endosulphan Victims (₹ in Lakhs)	6,021.75	2,704.25
(c) Profit attributable to equity shareholders (₹ in Lakhs)	(1,762.04)	1,712.82
(d) Weighted average number of Equity shares	55,688.00	55,688.00
(e) Basic/ Diluted EPS (a)/(d)	7,649.25	7,931.82
(f) Basic/ Diluted EPS (c)/(d)	(3,164.12)	3,075.75
(g) Face Value of Equity share	1,000.00	1,000.00

## 30. Disclosure of Prior period items (AS-5).

	Expense ₹	Income ₹
Chandanappally Estate-Wages to Workers	14,350.00	-
Kallala Estate- Rubber Seedling Nursery	1,01,578.00	-
K.G.L Factory- D.A.Arrears	69,290.00	-
Salary Arrears - Perambra	2,07,229.00	-
Vehicle Repairs - Perambra	4,267.00	-
PF Contribution - HO	77,703.00	-
Honararium to Chairman	10,000.00	-

Plantation Tax Refundable	2,05,466.00	
Interest from Contractors	-	1,21,828.00
Advance from Customers	-	8,984.40
Subsidy Cashew Plantation	-	10,80,640.00
<b>Total</b>	<b>6,89,883.00</b>	<b>12,11,452.40</b>

### 31. Related party disclosure

#### Remuneration to Key Managerial Personnel

Related Party : Managing Director

	Current Year	Previous Year
Name of Related Party	Sri.Subair Khan	Sri.Subair Khan
Period of service	1st April 2012 - 15th December 2012	1st April 2011- 31 <sup>st</sup> March. 2012
Remuneration	₹ 5,93,606.00	₹ 9,52,945.00
Name of Related Party	Sri.Unnikrishnan A	
Period of service	16 <sup>th</sup> December- 31 <sup>st</sup> March.2013	
Rendering of services	₹ 2,29,542.00	

The Managing Director is also provided with a rent free furnished residential accommodation by taking a flat on rent by the Corporation. The perquisite enjoyed in this regard during the year is ₹ 59,500/- to Sri.Subair Khan (P.Y ₹ 90,000/-) and ₹ 24,500 to Sri.Unnikrishnan A

### 32. Managerial remuneration

	Current Year (₹)	Previous Year (₹)
TA & Sitting fee to Directors	1,91,770.00	1,22,339.00
Honorarium to Chairman	1,20,000.00	36,129.00

### 33. Auditor's remuneration

	Current Year (₹)	Previous Year (₹)
Statutory Auditor's fee	1,93,500.00	1,10,300.00
Expenses to Statutory Auditors	29,000.00	11,030.00
Internal Auditor's Fee	3,30,000.00	3,19,870.00
Tax Audit fee	40,000.00	44,120.00
Cost Auditor's fee	1,00,000.00	-
Expense to Cost Auditors	10,000.00	-
<b>Total</b>	<b>7,02,500.00</b>	<b>4,85,320.00</b>

### 34. Additional information as per Schedule VI of the Companies Act

a) Value of goods consumed during the year

	Current Year (₹)		Previous Year (₹)	
a) CIF Value of Imports - Capital Goods	Nil		40,30,113(15,216 GBP & 44,000 Euro)	
b) Value of raw materials, stores, spares and components during the year.	Value (₹ lakhs)	Consumption	Value (₹ lakhs)	Consumption
i). Imported value	Nil	Nil	Nil	Nil
ii). Indigenous (Stores & spares)	802.95	100%	636.69	100%

b) Total wages paid during the year to tappers, field worker and factory workers are ₹ 2,149.44 lakhs (P. Y: ₹ 1,870.47 lakhs)

c) Total Sales commission paid during the year to selling agents is ₹ 45.20 lakhs (P.Y: ₹ 66.61 lakhs)

d) Manufacturing expense include cost of packing drums worth ₹110 lakhs (P.Y: ₹ 118 lakhs).

e) Sales

Item	Current Year		Previous Year	
	Quantity (M.Ts.)	Value (₹ Lakhs)	Quantity (M.Ts.)	Value (₹ Lakhs)
Sale of goods (As classified in the sales register)				
Rubber	5,879.512	10,539.83	5,421.02	11,238.56
Cashew	NA	320.08	NA	399.20
Oil palm	4,168.675	271.61	5,569.77	335.76
Treated Rubber Wood	3,763.76 cft	27.07	5,090.76cft	25.42

Quantitative particulars of cashew are not available as most of the sales were affected through tender - cum - auction.

### 35. Taxation Matters

#### A) Central Income Tax

The assessment order of CIT has been received upto A.Y 2009-10. Intimation u/s 143(1) of CIT has been received for the Assessment Years 2010-11 and 2011-12. For the current year ₹ 10 Crores is provided for Central Income Tax. The following is the list of central income tax cases pending at various forums. No additional provision has been made for these cases as all are pending litigation and the Corporation is pursuing cases for favourable orders.

Nature of Statute	Amt (in lakhs)	financial year	Forum where dispute is pending
Central Income tax	4.01	1987-88	Hon. High Court order pending for modification
Central Income tax	1.19	1989-90	CIT (A) order pending for modification
Central Income tax	16.87	2003-04	CIT (Appeal)
Central Income tax	12.25	2004-05	CIT (Appeal)

### B) Agricultural Income Tax

The assessment order of Agricultural Income Tax was received up to Assessment Year 2009-10. For the current year due to provision for Endosulphan Victims, the Corporation has incurred losses, as such no provision was made for Agricultural Income Tax. The following is the list of agricultural income tax cases pending at various forums. No additional provision has been made for these cases as all are pending litigations and the Corporation is pursuing cases for favorable orders.

Nature of Statute	Amt (in lakhs) ₹	Financial Year ₹	Forum where dispute is pending
Agricultural Income Tax	39.93	1976-1977	Tribunal orders pending for modification for all the years except for the year 1983-84. Modified order for the year 1983-84 was received on 07.11.2012.
Agricultural Income Tax	8.96	1977-1978	
Agricultural Income Tax	81.64	1978-1979	
Agricultural Income Tax	84.85	1979-1980	
Agricultural Income Tax	137.54	1980-1981	
Agricultural Income Tax	131.29	1981-1982	
Agricultural Income Tax	55.63	1982-1983	
Agricultural Income Tax	158.41	1984-1985	
Agricultural Income Tax	187.50	1985-1986	
Agricultural Income Tax	38.09	1986-1987	
Agricultural Income Tax	131.35	1987-1988	
Agricultural Income Tax	214.11	1988-1989	
Agricultural Income Tax	62.86	1989-1990	
Agricultural Income Tax	144.21	1990-1991	

Agricultural Income Tax	124.10	1994-1995	
Agricultural Income Tax	200.99	1995-1996	
Agricultural Income Tax	65.40	2004-2005	D.C (Appeals)
Agricultural Income Tax	92.65	2005-2006	D.C (Appeals)
Agricultural Income Tax	88.11	2008-2009	D.C (Appeals)
Agricultural Income Tax	184.55	2009-2010	D.C (Appeals)

**C) Sales Tax (KGST/KVAT/CST)**

KGST assessments and CST assessments were completed only up-to 2009-10 except for the year 2008-09. No provision has been made on the additional demand since the assessment orders are under appeal. A demand of ₹ 2,97,94,209/- has been raised against the Corporation in respect of KGST assessment and ₹ 68,69,645 has been raised in respect of CST assessment for 1998-99 to 2004-05. In the Financial Year 2009-10 ₹ 4 Crores has been provided for the same. A further demand for ₹ 14.96 lakhs was raised for the year 2005-06 and the matter is under appeal. Since there is, enough provision in the accounts no further provision is created for these demands. Follow up action is being taken in all cases. The details are furnished below.

Nature of Statute	Name of the Dues	Amt (in lakhs) ₹	Period to which the amount relates	The forum where the dispute is pending
Kerala General Sales Tax Act, 1963	Tax demanded in appeal	74.71	2001-02	Tribunal order pending for modification
Kerala General Sales Tax Act, 1963	"	158.89	2002-03	Remanded to DC (A)
Kerala General Sales Tax Act, 1963	"	8.79	2003-04	Tribunal order pending for modification
Kerala General Sales Tax Act, 1963	"	55.55	2004-05	"
CST Act , 1956	"	27.15	2002-03	"
CST Act , 1956	"	35.06	2003-04	"
CST Act , 1956	"	6.49	2004-05	"
CST Act , 1956	"	14.96	2005-06	DC (Appeals)

**D) Plantation Tax**

The Plantation Tax Assessments up to 2007-08 has been completed. On the basis of the latest Assessment Order No.B5-5072/81 dated 21-02-2012, necessary adjustments and payments have been made during the current year. The Net refundable Plantation Tax after the above adjustments amounts to ₹ 4,41,230.79. (Previous year tax refundable was ₹ 6, 91,167.79).

**36. PF and Other charges**

Corporation has a disputed liability of ₹ 1,16,63,819.00 on account of Provident Fund due to non-payment of wages/salary to workers and employees. A provision amounting to ₹ 76,65,490.00 was created by the Corporation against the said liability. Since the dispute is pending with appropriate forum, no further provision was created with regard to this. Payment has not been made due to non receipt of appropriate modified order/demand.

**37. Contingent liability**

- a) Estimated amount of contractors for which the Corporation is contingently liable on Capital Account is ₹ 1.5 crores (P.Y ₹ 1.5 crores)
- b) 234 cases (Previous year 113 cases) are pending against the Corporation for which amounts are not ascertainable, as claims of the parties have not been finalized. As such they are not acknowledged as creditors and have not been provided for.
- c) Lease rent – As per Note 38.

**38. Lease Rent**

The rate of lease rent as per G.O. (MS) No. 11/89 dated 20/01/1989 is ₹ 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 ₹ 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 ₹ 1,300/- per Ha. And payment was made at ₹ 475/- per Ha. till 1998-99. Payment of ₹ 475/- per Ha from 1999-2000 onwards has not been made due to paucity of funds. The Forest Department has claimed penal interest of ₹ 848.19 Lakhs for not remitting lease rent at the increased rate. The lease rent claimed by the Government is against the relevant provisions of the lease deed. Since the rate of lease rent remaining to be settled is appealable, the question of penal interest does not arise at present. As such this has not been provided since the final decision has not been taken by the Government. The Government also vide G.O.(MS) No. 21/2003/AD dated 27-01-2003 has deferred the payment of lease rent by the Corporation till completion of repayment of the entire loan and interest availed by the Corporation from Canara Bank. There has been a decision to fix the lease rent payable by the Corporation up to the end of 1991 at ₹ 475/- per Ha. No adjustment has been made in the accounts in respect of excess provision, if any, up to the end of 1991 as the final decision is pending with the Government. As per G.O. (MS) No. 128/U8/AD dated 07/08/2008 the Government has directed to remit ₹ 7 Crores as lease rent and the Corporation has remitted ₹ 5 Crore in the Financial Year 2009-10 and the balance ₹ 2 Crores during the year 2010-11. The issue was again discussed at a high level meeting of Minister concerned on 19.03.2012. Another meeting in the presence of Hon'ble Chief Minister was convened on 28.05.2013 and the matter is pending at Govt. level.

### 39. Oil Palm India Ltd.

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:

	₹
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 ₹ 112 Lakhs, the Corporation has repaid to Govt. of Kerala ₹ 17,33,338/- As per Govt. order G.O. (MS) No. 238/93 AD dated 04.08.1983 and G.O. (MS) No. 41/84 AD dated 02.02.1984, the subsidiary status of Oil Palm India Ltd. was terminated and the three loans amounting to ₹ 112 Lakhs were cancelled.

With the loan amount, the Corporation has invested in shares worth ₹ 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 ₹ 1,000/- at ₹ 512/- per share [GO (MS) No. 294/85/AD dated 04.11.1985]. The Government has also ordered to adjust against the loan. As such an amount of ₹ 62,05,440/- has been adjusted against the loan. The balance amount of ₹ 32,16,222/- 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 ₹ 62,75,140/- [Principal: ₹ 32,61,222/-, interest: ₹ 28,67,382/- and penal interest: ₹ 1,46,536/-] vide GO (MS) No. 238/99/AD dated 19.08.1999 and letter No. L II (I) 5099/84 dated 24.11.1999 from the Director of Agriculture. The Govt. of Kerala vide GO (MS) No.34/2002/AD dated 15.03.2002 has ordered that the amount of ₹ 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 with Government.

### 40. Dividend

Since the Corporation is in loss, no dividend has been provided during the current year.

### 41. Regrouping

Previous year's figures have been re-grouped/recasted, reworked, rearranged and reclassified wherever necessary to make them comparable with current year figures.

For and on behalf of Board of Directors

As per report of Even date.

Sd/-  
Dr. Varughese George  
Chairman

Sd/-  
A. Unnikrishnan  
Managing Director

Sd/-  
Sreelakumar S.  
G.M. (F & A) i/c

Sd/-  
Harish K.  
Company Secretary i/c

For Kuryan & Suseelan  
Chartered Accountants(FRN : 001635S)  
C.A V K Kuryan(Partner)  
Membership No. 021949

Kottayam  
12.09.2013



महालेखाकार (आर्थिक एवं राजस्व क्षेत्र लेखापरीक्षा) का कार्यालय, केरल  
तिरुवनन्तपुरम

**OFFICE OF THE ACCOUNTANT GENERAL (Economic & Revenue Sector Audit)  
KERALA, THIRUVANANTHAPURAM**

31 मार्च 2013 को समाप्त वर्ष के लिए दि प्लान्टेशन कॉरपोरेशन ऑफ केरला लिमिटेड  
कोट्टयम के लेखाओं पर कम्पनी अधिनियम 1956 की धारा 619(4) के अधीन  
भारत के नियंत्रक महालेखापरीक्षक की टिप्पणियाँ

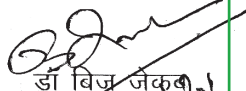
**Comments of the Comptroller and Auditor General of India under section  
619 (4) of the Companies Act, 1956 on the accounts of THE PLANTATION CORPORATION OF  
KERALA LIMITED, KOTTAYAM for the year ended 31 March 2013**

The preparation of financial statements of **THE PLANTATION CORPORATION OF KERALA LIMITED, KOTTAYAM** for the year ended **31 March 2013** in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under section 619 (2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the Auditing and Assurance Standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated **12 September 2013**.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of the Statutory Auditors on the accounts of **THE PLANTATION CORPORATION OF KERALA LIMITED, KOTTAYAM** for the year ended **31 March 2013** and as such have no comments to make under Section 619 (4) of the Companies Act, 1956.

For and on behalf of the  
**Comptroller and Auditor General of India**

तिरुवनन्तपुरम  
Thiruvananthapuram  
Dated: 26.09.2013

  
डा. बिजु वैद्ययान  
Dr. Biju Vaidyan  
महालेखाकार (आ. एवं रा. क्षे. ले.प.) केरल  
ACCOUNTANT GENERAL (E & RSA) KERALA.

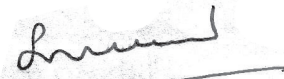
No:82728/PU.B1/13/Fin.

Finance (PU.B) Department

**COMMENTS OF ADDITIONAL CHIEF SECRETARY (FINANCE) ON THE  
AUDITED ANNUAL ACCOUNTS OF "PLANTATION CORPORATION OF  
KERALA LIMITED" FOR THE YEAR 2012-13.**

- 1) The Company recorded a loss of Rs.17.62 crores during the period under review against a profit of Rs. 17.13 crores during 2011-12. However, the loss of Corporation is under stated on account of the following:-
  - (i) Non recognition of impairment of development of property with respect to Vanilla Cultivation of Rs 5.23 lakh.
  - (ii) Loss incurred to the tune of Rs 12.71 lakh on account of budding failure in Rubber nursery at Kallala Estate.
- 2) Effective steps should be taken to realize the principal and interest of the Loans amounting to Rs 150 lakh & Rs 25 lakh given to KSHPCDC & KSCDC.
- 3) Corporation should settle Government loan with interest due confirmation / adjustment with Government.
- 4) Balances under current liabilities, Trade payables, Trade receivables, Long term & Short term loans and advances should be confirmed and duly reconciled.
- 5) Depreciation on development of property/assets for various cultivations should be charged in the accounts.

- 6) Steps should be taken to settle all the disputed dues regarding Central Income Tax, Agricultural Income Tax and Sales Tax and maintain proper records of tax payments.
- 7) Company should strengthen the procedures of physical verification of inventory commensurate with size of the company and nature of its business.
- 8) Administration & Other expenses shows a 50 % increase which should be curtailed to the bare minimum.
- 9) Revenue from operation show a declining trend where as operating cost is showing an upward trend. The company needs to take urgent remedial measures.



**V.Somasundaran**  
**Additional Chief Secretary (Finance).**

Thiruvananthapuram  
12/10/2013.

**REPLY TO THE COMMENTS OF ADDITIONAL CHIEF SECRETARY  
(FINANCE) ON THE ACCOUNTS OF  
THE PLANTATION CORPORATION OF KERALA LTD.  
FOR THE YEAR ENDED 31.03.13**

1. (i). As per clause j of Note No.1, the policy of the company in treatment of development of Plantations is clearly disclosed. The policy is that 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. Here there is no such disposal of plantation, in the case of vanilla cultivation. Vanilla Cultivation it is legally disputed in different Courts including Hon'ble High Court of Kerala. Therefore the writing off of this plantation has not been done during this year.  
(ii). It was disclosed in the Accounts as a foot note to Note No.11. As the loss is to be ascertained as per Board decision which was pending, could not be written off.
2. The loan amounting to ₹ 150 Lakhs and ₹ 25 Lakhs are given to Kerala State Horticultural Products Development Corporation Ltd. and Kerala State Coconut Development Corporation Ltd. as per Government order GO (Rt) No 1546/96/AD dated 1/11/1996 and GO (Rt) No 1828/97/AD dated 1/11/1997 and the same are fully Government owned Public Sector Undertakings. As the payment of principal amount and interest are not regular, it may be noted that the matter was again placed before with the Government as the loan has been paid as per Government direction and the details for the same is shown in Note No. 10(1)& 10(2) forming part of financial statements.
3. This figure remains in the Balance sheet for the last several years and relates to the penal interest provided for the Government loan granted to Plantation Corporation of Kerala Ltd. The Corporation has fully repaid the principal amount due and interest amounts on Government loan.
4. Noted
5. The treatment of development expenditure for Plantation followed by the Corporation is shown in clause j of Note No. 1 significant accounting policies followed by the Corporation as on 31.03.13. This practice has been consistently followed.
6. The Company has not made any provisions for disputed tax demand, as disclosed in the Note No.35, the files are pending before various Tax authorities and the corporation is expecting favorable orders. Follow up action is being taken in all these cases.
7. Noted
8. Noted
9. Decline in revenue was due to fall in the price of Rubber and upward trend in the operating cost was due to wage hike as per the Plantation Labour Act settlement.