16th annual report 1978

PLANTATION
CORPORATION OF
KERALA LIMITED

THE PLANTATION CORPORATION
OF KERALA LIMITED

BOARD OF DIRECTORS

E. P. Eapen, Chairman (from 24–8–1978)
M. M. Jacob, Chairman (upto 18–1–1978)
P. G. Muralidharan, I.A.S.
Chairman (from 18–1–1978 to 23–6–1978)
Director (upto 23–6–1978)
T. Madhava Menon, I.A.S.
Chairman (from 23–6–1978 to 24–8–9178)
Director (from 23–6–1978 to 14–6–1979)
P. T. Devassy, I.F.S.
C. K. K. Panicker, I.A.S. (upto 7–2–1979)
Smt. Sarala Gopalan, I.A.S. (upto 28–9–1978)
A. K. Singh, I.A.S. (upto 1–4–1978)
P. Subbiah Pillai (from 1–4–1978)
Prof: K.M. Chandy (upto 28–9–1978)
C.P. Kunhalikutty Keyi (from 24–8–1978)
P. Unnikrishnan Nair (from 24–8–1978)
Y. Thomas (from 24–8–1978)
N. Hemachandran (from 24–8–1978)
Joseph Alexander (from 24–8–1978)
S. G. Sundaram I.A.S. (from 28–9–1978)
R. C. Choudhury, I.A.S. (from 28–9–1978 to 14–6–1979)
K. Babu (from 28–3–1979)
M. L. Francis (from 28–4–1979)
P. M. Abraham, I.A.S. (from 14–6–1979)
T. N. Jayachandran, I.A.S. (from 14–6–1979)
R. Ravindran, Managing Director (upto 11–3–1979)
K. J. Joseph, I.F.S., Managing Director (from 11–3–1979)
M. S. Joseph, I.A.S. (from 7–2–1979)

SECRETARY

Philip Jacob

BANKERS

State Bank of Travancore
Indian Overseas Bank
Syndicate Bank
Canara Bank
Central Bank of India
Union Bank of India
Kottayam District Co-operative Bank
State Bank of India

AUDITORS

M/s. Varma & Varma,
Chartered Accountants
Ernakulam.

LEGAL ADVISERS

M/s. Joseph & Markos, Advocates, Kottayam
M/s. Menon & Pai, Advocates, Ernakulam
M/s. Meenattoor & Dias, Advocates, Ernakulam
M/s. Ninan & Manuel, Lawyers & Notaries, Kottayam
Justice M.U. Issac (Retired) Consultant,
Southern Law Chambers, Ernakulam

Registered Office
Kottayam–4

NOTICE TO SHAREHOLDERS

Notice is hereby given that the 16th Annual General meeting of the Corporation will be held at the Registered Office of the Corporation at 3 P.M. on Friday, the 29th September 1978, to transact the following business.

1. To receive and adopt the Directors' and Auditors' Reports and audited Balance Sheet as on 31st March 1978 and the Profit & Loss Account for the year ended that date.

2. To record the appointment of Directors by the Governor of Kerala in the 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.

   1. Shri. T. Madhava Menon
   2. Shri. C. K. K. Panicker
   3. Shri. P. T. Devassy
   4. Shri. P. Subbiah Pillai
   5. Smt. Sarala Gopalan
   6. Prof. K. M. Chandy
   7. Shri. C.P. Kunhalikutty Keyi
   8. Shri. P. Unnikrishnan Nair
   9. Shri. Y. Thomas
   10. Shri. N. Hemachandran
   11. Shri. Joseph Alexander

3. Special Business

To consider, and if thought fit, to pass the following as a special resolution, with or without modifications.

Resolved that the Articles of Association of the Corporation be amended under Section 31 of the Companies Act, to include the following as sub clause (f) of clause (115A)

"115A (f)—Extension of service or re-employment of employees"

By order of the Board
For THE PLANTATION CORPORATION OF KERALA LIMITED

Sd/–
PHILIP JACOB
Secretary

Kottayam,
6–9–1978

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

Explanatory note as required under Section 173(2) of the Companies Act

Item No. (iii)

Government have directed vide G.O. No. 19021/G3/78/AD dated 18–3–1978 that with regard to extension of service or re-employment of employees in respect of posts falling within the powers of appointment of the Board of Directors, Managing Director or Chairman, such powers should be taken by Government under the Articles of Association and such cases should be brought before the Government for decision. The amendment to Article 115A of the Articles of Association, as proposed above, seeks to give effect to the orders from Government on the subject.

NOTICE TO SHAREHOLDERS

Notice is hereby given that the 16th (Adjourned) Annual General Meeting of the Corporation will be held at the Registered Office of the Corporation at 10.30 AM on Saturday the 4th August 1979 to transact the following business.

To receive and adopt the Directors' and Auditors' Reports and audited Balance Sheet as on 31-3-1978 and the Profit and Loss Account for the year ended that date.

By Order of the Board

For THE PLANTATION CORPORATION OF KERALA LIMITED

Sd/-

PHILIP JACOB

Secretary

Kottayam,
6-7-1979

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

DIRECTORS' REPORT

The Board of Directors present the Sixteenth Annual Report of the Corporation for the year ended 31st March 1978.

SHARE CAPITAL

Against the Authorised Share Capital of Rs. 7·5 crores, the paid-up capital which stood at Rs. 444·44 lakhs as on 31–3–1977 has been brought upto Rs. 449·44 lakhs as on 31–3–1978. Subsequently, there has been a further issue of another Rs. 7 lakhs to the Government of Kerala, bringing the amount of the Paid up capital of the Corporation of Rs. 456·44 lakhs as on date of this Report.

FINANCE

During the year under review, the Corporation availed of an amount of Rs. 8 lakhs as loan from the Government of Kerala, to meet financial commitments. Apart from this, an amount of Rs. 102 lakhs was given as loan by the Government for investing in the Euqity Capital of Oil Palm India Limited, which has been registered as a Subsidiary of the Corporation during the year. Besides, the Corporation has received an amount of Rs. 9,47,500/– as loan for the Subsidised Housing Scheme and a further amount of Rs. 7,10,625/– as the Subsidy component of the Scheme, from the Government of Kerala. Though the Subsidy is not repayable, this amount has also been disclosed separately in the Balance Sheet as a liability.

The balance under the overdraft facility (maximum limit Rs. 30 lakhs) from the Syndicate Bank was reduced to nil as on 31-3-1978, the corresponding figure for the previous year being Rs. 17,58,582/65.

During the current year also, the financial position continued to be tight and the Corporation was not able to fulfil its obiligations by way of loan re-payment, payment of interest etc. to the Government of Kerala, except in the matter of payment of interest under the Subsidised Housing Scheme. However, the lease rent upto 31-3-1978 was paid in full for all the Estate Groups, with the sole exception of Thannithode Estate.

It is a matter of great satisfaction that during the year under review, the balance under loan from the Agricultural Finance Corporation and its member banks was fully repaid with interest and the liability thus extinguished.

PROFIT & LOSS ACCOUNT

As against a Net Profit of Rs. 26,35,355/05 for 1976-77, the Net Profit for the year ended 31st March 1978 has come down to Rs. 5,28,980/12. This figure has been arrived at after making the following appropriations and provisions.

A.	Interest on loan and Guarantee Commission	..	37,86,167.38
B.	Rehabilitation Reserve	..	9,67, 578.79
C.	Depreciation	..	14,60,777.33
D.	Amounts written off	..	16,267.34
E.	Bonus	..	11,90,427.94
F.	Provision for taxation	..	40,000.00
G.	Tentative provision for Bonus for 1977-78	..	15,00,000.00
	Total	..	89,61,218.78

Tentative provision has been made for bonus for the year, as a final decision in the matter has not been taken.

PLANTING

Rubber :– The effective area under Rubber was 7160 hectares excluding areas for buildings, factories, roads, canals, marshy lands, rocky patches etc., as against 6862 hectares for the previous year. This comprises mature area of 5636 hectares and immature area of 1524 hectares.

An area of 396 hectares comprises submergible lands in Perambra, areas under non-classified crops and areas yet to be planted.

Oil Palm :– The Estate under oil palm at Anchal has already been transferred to the Subsidiary Company, Oil Palm India Limited effective 1-1-1978.

Cashew :– The Plantation Corporation of Kerala Limited first undertook cashew cultivation in 1975 in an area of 10 hectares. Subsequently, cashew cultivation was extended to the areas unsuitable for rubber cultivation, spread over an area of 800 hectares (unsurveyed) in 1977–78. Further planting of cashew is being done in an area of approximately 140 hectares.

WORLD BANK SCHEME

Under the Kerala Agriculture Development Project, a Cashew Development Sub-Project has been taken up by the Plantation Corporation of Kerala Limited. Under this programme, 2320 hectares of the existing Government Cashew Plantations at Kasargode have been taken over by the Company on 16–2–1978. The legal transfer is yet to be effected. Apart from this, an area of 1470 hectares is to be brought under new plantation, against which we have already planted 93 hectares in Painikara. Approximately 400 hectares are additionally being planted in Panathur (Rajapuram Estate). The balance area will be planted during 1979-80 subject to availability of land.

The Scheme is financed by the World Bank to the extent of Rs. 162 lakhs. It is also intended to establish a Pilot Plant for Cashew Apple Processing under the Sub-Project.

PROJECT FOR RAISING 12,000 HECTARES OF CASHEW

At the high level meeting held on 28-5-1977, the Plantation Corporation of Kerala Limited has been declared as the authorised agency for raising cashew plantation on a commercial basis. Based on the above decision, an area of 800 hectares has been planted in Cheemeni during 1977-78. Apart from this, an area of approximately 175 hectares of mature cashew plantation has also been handed over to the Corporation.

A Project Report has been prepared and submitted to the Government for approval. The capital outlay of the Project is estimated at Rs. 831 lakhs. It has been proposed to form a Subsidiary Company of the Plantation Corporation of Kerala Limited for the implementaion of the above Project.

ALAKODE ESTATE

The Alakode Estates are being managed by the Corporation as per the terms of agreement, with the Government of Kerala. Possibilities of the Corporation taking over the Estates are also being explored and we have informed Government that this can be done only subject to certain conditions to ensure that the take-over is economically justifiable.

TAPPING & COLLECTION OF RUBBER

During the year under review, the total area under tapping was 5636 hectares as against corresponding figures of 5596 hectares at the beginning of the year. The target was 5414 M.T. and we were able to produce 4838 M.T. during the year, in spite of the loss due to strikes, of 97500 man-days as well as fall in production on account of other unforeseen contingencies.

The Skim Lump Factory at Chandanappally has been commissioned. This has capacity to take up our full quantity of unprocessed rubber and skim lump. The Pale Latex Crepe Factory at Kallala is ready to be commissioned, subject to power connection being given.

IMPROVEMENT IN QUALITY

There has been considerable improvement in the quality of sheets, especially in the grade-wise production of quality sheets. We were able to supply centrifuged latex according to the specification of the purchasers. Efforts are also being made to improve the quality of Estate Brown Crepe as well as Block rubber.

SALES

Rubber :– During the year 1977-78, the sale of rubber of various grades including centrifuged latex, came down to 5200 M.T. as against 5741 M.T. for the previous year and the income from sale of rubber also declined to 377·45 lakhs as against Rs. 395·43 lakhs for the previous year. This was consequent on the fall in production due to strikes etc. as explained earlier.

The price of rubber had gone up gradually during the year and the Corporation was able to realise an average price of Rs. 726/- per Ql. for the year as against Rs. 688/- per Ql. for the last year. During July 1978, the price went up to Rs. 1200/- per Ql. for a brief while, but came down to Rs. 930/- per Ql. in August. The Government of India has yet to take a decision on fixing the floor price of rubber but it is expected that the price would be around Rs. 930/- as recommended by the Government of Kerala.

Cashew :– The sale proceeds of 40 M.T. seed nuts for purposes of raising nursery amounted to Rs. 4,40,000, at an average price of Rs. 11/ per Kg. as against the market price of around Rs. 6·40 per kg. for raw nuts. Sale of raw nuts has started only after the financial year 1977–78.

With greater emphasis being placed on cashew cultivation, this crop is expected to yield considerable income in future years.

RESEARCH WING

The Applied Research Wing established at Head Office is mainly working on soil and foliar analysis and the discriminating fertiliser application for mature areas has enabled us reduce nutritional imbalances in soil as well as effect substantial economies.

We have also established a Laboratory for the Crumb Rubber Factory at Kalady, with modern testing facilities.

FIRE ACCIDENTS

During the year under review, there were three fire accidents in our Kerala Plantations, resulting in a loss of Rs. 13,155.80 Out of this, Rs. 12,405/80 is recoverable from the State Insurance Department.

PERSONNEL

The strength of the staff went upto 670 during the year from 639 in the previous year. This includes 40 persons engaged in the Oil Palm Estate. The number of officers has gone up slightly, from 62 to 64.

A Part–time Visiting Agent has also been appointed on contract basis.

In accordance with our policy of giving employment to the dependants of employees who die in harness, we have provided employment in twelve cases during the year. Six workers were promoted to staff cadre.

INDUSTRIAL RELATIONS

Unlike in the previous year, during the current year, there were strikes, one during February 1977 and another during September/October 1977, resulting in 97500 man–days being lost. This happened in spite of our best efforts at conciliation and joint discussions with labour and staff unions.

LABOUR WELFARE

The Corporation has continued its efforts to ensure that all eligible employees are given free accommodation, electricity, water, free uniforms with washing allowance, footwear, umbrellas, medical and cultural facilities etc. during the year under review. At Head Office, in addition to the twelve quarters constructed for last grade employees, six more quarters have been constructed during this year. Accommodation facilities were given to more permanent workers during the year. The construction of labour tenements in our various Estates under the Subsidised Housing Scheme is actively going on.

In addition to three full-fledged hospitals, we have seven Dispensaries in the various Estates, to serve the needs of the estate employees. Full reimbursement for medical facilities is enjoyed by the staff and officers as before.

We have taken steps to surrender the U.P. School at Kalady to Government with a veiw to ensuring that it is in a position to be raised to the status of a High School. At present, it has classes upto 7th Standard and has a total strength of 1084 pupils.

Facilities like provision of school bus, ferry etc. for the school have been continued.

All necessary facilities for the workers at Estates, like provision of canteens, creches attended by Ayahs, free suppy of baby foods, milk, etc. are given at the Estates as in previous years. Libraries and Recreation Clubs are also provided.

AUDIT

The accounts of the Company for the year 1977–78 were audited by M/s. Varma & Varma, Chartered Accountants, Ernakulam, who were appointed by the Government of India as Auditors under Section 619 of the Companies Act.

BOARD OF DIRECTORS

The Board of Directors of the Corporation was reconstituted on 29–9–1977 by Government order reappointing the following Directors.

1. Shri P.G. Muralidharan, Agricultural Production Commissioner.
2. ,, P.T. Devassy, Chief Conservator of Forests.
3. ,, C. K. K. Panicker, Director of Agriculture.
4. Smt Sarala Gopalan, Addl. Secretary, Industries Department.
5. Shri A. K. Singh, Deputy Secretary, Finance Department.
6. Prof K. M. Chandy, Chairman, Rubber Board.

The Directorship of Shri M.M. Jacob ceased with effect from 18–1–1978 from which date, he ceased to be the Chairman of the Corporation also.

Shri P.G. Muralidharan IAS, Agricultural Production Commissioner took over as Chairman of the Corporation effective 18–1–1978. Subsequently, effective 1st April 1978, Shri A.K. Singh who had resigned from the Board of Directors was replaced by Shri P. Subbiah Pillai, Deputy Secretary, Finance Department. On 23rd June 1978 Shri P.G. Muralidhran relinquished office as Director of the Corporation and Government appointed Shri T. Madhava Menon IAS, Agricultural Production Commissioner, as Chairman and Director of the Corporation, effective that date.

Government appointed the following non-official Directors to the Board of the Corporation

1. Shri E.P. Eapen, Ex. M.L.A.
2. ,, C.P. Kunhalikutty Keyi.
3. ,, N. Hemachandran
4. ,, Y. Thomas
5. ,, P. Unnikrishnan Nair
6. ,, Joseph Alexander.

By the same order, Shri E.P. Eapen, was made Chairman of the Corporation in place of Shri T. Madhava Menon.

MANAGING DIRECTOR

As per Notification No. F15/30/75–IGC dated 31–1–1978, published in the Gazette of India dated 11–2–1978, it is no longer necessary to obtain sanction of the Central Government for the appointment, remuneration etc. of Managing Directors of Government Companies. The matter relating to Central Government's sanction for the remuneration of the Managing Director, is therefore not being pursued further.

SUBSIDIARY COMPANY

A Subsidiary Company of the Corporation named Oil Palm India Limited, was incorporated on 21–11–1977 with the main object of taking over the Oil Palm Estate of the PCK and expanding its activities to planting oil palm in further areas as sanctioned by Government.

The capital structure of the Subsidiary Company is as follows:

Authorised capital	..	Rs. 10 Crores.
Issued and paid up	..	Rs. 2 Crores.

The entire paid up capital of Rs. 2 crores divided into 20,000 Equity Shares of Rs. 1,000/– each is held by the PCK limited, the Holding Company, and the Government of India in the proportion 51 : 49. The balance financial requirements as per the Project Report of the Company amounting to Rs. 297 lakhs, is proposed to be raised through Institutional finance. Arrangements are being made for the same.

The valuation of the Oil Palm Estate for the purpose of take over by the Subsidiary Company comes to Rs. 1,61,11,088.87. Against this, the Subsidiary Company has allotted shares worth Rs. 1,02,00,000/– to the Corporation and its nominees as fully paid shares. The balance amount is being treated as a loan to the Subsidiary Company and out of this, Rs.54 lakhs have been received.

In order to step up the processing capacity, a new factory is proposed to be commissioned in 1981. In the meanwhile, the present production is being processed into marketable form in the existing factory.

Government have also agreed to a proposal to hand over 4,000 hectares additionally to the Oil Palm India Limited.

Necessary seeds are being imported from African countries.

ACKNOWLEDGEMENT

Your Directors wish to record their appreciation of the services rendered by Shri A.K. Singh Shri M.M. Jacob and Shri P.G. Muralidharan to the Corporation.

Your Directors express their deep gratitude to the Government of India, Government of Kerala, World Bank, Rubber Board, the Central Plantation Crops Research Institute, Agricultural University and Agricultural College, F.A.O. and such other agencies for their valuable support and guidance.

Your Directors also thank the Officers, staff and workers of the Corporation for their conscientious and whole-hearted efforts in their respective areas.

for and on behalf of the Board of Directors

Kottayam,
21–8–78.

E. P. EAPEN
Chairman

REVIEW OF THE ACCOUNTS OF THE PLANTATION CORPORATION OF KERALA LIMITED FOR THE YEAR ENDED 31st MARCH 1978 BY THE ACCOUNTANT GENERAL, KERALA

1. FINANCIAL POSITION

The table below summarises the financial position of the Company under broad headlines for the three years upto 1977–78.

Liabilities		1975–76	1976–77	1977–78
			(Rupees in lakhs)	
a.	Paid-up capital	437.44	441.44	449.44
b.	Reserves and surplus	6.00	28.73	50.80
c.	Borrowings	425.97	406.22	463.84
d.	Trade dues and current liabilities including provision	99.42	145.14	173.21
		968.83	1,021.53	1,137.29
Assets				
e.	Gross block	357.12	412.14	422.05
f.	*Less:* Depreciation	80.45	94.61	102.53
g.	(i) Net Fixed assets	276.67	317.53	319.52
	(ii) Development of property	514.95	557.20	499.98
h.	Buildings and roads under construction, machinery under erection	36.00	33.74	55.13
i.	Investments	0.46	0.46	0.45
j.	Current assets, loans and advances	118.54	109.68	261.04
k.	Miscellaneous expenditure including accumulated loss	22.21*	2.92	1.17
		968.83	1,021.53	1,137.29
	Capital employed	810.74	839.27	907.33
	Net worth	421.23	467.24	499.07

Note:—1. Capital employed represents net fixed assets *plus* working capital.

2. Net worth represents paid-up capital *plus* reserves and surplus *less* intangible assets.

* This includes accumulated loss to the tune of Rs. 21.06 lakhs.

2. CAPITAL STRUCTURE

The debt equity ratio of the Company was 0.97:1 in 1975–76, 0.92:1 in 1976–77 and 1.03:1 in 1977–78.

3. RESERVES AND SURPLUS

The reserves and surplus accumulated as on 31–3–1976, 31–3–1977 and 31–3–1978 were Rs. 6.00 lakhs, Rs. 28.73 lakhs and Rs. 50.80 lakhs respectively.

The reserves (Rs. 50.80 lakhs) work out to 4.47 per cent of the total liabilities in 1977–78 as against 2.81 per cent in 1976–77 and 0.62 per cent in 1975–76 and to 11.30 per cent of equity capital in 1977–78 as against 6.51 per cent in 1976–77 and 1.37 per cent in 1975–76.

4. LIQUIDITY AND SOLVENCY

(a) The proportion of current assets to total net assets varied from 12.51 per cent in 1975–76 to 10.74 per cent in 1976–77 and to 22.95 per cent in 1977–78.

(b) The percentage of current assets to current liabilities (including provisions) decreased from 119.23 in 1975–76 to 75.57 in 1976–77 and increased 150.71 in 1977–78.

(c) The percentage of quick assets (sundry debtors, advances and cash and bank balances) to current liabilites (excluding provisions) decreased from 52.20 in 1975–76 to 22.56 in 1976–77 and increased to 55.65 in 1977–78.

5. WORKING CAPITAL

The working capital (current assets, loans and advances *less* trade dues and current liabilites) of the Company at the close of each of the three years ending 31st March 1978 amounted to Rs. 19.12 lakhs, (—) 35.46 lakhs and Rs. 87.83 lakhs respectively.

The working capital requirements of the Company during the three years ended 31st March 1978 were met mainly from unsecured loans from Government of Kerala and overdraft facilities provided by the Syndicate Bank on Government guarantee.

6. SOURCES AND USES OF FUNDS

Funds amounting to Rs. 45.04 lakhs from internal sources (depreciation, provision and reserves) and Rs. 78.64 lakhs from other sources were utilised during 1977–78 as shown below:

		(Rupees in lakhs)
Gross fixed Assets		9.91
Development of property	(—)	57.22
Capital works-in progress		21.39
Investment	(—)	0.01
Current Assets		151.36
Miscellaneous expenditure		1.75
Total		123.68**

Note:—** Reserves include subsidy received from Government of Kerala for subsidised Housing Scheme.

7. WORKING RESULTS

The working results of the Company for the three years upto 1977–78 are tabulated below:

		1975–76	*1976–77*	*1977–78*
			(Rupees in lakhs)	
a) i)	Profit before tax	43.53	26.70	5.70*
ii)	Tax provision	0.30	0.35	0.41
iii)	Profit after tax	42.23	26.35	5.29
b)	Percentage of profit *before tax to:*			
i)	Sales	11.47	6.75	1.49
ii)	Gross fixed assets (including development of property)	4.99	2.75	0.62
iii)	Capital employed	5.37	3.18	0.63
c)	Percentage of profit *after tax to:*			
i)	Net worth	10.26	5.64	1.06
ii)	Equity capital	9.88	5.97	1.18
iii)	Capital employed	5.33	3.14	0.58

* Profit after charging provision for bonus (Rs. 15 lakhs) in addition to bonus for the preceeding year.

8. COST TRENDS

The table below indicates the sales, cost of sales and percentage of cost of sales for the three years upto 1977–78.

	1975–76	*1976–77* (Rupees in lakhs)	*1977–78*
Sales	379.45	395.81	381.95
Less: Profit before tax	43.53	26.70	5.70
Cost of sales	335.92	369.11	376.25
Percentage of cost of sales to sales	88.53	93.25	98.25

9. PRODUCTION PERFORMANCE

The value of production for the three years upto 1977–78 is worked out below:

		1975–76	*1976–77* (Rupees in lakhs)	*1977–78*
i)	Sales	379.45	395.81	381.95
ii)	Closing stock of finished goods work-in-process and stock in transit	37.44	48.48	30.62
iii)	Opening stock of finished goods, work in process and stock in transit	28.18	37.44	48.48
iv)	Value of production (1 + ii—iii)	388.71	406.85	364.09

The percentage of value of production to net worth decreased from 92.28 in 1975–76 to 87.08 in 1976–77 and to 72.95 in 1977–78. The percentage of value of production to total net assets decreased from 41.01 in 1975 – 76 to 39.83 in 1976–77 and to 32.01 in 1977–78.

10. INVENTORY AND PRODUCTION

The following table indicates the comparative position of inventory and its distribution at the close of the three years upto 1977–78.

		1975–76	*1976–77* (Rupees in lakhs)	*1977–78*
i)	Stores & Spares			
	a) General stores and spares	16.37	16.50	16.06
	b) Engineering stores	7.40	7.12	5.77
ii)	Loose tools	1.46	1.59	1.48
iii)	Stock in trade, finished goods including work-in-process	37.44	48.48	30.62
iv)	Equipment	1.57	1.69	2.59
		64.24	75.38	56.52

The stock of general stores and spares equalled 3.79 months' requirements (for production and development of property) during 1977–78 as compared to 3.92 month's in 1976–77 and 3.73 month's in 1975–76 (Engineering stores intended for capital construction are excluded for the purpose of this analysis.

11. SUNDRY DEBTORS AND TURNOVER

The following table indicates the value of book debts and sales for the three years upto 1977–78.

As on 31st March	Total book debts: Considered good	Considered doubtful	Sales	Percentage of sales to sales
		(Rupees in lakhs)		
1976	18.40	..	379.45	4.85
1977	19.03	..	395.81	4.81
1978	19.65	..	381.95	5.14

The book debts increased by 3.42 per cent in 1976–77 and 6.79 percent in 1977–78 as compared to 1975–76. The book debts represented about 0.58 month's turnover in 1975–76 and 1976–77 and about 0.62 month's in 1977–78.

The following table indicates the details of the debts outstanding for more than one year as on 31–3–1978.

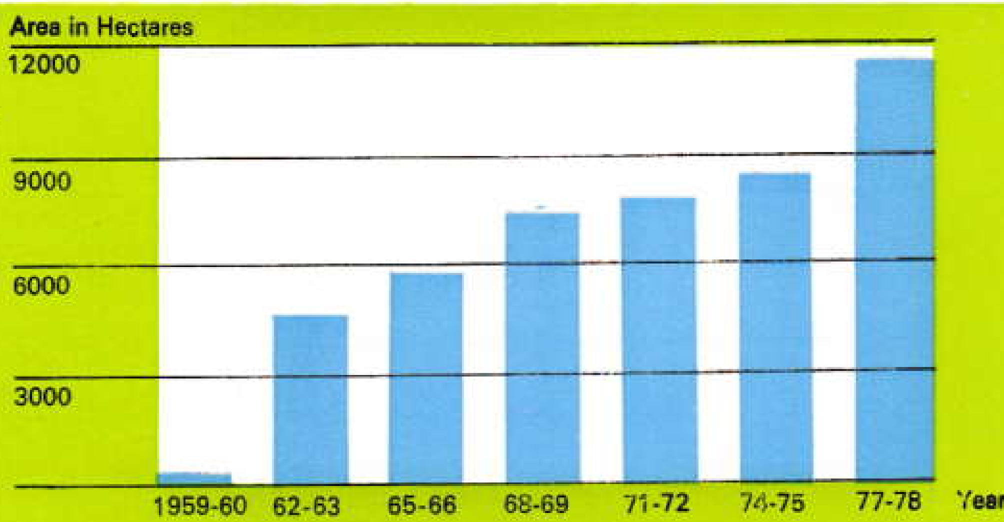
		Govt. Companies	Private Companies	Total
			(Rupees in lakhs)	
1.	Debts outstanding for more than one year but less than two years	...	0.36	0.36
2.	Debts outstanding for more than two years but less than three years	...	0.12	0.12
3.	Debts outstanding for three years and more	0.66	0.07	0.73

Sd/-
(R.K.A. SUBRAHMANYA)
Accountant General, Kerala.

Trivandrum,
23–3–1979

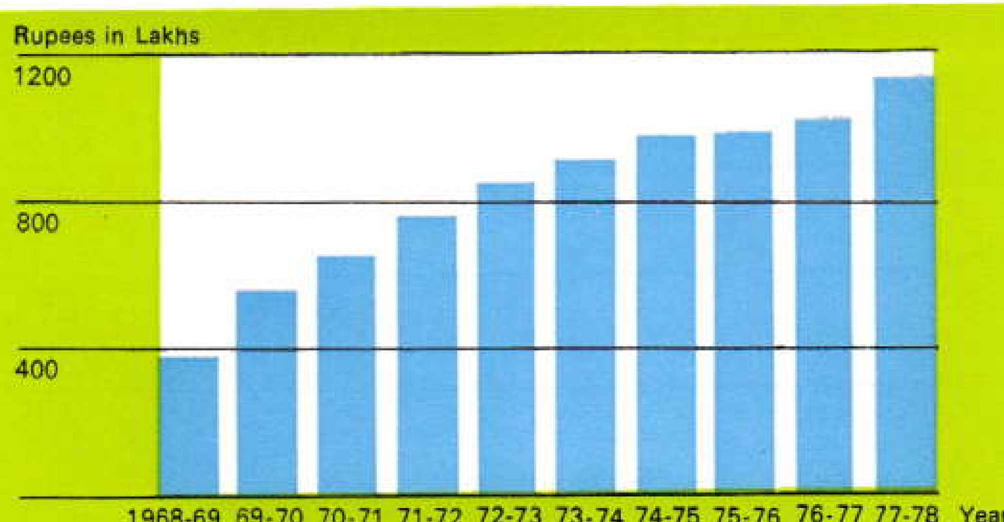
...brought under Plantation Crops.
(...ectares)

Year	*Area*
...-60	278
...-63	4562
...-66	5819
...-69	7441
...-72	7844
...-75	8037
...-78	11771



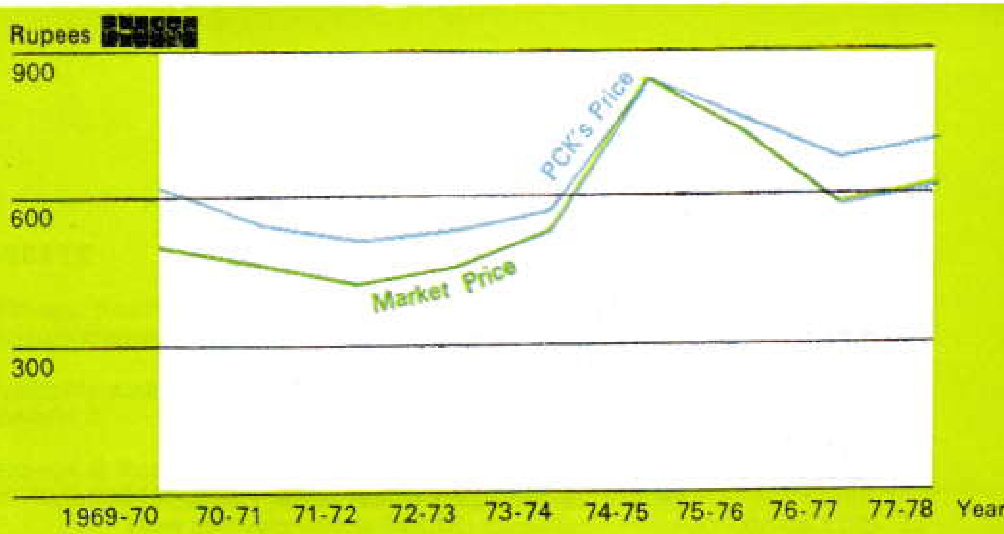
...estment (Rs. Lakhs)

Year	*Investment*
1968-69	518
1969-70	559
1970-71	650
1971-72	766
1972-73	852
1973-74	913
1974-75	964
1975-76	969
1976-77	1017
1977-78	1137



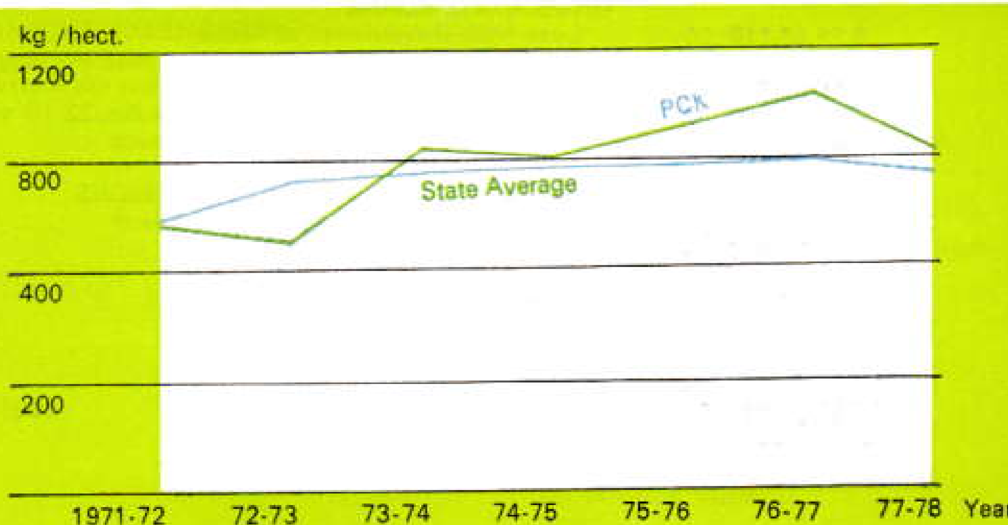
Average Price per Quintal

Year	P.C.K.	Market
1966–67	473	N.A.
67–68	377	N.A.
68–69	462	466
69–70	609	501
70–71	536	464
71–72	521	421
72–73	521	459
73–74	547	515
74–75	849	849
75–76	771	744
76–77	688	596
77–78	726	632



Average Yield per Hect. (Kg)

Year	P.C.K.	Kerala
1967–68	277	538
68–69	323	568
69–70	468	609
70–71	517	647
71–72	665	673
72–73	609	721
73–74	844	750
74–75	812	755
75–76	935	768
76–77	1054	806
77–78	858	764



BALANCE SHEET AS AT

Previous year Rs. P.	LIABILITIES	Rs. P.	Rs. P.
	SHARE CAPITAL		
	AUTHORISED		
7,50,00,000.00	75,000 equity shares of Rs. 1,000/- each	7,50,00,000.00	
	SUBSCRIBED		
	44,944 equity shares of Rs. 1,000/- each Subscribed and paid up		
4,41,44,000.00	(44,144 shares previous year)	4,49,44,000.00	
3,73,40,000.00	38,140 equity shares of Rs. 1,000/- each fully called up (37,340 shares previous year)	3,81,40,000.00	
68,04,000.00	6,804 equity shares of 1,000/- each allotted as fully paid up pursuant to a contract without payment being received in cash	68,04,000.00	4,49,44,000.00
4,41,44,000.00			
	RESERVES AND SURPLUS		
	Rehabilitation reserve	56,52,665.27	
	Add: for the year	9,67,578.79	
		66,20,244.06	
	PROFIT AND LOSS ACCOUNT ADJUSTED		
	Balance loss as on 31-3-1977 39,44,505.00		
17,08,160.27	Less: Profit for the year 5,28,980.12	34,15,524.88	32,04,719.18
11,64,375.00	Subsidy received from Government of Kerala for Subsidised Housing Scheme—Note 7		18,75,000.00
	SECURED LOANS (from Scheduled Banks)		
43,95,000.00	Loan from ten Scheduled banks in consortium with Agricultural Finance Corporation Ltd.–Note 14	..	
2,064.74	Interest accrued and due	..	
	UNSECURED LOANS		
3,29,16,115.00	Loan from Government of Kerala	4,39,16,115.00	
15,52,500.00	Loan from Govt. of Kerala for Subsidised Housing Scheme—Note 21	24,68,000.00	
17,58,582.66	Overdraft with Syndicate Bank-Note No. 22	..	
48,03,464.49	Interest accrued and due on Govt. loans	76,73,544.33	5,40,57,659.33
	CURRENT LIABILITIES AND PROVISIONS		
96,02,972.26	A. Current Liabilities as per Schedule H	81,05,264.07	
70,997.49	Welfare Fund	2,093.70	
	B. Provisions :		
35,000.00	Provision for taxation	40,000.00	
	Provision for Bonus for 1977	15,00,000.00	
		96,47,357.77	96,47,357.77
10,21,53,231.90	Total		11,37,28,736.28

Sd/-
E. P. EAPEN
Chairman

Sd/-
R. RAVINDRAN
Managing Director

31ST MARCH 1978

Previous Year Rs. P.	ASSETS	Rs. P.	Rs. P.
	FIXED ASSETS		
3,17,53,543.08	(a) Buildings, Roads, Plant & Machinery Furniture etc. as per Schedule A	3,19,51,664.86	
5,57,19,564.74	(b) Development of property as per Schedule B	4,99,98,440.05	
33,73,926.88	(c) Buildings & Roads under construction (at cost) and Plant and Machinery under erection	55,13,156.42	8,74,63,261.33
	INVESTMENTS		
1,000.00	Investment in equity shares of Companies (unquoted) fully paid up (at cost) as per Schedule C	1,000.00	
5,100.00	Investment in equity shares of Co-operative Societies (unquoted) fully paid up (at cost) as per Schedule D	100.00	
40,000.00	Investment in 7 year National Savings Certificate Certificate at cost	40,000.00	
	Investment in equity shares of Oil Palm India Ltd. (Subsidiary Company) 4 equity shares of Rs. 1,000/- each	4,000.00	45,100.00
	CURRENT ASSETS, LOANS AND ADVANCES		
96,08,895.07	A. Current Assets as per Schedule E	1,14,28,434.96	
13,59,102.09	B. Loans & Advances as per Schedule F	1,46,75,640.11	2,61,04,075.07
	MISCELLANEOUS EXPENDITURE		
2,92,100.04	(to the extent not written off or adjusted as per Schedule G)		1,16,299.88
10,21,53,231.90	Total		11,37,28,736.28

As per our report of even date
For VARMA & VARMA
Sd/-
S. PRABHAKARAN
Partner
Chartered Accountants

Sd/-
PHILIP JACOB
Secretary

PROFIT AND LOSS ACCOUNT FOR

Previous year Rs. P.	EXPENDITURE	Rs. P.
	To Opening Stock	
37,44,011.38	,, Finished goods/Work in Process	48,00,490.82
31,35,344.68	,, Pay and allowances	35,38,930.06
920.00	,, Leave salary & Pension contribution to former Managing Director	. .
5,375.41	,, Leave salary and pension Contribution to staff	5,567.83
1,41,566.63	,, Gratuity paid	58,366.01
3,75,797.18	,, Leave encashment (P. L. & S. L.)	4,03,067.20
12,09,863.95	,, Employers Contribution to P. F.	12,67,770.89
56,154.40	,, Deposit Linked Insurance	95,540.24
6,43,917.92	,, Bonus	11,90,427.94
6,000.00	,, Honorarium to Chairman	4,774.19
59,141.05	,, T. A. & Sitting fees to Directors	32,332.80
1,52,202.44	,, T. A. to Staff & Officers	1,66,298.03
4,483.70	,, Rent	3,720.02
5,13,359.50	,, Rates & Taxes	2,94,151.26
3,34,177.44	,, Electricity charges	3,18,832.09
1,83,639.23	,, Lease rent	1,83,398.26
3,76,997.76	,, Insurance charges	3,24,074.75
7,29,320.76	,, Repairs & Maintenance of Assets (Schedule I)	6,83,192.48
62,248.96	,, Advertisement charges	69,021.22
28,938.40	,, Legal Expenses	21,302.55
9,000.00	,, Remuneration to Auditors—for Audit	9,000.00
2,000.00	,, for Expenses	. .
5,45,454.62	,, Prior period adjustment	1,70,361.35
1,690.00	,, Staff Training expenses	3,780.00
29,59,505.22	,, Welfare expenses	30,90,964.96
1,190.40	,, Medical & Hospital facilities to Chairman	. .
	,, Miscellaneous Expenses	
31,02,339.02	,, Adjustment—Schedule II	17,23,276.38
47,44,403.41	,, Cultivation and Upkeep of Rubber	48,17,890.04
84,61,638.65	,, Tapping & Collection of Rubber	80,19,339.76
43,65,862.37	,, Manufacturing & Selling Expenses (Schedule III)	42,48,178.88
10,31,115.80	,, Depreciation including loss on revaluation etc.	8,49,269.14
920.14	,, Pine apple cultivation	. .
38,64,910.57	,, Interest on loans & overdraft (Note No. 42)	37,59,540.40
57,077.51	,, Guarantee Commission	26,626.98
	,, Cashew Project expenses (Schedule IV)	93,386.05
	,, Income tax paid in excess of provision	948.00
35,000.00	,, Provision for taxation	40,000.00
11,79,430.37	,, Rehabilitation reserve	9,67,578.79
	,, Cultivation and Upkeep of Cashew	8,61,989.64
	,, Collection charges of cashew	70,919.32
	,, Provision for Bonus for 1977	15,00,000.00
26,35,355.05	,, Net profit for the year	5,28,980.12
4,47,60,353.92	Total	4,42,43,288.55

Sd/-
E. P. EAPEN
Chairman

Sd/–
R. RAVINDRAN
Managing Director

THE YEAR ENDED 31ST MARCH 1978

Previous year Rs. P.	INCOME		Rs. P.
3,95,42,685.24	By Sale of Rubber (Note No. 36)		3,77,44,511.43
26,012.50	,, Sale of Palm Oil	..	..
2,784.04	,, Sale of Agricultural Produce	..	6,419.28
9,885.00	,, Sale of Budwood	..	3,790.00
100.00	,, Sale of tender forms	..	36.50
35,042.31	,, Sale of Empties & Unserviceables	..	25,342.92
5,274.90	,, Sale of Rubber seeds	..	1,023.06
28,082.50	,, Sale of Bamboo	..	6,680.00
50.00	,, Sale of firewood	..	42,407.85
..	,, Sale of Pueraria	..	33,380.43
..	,, Sale of Budded plants	..	300.00
..	,, Sale of cashew (40,000 kgs)	..	4,40,000.00
..	,, Sitting fees to M. D.	..	200.00
..	,, Service charges Oil Palm (Schedule IV a)	..	26,96,447.11
9,613.86	,, Profit on sale of Assets	..	4,180.93
1,328.17	,, Interest on deposit	..	39.65
..	,, Interest on investment	..	5,600.00
7,178.89	,, Interest on Motor cycle loan	..	5,372.46
5,000.10	,, Interest on Motor car loan	..	2,506.67
96,234.02	,, Rent of Buildings	..	35,777.23
27,511.38	,, Miscellaneous income and adjustment	..	61,046.20
1,08,050.12	,, Prior period adjustment	..	25.00
7,665.00	,, Excess provision for Income tax	..	..
45.00	,, Application fee received	..	345.00
..	,, Lease rent for cultivation	..	66,247.21
..	,, Registration fee for cattle	..	16.00
48,00,490.82	,, Closing stock of Finished goods/Work in Process (Rubber)	..	26,32,655.98
47,320.07	,, Closing stock of Palm Oil	..	..
..	,, Closing stock of Cashew	..	4,28,937.64
4,47,60,353.92	Total		4,42,43,288.55

As per our report of even date
For VARMA & VARMA

Sd/-
PHILIP JACOB
Secretary

Sd/-
S. PRABHAKARAN
Partner
Chartered Accountants

Development expenditure for the year ended 31st March 1978

(Schedule forming part of Balance Sheet as at March 1978)

Previous Year Rs. P.	ITEMS	Rs. P.	This Year Rs. P.
4,81,651.82	Overheads B/f from Previous year	5,21,828.33	
6,17,059.94	Pay and allowances	6,61,990.09	
37,495.03	Overtime to Staff	62,234.55	
4,765.71	Leave Salary & Pension Cont:	1,162.00	
35,725.02	Leave Encashment	49,359.24	
37,431.33	Employers Contribution P. F.	57,274.28	
27,459.28	Bonus	39,839.71	
19,549.32	Travelling Expenses	27,870.24	
5,943.36	Rates & Taxes	2,307.36	
2,338.00	Insurance Charges	9.00	
1,98,255.11	Repairs & Maintenance of Assets (Schedule V)	2,09,115.18	
3,82,227.75	Lease rent	34,933.75	
5,525.45	Adverstisement Charges	231.00	
13,750.48	Prior period adjustments	19,193.37	
2,31,929.15	Welfare Expenses	2,18,990.32	
79,931.27	Miscellaneous Expenses and Adjustments (Schedule VI)	59,268.94	
68,194.64	Depreciation	74,095.95	
21,43,082.14	Cultivation & Upkeep of rubber	21,66,550.81	
7,42,236.19	,, Oil Palm	..	
15,003.43	,, Eucalyptus	1,224.12	
2,69,111.40	,, Cashew	6,13,978.96	
3,090.06	Survey	47,045.13	
..	Labour welfare fund contribution	121.00	
..	Deposit linked insurance	4,008.43	
..	Rent	2,194.00	
54,21,755.88			48,74,825.76

LESS CREDITS

Previous Year Rs. P.	ITEMS	Rs. P.	This Year Rs. P.
2,255.50	Sale of tender forms	1,098.00	
342.68	House rent received	481.80	
402.50	Miscellaneous Income	4,382.00	
257.20	Interest on Motor cycle loan	..	
101.17	Hire charges	..	
5,000.00	Registration charges	950.00	
5,21,828.33	Overheads of incomplete Engineering works	6,40,344.42	
5,30,187.38			6,47,256.22
48,91,568.50			42,27,569.54

Development expenditure for the year ended 31st March 1978

(Schedule forming part of Balance Sheet as at March 1978)

Previous year Rs. P.	ITEMS	Rs. P.	This year Rs. P.
	CAPITALISED AS UNDER :		
6,67,040.57	Completed Engineering works	3,69,755.27	
..	Overheads transferred to engineering works at Oil Plam	1,84,493.61	
25,66,827.48	Rubber Plantation	27,42,936.31	
12,39,064.86	Oil Palm Plantation	..	
4,00,542.10	Cashew Plantation	8,71,708.55	
15,003.43	Eucalyptus	11,630.67	
3,090.06	Survey	47,045.13	
48,91,568.50	Total		42,27,569.54

As per our report of even date
For VARMA & VARMA

Sd/-	Sd/-	Sd/-	Sd/-
E. P. EAPEN	R. RAVINDRAN	PHILIP JACOB	S. PRABHAKARAN
Chairman	Managing Director	Secretary	Partner
			Chartered Accountants

SCHEDULE

SCHEDULE OF

(Included in and forming part of

Item	ORIGINAL COST			DEPRECIATION		
	Cost as at the end of the previous year	Additions during the year	Total	As at the end of the previous year	For the year	Total
1	2	3	4	5	6	7
	Rs. P.	Rs. P.	Rs. P.	Rs. P.	Rs. P.	Rs. P.
Free hold land	1,85,718.90	11,016.30	1,96,735.20	..	..	..
Building	2,19,61,798.98	21,98,833.90	2,41,60,632.88	41,63,856.99	5,71,120.02	47,34,977.01
Vehicles	18,69,191.63	1,76,833.34	20,46,024.97	14,14,128.05	1,81,741.88	15,95,869.93
Plant & Machinery	35,09,567.30	8,31,252.63	43,40,819.93	18,53,375.72	4,34,949.93	22,88,325.65
Furniture	6,11,369.82	45,142.98	6,56,512.80	2,67,747.37	38,875.32	3,06,622.69
Office equipments	1,65,424.43	49,841.05	2,15,265.48	1,04,590.85	16,477.08	1,21,067.93
Survey instruments	9,755.61	..	9,755.61	8,608.08	171.89	8,779.97
Library	16,468.75	3,872.80	20,341.55	7,491.64	1,263.29	8,754.93
Roads	60,38,045.99	4,31,873.73	64,69,919.72	..	..	..
Fence	5,88,228.06	1,65,404.40	7,53,632.46	..	..	..
Electric fittings	24,820.00	..	24,820.00	12,925.13	1,672.85	14,597.98
Electric Appliances	19,209.51	490.00	19,699.51	8,255.06	1,716.64	9,971.70
Electric installations	17,53,618.93	3,19,237.79	20,72,856.72	6,23,279.55	1,45,010.48	7,68,290.03
Telephone—H.O.	15,557.38	..	15,557.38	7,127.20	1,264.52	8,391.72
Wells	1,677.37	..	1,677.37	..	..	..
Water supply installation	11,09,678.72	80,545.55	11,90,224.27	2,36,256.96	53,344.02	3,89,600.98
Landing pad	5,152.94	3,854.24	9,007.18	..	..	..
Jhankar	11,317.00	..	11,317.00	7,370.98	394.60	7,765.58
Total	3,78,96,601.32	43,18,198.71	4,22,14,800.03	88,15,013.58	14,48,002.52	1,02,63,016.10

Sd/–
E. P. EAPEN
Chairman

Sd/-
R. RAVINDRAN
Managing Director

A

FIXED ASSETS

(the Balance Sheet as at 31st March 1978)

DISPOSALS & ADJUSTMENTS		BALANCE		
Original cost	*Depreciation written off*	*Original cost*	*Depreciation to-date*	*NET BLOCK*
8	9	10	11	12
Rs. P.	Rs. P.	Rs. P.	Rs. P.	Rs. P.
..	..	1,96,735.20	..	1,96,735.20
..	..	2,41,60,632.88	47,34,977.01	1,94,25,655.87
10,034.81	9,915.74	20,35,990.16	15,87,954.19	4,50,035.97
..	..	43,40,819.93	22,88,325.65	20,52,494.28
..	..	6,56,512.80	3,06,622.69	3,49,890.11
..	..	2,15,265.48	1,21,067.93	94,197.55
..	..	9,755.61	8,779.97	975.64
..	..	20,341.55	8,754.93	11,586.62
..	..	64,69,919.72	..	64,69,919.72
..	..	7,53,632.46	..	7,53,632.46
..	..	24,820.00	14,597.98	10,222.02
..	..	19,699.51	9,971.70	9,727.81
..	..	20,72,856.72	7,68,290.03	13,04,566.69
..	..	15,557.38	8,391.72	7,165.66
..	..	1,677.37	..	1,677.37
..	..	11,90,224.27	3,89,600.98	8,00,623.29
..	..	9,007.18	..	9,007.18
..	..	11,317.00	7,765.58	3,551.42
10,034.81	9,915.74	4,22,04,765.22	1,02,53,100.36	3,19,51,664.86

As per our report of even date
For VARMA & VARMA

Sd/-
S. PRABHAKARAN
Partner
Chartered Accountants

Sd/-
PHILIP JACOB
Secretary

SCHEDULE

DEVELOPMENT

(Included in and forming part of

Item	*Till last year*	*Additions during the*				
		Kodumon	*Chandanappally*	*Adirappally*	*Kallala*	*Vettilappara*
1	2	3	4	5	6	7
1959 Plantation	7,17,074.89	..	..	..		..
1960 Plantation	5,62,467.87	..	..	..	..	..
1961 Plantation	71,37,275.16	..	..	..	..	..
1962 Plantation	45,64,998.12	..	..	..	..	..
1963 Plantation	44,37,542.96	..	..	..	..	..
1964 Plantation	20,47,794.67	..	..	..	..	..
1965 Plantation	49,55,526.49	..	..	..	..	..
1966 Plantation	22,55,711.48	..	..	..	..	..
1967 Plantation	37,69,476.47	..	..	..	..	..
1968 Plantation	32,02,101.36	..	..	..	..	..
1969 Plantation	5,42,665.32	..	..	..	..	..
1970 Plantation	8,54,918.10	..	..	..	..	..
1971 Plantation	8,01,850.50	..	..	..	..	..
1972 Plantation	6,75,082.62	..	..	..	10,020.48	17,733.60
1973 Plantation	11,64,968.31	78,424.32	33,208.33	..	..	..
1974 Plantation	22,76,454.71	72,075.67	22,164.69	..	..	..
1975 Plantation	4,75,086.88	6,212.44	24,209.12	1,32,555.19	..	..
1976 Plantation	8,21,561.41	..	10,283.22	1,65,130.91	3,23,108.08	40,322.44
1977 Plantation	1,66,141.07	..	..	3,43,633.53	..	..
1967 Replanting	8,99,989.98	..	..	..	..	..
1968 Replanting	1,76,105.28	..	..	..	..	..
1969 Replanting	4,99,906.84	..	..	..	..	..
1970 Replanting	53,803.66	..	..	..	16,701.64	..
1971 Replanting	2,67,731.66	..	..	30,411.12	16,701.64	..
1972 Replanting	1,46,302.51	..	..	21,804.36	..	..
1973 Replanting	7,50,983.59	..	..	75,062.21	30,536.90	..
1974 Replanting	53,034.51	..	..	..	..	..
Coconut	795.36	..	..	..	..	..
Evicted area expenses	14,55,240.09	..	..	..	..	..
Survey	94,023.40	..	500.40	5,359.89	1,029.82	..
Eucalyptus	74,975.64	..	..	11,630.67	..	..
Cashew Plantation	4,37,965.22	..	19,604.36	74,341.63	8,415.53	20,986.83
Cashew—1977	..	..	..	..	32,718.35	..
Total	4,63,39,556.13	1,56,712.43	1,09,970.12	8,59,929.51	4,39,232.44	79,042.87

Sd/-
E. P. EAPEN
Chairman

Sd/-
R. RAVINDRAN
Managing Director

OF PROPERTY

the Balance Sheet as at 31st March 1978)

year					Total	Disposals & adjustments	To-date
Perambra	*Thannithodu*	*Kasergode*	*Cheemeni*	*Painikkara*			
8	9	10	11	12	13	14	15
..	..	..	..	..	7,17,074.69	..	7,17,074.89
..	..	..	..	..	5,62,467.87	..	5,62,467.87
..	..	..	..	..	71,37,275.16	2,237.90	71,35,037.26
..	..	..	..	..	45,64,998.12	..	45,64,998.12
..	..	..	..	..	44,37,542.96	..	44,37,542.96
..	..	..	..	..	20,47,794.67	10,201.60	20,37,593.07
..	..	..	..	..	49,55,526.49	..	49,55,526.49
..	..	..	..	..	22,55,711.48	..	22,55,711.48
..	..	..	..	..	37,69,476.47	..	37,69,476.47
..	..	..	..	..	32,02,101.36	..	32,02,101.36
..	..	..	..	..	5,42,665.32	..	5,42,665.32
49,966.31	..	..	..	..	9,04,884.41	..	9,04,884.41
97,336.18	..	..	..	..	8,99,186.68	..	8,99,186.68
71,252.22	..	..	..	..	7,74,088.92	..	7,74,088.92
1,02,920.14	..	..	..	..	13,79,521.10	..	13,79,521.10
38,414.26	3,17,231.90	..	..	..	27,26,341.23	..	27,26,341.23
..	..	..	..	..	6,38,063.63	..	6,38,063.53
2,01,358.28	..	..	..	..	15,61,764.34	716.30	15,61,048.04
98,053.29	2,86,399.99	..	..	..	8,94,227.88	..	8,94,227.88
..	..	..	..	..	8,99,989.98	..	8,99,989.98
..	..	..	..	..	1,76,105.28	..	1,76,105.28
..	..	..	..	..	4,99,906.84	..	4,99,906.84
..	..	..	..	..	70,505.30	..	70,505.30
..	..	..	..	..	3,14,844.42	..	3,14,844.42
..	..	..	..	..	1,68,106.87	..	1,68,106.87
..	..	..	..	..	8,56,582.70	..	8,56,582.70
9,703.85	..	..	..	..	62,738.36	..	62,738.36
..	..	..	..	..	795.36	..	795.36
..	..	..	..	..	14,55,240.09	..	14,55,240.09
40,155.02	..	..	..	..	1,41,068.53	..	1,41,068.53
..	..	..	..	..	86,606.31	1,280.94	85,325.37
1,09,586.74	36,297.06	..	..	..	7,07,197.37	..	7,07,197.37
51 067.17	..	65,710.48	3,97,998.72	54,981.68	6,02,476.40	..	6,02,476.40
8,69,813.46	6,39,928.95	65,710.48	3,97,998.72	54,981.68	5,00,12,876.79	14,436.74	4,99,98,440.05

As per our report of even date
For VARMA & VARMA

Sd/-
S. PRABHAKARAN
Partner
Chartered Accountants

Sd/-
PHILIP JACOB
Secretary

SCHEDULE—C

(included in and forming part of Balance Sheet as at 31st March 1978)

Other investments: Unquoted fully paid up shares

1.	10 equity shares of Rs. 100/- each fully paid up in the Banana and Fruit Development Corporation Ltd. Madras	Rs.	1,000.00
	Total	Rs.	1,000.00

SCHEDULE—D

(Included in and forming part of Balance Sheet as at 31st March 1978)

Other investment: Unquoted fully paid up shares

1.	1 A class shares of Rs. 100/- each fully paid up in the Mannam Sugar Mills Co-operative Stores Ltd. No. 4324	Rs.	100.00
	Total	Rs.	100.00

SCHEDULE—E

(Included in and forming part of the Balance Sheet as at 31st March 1978)

Previous year Rs. P.	ITEMS		This year Rs. P.
	CURRENT ASSETS		
23,62,019.93	Stores & Spares at Cost*		21,82,915.12
1,58,708.67	Loose Tools revalued*		1,48,289.07
1,69,038.25	Equipments revalued*		2,58,583.60
	Finished Goods, Work in Process, stock in transit at value*		
48,00,490.82	Subsequently realised/realisable*		26,32,655.98
1,23,724.90	Nurseries Rubber (at cost)*		55,417.65
47,320.07	Stock of Palm Oil (at value subsequently realised/realisable)		..
	Stock of cashew nuts (at subsequently realised/realisable value)		4,28,937.64
	Sundry debtors (unsecured considered good) subject to		
19,02,933.81	confirmation by them		19,64,710.41
	(a) Debts outstanding for more than 6 months (includes Rs. 94,816.75 from government Department and Companies. Last year Rs. 6,09,034.57)	1,69,468.17	
	(b) Other Debts (last year Rs. 11,19,263.54)	17,95,242.24	
14,200.17	Cashew Nursery		..
..	Interest accrued on Seven Year National Savings Certificate		5,600.00
	CASH AND BANK BALANCE		
904.95	Stamp and Stamp paper on hand		1,075.75
9,896.38	Cash in transit		1,28,922.38
1,335.73	Balance on Treasury Savings Bank account		16,58,292.53
18,321.39	Balance with scheduled Banks in current account		18,63,034.83
..	Margin money account with Syndicate Bank		1,00,000.00
96,08,895.07	Total		1,14,28,434.96

* As certified and as valued by the Managing Director

SCHEDULE—F

(Included in and forming part of Balance Sheet as at 31st March 1978)

Previous year Rs. P.	ITEMS	This year Rs. P.
	LOANS AND ADVANCES	
80,130.00	Motor cycle loan (Secured Considered good)	73,250.00
46,270.00	Motor Car loan (Secured Considered good)	58,530.00
	UNSECURED CONSIDERED GOOD	
59,437.62	Alakode Government Estate (Managed by the Corporation)	3,91,354.61
93,542.00	Deposit with P & T Department Electricity Board, Port Trust and other Government by the Corporation	1,40,625.00
1,12,733.00	Deposit with others	92,375.42
7,192.70	Prepaid expenses	10,084.96
9,35,366.77	Other advances recoverable in cash or in kind or for value to be received	23,04,097.29
2,000.00	Advance to Employees Co-operative Societies	..
22,430.00	Advance tax paid and tax deducted at source	22,335.00
	Oil Palm India Limited (Subsidiary of the Company)	1,15,82,987.83
13,59,102.09	Total	1,46,75,640.11

SCHEDULE—G

(Included in and forming part of Balance Sheet as at 31st March 1978)

Previous year Rs. P.	ITEMS	This year Rs. P.
	MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)	
1,49,927.16	Lease Rent	..
18,751.84	Tappers Training Expenses	..
32,474.25	Suspense pending adjustment	55,484.29
61,836.87	Stores suspense	46,294.43
3,554.57	Shortage of tools	3,739.80
11,044.63	Shortage of stores	5,806.43
2,092.85	Preliminary Expenses—Oil Palm	..
523.29	P. F. Suspense	821.04
5,051.63	Investigation factory site (Oil Palm)	..
4,153.89	Lease Rent suspense	4,153.89
2,689.06	Cashew Project	..
2,92,100.04	Total	1,16,299.88

SCHEDULE—H

(Included in and forming part of Balance Sheet as at 31st March 1978)

Previous year Rs. P.	ITEMS	This year Rs. P.
	CURRENT LIABILITIES	
49,92,500.06	Sundry Creditors	31,35,751.89
1,43,581.67	Other liabilities	2,60,250.48
6,53,832.98	Earnest Money & Security Deposit	8,88,072.19
1,01,367.85	Suspense pending adjustment	35,729.29
935.13	P. F. Suspense	1,835.13
36,90,626.81	Interest accrued but not due on Government loans	37,65,705.06
17,351.33	Store suspense	..
941.98	Stale cheque	2,151.71
243.60	Excess recovery of Onam advance–staff	..
706.50	Court attachment	1,179.50
720.00	Medical examination fee	..
3.50	Excess recovery of F. P. F.	..
160.85	Excess recovery of Advance to Workers	..
..	Stores in transit	14,588.82
96,02,972.26	Total	81,05,264.07

SCHEDULE—1

REPAIRS & MAINTENANCE OF ASSETS

Previous year Rs. P.	ITEMS		This year Rs. P.
3,32,471.85	Vehicles		3,10,473.45
87,404.50	Roads		1,09,760.64
27,587.90	Plant & Machinery		18,036.06
2,10,394.88	Building		1,50,761.17
71,461.63	Others		94,161.16
7,29,320.76		Total	6,83,192.48

SCHEDULE—2

MISCELLANEOUS EXPENSES AND ADJUSTMENTS

Previous year Rs. P.	ITEMS		This year Rs. P.
1,12,848.95	Postage, telephone & Telegram		1,18,827.33
89,908.95	Printing & Stationery		80,689.17
43,551.75	Office expenses & Miscellaneous		27,183.38
3,46,799.30	Bank charges		3,44,437.98
4,894.16	Books & Periodicals		5,481.34
5,471.55	Storage expenses		7,121.21
125.69	Gardening		353.29
19,967.38	I. B. Expenses		17,494.84
11,800.00	Rent of Boats		12,690.00
..	Loss by fire		750.00
494.38	Losses & write off		16,267.74
24,951.31	Entertainment expenses		28,008.57
24,05,266.95	Security expenses		10,28,039.49
23,746.58	Ferry expenses		23,558.54
1,775.00	Honararium to experts		..
6,666.11	Temporary sheds		8,431.57
2,077.10	Inauguration expenses		..
1,993.86	Research expenses		3,134.93
..	Cost of budwood sold		807.00
31,02,339.02		Total	17,23,276.38

SCHEDULE—3

MANUFACTURING AND SELLING EXPENSES

Previous year Rs. P.	ITEMS		This year Rs. P.
	TRANSPORT OF LATEX TO FACTORY		
2,60,384.35	Pay and allowances	2,76,851.82	
32,533.90	Vehicle Tax & Insurance	57,423.50	
3,48,160.96	Running & Maintenance of vehicles	2,84,720.91	
			6,18,996.23
	MANUFACTURING		
3,41,212.08	Pay and allowances	4,75,267.78	
5,65,800.42	Factory wages	7,68,783.74	
1,75,383.89	Fuel for Smoke House	50,754.30	
8,446.99	Fuel for Generator & Drier	23,658.26	
7,51,348.27	Chemicals	3,78,768.56	
85,456.64	Factory Upkeep & Maintenance	59,501.36	
1,39,266.86	Machinery Upkeep & Maintenance	1,48,209.70	
45,128.12	Factory Insurance	44,572.77	
1,03,590.03	Power supply	1,40,908.55	
1,22,081.03	Welfare expenses	70,074.67	
1,995.89	Factory utensils	..	
1,24,540.45	Fuel for drier	85,601.61	
19,477.57	Processing expenses of Oil Palm	..	
			22,46,101.30
	DISTRIBUTION		
81,381.47	Packing materials	63,210.38	
94,076.32	Package wages	1,02750.89	
2,03,026.46	Forwarding charges	1,64,430.26	
1,05,979.01	Road/Rail insurance	..	
4,30,061.42	Depreciation	6,11508.19	
1,43,451.24	Selling expenses	1,39,,017.55	
1,14,900.11	Shipping expenses	76,976.71	
1,68,180.89	Commission to Selling Agents and rebate	2,25,187.37	
			13,83,081.35
43,65,862.37		Total	42,48,178.88

SCHEDULE—4

CASHEW PROJECT EXPENSES

		Rs. P.
Printing & Stationery		1,357.08
Travelling Allowance		13,508.61
Pay and allowance		45,241.07
Overtime		1,571.90
Advertisement charges		4,013.50
Postage		517.30
Miscellaneous Expenses		616.62
Entertainment Expenses		2,836.08
P. L. Encashment		1,670.15
Bonus		1,414.00
Medical & Hospital facilities		900.35
Provident Fund		4,739.39
Management consultation		15,000.00
	Total	93,386.05

SCHEDULE—4(a)

STATEMENT SHOWING THE DETAILS OF SERVICE CHARGES OF OIL PALM INDIA LIMITED

	SERVICE CHARGES	Rs. P.	Rs. P.
1.	Interest for funds invested by the Plantation Corporation of Kerala Ltd. upto 31-12-1977	43,14,692.96	
	Less: Interest already included in the cost of Assets	17,36,716.02	25,77,976.94
2.	P. C. K. Overheads at the rate of Rs. 80/- per hectare per annum on the planted area upto 31-12-1977		3,76,840.00
3.	Interest for the overheads as charged in 2 above upto 31-12-1977		38,665.00
4.	*Service charges for the period from 1-1-1978 to 31-3-1978*		
	(a) Interest for the diverted funds upto 17-3-1978	*2,02,665.89*	
	(b) Overheads @ Rs. 80 per hectare per annum from 1-1-1978 to 31-3-1978	23,000.00	2,25,665.89
	Total adjustments (Receipts)		32,19,147.83
5.	*Less:* Adjusted income and expenditure from 1-4-1977 to 31-12-1977		
	(a) **Expenses**		
	Pay & Allowances	1,34,828.73	
	Leave encashment	8,160.56	
	Honorarium to experts	316.67	
	Provident Fund	44,668.81	
	Travelling expenses	7,007.11	
	Bonus	75,238.78	
	Welfare expenses	1,05,917.19	
	Leave salary & Pension contribution	444.00	
	Advertisement charges	948.80	
	Electricity	4,349.12	
	Rates & Taxes	3,698.56	
	Insurance charges	59,060.21	
	Repairs & Maintenance of Assets	35,401.70	
	Miscellaneous expenses	21,099.14	
	Prior period expenses	326.40	
	Cultivation & Upkeep expenses	3,60,412.65	
	Manufacturing and selling expenses	85,888.50	
	Opening stock of oil	47,320.07	
		9,95,087.00	
	Less:		
	(b) **Income**		
	Sale of Palm Oil	3,04,692.23	
	Sale of Pureria	9,444.50	
	Miscellaneous income	1,523.00	
	Rent of Buildings	540.00	
	Closing stock	1,56,186.55	
		4,72,386.28	
	Net loss	5,22,700.72	5,22,700.72
		Net balance Rs.	26,96,447.11

SCHEDULE—5

REPAIRS AND MAINTENANCE OF ASSETS

Previous year Rs. P.	ITEMS		This year Rs. P.
7,461.41	Plant & Machinery		2,220.18
5,834.25	Implements		3,743.59
9,709.36	Roads		24,422.69
3,267.30	Fence		1,296.64
9,462.20	Buildings		4,681.69
1,61,154.12	Vehicles		1,71,693.40
611.13	Others		56.20
755.34	Electrical		..
..	Office equipments		999.79
1,98,255.11		Total	2,09,115.18

SCHEDULE—6

MISCELLANEOUS EXPENSES & ADJUSTMENTS

Previous year Rs. P.	ITEMS		This year Rs. P.
832.32	Temporary Shed		3,020.87
3,405.75	Postage, Telephone & Telegram		3,416.90
6,085.08	Printing & Stationery		5,018.56
2,341.40	Office expenses & Miscellaneous		2,710.79
9.50	Bank charges		4.25
50.00	Entertainment expenses		1,810.82
64,739.24	Storage expenses		41,177.77
133.80	Books & Periodicals		235.65
2,100.00	Extra compensation		..
228.18	Electricity Charges		378.92
..	Security expenses		85.00
..	Unserviceable stores		1,305.41
..	Survey		104.00
79,931.27		Total	59,268.94

As per our report of even date
For VARMA & VARMA

Sd/-
S. PRABHAKARAN
Partner
Chartered Accountants

Sd/-
E. P. EAPEN
Chairman

Sd/-
R. RAVINDRAN
Managing Director

Sd/-
PHILIP JACOB
Secretary

NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 1978.

1. The Company has discounted usance and sight bills worth Rs. 26,01,969.57 as on 31-3-1978 (last year Rs. 28,87,946.84) with the banks for which the company is contingently liable.

2. Estimated amount of civil contracts on capital assets to be executed on account and not provided for is Rs.18,13,353.91 (last year Rs.30,44,640.98).

3. Estimated amount of supply of capital assets remaining to be executed and not provided for Rs.1,86,987.63 (last year Rs. 4,69,536.00).

4. Lease deeds for lands handed over since 1970 are yet to be executed.

5. The company is liable to pay a compensation of Rs. 8,511.31 to persons evicted from the Kodumon Group of Estates which has not been provided since the persons are deceased and the claimants are to produce succession or heir-ship certificate.

6. No provision has been made for gratuity. Actual expenses have been charged to revenue account. Accrued liability upto 31-3-1978 has not been provided for in the accounts. However, on an approximate estimation, the contingent liability on this account may be of the order of Rs. 72,00,000/- based on the total strength of approximately 6000 employees. However, this is only an arbitrary amount. All the employees of the Corporation are not going to retire at one point of time and therefore it is not considered necessary to povide for gratuity. The retirement will be staggered and as the expenditure is charged to revenue every year, it is not considered necessary to provide for the same.

7. Apart from the amount of Rs. 11,64,375/- received upto 31-3-77 towards subsidy for the subsidised housing scheme (labour tenements) we have received a further amount of Rs. 7,10,625/- during 1977-78 and the total amount of Rs. 18,75,000/- has been separately disclosed in the balance sheet.

8. Motor car loan to officers is fully secured by hypothecation of motor cars in favour of the company. Maximum amount of such loan during the year was Rs. 76,270/- (Previous year Rs. 63,360/-)

9. Motor cycle loan to the officers and staff are also secured by hypothecation of motor cycle in favour of the company. Maximum amount of such loans during the year was Rs. 81,130/- (last year Rs. 1,03,860/-).

10. Sundry debtors include the following amounts due from Government companies under the same management, viz. Government of Kerala.

(1)	M/s Trivandrum Rubber Works Ltd.	Rs. 2,37,550.76
	More than six months	Rs. 63,274.27
(2)	M/s Kerala Soaps & Oils Ltd.	Rs. 54,140.00
	More than six months	Nil

11. As the company is an agricultural company and is carrying only operations required for making the produce marketable, the provision contained in para ii, Schedule VI as to installed capacity etc. of the Company's Act is not applicable.

12. Four cases are pending against the Corporation against which the amounts payable are not ascertainable, as claims due to parties are not finalised. As such, they are not acknowledged as debts and provided for.

13. Under the head 'Other Advance recoverable in cash or in kind or value to be received' included under loans and advances. Schedule F includes an amount of Rs. 2,570.15. (Last year Rs. 829.60) paid to officers of the Corporation as salary advance.

14. Loans from ten scheduled banks in consortium with Agricultural Finance Corporation Limited amounting to Rs. 221/– lankhs with interest has been paid back in full before 31–3–1978. As the loan has been cleared, action has already been taken to vacate the hypothecation and equitable mortgage created for the purpose.

15. For the police party posted for security purpose in the estates, bills have not been received from 1–7–1977, for Kodumon Group. Liability on this account is not known and hence not provided for. The security expenses amounting to Rs. 10,28,039.49 is inclusive of expenses pertaining to previous year amounting to Rs. 4,48,670.29.

16. No provision has been made for penal interest on the amounts payable to the Government against loans, which has fallen due for payment upto 31–3–1978. The Corporation has requested the Government of Kerala for waiver of penal interest and for a moratorium for repayment of the loan.

17. The closing stock as on 31–3–1978 has been valued at subsequently realised/realisable value. The quantity of rubber under work-in-process as on 31–3–1978 has also been valued on the same basis as per grades indicated in stock verification statements. Due to various practical difficulties the work-in-process could not be assessed accurately and hence the previous years practise is followed.

18. As against the opening stock of Rs. 48,00,490.82, rubber (RMA grades) worth Rs. 59,335/– has been sold out during the previous year, even though the stock was physically present at the port with the Shipping Agents.

19. Sundry debtors, deposit with Government Departments and deposit with others are subject to confirmation.

20. An area of 3.28 Hectares of 1961 plantation in the Kondumon Estate under Survey No. 783/1 of Koodal village has been handed over to P.W.D. for Kallada Irrigation Project. The value of this will be adjusted after finalisation of the valuation by the District Collector, Quilon.

21. The buildings and buildings under construction shown under fixed assets include the cost of buildings put up with the loan and subsidy assistance from Government of Kerala under the rules for the subsidised housing scheme for plantation labour, Kerala 1974 and such buildings as per the above rules remain Government property till the loan taken by the Corporation under the scheme is repaid to the Government.

22. The company has availed an over draft facility with the Syndicate Bank, Kottayam for a total limit of Rs. 30 lakhs on the strength of the Government guarantee issued by the State Government. As on 31–3–1978, no amount is due to them on this account.

23. In our Thannithodu Estate, an area of approximately 80 Hect. have been taken possesion during 1976–77 and preliminary operations for planting has also been done during that year. But the actual planting was done only in 1977 planting season and hence the expenditure shown under 1976 plantation under Development of Property in Schedule B has been transferred to 1977 plantations.

24. Approval of the Central Government under Section 269 has been obtained for the appointment of Shri R. Ravindran, as Managing Director for a period of 5 years from 21–4–1976 on a Salary in the scale of Rs. 1600–50–2000 as well as the perquisites that may be granted as per the order of the Government of Kerala. Orders of the Government of Kerala pursuant to this have not yet been received.

The Board of Directors had also sanctioned HRA of Rs. 350/– and D.A. at Government rules subject to approval of Government of Kerala.

The approval of the Company in general meeting for the payment of the following remuneration under Section 309 (i) and under Section 198 (1) (4) is being sought.

Salary in the scale of Rs. 1600 – 50– 2000

D. A. at Government rates

H. R. A. of Rs. 350/– p.m. and free use of Company's car subject to recovery of Rs. 100/– p.m.

The approval of the Central Government for the payment of the above remuneration, as the minimum remuneration under Section 198 (4) is also being sought.

25. Under loans & advances in Schedule F, we have shown an amount of Rs. 1,40,625/– as deposit with Govt. Departments. The deposit of this amount is as follows:–

		Rs.
Cochin Port Trust	..	3,600.00
Post Master, Kottayam	..	200.00
Electricity Board	..	1,36,825.00
Total	..	1,40,625.00

26. As per the directions from Government of Kerala, we have been directed to collect Central Sales Tax with effect from 1–6–78. Even though the Sales Tax Authorities have sent us a pre-assessment notice against which we have filed a writ petititon with the High Court for final orders. But as per the Government directive, we have taken steps to withdraw the writ petition. The waiving of Sales Tax for the sale of rubber upto 31–5–1978 is under the active consideration of the Government and final orders are awaited. The liability on this account, if any is not ascertainable.

27. The Development expenditure includes

	1977–78	*Previous year 1976–77*
	Rs.	*Rs.*
Wages	13,86,294.13	24,51,621.86
Stores	2,96,605.26	5,65,364.11
Fuel	25,918.64	9,612.00

28. Development expenditure has been allocated on the basis of the practice followed during the previous years for capitalisation.

29. The expenditure on repairs and maintenance shown under Schedule IV is the net expenditure after deducting tolls collected for using estate roads. This collection is only nominal for meeting the repair expenses.

30. The 17 employees of the Corporation who had been taken back on the basis of the Industrial Disputes Award of the Labour Court and the subsequent memorandum of settlement dated 12–5–1977 were paid Rs. 59,675.32 and has been shown under Suspension period wages.

31. As was the practice of the Corporation, overhead charges wherever required have been allocated only to Rubber Plantation and no part of such over heads is charged to other crops, viz. Cashew, Eucalyptus, Coconut etc.

32. Amount paid to managing Director:

		This year Rs.	Previous year Rs.
	Pay & allowances	28,328.57	22,334.39
	T.A.	11,252.40	14,759.00
	Medical expenses	892.25	1,867.69
	Leave encashment	2,216.56	1,648.32
	Leave Salary & Pension contribution	..	920.00
33.	Sitting fee to Directors	9,400.00	10,900.00

34. Perquisite to Directors:

The Managing Director is provided with a car for his official purpose and is charged Rs. 100/- per month for his private use limiting to 500 Kmrs a month. The perquisite enjoyed in this, regard is Rs. 2,400/-

35. There was no employee in the Corporation drawing a remuneration in excess of Rs. 36,000/- per annum in the aggregate during the year 1977-78. No person was employed for any part of the year on a monthly renumeration exceeding Rs. 3,000/-.

36. An amount of Rs. 3,77,44,511.43 representing the sale of rubber is the sale proceeds of Rs. 51,99,897 Kgs of DRC of various grades.

37. The provision for Rehabilitation Reserve of Rs. 9,67,578.79 is based on the total production of 48,37,893.95 Kgs at Rs. 20/- per quintal as is allowed under the Agricultural Income Tax Act.

38. The management of Alakode Govt. Estate has been entrusted to the Corporation during 1974-75. To cover the management expenses, there is a provision of Rs. 15,000/- per annum as per agreement dated 17-1-1977. This amount has been adjusted in the accounts for 1977-78 and is shown under Miscellaneous income. The total amount due from the land Board as on 31-3-1978 Rs. 3,91,354.61. It is under the active consideration to the Govt. to hand over the area to the Corporation for its development.

39. The interest accrued on the investment of Rs. 40,000/- under 7 year National Savings Certificate amounting to Rs. 5,600/- has been taken into account.

40. Additional information as per clause IV 'D' of Part 2 to Schedule VI.

a)	CIF value of imports during the year	..	Nil
b)	Expenditure in foreign currency	..	Nil

c) Value of raw materials, stores, spare parts and components consumed during the year

		Value	As per centage of consumption
	1) Imported value	Nil	Nil
	2) Indigenous (stores & spares) this includes value of stores included under capitalisation	53,86,382.82	100%
d)	Particulars of dividends remitted in Foreign Exchange	Nil	Nil
e)	Earnings in foreign exchange	Nil	

41. Selling expenses shown in Manufacturing and selling expenses under Schedule III is inclusive of Processing charges of normal latex such as ammoniation etc.

42. Interest on loans and overdrafts Rs. 37,59,540.40 shown in the Profit & Loss account are as follows:–

Interest on Fixed loans		
Interest on Agricultural Finance Corporation loan	Rs. 4,38,907.36	
Interest on Government loan	30,42,308.09	34,81,215.45
Interest on Overdraft		2,78,324.95
	Total	37,59,540.40

43. The cost of fencing shown under Fixed Assets is inclusive of the cost of Kallukayyala.

44. Previous year figures have been re-grouped wherever necessary to suit current years' lay out.

45. The previous year figures include both revenue and capital expenditure pertaining to Oil Palm plantations. Since the assets and liabilities has been transferred to Oil Palm India Limted with effect from 1–1–1978, separate Profit & Loss Account and Balance Sheet have been drawn up for Oil Palm India Limited from 1–1–1978 to 31–3–1978.

46. An area of 2320 Hectares of Cashew Plantations at Kasergode have been handed over to the Plantation Corporation of Kerala Limited. Apart from this, an area of 93 Hectares have been given for new planting in Painikkara. Out of 2,320 Hectares, 250 Hectares are to be rehabilitated (gapfilled) and the gap filling charges have been capitalised. Similarly the expenditure of raising new planting in 93 Hect. at Painikkara has also been capitalised. The land extending over 2,320 Hect. belong to Revenue Department and the plantation belong to the Directorate of Agriculture. It has been decided by the Government that the valuation of the land may be done by the Collector of Cannanore and the valuation of the improvements is to be done by the Director of Agriculture and the land with the improvements thereon may be assigned to the Plantation Corporation of Kerala Limited in consideration for which shares will have to be allotted to the Government of Kerala.

47. *Cheemeni Plantations.* An area of approximately 800 Hect have been planted with new cashew during 1977 and the entire amount spent for the new plantations have been capitalised. Apart from this, an area of approximately 175 Hect. of mature plantations have also been handed over to the Corporation. No lease rent or land tax have been provided in the accounts for the area handed over for cashew plantations, as a final decision in the matter is pending.

48. M/s. Encos has abandoned the work entrusted to them and alternate arrangements have been made to complete these works. By making alternate arrangements, the Corporation may have to incur and additional expenditure of Rs. 3,60,620/–. This will have to be recovered from M/s. Encos.

49. The loan amount of Rs. 4,39,16,115/– shown under unsecured loans received from the Government of Kerala is inclusive of Rs. 102 lakhs received for the purpose of investing as 51% share capital participation in the Subsidiary company, namely Oil Palm India Limited.

50. The Profit & Loss accounts expenditure includes

	1977–78 *Rs.*	*1976–77* *Rs.*
Wages	1,17,69,186.69	1,15,12,708.42
Stores	50,89,777.56	50,44,363.80
Fuel	3,58,715.67	3,99,300.89

51. The buildings and Roads under construction (at cost) and Plant & Machinery under erection disclosed as item No. C under fixed Assets is inclusive of Rs. 76,929.10 being work in progress relating to incompleted reapairs & maintenance works.

52. The total area handed over to the Company by the Government Departments as on 31–3–1978 is approximately 12,248 hectares (The total area has not been surveyed)

Area under Rubber including area for buildings, factories, roads, canals, marshy areas, Rocks, fire belts etc.	:	7664	hectare
Area under cashew	:	800	..
Area under other crops	:	45	..
Submergible Area	:	220	..
Area to be planted	:	131	..
Kasargode Cashew Plantation	:	2320	..
Cheemeni -do-	:	975	..
Painikkara -do-	:	93	..
Total		12248	..

53. The cost as at the end of the previous year shown under Schedule A & Schedule B are exclusive of the original cost of Assets and Plantations transferred to Oil Palm India Limited.

54. The Oil Palm India Ltd has been registered on 21–11–1977 as a subsidiary of the Corporation with a view to have a separate administrative set up for the Oil Palm Project. This project is being implemented with the approval of the Government of India. The Corporation was conducting the activities on Oil Palm Project with a view to transfer the same to the new Company. The total planted area and the area meant for the Oil Palm Project extending to 1663 hectares with all the relative assets and liabilities as on the close of 31–12–1977 have been transferred to Oil Palm India Ltd by virtue of an agreement between the two companies for a consideration as per the said agreement. The amount due from Oil Palm India Ltd. is disclosed in Schedule F, Loans and Advances. The deed of transfer of the Fixed assets has yet to be entered into. The net consideration of transfer of the assets will be satisfied by allotment to the Corporation equity shares worth Rs. 102 lakhs in Oil Palm India Ltd. and the balance in cash. Any further items of assets or liabilities are found to be transferable to Oil Palm India Ltd. the same will be done in due course.

55. During the period from 1–4–1977 to 31–12–1977 the Plantation Corporation of Kerala Ltd. has sold a quantity of 51098.5 Kgs. of Red Palm Oil and there was a closing stock of Red Palm Oil 24954 Kgs. as on 31–12–1977 which was transferred to Oil Palm India Ltd.

56. The losses and write off account in Schedule II includes an amount of Rs. 5000/– pertaining to Investment in shares of Estate Employees' Consumer Co-operative Stores of Kodumon and Kalay Groups and the advances amounting to Rs. 2,000/- paid to the above Co-operative societies.

57. The Welfare Expense in the Profit and Loss Account include the following:

		Rs.
Leave with wages	:	4,75,920.62
Holiday wages	:	2,65,955.04
Suspension period wages	:	59,647.97
Subsistance Allowance	:	3,786.29
Pay and allowance	:	4,18,707.60

58. Sundry Debtors include an amount of Rs. 54,140/– recoverable from Oil Palm India Ltd. which however was wrongly shown as recoverable from Kerala Soaps & Oils Ltd. (Reference Note No. 10)

59. Original cost of sprayers as on 1–4–77 amounting to Rs. 2671.20 transferred from Oil Palm Project to Adirappally during the year has been shown by mistake under additions during the year in Schedule A under Plant and Machinery. However there is no change in Gross Block or Net Block.

60. Previous years figures relating to the following are :

(a) *Schedule 'C'.* as on 31-3-1977

	Rs.
10 Equity shares of Rs. 100/- eacch fully paid up in Banana & Fruit Deveiopment Corporation Ltd.	1,000/-

(b) *Schedule 'D'*

Other Investments Unquoted fully paid up shares:

1.	1 A class share of Rs. 100/- each fully paid in the Mannam Sugar Mills Co-operative Stores Ltd. No. 4324	100.00
2.	25 B class shares of Rs. 100/- each fully paid in the Kodumon Group of estate Employees' Consumer Co-operative Stores Ltd. No. Q. 341	2,500.00
3.	25 B class shares of Rs. 100/- each fully paid in the Kalady Group of Estate Employees' Consumer Co-operative Stores Limited No. E. 230	2,500.00
	Total	5,100.00

(c) *Schedule A & B*

Assets relating to Oil Palm Project transferred to Oil Palm India Ltd.

Schedule 'A'	
Original cost of Assets as on 31-3-77	33,14,794.10
Schedule 'B'	
Original cost of Devellopment of Property transferred	93,80,008.61

61. Fixed Assets—Additions and disposals relating to Oil Palm Project transferred to Oil Palm India Ltd.

(a) that should have been included in Shedule A

1. Plant and Machinery (Additions) Rs. 9113..46

2. Disposals - Net block

Buildings	Rs. 8,88,647.41
Vehicles	41,611.91
Plant & Machinery	98,177.71
Furniture	36,413.04
Office equipments	1,985.56
Survey Equipments	567.57
Roads	14,39,925.11
Fence	27,894.96
Electric Appliances	1,255.25
Electric Installation	11,679.18
Wells	264.00
Water Suppy installation	47,914.88
Earth Moving Equipments	82,061.02
Total	26,78,397.60

(b) that should have been included in Schedule B :

	Additions up to 31–12–1977	*Disposal*
1971 Oil Palm	—	15,67,209.34
1972 ..	31,911.54	25,86,692.48
1973 ..	55,804.25	21,71,155.04
1975 ..	70,798.47	32,13,466.01
Total	1,58,514.26	95,38,522.87

62. *Bonus*

Bonus for the year 1976 was declared at the rate of 8.33% in the year 1977 resulting in payment of Rs. 12,30,267.65 of which Rs. 11,90,427.94 is charged to Profit and Loss Account and Rs. 39,839.71 to capitalisation expenditure. Further amount of Rs. 15,00,000 has been provided towards Bonus for 1977.

As per our report of even date
For VARMA & VARMA
Sd/-
S. PRABHAKARAN
Partner
Chartered Accountants

Sd/-
E. P. EAPEN
Chairman

Sd/-
R. RAVINDRAN
Managing Director

Sd/-
PHILIP JACOB
Secretary

VARMA & VARMA
Chartered Accountants

AUDITORS' REPORT

The Shareholders,
THE PLANTATION CORPORATION OF KERALA LTD.,
Kottayam.

We have audited the attached Balance Sheet of the Plantation Corporation of Kerala Limited as at 31st March, 1978 and also the annexed Profit and Loss Account of the Company for the year ended on that date and report as under:—

A. As required by the Manufacturing and Other Companies (Auditors Report) Order 1975 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act 1956, we enclose in the Annexure 'A' a statement on the matters specified in paragraphs 4 and 5 of the said order.

B. Further to our comments in the annexure referred to in paragraph 1 above.

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit subject to the qualifications contained in paragraph 4 below.

2. In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of the books.

3. The Balance Sheet and Profit and Loss account dealt with by the report are in agreement with the books of account.

4. (a) Prior period adjustment of Rs. 1,70,361.35 charged to Profit and Loss Account is inclusive of Rs. 37,145/–being slash felling expenses for the period ending 31–3–1977 for 1976 area, which should have been capitalised.

(b) A net amount of Rs. 52,297.32 representing the cost of stores purchased during the year has not been included in the closing stock of stores and spares and corresponding liability has also not been provided for.

(c) The closing stock value of stores and spares includes Rs. 68,801.81 (Rs. 63, 877.81 stores and spares and Rs. 4,924.00 cost of collection charges of Pureria seeds sold) which was actually consumed and charged to Profit and Loss Account during the year.

(d) An amount of Rs. 19,127.15 has been short provided for as depreciation on Assets i.e. on Water Supply Installation at Chandanappally Estate. Depreciation includes Rs. 83,400/– representing depreciation on a Generator at Vettilappara Estate which was commissioned only after 31–3–1978 which need not have been provided for.

(e) The Rehabilitation Reserve created Rs. 967578.79 is short by Rs. 1800/–

(f) The net profits after adjustment of items 4(a), (c), (d) and (e) would have been Rs. 559796.16 instead of Rs. 528980.12.

5. Subject to and read with the above qualifications and the Audit Notes forming part of this report detailed in Annexure 'B' and subject to the notes No. 6 regarding gratuity, note No. 15 regarding non-provision of liability towards security expenses, Note No. 16 regarding non-provision of penal interest for the delayed payments of loan instalments to Government of Kerala, Note No. 17 regarding work in progress of Rubber, Note No. 18 regarding opening stock, Note No. 26 regarding sales tax Note No. 47 regarding non-provision of land tax, Note No. 54 regarding transfer of assets to Oil Palm India Ltd. (Subsidiary Company) and other Notes thereon;

In our opinion and to the best of our information and according to the explanations given to us, the said accounts and schedules thereto, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:

(a) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 1978; and

(b) in the case of Profit and Loss Account, the profit for the year ended on that date.

For VARMA & VARMA
Sd/–
(S. PRABHAKARAN)
Partner
Chartered Accountants

Ernakulam, Cochin–16
27th September 1978.

(Seal)

VARMA & VARMA
Chartered Accountants

ANNEXURE 'A'

ANNEXURE TO OUR AUDIT REPORT OF THE ACCOUNTS OF THE PLANTATION CORPORATION OF KERALA LIMITED FOR THE YEAR ENDED 31–3–1978
(Referred to in paragraph 1 of our report of even date)

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets except that the Company has not kept uptodate the Plantation Field Registers giving particulars of trees etc., for which the Company has given an assurance that the said registers will be kept uptodate. As per the information furnished to us the fixed assets have been verified by the management during the year. No serious discrepancies have been noticed on verification except casualties in the case of Plantations. The policy of the company is understood to be not to make any adjustments in the accounts regarding casualties suffered in the plantations Consequently such loss arising out of casualties remains part of the development expenditure.

2. None of the Fixed Assets have been revalued during the year.

3. The stock of finished goods, stores, spare parts and other items have been physically vertified by the management as on 31–3–1978. The discrepancies noticed on verification between the physical stock and book records have been properly dealt with in the books of account. In our opinion, the valuation of the above mentioned stocks is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in earlier years. Physical verification of stocks at the factories used to be conducted every quarter.

4. The company has not obtained loans from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act 1956 and from companies under the same management.

5. In respect of Loans and Advances (except in the case noted below) in the nature of loans given by the Company, parties have except in certain cases, repaid the principal amounts as stipulated and have also been regular in the payment of interest according to the terms and conditions laid down by the Company. Loans and Advances include Rs. 2,00,000 paid in prior years to M/s. ENCOS, Ltd. (said to be in Liquidation) towards carrying out works contracts, which according to the Company is adjustable against the liability for the work done by them on behalf of the Company.

6. In our opinion and according to the explanations given to us there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to the purchase of stores, plant and machinery except wherever deviations are made from normal procedures the reasons for making such deviations have not been recorded.

7. According to the information and explanations given to us, the company has not made any purchase of stores or other itmes from subsidiaries or from firms or Companies or other parties in which the directors are interested as listed in the register maintained under section 301 of the companies Act 1956 except as provided under section 297 (2) of the Act.

8. The company had determined unserviceable or damaged tools and stores, Adequate provision has been made in the accounts for the loss arising on the items so determined.

9. During the year in question the company has not accepted deposits from public and therefore provisions of sec. 58A of the Companies Act, 1956 and the rules framed thereunder are not applicable.

10. In our opinion and according to the information and explanation given to us the co mpany has maintained reasonable records for the sales and disposal of scrap and unserviceables (no bye-products are obtained).

11. In our opinion, the company has an internal audit system commensurate with the size of the company. But during the year the internal audit department has not verified the purchase in its entirity, the Engineering stores and imprest maintained at various estates and sales and stock with warehousing agents. We are given to understand that the field conditions are being looked into by the visiting agent of the company. Strengthening of the internal audit wing is necessary.

12. The order made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Companies Act 1956 is not applicable to this company.

13. According to the records of the company Provident Fund dues have been regularly deposited during the year except for certain delays, with the appropriate authorities and there are no arrears of Provident Fund dues as at 31–3–1978.

For VARMA & VARMA
Sd/–
(S. PRABHAKARAN)
Partner
Chartered Accountants
27–9–78.

Ernakulam, Cochin-16
27th September 1978

ANNEXURE 'B'

AUDIT NOTES ATTACHED TO AND FORMING PART OF THE ADUIT REPORT ON THE ACCOUNTS OF PLANTATION CORPORATION OF KERALA LIMITED FOR THE YEAR ENDED 31st MARCH 1978.

1. The Company was meeting the expenses of the Alakode Government Estate from its own funds (Maximum amount spent is Rs. 391354.61) eventhough as per the agreement with the Land Board the Company was entitled to receive the amount in advance.

2. In Schedule III to the accounts under the haed 'Manufacturing and Selling Expenses' the item depreciation Rs. 611508.19 included under the sub head 'Distribution' should have found a place under the sub head 'Manufacturing.'

3. Advances Recoverable in cash or in kind or for value to be received includes Rs. 9,11,765.96 representing 15 days' salary paid to staff and workers as advance in the year 1977–78.

4. Original cost of Aspee Back sparayers as on 1-4-1977 amounting to Rs. 2671.20 transferred from Oil Palm Project to Adirappally Estate in May 1977 is seen included in addition during the year in Schedule A. This should have been included in original cost.

5. Classification of Sundry Debtors—The correct classification in Schedule E to the Balance Sheet should have been as given in column II below as against the classification disclosed in the Balance Sheet given in Column I.

	Column I *Rs.*	*Column II* *Rs.*
Debts outstanding for more than six months	1,69,468.17	1,57,609.37
Other debts	17,95,242.24	18,07,101.04

6. Stores-in-transit of Rs. 14,588.82 (net) under Current Liabilities represents a contra amount to be adjusted against the amount due from M/s. Oil Palm India Ltd.

7. In the note No. 35 of notes attached to and forming part of the Accounts for the year ended 31st March, 1977 it was stated that the approval of the Central Government and of the General Meeting of the Company for the payment of Rs. 500/-p.m. as honorarium and Rs. 1190.40 as medical expenses for that year to the Chairman was being sought under section 314 (1) and 309 of the Companies Act 1956. But such approval has not been obtained.

8. The amount of Rs 360260 referred to in Note No. 48 as recoverable from M/s. ENCOS Ltd. may not be realised as the latter unit is in liquidation.

9. The claim against the company not acknowledged as debts do not include the following.

(a) From the Forest Department for 720 M.T. of Firewood (value not ascertainable)

(b) –do– for Bamboo sold by the Corporation at Rs. 28, 082.30.

(c) From a customer towards additional processing charges on defective centrifugal latex supplied by Corporation in 220 drums. Rs. 50, 700.00

(d) From a customer towards cost of 20 drums of centrifugal latex approximate cost Rs. 22,800.00

10. The manure suppliers have raised debit notes for Rs. 26554.54 on the company towards interest for delayed payment of their invoices. No provision has been made in the accounts since the Company has taken up the matter with the suppliers for waiver of interet.

11. During the year the company has reduced its liability to the extent of Rs. 964782.78 to the Government of Kerala towards Lease Rent on lands planted with Oil Palm and lands meant for such cultivation by correspondingly reducing the amount due from Oil Palm India Ltd (a subsidiary of the Company) to whom such lands have been handed over with the developments thereon on the ground that the Government of India wanted the Government of Kerala to provide the requisite lands to the Project free of charge.

For VARMA & VARMA,
Sd/–
(S. PRABHAKARAN)
Partner,
Chartered Accountants
27–9–78.

Ernakulam, Cochin-16
27th September 1978

REPLIES TO THE REPORT OF THE STATUTORY AUDITORS

4. (a) The amount of Rs.37,145 pertaining to slash felling expenses for the prior period ended 31–3–1977 will be capitalised during 1978–79 along with 1976 Plantation in Perambra Estate.

(b) The amount of Rs. 52,297.32 representing the cost of stores supplied to Estates will be included in the accounts for 1978–79. However, this has not affected the profit shown in the Profit & Loss Account.

(c) (d) (e) and (f). Noted. Had these adjustments been made along with 4(a) the profit would have been increased by Rs.30,816.04 as indicated in 4(f).

REPLY TO THE ANNEXURE TO THE AUDIT REPORT (ANNEXURE—A) OF STATUTORY AUDITORS—WHEREVER REQUIRED

1 to 4. The report is factual.

5. Loans and advances includes Rs.2/–lakhs paid to M/s. ENCOS LTD (said to be in liquidation) towards carrying out works contracts. Regarding the recovery of this amount from M/s. ENCOS the matter is under correspondence with the Government of Kerala.

6. Noted.

7. to 10, 12 & 13. The report is factual.

11. Noted. The internal audit wing will be strengthened.

REPLY TO THE ANNEXURE TO THE AUDIT REPORT (ANNEXURE B) OF THE STATUTORY AUDITORS

1. The comment is factual. Please see Note No. 38 in the notes forming part of Accounts.

2. Noted. However, the total amount of Schedule III is shown under Manufacturing & Selling Expenses in the Profit & Loss Account.

3. The amount of recoverable advance paid to workers and staff will either be recovered or adjusted after a final decision is taken in the matter.

4. Noted.

5. This is factual.

6. Stores in transit of Rs. 14,588.82 (net) shown under Current Liabilities will be adjusted in the accounts for 1978–79.

7. Necessary action will be taken without further delay.

8. As regards the amount of Rs. 3,60,260/– recoverable from M/s. ENCOS referred to in Note No. 48 the matter is under correspondence with the Government of Kerala.

9. These claims have not been accepted by the Company and hence the claims have not been acknowledged as debts and not shown under contingent liability.

10. The report is factual.

11. In the administrative orders from Government of India (letter No. 66 (3) B/71–CAI(1) dated 3–12–1977, from the Ministry of Agriculture & Irrigation (Department of Agriculture) it has been indicated that the land for raising plantation etc. will be free contribution by the State Government and its cost will not be taken into account. In the light of this no lease rent is payable and hence liability amounting to Rs. 9,64,782.78 have been reduced. Please also see Note No. 54 in the notes forming part of Accounts.

Sd/-	Sd/-	Sd/-
E. P. EAPEN	R. RAVINDRAN	PHILIP JACOB
Chairman	Managing Director	Secretary

COMMENTS OF THE FINANCE SECRETARY TO THE GOVERNMENT OF KERALA UNDER ARTICLE 105 OF THE ARTICLES OF ASSOCIATION OF THE PLANTATION CORPORATION OF KERALA LTD. ON THE ACCOUNTS OF THE CORPORATION FOR THE YEAR ENDED 31-3-1978.

'NO COMMENTS'

Sd/-
K. V. RABINDRAN NAIR
Finance Secretary

Trivandrum
19-10-1978

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 FOR THE YEAR 1977–78

PROFIT AND LOSS ACCOUNT

Income

1. SERVICE CHARGES—OIL PALM: Rs. 26,96,447.11

This has been understated to the extent of Rs.66,440 due to incorrect calculation of interest on overheads recoverable upto 31st December 1977. The profit has also been understated to the same extent.

GENERAL

2. The perquisite involved in payment of Rs.2,567 as salary for the driver engaged by the Chairman for driving his own car has not been disclosed in terms of Part II of Schedule VI to the Companies Act.

Sd/–
R. K. A. SUBRAHMANYA
Accountant General, Kerala

Trivandrum,
23–3–1979.

Reply to the comments of the Comptroller and Auditor General of India on the Accounts of the Plantation Corporation of Kerala Limited, Kottayam for the year ended 31st March 1978.

1. This will be adjusted in the accounts for the year 1978–79.

2. Noted.

OIL PALM INDIA LIMITED

FIRST ANNUAL REPORT

1978

OIL PALM INDIA LIMITED

Board of Directors	SHRI T. MADHAVA MENON, I. A. S. (CHAIRMAN) SHRI C. K. K. PANICKER, I. A. S. SHRI P. SUBBIAH PILLAI SHRI B. P. SRIVASTAVA (from 14 - 9 - 1978) DR. G. V. RAMANAMURTHY (from 14 - 9 - 1978) SHRI R. RAVINDRAN (DIRECTOR-IN-CHARGE)
Secretary	SHRI P. M. AUGUSTINE
Bankers	Syndicate Bank, Kottayam State Bank of Travancore, Kottayam State Bank of Travancore, Anchal Andhra Bank, Ernakulam District Treasury, Kottayam
Auditors	John & Company, Collectorate Junction, Kottayam.
Registered Office	Kottayam - 686 004 Kerala State.
Estate	Bharathipuram, Anchal - Kulathupuzha Road, Quilon District, Kerala State.

OIL PALM INDIA LIMITED

NOTICE TO MEMBERS

NOTICE is hereby given that the First Annual General Meeting of Oil Palm India Limited will be held at the Registered Office of the Company at Kottayam, Kerala State on Friday, the Twentyninth of September 1978 at 2.30 P. M. to transact the following business.

As ordinary business

1. To receive and adopt the Directors' and Auditors' Reports and audited Balance sheet as at 31st March 1978 and the Profit & Loss Account for the financial year 1 - 1 - 1978 to 31 - 3 - 1978.

2. To record the appointment of Directors made by the President of India and the Governor of Kerala. The following Directors retire and are eligible for re-appointment.

   i) Shri C. K. K. Panicker.
   ii) ,, P. Subbiah Pillai.
   iii) ,, R. Ravindran.
   iv) ,, B. P. Srivastava
   v) Dr. G. V. Ramanamurthy

By order of the Board of Directors
for Oil Palm India Limited
Sd / -
P. M. Augustine
Secretary

Kottayam,
21-8-1978 / 29 . 9 . 1978.

Note:- A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member. A form of proxy is attached. This must be returned duly completed to reach the Office not later than 48 hours before the meeting (i. e. before 2.30 P. M. on 27-9-1978).

NOTICE TO MEMBERS

NOTICE is hereby given that the adjourned First Annual General Meeting of Oil Palm India Ltd. will be held at the Registered Office of the Company at Kottayam, Kerala State on Thursday, the 2nd August 1979 at 3 P. M. to transact the following unfinished item of business.

As ordinary business

1. To receive and adopt the Directors' and Auditors' Reports and audited Balance Sheet as at 31st March 1978 and the Profit & Loss Account for the financial year 1 - 1 - 1978 to 31 - 3 - 1978.

Note:- A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member. Proxies to be valid must be deposited at the Registered Office of the Company at least 48 hours before the time for holding of the meeting.

By order of the Board of Directors
for Oil Palm India Limited
Sd / -
(P. M. Augustine)
Secretary

Kottayam,
5 - 7 - 1979

DIRECTORS' REPORT

Gentlemen,

Your Directors have pleasure in presenting to you the First Annual Report of the Company for the period ended 31st March 1978.

1. History

The Company was incorporated on 21st November 1977 as a Private Company with the immediate object of taking over and running the Oil Palm plantations established by The Plantation Corporation of Kerala Limited. The Company is a subsidiary of The Plantation Corporation of Kerala Limited with 51% participation for the holding company.

The Company has taken over the Oil Palm plantations of the holding company with effect from 1st January 1978 though the formal deed of transfer remains to be executed.

2. Share Capital

The Authorised Capital of the Company is Rs. 10 crores divided into 1,00,000 equity shares of Rs. 1,000 each, out of which only Rs. 2 crores is proposed to be raised immediately. The capital issued to the signatories of the Memorandum and Articles of Association stands at Rs. 4,000. This, along with shares of face and paid up value of Rs. 101.96 lakhs which are being issued in the name of The Plantation Corporation of Kerala Limited for consideration other than cash, together amounting to 51% of the immediate issue, will, to a substantial extent, make up the agreed value of the Oil Palm plantation transferred by the holding company. The balance 49% shares are being issued to the President of India representing the Central Government. We have already received an amount of Rs. 98 lakhs from the Government of India towards share capital contribution.

3. Finance

The estimated cost of the project is Rs. 497 lakhs - Rs. 200 lakhs to be raised by way of share capital and balance Rs. 297 lakhs as loan from financing institutions. The Board has authorised the Director-in-Charge to negotiate and arrange institutional finance. The Agricultural Finance Corporation has been already approached by us in this regard.

4. Profit & Loss Account

Though the Company was incorporated on 21-11-1977 the accounts relate to the period 1st January to 31st March 1978 since the plantations were taken over from 1st January 1978 only. The Profit & Loss Account shows a loss of Rs. 5,31,937.63.

5. Planting

Taking into consideration the shortage of vegetable and edible oils in the country, the Central and State Governments gave thought to the introduction of new oil yielding crops in the country. The Kerala Government took up cultivation of oil palm as an experiment in a 40 hectares farm in Thodupuzha as early as 1962. Plantings were done in Thodupuzha in 1962, 1963, 1965 and 1969. Thodupuzha experimental plantation will be handed over to Oil Palm India Limited shortly. As a result the feasibility of cultivating oil palm as a regular crop was established.

Encouraged by this success, the Government of Kerala entrusted PCK with further development of oil palm plantation. A project report was prepared for raising 2000 hectares of oil palm at Anchal range. The project was approved by the Government of Kerala and Government of India. Based on the project report, the Government of Kerala ordered the release of 2000 hectares of land in the Anchal range. The Forest Department handed over forest lands in Anchal (Quilon District) measuring approximately 1724.27 hectares to the Corporation. The plantings were as follows:-

1971-1972	..	122 hectares
1972-1973	..	202 hectares
1973-1974	..	225 hectares
1975-1976	..	503 hectares
Total		1052 hectares

The ban imposed by Malaysia on supplying oil palm seeds adversely affected our planting programme and so, since 1975, no further planting could be done for want of planting materials. Now, this situation has somewhat changed and we have imported 1,50,000 seeds from Papua New Guinea for planting another 630 hectares in 1979. Import of seeds has also been arranged for planting of balance area in 1980.

Considering the magnitude of the oil palm cultivation already done and envisaged for the future and in order that this new crop receives undivided attention, the Government took a decision to form a new company, Oil Palm India Limited, as a subsidiary of the PCK.

6. Import of seeds

As oil palm seeds are not available in India, we had to import seeds from foreign countries. For 1971 planting we imported 25,000 Tenera pre-heated seeds from Malaysia in 1970. For 1972 planting, we imported 24,000 seeds from Nigeria and for 1975 planting we imported 1,20,000 seeds from Nigeria. For 1979 planting we have imported 1,50,000 seeds from Papua New Guinea. For planting in 1980, we are taking steps to import seeds from Nigeria and Ivory Coast.

7. Production

Commercial yielding started in 1976-77. Approximately 216 hectares are under yielding. During 1976-77 we harvested 80 tonnes FFB extracting 10.92 Tonnes red oil. During 1977-78, the second year of production, we got 1200 kgs. oil per hectare against 666 kgs. per hectare estimated in the Project Report. For 1978-79 our target is 162 tonnes oil and during the period from 1/4/1978 to 31/7/1978 we have extracted 28.12 tonnes oil.

8. Expansion Programme

It is proposed to expand the area under oil palm by another 4,000 hectares. A project report for this purpose has been prepared and submitted to the Government for sanction. The cost of the project is Rs. 852 lakhs. Suitable area for cultivation has been identified in the Anchal forest range lying on the southern side of the Anchal-Kulathupuzha road. The FAO Bankers Mission which visited India for identifying suitable area for oil palm expressed satisfaction with the site. Planting under expansion programme is scheduled to start in 1980-81, and steps are being taken to import seeds to plant 500 hectares in 1980.

9. Visitors

Commercial planting of oil palm being new to India, the Oil Palm plantations attracted many visitors. Hon'ble Minister for Agriculture, Government of India, Hon'ble Minister for Forests, Government of Kerala, the Managing Director of Agricultural Finance Corporation, Agricultural Adviser to the Ministry of Overseas Development, U. K., the Assistant Director General of FAO were among our distinguished visitors. We also had a visit by Dr. T. A. Cornelius, Head of Oil Seed and Edible Nuts Section and Secretary of Oil Palm Advisory Bureau, Tropical Product Institute to assess at first - hand how best the Institute could assist the Company in setting up a processing unit. In addition, FAO Bankers Mission visited the plantations and held detailed discussions with the officials regarding plantation management and future expansion.

10. Sales

The principal consumers of our red oil are the soap manufacturers. During the period under review, we have sold approximately 18 tonnes of oil and the realisation on this account is Rs. 1,13,658.12.

11. Personnel

As subsidiary of the PCK Limited, the Company will be able to get the benefit of the advice of Senior Officers of the Corporation in their functional areas.

The Secretary of the Company was appointed effective 1 / 8 / 1978 and the post of Project Officer (Oil Palm) has also been filled up.

12. Directors

Our Articles of Association provides for a seven member Board of Directors consisting of five nominees of the Governor of Kerala (including the Managing Director) and two nominees of the President of India. Shri R. Ravindran, Managing Director of the holding company, is the Director-in-Charge. Nominees of the President of India on the Board are yet to be named.

Under Article 38 of the Articles of Association, the subscribers of the Memorandum of Association, viz. Sarvashree P. G. Muralidharan and R. Ravindran, became the first Directors of the Company. Subsequently, Government of Kerala appointed the following Directors also, effective 12 / 1 / 1978.

1. Shri M. Mohankumar, Additional Secretary, Finance Department.
2. ,, C. K. K. Panicker, Director of Agriculture.

Shri P. G. Muralidharan, Agricultural Production Commissioner, was also appointed Chairman of the Company. On 1 / 4 / 1978, Shri P. Subbiah Pillai, Deputy Secretary, Finance Department, was appointed Director in place of Shri M. Mohankumar.

Consequent on his transfer to Central Government, Shri P. G. Muralidharan, Chairman, resigned as Director effective 23/ 6 / 1978 and, in his place, Shri T. Madhava Menon, his successor as Agricultural Production Commissioner, was appointed Chairman and Director from the same date.

13. Advisory Committee

To advise the management on technical matters, an Advisory Committee has been constituted. In addition to the Chairman and the Managing Director, nominees of Central Plantation Crops Research Institute, the Kerala Agricultural University and the Department of Agriculture are the members of the Committee.

14. Acknowledgments

Your Director take this opportunity to thank the United Nations Food and Agricultural Organisation, the Government of India, the Government of Kerala, the Agricultural Finance Corporation, the Kerala Agricultural University and the Central Plantation Crops Research Institute for their co-operation and guidance in all matters. The officers and staff of the holding company who have sincerely worked for the formation and running of the Company deserve full praise. With continued assistance of all, your Directors hope to achieve better results in the years to come.

for and on behalf of the Board of Directors

Kottayam	Sd/-	Sd/-
26 . 8 . 1978	Chairman	Director-in-Charge

OIL PAL

(A subsidiary of Plantat

Registered Offi

BALANCE SHEET

LIABILITIES	Rs.		Rs.
SHARE CAPITAL			
Authorised			
100,000 Equity Shares of Rs. 1,000/- each	10,00,00,000.00		
Subscribed and Paid up			
4 Equity shares of Rs. 1000/- each fully paid-up held by the PCK Limited.			4,000.0
Amount received from Govt. of India for issue of shares			98,00,000.0
CURRENT LIABILITIES AND PROVISIONS			
Amount due to Plantation Corporation of Kerala Ltd. for value of assets taken over from them	1,15,82,987.83		
Other liabilities as per Schedule F.	4,76,111.43		
			1,20,59,099.2
		Total	2,18,63,099.2

Per our Report attached
for JOHN AND COMPANY,
Chartered Accountants

Sd/-
T. V. Joseph, B. Com., F. C. A.
Partner

Kottayam,
23-3- 1979.

NDIA LIMITED

rporation of Kerala Limited.)

ottayam - 4

T 31ST MARCH 1978

Assets	Rs.		Rs.
XED ASSETS			
Buildings, Roads, Plant and Machinery, Furniture as per Schedule A.	42,37,090.13		
Development of Property as per Schedule B.	1,10,49,914.48		
Buildings and Roads under construction at cost	10,49,610.96		
			1,63,36,615.57
RRENT ASSETS, LOANS AND DVANCES			
Currrent Assets as per Schedule C.	46,95,551.69		
Loans and advances as per Schedule D.	1,27,921.40		
			48,23,473.09
SCELLANEOUS EXPENDITURE (To the extent not written off or adjusted as per Schedule E)			1,71,072.97
OFIT AND LOSS ACCOUNT Net loss for the year			5,31,937.63
		Total	2,18,63,099.26

On behalf of the Board

Sd/- T. Madhava Menon, Chairman

Sd/- P. Subbiah Pillai, Director

Sd/- R. Ravindran, Director-in-Charge

Sd/- P. M. Augustine, Secretary

ottayam,

- 8 - 1978

OIL PAL

(A subsidiary of Plantat

PROFIT AND LOSS ACCOUNT F

EXPENDITURE				Rs.
To Stock of palm oil as on 1-1-1978 taken over from P. C. K. Limited.	..	..	..	1,56,186.55
,, Pay and allowances	..	..	..	71,614.26
,, Leave encashment ..	..	..	..	14,843.16
,, Employer's contribution to P. F.	..	..	..	18,371·25
,, Deposit Linked Insurance	..	..	..	1,571.30
,, Welfare fund ..	..	..	..	381.00
,, T. A. to Directors ..	..	..	..	255.00
,, T. A. to staff ..	..	..	..	12,393.39
,, Rates and taxes ..	..	..	..	42.00
,, Electricity charges ..	..	..	..	3,256.91
,, Insurance charges ..	..	..	..	21,137.90
,, Repairs and maintenance of Assets (Schedule I)		..	..	27,231.02
,, Advertisement charges ..	..	..	..	4,847.34
,, Remuneration to Auditors for other services		..	..	1,000.00
,, Prior period adjustment account	..	..	..	5,776·98
,, Welfare Expenses (Schedule II)	..	..	..	56,802.03
,, Miscellaneous Expenses (Schedule III)	..	..	..	2,41,609.35
,, Cultivation and upkeep	..	..	..	78,559.17
,, Manufacturing & selling expenses	..	..	..	45,103.71
,, Depreciation including loss on revaluation		..	..	1,52,852.40
,, Losses and write off	..	..	..	17.00
			Total	9,13,851.72

Per our Report attached
For John and Company
Chartered Accountants
Sd/- T. V. Joseph, B. Com., F. C. A.
Partner.

Kottayam,
23-3-1979.

DIA LIMITED

poration of Kerala Limited)

PERIOD ENDED 31-3-1978

INCOME					Rs.
By sale of palm oil – 18, 137 Kgs.		..	..	..	1,13,658.12
" Sale of empties	..	..	..	..	581.49
" Interest on Deposit	..	..	..	..	27,363.82
" Rent of Buildings	..	..	..	..	114.00
" Closing stock of oil	..	..	..	..	2,40,196.66
" Loss carried forward to Balance sheet		..	..	..	5,31,937.63
					9,13,851.72

On behalf of the Board,
Sd/- T. Madhava Menon, Chairman.
Sd/- P. Subbiah Pillai, Director.
Sd/- R. Ravindran, Director – in – Charge.
Sd/- P. M. Augustine, Secretary.

Kottayam,
26 - 8 - 1978.

SCHEDU

SCHEDULE

(Included in and forming part of

Items	ORIGINAL COST		
	Cost as on 1 - 1 - 1978	Additions	Total
Buildings	10,37,396.46	1,72,985.39	12,10,381.85
Vehicles	57,589.19	—	57,589.19
Plant and machinery	1,22,901.25	—	1,22,901.25
Furniture	44,121.56	85.00	44,206.56
Office equipments	2,681.13	2,585.72	5,266.85
Survey instruments	801.57	—	801.57
Roads	16,63,833.46	8,59,451.28	25,23,284.74
Fences	32,232.62	—	32,232.62
Earth Moving Equipment	1,57,984.67	—	1,57,984.67
Electric Instrument installation	14,402.95	—	14,402.95
Electric appliances	1,695.15	—	1,695 15
Wells	305.05	—	305.05
Water supply installation	59,735.47	1,50,280.82	2,10,016.29
Total	31,95,680.53	11,85,388.21	43,81,068.74

NOTE :- Cost as on 1 - 1 - 1978 is inclusive of service charges charged by P. C. K. Limited.

A

XED ASSETS

lance Sheet as at 31st March 1978)

epreciation for the year	DISPOSAL		BALANCE		
	Original Cost	Depreciation	Original Cost	Depreciation	Net Block
32,800.53	—	—	12,10,381.85	32,800.53	11,77,581.32
17,276.75	—	—	57,589.19	17,276.75	40,312.44
18,478.88	—	—	1,22,901.25	18,478.88	1,04,422.37
4,420.62	—	—	44,206.85	4,420.62	39,785.94
790.02	—	—	5,266.85	790.02	4,476.83
120.23	—	—	801.57	120.23	681.34
—	—	—	25,23,284.74	—	25,23,284.74
—	—	—	32,232.62	—	32,232.62
47,395.40	—	—	1,57,984.67	47,395.40	1,10,589.27
1,440.29	—	—	14,402.95	1,440.29	12,962.66
254.27	—	—	1,695.15	254.27	1,440.88
—	—	—	305.05	—	305.05
21,001.62	—	—	2,10,016.29	21,001.62	1,89,014.67
1,43,978.61	—	—	43,81,068.74	1,43,978.61	42,37,090.13

SCHEDULE - B

SCHEDULE OF DEVELOPMENT OF PROPERTY

(Included in and forming part of the Balance Sheet as at 31st March 1978)

Items	Cost as on 1-1-1978	Additions	Total	Disposals & adjustments	Cost till date
1971 Plantation	18,10,910.39	—	18,10,910.39	—	18,10,910.39
1972 Plantation	29,88,923.16	—	29,88,923.16	—	29,88,923.16
1973 Plantation	25,08,769.64	20,412.46	25,29,182.10	—	25,29,182.10
1975 Plantation	37,12,407.62	8,491.21	37,20,898.83	—	37,20,898.83
Total	1,10,21,010.81	28,903.67	1,10,49,914.48	—	1,10,49,914.48

Note:- Cost as on 1-1-1978 is inclusive of service charges charged by P. C. K. Limited.

SCHEDULE - C

Current Assets	
Stores and spares at cost	2,21,900.96
Loose Tools revalued	14,877.00
Equipments revalued	19,543.00
Finished goods, work in process and stock in transit at value subsequently realised / realisable	2,40,196.66
Nursery	1,69,818.65
Cash and Bank balance	
Stamp and stamp paper on hand	21.00
Balance on Treasury Savings Bank Account	39,60,600.00
Cash in transit	7,026.32
Balance with scheduled banks in current account ..	61,568.10
Total	46,95,551.69

SCHEDULE - D

Loans and advances

Deposit with Electricity Board		100.00
Pre-paid expense		74.38
Interest accrued on Treasury Deposit		19,803.00
Other advance recoverable in cash or in kind or for value to be received		
Pay advance to staff and workers..		31,546.41
Leave salary and pension contribution recoverable ..		965.30
Cycle loan		6,150.00
Stores recoverable		211.26
Hire charges recoverable		123.00
Postage recoverable		18.00
Bonus advance recoverable		65,363.10
Subsistance allowance recoverable..		2,994.35
Travelling allowance advance		189.10
Other advance		379.00
Welfare fund recoverable		4.50
	Total	1,27,921.40

SCHEDULE - E

Miscellaneous expenses to the extent not written off or adjusted

Shortage of I. B. Equipment		36.00
Shortage of stores		7,530.47
Shortage of tools		785.24
Investigation factory site		5,051.63
Suspense		518.64
Preliminary expenses		1,57,150.99
	Total	1,71,072.97

SCHEDULE - F

Other Liabilities

Sundry creditors		3,90,320.64
General suspenses		214.57
P. F. suspense		15.75
Earnest money and security deposit		77,242.00
Recoveries pending remittance		8,318.47
	Total	4,76,111.43

DEVELOPMENT EXPENDITURE FOR THE PERIOD ENDED 31-3-1978

(Schedule forming part of Balance sheet as at 31-3-1978)

Items			Rs.	Rs.
Overhead transferred for Engg. works			1,84,493.61	
Pay and allowances			27,508.77	
Overtime to staff			1,778.35	
Leave salary and pension contribution			456.00	
Leave encashment			1,876.82	
Employer contribution P. F. ..			638.40	
Deposit linked insurance			44.00	
Travelling allowance			488.10	
Repairs and maintenance of Assets			24,863.35	
Welfare expenses			6,685.08	
Miscellaneous expenses and adjustments			787.35	
Depreciation			137.77	
Cultivation and upkeep			12,810.20	
Prior period expenses			7,186.47	
Electricity charges			74.25	
				2,69,828.52
Less :-				
Overheads of incomplete Engineering works C/F				1,89,166.83
				80,661.69
Capitalised as under :				
Completed Engg. works				51,758.02
Plantations	1973	20,412.46		
	1975	8,491.21		28,903.67
				80,661.69

SCHEDULE - I

Repairs and maintenance of Assets

Buildings	11,036.57
Vehicles	8,507.87
Plant and machinery	566.34
Electrification	468.30
Water supply	1,039.84
Others	133.00
Roads	5,190.10
Implements	289.00
Total Rs.	27,231.02

SCHEDULE II

Welfare expenses

Medical facilities	19,598.73
Maternity benefit	5,205.69
Weather protection expenses	2,552.21
Way expenses	277.30
Uniform	54.95
Sanitation	720.30
Sickness benefit	11,037.48
Leave with wages	6,532.93
Drinking water supply	5,371.37
Total Rs.	56,802.03

SCHEDULE III

Miscellaneous expenses and adjustments

Postage	1,829.64
Printing and stationery	5,227.17
Office expenses	3,461.06
Books and periodicals	82.40
Storage expenses	87.30
Entertainment	4,398.05
Security expenses	368.84
Temporary shed	489.00
Service charges and interest	2,25,665.89
Total Rs.	2,41,609.35

Signatures to the Schedules

Per our Report attached
For John and Company
Chartered Accountants.
Sd/- T. V. Joseph, B. Com., F. C. A.
Partner.
Kottayam,
23-3-1979.

On behalf of the Board
Sd/- T. Madhava Menon, Chairman.
Sd/- P. Subbiah Pillai, Director.
Sd/- R. Ravindran, Director-in-Charge
Sd/- P. M. Augustine, Secretary
Kottayam,
26-8-1978.

Notes attached to and forming part of the accounts for the year ended 31st March 1978

1. Estimated amount of civil contracts on capital assets to be executed on accounts and not provided for Rs. 10,35,844.59.
2. Lease deeds for lands handed over are yet to be executed.
3. No provision has been made for gratuity, as all the employees are not going to retire at one point of time and therefore not considered necessary to provide for gratuity. The retirement will be staggered and the expenditure will be charged to revenue every year.
4. The closing stock of oil has been valued at subsequent realised/ realisable value.
5. Estimated amount of supply of capital assets remaining to be executed and not provided for is approximately Rs. 5/- lakhs.
6. The Profit & Loss Account includes:-

(1)	Wages	..	Rs.	1,45,552.85
(2)	Stores	..	Rs.	18,873.75
(3)	Fuel	..	Rs.	4,677.77

The Development expenditure includes:-

(1)	Wages	..	Rs.	1,07,056.87
(2)	Stores	..	Rs.	31,294.65

7. The Development expenditure has been allocated and capitalised for immature plantations on the basis of the area under cultivation.
8. There was no employee in the Company drawing a remuneration in excess of Rs. 36,000/- per annum in the aggregate during the year. No employee was employed for any part of the year on a monthly salary exceeding Rs. 3,000/-
9. Sitting fees to Directors amounting to Rs. 600/- has not been provided for. The amount shown as expenditure is only expenditure of Director-in-Charge during his tour exclusively for Oil Palm.
10. Additional information as per clause IV 'D' of part 2 to Schedule VI.

(a) CIF value of imports during the year .. Nil

(b) Expenditure in foreign currency .. Nil

(c) Value of raw materials, stores, spare parts and components consumed during the year:-

	Value	*Expressed as percentage of consumption*
1) Imported	Nil	Nil
2) Indigenous (stores & spares) included under capitalisation	Rs. 50,168.40	100
(d) Particulars of dividend remitted in foreign exchange	Nil	—
(e) Earnings in foreign exchange	Nil	—

11. Lease rent has not been provided for the area handed over for raising oil palm plantation and has not been paid for. In the administrative order from the Government of India (Letter No. 66 (3) B/71-CAI (I) dated 3-12-1977), it has been indicated that the land for raising plantation etc. will be free contribution by the State Government and its cost will not be taken into account. This matter is under correspondence with the Government of Kerala and a final decision in the matter is awaited.

12. No provision has been made for bonus for the year 1977 in the accounts as the Company has not made any profit during the year.

13. Only four shares have been treated as fully paid-up shares, as these shares have been given to the signatories of the Memorandum and Articles of Association.

14. The formal deed of transfer of the plantation with all its assets and liabilities has not been executed so far.

15. As the Company is an agricultural company and is carrying on only operations required for making the produce marketable the provision contained in Para II - Schedule VI of the Companies Act as to installed capacity etc. is not applicable.

16. There are no corresponding previous year figures since this is the first year of operation.

Signatures to the notes

On behalf of the Board

Per our Report attached	Sd/- T. Madhava Menon, Chairman
For JOHN AND COMPANY,	Sd/- P. Subbiah Pillai, Director
Chartered Accountants,	Sd/- R. Ravindran, Director-in-Charge
Sd/- T. V. Joseph, B. Com. F. C. A., Partner	Sd/- P. M. Augustine, Secretary

Kottayam,	Kottayam,
23-3-1979	26-8-1978

JOHN & COMPANY,
Chartered Accountants.

AUDITORS' REPORT

The Shareholders,
Oil Palm India Limited,
Kottayam.

We have audited the attached Balance Sheet of OIL PALM INDIA LIMITED as at 31st March 1978 and also the annexed Profit & Loss Account of the Company for the period 1 - 1 - 1978 to 31 - 3 - 1978 and report that:-

(a) as required by the Manufacturing and Other Companies (Auditors' Report) Order 1975 issued by the Company Law Board in terms of Section 227 (AA) of the Companies Act, 1956 we enclose in the Annexure "A" a statement on the matter specified in paragraphs 4 and 5 of the said order;

(b) further to our comments in the Annexure referred to in paragraph 1 above:-

(1) we have obtained all the information and explanation which, to the best of our knowledge and belief, are necessary for the purpose of our audit.

(2) in our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of the books.

(3) the Balance Sheet and Profit and Loss Account dealt with by the report are in agreement with the books of account.

(4) in our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and the Profit & Loss Account, subject to and read with the notes attached to audit notes forming part of this report detailed in Annexure "B" give the information required by the Companies Act 1956, in the manner so required and give a true and fair view:

(a) in so far as it relates to Balance Sheet of the state of affairs of the Company as at 31 - 3 - 1978; and

(b) in so far as it relates to Profit & Loss Account the loss of the Company for the period from 1 - 1 - 1978 to 31 - 3 - 1978.

for JOHN & COMPANY
Chartered Accountants,
Sd /-
T. V. Joseph, B. Com., F. C. A.
Partner.

Place: Kottayam.
Date: 23 - 3 - 1979

JOHN & COMPANY,
Chartered Accountants.

ANNEXURE – A

Annexure to our Audit Report on the accounts of OIL PALM INDIA LIMITED for the period from 1-1-1978 to 31-3-1978

(Referred to in paragraph 1 of our report of even date)

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets except that the Company has not kept up-to-date the Plantation Field Registers giving particulars of trees etc. for which the Company has given an assurance that the said Registers will be kept up-to-date. As per the information furnished to us, the Fixed Assets have been verified by the Management during the year. No serious discrepancies have been noticed on verification.
2. None of the Fixed Assets have been revalued during the year.
3. The stock of finished goods, stores, spare parts, raw materials and other items have been physically verified during the year by the Management. The discrepancies noticed on verification at the end of the year between the physical stock and book records are not significant and the same have been properly dealt with in the books of account. In our opinion, the valuation of the above mentioned stocks is fair and proper in accordance with normally accepted accounting principles.
4. The Company has not obtained loans from companies, firms or other parties to which section 301 of the Companies Act 1956 is applicable and from companies under the same management except amounts due to the Holding Company.
5. The Company has not given any loans and advances in the nature of loans.
6. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurable with the size of the Company and the nature of its business with regard to purchase and issue of stores, raw materials including components, plant and machinery, equipments and other assets.
7. According to information and explanations given to us, the Company has not made any purchase of stores or other items from firms or companies or other parties in which the Directors are interested as listed in the Register maintained under Section 301 of the Companies Act 1956 except as provided under Section 297(2) of the Act.
8. The Company has not accepted deposits from public under Section 58A of the Companies Act 1956 and the Companies (Acceptance of Deposits) Rules 1975.
9. The Company had determined unserviceable or damaged tools and stores. Adequate provision has been made in the accounts for the loss arising on the items so determined.
10. In our opinion and according to the information and explanation given to us, the Company has maintained reasonable records for sale and disposal of scrap and unserviceables.
11. In our opinion the Company has adequate internal audit system commensurable with the size of the Company.
12. The order made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956, is not applicable to this Company.
13. According to the records of the Company, Provident Fund dues have been regularly deposited during the year and there are no arrears of Provident Fund dues as at 31-3-1978.

For JOHN & COMPANY,
Chartered Accountants,
Sd/—
T. V. Joseph, B. Com., F. C. A.
Partner.

Place: Kottayam
Date: 23-3-1979

JOHN & COMPANY
Chartered Accountants.

ANNEXURE – B

Audit notes attached to and forming part of the Audit Report on the accounts of Oil Palm India Limited for the period ended 31 – 3 – '78

(1) An amount of Rs. 54,140/- due to Plantation Corporation of Kerala Limited being sale proceeds of palm oil made in February 1978 has not been included in the amount shown under "Other Liabilities" as due to Plantation Corporation of Kerala Limited.

(2) An amount of Rs. 14,644.92 being value of stores-in-transit pertains to amount due from Plantation Corporation of Kerala Limited and is not deducted from the amount due to Plantation Corporation of Kerala Limited shown under Current Liabilities. This has to be adjusted.

(3) There is a contingent liability as on 31 - 3 - 1978 in respect of a disputed contract for construction of cross drainage works in the roads. The matter was decided in a Court of Law and according to the judgment dated 16th November 1978, the Company has to pay to the contractor, Shri P. C. Abraham, an amount of Rs. 4,840.57 being principal amount of Rs. 3,970/- plus interest at 6% for the period 5 – 8 - 1974 to 31 - 3 - 1978 Rs. 870.57.

(4) Sales include an amount of Rs. 422.02 pertaining to sales during the period prior to 1 – 1 – 1978.

(5) While valuing the assets transferred from the Holding Company to the Subsidiary Company service charges, overheads and interest included in the cost as on 1 - 1 - 1978 is under-capitalised to the extent of Rs. 6,15,359.31, which comprises of the following:-

1.	Interest on overheads under-calculated		Rs. 66,438.00
2.	Interest charged to Profit & Loss Account by Holding Company during 1976-77 not taken into account while Capitalisation.		Rs. 4,58,250.00
3.	Lease rent charged to Profit and Loss Account by Holding Company during 1976-77 and not taken into account while capitalisation.		
	Lease rent charged to Profit and Loss account in 1976-77. ..	Rs. 30,600.00	
	Lease rent charged to Profit and Loss account in 1976-77 as prior period expenditure	Rs. 60,071.31	
			Rs. 90,671.31
			Rs. 6,15,359.31

(6) No provision has been made for audit fee as orders have not been received fixing the audit fee.

(7) **Perquisite to Directors**

As the Managing Director of the Holding Company was Director-in-charge for Oil Palm India Limited also, no separate perquisite given from the Company.

for JOHN AND COMPANY
Chartered Accountants,
Sd/-
T. V. Joseph, B. Com, F. C. A.
Partner.

Place: Kottayam,
Date: 23 - 3 - 1979.

Replies to the Audit notes Included as Annexure "B" of the Report of the Statutory Auditors

Notes at Sl. Nos. 1, 2, 4 and 5	The amounts will be adjusted during the financial year 1978-79.
Notes at Sl. Nos. 3, 6 and 7	The report is factual.

On behalf of the Board,

Sd/- T. Madhava Menon, Chairman.

Sd/- R. Ravindran, Managing Director.

Sd/- K. V. Joseph, Director.

Sd/- P. M. Augustine, Secretary

Kottayam,
27-3-1979.

Comments of the Comptroller and Auditor General of India Under Section 619 (4) of the Companies Act, 1956 on the Accounts of Oil Palm India Limited for the Year 1977-78

BALANCE SHEET

ASSETS

Current Assets, Loans and Advances

Current assets (Schedule C)

Stores and spares at cost - Rs. 2,21,900.96

1. This includes Rs. 14,644.92 being value of stores-in-transit which should have been shown separately.

Sd/—

Accountant General, Kerala

Trivandrum,
24-5-1979.

Reply to the Comments of the Comptroller and Auditor General of India

"NOTED"

On behalf of the Board,
Sd/- P. M. Abraham, Chairman
Sd/- G. V. Ramanamurthy, Director
Sd/- K. V. Joseph, Director
Sd/- R. Ravindran, Managing Director
Sd/- P. M. Augustine, Secretary

Kottayam,
5-7-1979.

OIL PALM INDIA LIMITED

(Subsidiary of The Plantation Corporation of Kerala Limited)

Registered Office :

Muttambalam, Kottayam 686 004

FORM OF PROXY

I/We.. of ....

.... in the District of ....

being a member / members of the above named company, hereby appoint ....

.... of ....

.... in the District of ....

or failing him .... of ....

.... in the District of ....
as my / our Proxy to attend and vote for me / us on my / our behalf at the First Annual General Meeting of Oil Palm India Limited to be held on the 29th day of September 1978 and at any adjournment thereof.

Affix 30 Paise
Revenue
Stamp

Signature of shareholder (s) ....

Signed at .... this .... day of .... 19..