ANNUAL REPORT 1986-'87

THE PLANTATION CORPORATION OF KERALA LTD.

P.B.No:12 KOTTAYAM-686004.

THE PLANTATION CORPORATION OF KERALA LIMITED

Registered Office: KOTTAYAM - 686 004

BOARD OF DIRECTORS

CAV. T. U. KURUVILLA
Chairman (From 10-11-1982 to 18-4-1987)

SHRI. M. S Joseph, I A S
Chairman (From 18-4-1987 to 26-10-1987)
As Director (from 19-10-1985)
As Managing Director from 28-2-1988 to 2-5-1988

ADV. V. T. Thomas
Chairman (From 27-10-1987)

SHRI. M. Sivarajan, I F S
(From 12-10-1984 to 7-10-1985 and from 19-10-1985)

" A. G. ZACHARIAH
(From 10-7-1985 to 18-4-1987)

" K. M. CHERIYAN
(From 18-4-1987 to 29-9-1987)

" C. A. KURIAN
(From 27-10-1987)

" T. P. RAMAKRISHNAN
(From 27-10-1987)

" C. K. UNNIKRISHNAN
(From 27-10-1987)

SHRI. G. PEETHAMBARAN
(From 27-10-1987)

" K. GOPINATHA PILLAI
(From 27-10-1987)

" U. K. BHASI
(From 27-10-1987)

" NARAYANA PILLAI
(From 27-10-1987)

" K. BHASKARAN
(19-4-1989 to 25-9-1989)

" N. K. GOPALAKRISHNAN
Managing Director
(From 18-5-1984 to 28-2-1988)

" KURUVILLA JOHN, I A S
Managing Director
(From 2-5-1988 to 18-7-1989)

" K. SIVAPRASAD
Managing Director
(From 18-7-1989 to 18-4-1990)

" E. K. BHARAT BHUSHAN, I A S
(From 18-4-1990)

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

South Indian Bank Limited

Federal Bank Limited

Corporation Bank

District Treasury, Kottayam.

AUDITORS REPORT

M/s. K. Venkatachalam Aiyer & Co.,
Chartered Accountants, Kottayam.

LEGAL ADVISERS

M/s· Joseph & Markos,
Advocates, Kottayam.

M/s. Menon & Pai,
Advocates, Ernakulam.

M/s. Menon & Menon,
Advocates, Ernakulam

Mr. Jose Mackil,
Advocate, Kottayam.

M/s Swami, Cheriyan & Shankar,
Notary & Lawyers,
Kottayam.

Mr. George Poothottam,
Advocate, Ernakulam.

Mr. P. T. Mathew,
Retired Dist. Judge,
Kottayam.

Mr. M. K. Vasudeva Kurup,
Advocate, Kottayam.

Mr. E. T. Mathew,
Advocate, Kottayam.

Mr. Thampi Cheriyan,
Advocate, Ernakulam.

Mr. T. P. Mathai,
Advocate, Ernakulam.

Mr· N. Bhaskara Pillai,
Advocate,
Meenattoor, Trivandrum.

M/s. Law Chamber, Kottayam.

CONTENTS

NOTICE TO SHAREHOLDERS

Notice is hereby given that the 25th Annual General Meeting of the Corporation will be held at the Registered Office of the Corporation at 12 Noon on Tuesday the 29th September, 1987 to transact the following business.

i) To receive and adopt the Directors' and Auditors' Reports and the audited Balance Sheet as on 31 st March 1987 and the Profit and Loss Account for the year ended on that date.

ii) To record the appointment of Directors by the Government of Kerala in the place of Directors retiring at the Annual General Meeting under the Article 63 (a) of the Articles of Association. The following Director retires and is eligible for reappointment.

Sri. M. Sivarajan

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

Kottayam
Date: 22.9.1987

Sd/-
PHILIP JACOB
Secretary

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

NOTICE TO SHAREHOLDERS

Notice is hereby given that the 25th (adjourned) Annual General Meeting of the Corporation will be held at the Registered Office of the Corporation at Kottayam on Monday the 25th September 1989 at 11 a. m. to transact the following business.

To receive and adopt the Director's and Auditor's Reports and the audited Balance Sheet as on 31-3-1987 and the Profit and Loss Account for the year ended on that date.

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

Sd/-
Secretary - cum - Manager (F & A)

Kottayam
Date: 21-8-1989

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.

Gentlemen,

DIRECTOR'S REPORT

Your Directors have pleasure in presenting the 25th Annual General Report of the Corporation for the year ended 31 st March 1987.

FINANCIAL POSITION

The Authorised Capital of the Corporation is 750 lakhs and the paid up capital which stood at Rs. 556.888 lakhs as on 31-3-1986 continued unchanged during 1986-87.

The Corporation has made substantial remittances towards loan drawn from Govt. of Kerala for estate developments and subsidised Housing Scheme and also interest due on these loan during the year 1986-87.

The amount paid are as follows:

Payment of loan	:	Rs. 32.35 lakhs
Payment of interest	:	Rs. 21.40 ,,

The amounts paid subsequently are as follows:

Financial year 1987-88		
Payment of loan	:	Rs. 30.49 ,,
Payment of interest	:	Rs. 23.40 ,,
Financial year 1988-89		
Payment of loan	:	Rs. 28.34 ,,
Payment of interest	:	Rs. 16.62 ,,
Payment upto 30-6-1989		
Payment of loan	:	Rs. 27.84 ,,
Payment of interest	:	Rs. 1.83 ,,

We have availed a loan of Rs. 24.86 lakhs from Syndicate Bank, under World Bank Scheme on 22.7.86. The above loan amount in full has been refunded during the financial year 1988-89.

Also an amount of Rs. 3.57 lakhs towards interest has been remitted against the above loan.

PROFIT & LOSS ACCOUNT

The net profit for the year ended 31-3-1987 was Rs. 1.70 lakhs after making the following provisions.

Interest for loan	:	Rs. 20.07 lakhs
Rehabilitation reserve	:	Rs. 1.35 ,,
Replanting reserve	:	Rs. 7.00 ,,
Depreciation	:	Rs. 22.30 ,,
Bonus	:	Rs. 123.74 ,,
Provision for taxation	:	Rs. 24.00 ,,
Provision for gratuity	:	Rs. 41.74 ,,

AGRICULTURAL INCOME TAX

The Assessment of Agricultural Income Tax of the Corporation has been completed upto 1981-82. For the completed assessment, the Company has filed appeals before the higher authorities which are pending for disposal.

LEASE RENT

Government had unilaterally revised the lease rent to Rs. 615/- per ha from 18-12-1981 onwards for the lands leased out to the Corporation by the Forest Department. Though we have made provisions for this for 1984-85, 1985-86 and 1986-87, we have taken up the matter with the Government for bringing down the lease rent to a rate which the Corporation can withstand. In view of the Corporation's liability to pay up the arrears on this account, we have also suggested to Government that alternatively, the lease hold lands may be assigned to the Corporation and the value adjusted against shares to be issued. This matter is pending with Government for a final decision.

SALES

Rubber

During 1986-87, quantity of rubber sold was 5873.496 tons. Sales proceeds realised was Rs. 1127.55 lakhs against 5224.60 tons sold during 1985-86 for Rs. 1056.99 lakhs. Average price realised in 1986-87 was Rs. 19.20 per Kg. against Rs. 20.23 per Kg. during 1985-86.

Quantity of unprocessed rubber sold in 1986-87 was more due to staff strike, and that the reason for decrease in average price.

CASHEW

The amount received in 1986-87 through sales of cashew nut was Rs. 79.47 lakhs against Rs. 53.89 lakhs during 1985-86.

The Corporation is operating two major World Bank Scheme, Viz. Kerala Agricultural Development Project (KADP) and Multi State Cashew Project (MSCP) including the cashew area in rubber estate, the total extent of cashew plantation is 6,205 hectares.

ESTATES

There are 8 rubber estates and four cashew estates under the ownership of the Corporation. They are located in Pathanamthitta, Ernakulam, Trichur, Kozhikode, Kasargode, Palghat and Malappuram District. The Management of Alakode estate (excess land taken over) in Cannanore District is also vested with the Corporation.

The estates are properly maintained and timely unkeep measures are being taken. The area utilisation is given below:

Area under rubber	:	7,879.5 Ha
Area under cashew	:	6,205
Uncultivated reserve including submergible area	:	174 ,,
Area under buildings, roads, factories etc.	:	295 ,,
		14,553.5 Ha

Production for the year 1986-87 - 5,750.20 M. T.

1 RUBBER ESTATES

Perambra Estate: In 1986-87 an area of 58.32 Hectares was newly planted with rubber in the land taken over from the erstwhile Koothali Farm making the total rubber planted area to 649.32 hectares. In continuation of the above an area of 105 hectares was planted in 1988 and planting operations are in progress in the remaining 40 hectares. With this year's planting the total planted area will comes to 794.32 hectares.

2 **Nilambur Estate:** In 1986 the Nilambur Estate managed by the Forest Department was taken over by us. At that time only about 60 hectares was planted and it ended up as a total failure due to unpredicted drought and other reasons. In 1988 about 40 hectares were planted and it is in a satisfactory condition. Replanting operations have been completed for planting 100 hectares of planting in 1989.

3 **Alakode Estate:** In 1986-87 an area of 8 hectares was newly planted with rubber. In 1988 another 12 hectares was planted with Rubber.

CASHEW ESTATES

Perambra Estate: 12 hectares was planted with cashew, in 1986-87 where rubber cannot be planted. Kasargod, Rajapuram, Cheemeni and Mannarghat estate are maintained satisfactorily

ENGINEERING WORKS

Kodumon Group Factory

A new 250 KV Generator set was erected in Chandanappally Factory at a cost of 8.15 lakhs to meet the power cut. One ambulance van was pruchased for the Kodumon Group Hospital and one lorry was purchased for Chandanappally Estate use.

THANNITHODE ESTATE

During this financial year construction of 1 set labour line and 4 Nos. collecting station were completed. Construction of the office-cum I. B. is in progress. Works of 7 sets labour lines, 1 number creche and one number club building have started.

Vadavathoor quarters, Kottayam

Construction of type 'A' quarters for the Managing Director and type 'B' quarters (with an overhead tank) for General Manager was completed.

Kalady Group

All the maintenance works such as repairs and maintenance of building repairs and maintenance of roads etc. are being attended. The erection of electric drier at a cost of about 8.25 lakhs for crumb unit in Vettilappara Factory is in progress. One ambulance van was purchased for the group hospital and one lorry for Adirappally estate was purchased.

Nilambur Estate

The work construction of labour tenements, staff quarters and road work are in progress.

Perambra Estate

Construction of packing shed attached factory and 1 set labour-line and road to new area were completed.

ALAKODE ESTATE

Construction of labour quarters, staff quarters and division Store have started for the first time after taking over the estate from Government.

PERSONNEL MANAGEMENT, INDUSTRIAL RELATIONS AND LABOUR WELFARE

The organisational set up of the company continued unchanged during the year.

There are fresh appointments of 1 Manager (F & A), 4 Welfare Officers and 1 Secretary cum-Manager (F & A). Under the programme of providing employment to the dependents of employees who die in harness while in service, we have given appointments in workers' category and 19 in staff category. 189 workers were newly appointed through Employment Exchange.

We have continued the practice of sending our employees for various training programmes, Seminars etc. The knowledge and experience gained by them have been of great use in the efficient functioning of the organisation.

Labour-Management relations in the company atmosphere continued to be smooth and cordial. We have held joint conferences, discussions and negotiations at Union-Management level and also at higher levels on various matters concerning staff and workers. These conferences and discussions have enabled us to maintain smooth relationship with the employees. Although we had taken every earnest steps for entering into an agreement on revision of salary and service conditions of staff, it could yet to be finalised. There has been no case of continuous labour unrest during the period excepting a few instances of token strikes and sathyagraha by a section of employees.

The employees in the estates and in the Head Office are provided with basic amenities such as accommodation, water supply, electricity etc. Medical, educational and recreational facilities are also being given as before. The last grade staff, medical staff, mechanical staff etc. are supplied with terry cotton uniform once in two years.

Kalady Plantation High School in our Kalady group of estates has become a full-fledged High School. The upper primary school at Perambra is also functioning satisfactorily and caters to be need of the school going children of our workers there.

The Corporation has already started the implementation of the Scheme providing house buildings to the employees and workers of the Corporation. In order to strengthen the Welfare measures the Corporation has introduced a Welfare Fund to the Tappers and Workers of the estate. A pension Scheme is also going to be introduced without delay.

PARTICULARS OF EMPLOYEES

As required by the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (particulars of Employees) Rules 1975, the names and other particulars of the employees are set out in the Annexure forming part of the report.

BOARD OF DIRECTORS

CHAIRMAN

Cav. T. U. Kuruvilla who was appointed Chairman by Govt. order dated 10.11.1982 continued to hold office as Chairman during the year under review.

MANAGING DIRECTOR

Shri. N. K. Gopalakrishnan. who had been appointed as Managing Director by the Government order dated 17-5-1984 continued to hold office as Managing Director during the year.

NEW LINES OF BUSINESS

The Rubber Wood Project of the Corporation is in advance implementation stage and the Cashew Apple Feni distillery Project is awaiting Government clearance.

ACKNOWLEDGEMENT

Your Directors are grateful to the Government of India, Government of Kerala, World Bank, 'NABARD', R ubber Board, Banks and others for their continued support during the year under review.

Your Directors wish to place on record their deep sense of appreciation of the devoted services rendered by the Executive, staff and workers of the Corporation.

For and on behalf of the Board of Directors

Kottayam,
8-8-1989.

V. T. THOMAS
Chairman

STATEMENT SHOWING THE PARTICULARS OF EMPLOYEES OF THE COMPANY AS REQUIRED UNDER SECTION 217 (2A) OF THE COMPANIES ACT 1956 READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES 1975 AND FORMING PART OF THE REPORT OF THE BOARD OF DIRECTORS FOR THE PERIOD ENDED 31-3-1987

Sl. No. Name of employee	Designation and nature of duties	Renumeration received for the year	Age, qualification and experience	Date of commencement of employment	Last employment held before joining the Company
		Rs.			
1. N. K. Gopalakrisha Pillai	Managing Director	51,340.10	49 B. Sc. (Agri) M. B. A. 23 years	19.5.1984	Agro Machinery Corporation
2. Babu G. George	Senior Construction Engineer	38,057.80	48 Diploma in Civil Engineering 23 years	1.7.1964	Nil
3. D. C. Chithran	General Manager (Personnel & Administration)	47,137.14	50 B. Sc. M. S. W. 23 years	18.4.1966	Kerala University Centre
4. Geordie John	Chief Construction Engineer	39,680.55	46 B. Sc. (Civil Engineering) 21 years	20.10.1965	Nil
5. R. Krishnamurthy	General Manager (Finance & Accounts)	40,155.77	37 B. Com F. C. A. 10 years	14.9.1977	Teekoy Rubber (India) Ltd.
6. K. C. Mathew	Junior Superintendent	37,076.13	49 S. S. L. C N. D. C. 23 years	1.6.1963	Nil
7. K. C. Ninan	Executive Engineer	39,178.64	39 B. Sc. (Electrical) 7 years	23.7.1979	Agromech Engineers
8. Philip Jacob	Secretary	39,949.70	55 B. Sc. B. Com. FCS 29 years	4.2.1977	Marikar Motors Limited
9. A. Ramachandran	General Manager (Sales)	51,354.60	51 B. Sc. (Agri) 29 years	1.1.1964	Agriculture Department
10. P. P. Raphy	Manager(Personnel & Administration)	38,468.06	54 B. A., B.L. MSW. 17 years	2.4.1979	South Indian Bank Ltd.
11. A. K. Rajavarma	Junior Superintendent	37,453.63	54 B. Com. CA (Inter) 21 years	1.4.1966	Nil

12. C. B. Sadasivan	Senior Construction Engineer	40,361.56	48 Diploma in Civil Engineering 22 years	9.6.1964	Nil
13. N. Sasidharan	Junior Superintendent	36,755.86	50 Intermediate 27 years	1.11.1965	Revenue Department
14. N. V. Thomas	General Manager (Production)	49,953.53	48 B. Sc. (Agri) 23 years	13.11.1963	Rubber Board
15. N. T. Thomas	Scientific Officer	45,688.90	46 M. Sc. PHD. 26 years	26.3.1965	Agriculture Department
16. Thampy Abraham	Manager (Finance & Accounts)	39,370.75	40 B. Com. ACA. 10 years	1.11.1978	Kerala Electrical & Allied Engg. Company
17. Thomas Joseph	Senior Construction Engineer	40,347.80	47 Diploma in Civil Engg. 20 years	12.12.1966	Nil
18. K. T. Thomas	Manager	39,775.22	58 B. A. 15 years	3.5.1971	Govt. Department
19. C. G. Vasudevan Nair	Statistical Officer	51,381.90	53 M. A. BEd. 15 years	26.1.1982	Govt. Servant
20. K. T. Varghese	Manager (Quality Control)	38,850.60	37 B. Tech 10 years	6.5.1976	Nil
21. N. Venkiteswara Pai	Junior Superintendent	39,179.12	58 B. Com. 22 years	10.7.1964	Kerala water Transport Corporation
22. K. A. Abraham	Manager (Planning & Development)	41,505.70	46 B. Sc. (Agri) 22 years	20.3.1965	Agriculture Department
23. A. Augusthy	Manager	39,527.13	53 B. Sc. 25 years	12.11.1963	Jail Department
24. C. Ramachandran	Manager	43,391.80	47 B. Sc. 21 years	17.7.1965	Nil
25. S. Subramonia Iyer	General Manager (Cashew)	46,567.84	46 B. Sc. (Agri) 22 years	30.3.1965	Agriculture Department
26. V. M. Kurian	Manager	39,912 43	54 Intermediate Course completed 21 years	25.6.1965	Gwaliar Rayons
27. P. G. Thomas	Manager	42.567.59	55 B. Sc. (Agri) 23 years	1.1.1964	Agriculture Department

Note: None of the Employee is a relative of any Director of the company. The appointment of the managing Director is contractual only.

REVIEW OF ACCOUNTS OF THE PLANTATION CORPORATION OF KERALA LIMITED, KOTTAYAM FOR THE YEAR ENDED 31st MARCH 1987 BY THE COMPTROLLER AND AUDITOR GENERAL OF INDIA.

I. FINANCIAL POSITION

The table below summarises the financial position of the Company under broad headings for the three years upto 1986-87.

		1984-85	1985-86	1986-87
			(Rupees in lakhs)	
Liabilities				
(a)	Paid up capital	556.88	556.88	556.88
(b)	Reserves and surplus	338.07	401.16	384.33
(c)	Borrowings	309.89	223.44	215.96
(d)	Trade dues and current liabilities (including provisions)	1097.24	1261.93	1330.55
		2302.08	2443.41	2487.72
Assets				
(a)	Gross block	787.00	823.52	835.12
(b)	*Less:* depreciation	235.88	258.32	279.14
(c)	Net fixed assets	551.12	565.20	555.98
(d)	Development of property	858.66	876.21	911.60
(e)	Capital work in progress	16.37	9.74	20.92
(f)	Investments	0.01	0.01	0.01
(g)	Current assets, loans & advances	873.36	992.25	999.21
(h)	Intangible assets Miscellaneous expenditure	2.56	—	—
		2302.08	2443.41	2487.72
	Capital employed	1342.80	1367.59	1405.54
	Net worth	892.39	958.04	941.21

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.

II CAPITAL STRUCTURE

The debt equity ratio of the Company declined from 0.56:1 in 1984-85 to 0.40:1 in 1985-86 and to 0.39:1 in 1986-87

III RESERVES AND SURPLUS

The reserves and surplus accumulated as at the end of the three years upto 1986-87 amounted to Rs. 338.07 lakhs, Rs. 401.16 lakhs and Rs. 384.33 lakhs respectively. The reserves and surplus worked out to 14.7 per cent of the total liabilities in 1984-85, 16.4 per cent in 1985-86 and 15.4 per cent in 1986-87 and 60.7 per cent of equity capital in 1984-85, 72.0 per cent in 1985-86 and 69.0 per cent in 1986-87.

IV LIQUIDITY AND SOLVENCY

a) The percentage of current assets to total net assets varied from 37.9 in 1984-85 to 40.6 in 1985-86 and to 40.2 in 1986-87.

b) The percentage of current assets to current liabilities (including provisions) decreased from 79.6 in 1984-85 to 78.6 in 1985-86 and to 75.1 in 1986-87.

c) The percentage of quick assets (Sundry debtors, cash and bank balances, advances recoverable) to current liabilities (excluding provisions) decreased from 100.9 in 1984-85 to 70.8 in 1985-86 and to 45.9 in 1986-87.

V SOURCES AND USES OF FUNDS

Funds amounting to Rs. 72.61 lakhs from external sources were utilised during the year as shown below.

Rupees in Lakhs

Gross fixed assets (including development of property and capital work-in-progress)	:	58.17
Repayment of borrowings	:	7.48
Current assets, loans and advances	:	6.96
		72.61

VI WORKING RESULTS

The working result of the Company for the three years up to 1986-87 are tabulated below

		1984-85	1985-86	1986-87
		(Rs. in lakhs)		
i) Profit as per accounts		139.69	146.67	25.70
Add: a) Prior period adjustments shown above the line.		0.07	9.75	0.07
b) Replanting/Rehabilitation reserve		36.29	39.82	8.35
ii) Profit for the year		176.05	196.24	34.12
Less: Past period adjustments shown below the line.		—	—	39.95
iii) Profit (+) / loss (—) for the year before tax	(+)	176.05 (+)	196.24 (—)	5.83
iv) Taxation provision		105.00	124.00	24.00
v) Profit (+) / loss (—) after tax		(+) 71.05 (+)	72.24 (—)	29.83
Percentage of Profit before tax to				
Sales		15.0	17.6	2.7
Gross fixed assets (including development of property)		10.6	11.5	1.9
Capital employed		13.1	14.3	2.4
Percentage of profit after tax to				
Net worth		8.0	7.5	—
Equity capital		12.8	13.0	—
Capital employed		5.3	5.3	—

VII COST TRENDS

The table below indicates the sales, cost of sales and percentage of cost of sales to sales for the three years upto 1986-87.

	1984-85	1985-86	1986-87
	(Rs. in lakhs)		
Sales	1176·32	1112·21	1246·61
Less: Profit for the year	176·05	196·24	34·12
Cost of sales	1000·27	915·97	1212·49
Percentage of cost of sales to sales	85·0	82·4	97·3

VIII PRODUCTION PERFORMANCE

The value of production for the three years upto 1986-87 is worked out as below.

		1984-85	1985-86	1986-87
			(Rs. in lakhs)	
(a)	Sales	1176·32	1112·21	1246·61
(b)	Closing stock of finished goods and work in progress	139·50	262.81	234·81
(c)	Opening stock of finished goods and work in progress	160·08	139 50	262.81
(d)	Value of production (a+b+c)	1155·74	1235·52	1218·61

IX INVENTORY AND PRODUCTION

Percentage of value of production to net worth varied from 129.5 in 1984-85 to 129.0 in 1985-86 and to 129.5 in 1986-87. The percentage of value of production to total net assets varied from 50.2 in 1984-85 to 50.6 in 1985-86 and 49.0 in 1986-87.

The following table indicates the comparative position of inventory and its distribution at the close of three years upto 1986-87.

		1984-85	1985-86	1986-87
			(Rs. in lakhs)	
a)	Stores and spares			
	i) General stores and spares	58 15	65.05	67.01
	ii) Engineering stores	13.90	11.68	11·19
b)	Loose tools	3.37	4.76	5.75
c)	Stock in trade of finished goods including work in progress	139.50	262 81	234.81
d)	Agricultural equipments	3 37	3.63	3.47
		218 29	347.93	322.23

The stock of general stores and spares was equivalent to 7.2 months' requirements (for production and development of property) during 1986-87, as compared to 8.7 month's in 1985-86 and 9.7 months' in 1984-85 (Engineering stores intended for capital construction are excluded for the purpose of the analysis)

X SUNDRY DEBTORS AND TURNOVER

The following table indicates the volume of book debts and sales for the three years upto 1986-87.

As on 31st March	Book debts considered good	considered doubtful	Total	Sales during the year	Percentage of debts to sales
		(Rs. in lakhs)			
1985	78.70	10.15	88.85	1176·32	7.6
1986	122.40	10.15	132.55	1112.21	11.9
1987	129.30	—	129.30	1246.61	10.4

The agewise break up of the book debts as on 31st March 1987 is indicated below:

		(Rupees in lakhs)
i)	Outstanding for less than one year	112.85
ii)	Outstanding between one and two years	3.13
iii)	Outstanding between two and three years	1.46
iv)	Outstanding over three years	11.86
	Total	129.30

Note: No effect of the comments of the Comptroller and Auditor General of India and qualification in the Auditors Report has been given in the review of accounts

(ANANDA SHANKAR)
ACCOUNTANT GENERAL (AUDIT)
KERALA

Trivandrum
22-06-1989

Annual Accounts
and
Schedules

BALANCE SHEET AS AT

Previous Year Rs.	Liabilities		Current year Rs.
	SHARE CAPITAL		
	Authorised		
7,50,00,000	75000 equity shares of Rs. 1,000/- each		7,50,00,000
	Issued		
5,56,88,000	55688 equity shares of Rs. 1000/-each		5,56,88,000
	Subscribed, called up & paid up		
5,56,88,000	55,688 equity shares of Rs. 1000/-each (Of the above shares 12182 equity shares are allotted as fully paid up pursuant to a contract without payment being received in cash)		5,56,88,000
4,01,16,356	RESERVES & SURPLUS		
	(Schedule A)		3,84,32,812
Nil	SECURED LOANS		
	From Syndicate Bank (Secured by a first charge on the bldgs., machinery, furnmiture etc. and standing crops of cashew)	24,86,800	
	Interest accrued and due on above.	1,42,225	26,29,025
	UNSECURED LOANS		
	From Government of Kerala		
2,06,37,893	i) For Estate Development	1,75,03,017	
17,05,900	ii) For Subsidised Housing Scheme	16,05,900	
59,94,188	Interest accrued and due on above	1,24,71,418	3,15,80,335
	CURRENT LIABILITIES AND PROVISIONS		
6,42,16,027	A) Current Liabilities (Schedule B)	6,49,15,513	
5,59,82,557	B) Provisions (Schedule C)	5,55,26,213	12,04,41,726
24 43,40,921	Total		24,87,71,898

Sd/-
T. U. KURUVILLA
Chairman

Sd/-
N. K. GOPALAKRISHNA PILLAI
Managing Director

Sd/-
PHILIP JACOB
Secretary

31ST MARCH 1987

Previous Year Rs.	Assets	Rs.	Current year Rs.
	FIXED ASSETS		
8,76,21,103	a) Plantations (Schedule D)	9,11,59,677	
5,65,20,377	b) Buildings, roads, Plant & Machinery, Furniture etc. (Schedule E)	5,55,98,415	
9,73,708	c) Buildings and roads under construction	20,91,950	14,88,50,042
	INVESTMENTS		
1,100	Investments in fully paid equity shares of Companies (at cost)		1,100
	CURRENT ASSETS, LOANS AND ADVANCES		
6,94,61,344	A. Current Assets (Scheduld G)	5,07,39,501	
2,97,63,289	B. Loans & Advances (Schedule H)	4,91,81,255	9,99,20,756
24,43,40,921	Total		24,87,71,898

Kottayam,
29 Dec.-1988.

Subject to our report of even date
For K. VENKITACHALAM AIYER & CO.
Chartered Accountants

Sd/-
A. GOPALAKRISHNAN
18159, Partner

PROFIT AND LOSS ACCOUNT FOR

Previous Year Rs.		Expenditure		Current Year Rs.
	To	Opening stock		
1,39,49,572	,,	Finished goods/work in progress		2,62,81,387.10
99,81,387	,,	Salaries and allowances		1,11,44,838.04
10,40,286	,,	Leave encasment to staff (includes the Managing Director's leave encashment)		11,40,621.36
38,54,922	,,	Employer's contribution to P. F.		41,35,197.13
—	,,	Bonus	1,15,74,247.02	
49,55,801	,,	Less: Provisions	17,00,000.00	98,74,247.02
9,000	,,	Honorarium to Chairman		9,000.00
64,707	,,	T. A. and sitting fees to Directors (including the Managing Director's travelling expenses)		21,155.40
4,77,134	,,	T. A. to staff and officers		5,22,188.58
37	,,	T. A to visiting Agent		193.00
—	,,	Remuneration to visiting Agent		6,409.45
28,286	,,	Rent		11,614.68
7,96,018	,,	Rates and taxes		7,48,629.83
8,32,688	,,	Electricity charges		9,49,459.00
58,43,199	,,	Lease rent		69,60,989.14
82,686	,,	Insurance charges		52,119.16
2,36,574	,,	Advertisement charges		1,48,877.30
1,01,375	,,	Legal expenses		1,12,435.13
12,000	,,	Remuneration to Auditors for statutory audit		15,000.00
12,000	,,	Internal audit fees		32,000.00
6,350	,,	Other professional charges		4,050.00
13,48,118	,,	Security expenses		13,27,876.29
24,17,809	,,	Interest on loans		20,07,007.96
		Total carried over		6,55,05,295.57

THE YEAR ENDED 31ST MARCH 1987

Previous Year Rs.	Income	Current Year Rs.
	By SALES	
10,56,98,948	,, Rubber	11,27,54,923.06
53,89,130	,, Cashew	79,46,782.89
70,696	,, Agricultural produce	1,20,497.06
3,43,905	,, Rubber trees and firewood	5,99,847.63
1,09,580	,, Empties and unserviceables	1,34,172 03
61,610	,, Slaughter tapping	38,38,874.81
42,964	,, Profit on sale of assets	15.217.47
1,055	,, Sale of tender forms and registration fee	4,765.70
	OTHER RECEIPTS	
15,85,502	(i) Interest on Treasury and bank balance	12,12,069.25
54,388	(ii) Interest on staff advance	49,056.23
235	Application fee	—
47,457	,, Lease rent	2,956 50
18,277	,, Rent of buildings	20,569.73
11,591	,, Miscellaneous income	16,240.38
2,62,81,387	,, CLOSING STOCK of Finished goods/ work in progress as certified by the Managing Director	2,34,80,977.47
13,97,16,725	Total Carried over	15,01,96,950.21

PROFIT AND LOSS ACCOUNT FOR

Previous Year Rs.	Expenditure	Current Year Rs.
	B/F	655,05,295,57
48,03,825	,, Repairs and maintenance of assets (Schedule I)	39,70,046·32
10,98,014	,, Miscellaneous expenses (Schedule II)	12,40,925·93
92,98,262	,, Welfare expenses (Schedule III)	95,26,042·28
24,03,495	,, Depreciation including loss on re-valuation	22,29,716·56
1,10,60,704	,, Cultivation and upkeep of rubber	1,16,49,548·91
2,30,24,944	,, Tapping and collection of rubber	2,43,87,850·50
1,04,47,105	,, Manufacturing and selling expenses	1,56,42,070·21
54,86,698	,, Cultivation and upkeep of cashew	57,95,731·88
1,155	,, Collection charges of cashew	—
12,340	,, Other crops	5,789·40
9,74,725	,, Prior period expenses	7,376·35
1,36,796	,, Commission to Selling Agents and rebates	1,57,843·80
	PROVISIONS	
17,00,000	(i) for bonus	25,00,000·00
45,70,400	,, (ii) for gratuity	41,74,487·02
1,24,00,000	,, (iii) for taxation	24,00,000·00
1,31,659	,, Rehabilitation Reserve	1,34,527·00
38,50,000	,, Replanting Reserve	7,00,000·00
22,66,654	,, Net profit for the year c/d	1,69,698·48
13,97,16,725	TOTAL	15,01,96,950.21
—	To Gratuity balance of accumulated provision	39,94,899·33
66,25,413	,, Net profit c/d.	28,00,211·77
66,25,413	TOTAL	67,95,111·10

THE YEAR ENDED 31ST MARCH 1987

Previous Year Rs.	Income	Current Year Rs.
	Total B/F	15,01,96,950.21
13,97,16,725	Total	15,01,96,950.21
43,58,759	By Balance as per Last Balance Sheet	66,25,412.62
22,66,654	,, Net profit for the year c/d.	1,69,698.48
66,25,413		67,95,111.10

Sd/-

Kottayam
29 Dec. 1988

Subject to our report of even date
For K. VENKITACHALAM AIYER & Co.
Chartered Accountants

A. GOPALAKRISHNAN
18159, Partner

SCHEDULE A

Previous Year Rs.	RESERVES & SURPLUS			Current Year Rs.
	i)	Capital reserve		
7,76,733		As per last balance sheet	7,76,733.00	
		Additions during the year	Nil	7,76,733.00
	ii)	Replanting Reserve		
1,62,58,000		As per last balance sheet	1,62,58,000.00	
		Additions during the year	7,00,000.00	1,69,58,000.00
	iii)	Rehabilitation Reserve		
1,30,78,935		As per last Balance sheet	1,30,78,935.48	
		Additions during the year	1,34,527.00	1,32,13,462.48
	iv)	Subsidy received from Govt of Kerala under Housing Scheme		
18,75,000		As per last Balance sheet	18,75,000.00	
		Additions during the year	Nil	18,75,000.00
	v)	Subsidy Received from Govt. of Kerala for the upkeep of Cashew Plantations		
10,80,640		As per last Balance Sheet	10,80,640.00	
		Additions during the year	12,54,800.00	23,35,440.00
	vi)	Subsidy received from the Rubber Board for the cultivation of Rubber Plantations		
4,21,635		As per last Balance Sheet	4,21,635.00	
		Additions during the year	52,330.20	4,73,965.20
66,25,413	vii)	Profit & Loss Account		28,00,211.77
4,01,16,356		Total		3,84,32,812.45

SCHEDULE B

CURRENT LIABILITIES

Previous Year Rs.		Current year Rs.
12,35,554	Sundry Creditors	15,17,910·08
3,11,64,964	Other liabilities	3,36,11,514·07
35,57,634	Earnest Money & Security Deposit	40,70,498·36
24,332	Suspense pending adjustments	5,95,757·37
18,094	P. F. Suspense	15,011·25
71,14,804	Interest accrued but not due on Govt. loans	2,39,265·15
30,441	Stores suspense	1,78,891·58
	Interest accrued but not due on Syndicate Bank loan	77,073·33
40,79,690	Income received in advance	52,02,600·59
11,000	Housing Scheme-workers	10,000·00
2,400	Welfare fund	3,867·71
16,54,905	Income tax payable: Central Income tax	4,20,455·00
1,51,65,302	Agricultural Income tax	1,89,29,124·42
1,56,907	CST and ST payable	5,43,543·88
6,42,16,027	TOTAL	6,49,15,512·79

Sd/-
PHILIP JACOB
Secretary

SCHEDULE C

Previous year Rs.	PROVISIONS		Current Year Rs.
	I For Gratuity		
1,95,86,060	As per last balance sheet	1,95,86,059.67	
	Additions during the year	81,69,386.35	
		2,77,55,446.02	
	Less: Paid during the year	8,25,266 02	2,69,30,180.00
	II For Bonus		
17,00,000	As per last balance sheet	17,00,000.00	
	Additions during the year	25,00,000.00	
		42,00,000.00	
	Less: Adjusted against Bonus paid during the year	17,00,000.00	25,00,000.00
	III For Taxation		
3,46,96,497	As per last Balance Sheet	3,46,96,497 37	
	Additions during the year	24,00,000.00	
	Transfer from Central Income tax payable for the assessment year 1984-85	7,30,305.00	
	Transfer from Agrl. Income tax payable for the assessment years 1980-81 and 1981-82	25,58,183.00	
		4,03,84,985.37	
	Less: CIT due as per completed assessment for the assessment year 1985-86	10,60,858.00	
		3,93,24,127.37	
	Less: Agricultural Income tax due as per completed assessment for the assessment year 1979-80 and 1982-83	1,32,28,094.00	2,60,96,033.37
5,59,82,557	Total		5,55,26,213.37

Sd/-
PHILIP JACOB
Secretary

SCHEDULE D

(Schedule forming part of Balance Sheet as at 31-3-1987)

Rubber	Upto last year	Kodumon	Thannithode	Perambra	Nilambur	Rajapuram	Total to-date
1959 Plantations	6,28,371·94	...	...	...	...	...	6,28,371.94
1960 ,,	5,62,467·87	...	...	...	...	...	5,62,467.87
1961 ,,	71,32,377·05	...	...	...	...	...	71,32,377.05
1962 ,,	45,61,152·14	...	...	...	...	...	45,61,152.14
1963 ,,	44,37,542·96	...	...	...	...	...	44,37,542.96
1964 ,,	20,37,593·07	...	...	...	..	...	20,37,593.07
1965 ,,	49,47,322·09	...	...	...	...	...	49,47,322.09
1966 ,,	22,52,657·43	...	...	...	...	...	22,52,657.43
1967 ,,	37,69,476·47	...	...	...	...	...	37,69,476.47
1968 ,,	31,97,400 76	...	...	...	...	...	31,97,400.76
1969 ,,	5,42,665·32	...	...	...	...	...	5,42,665.32
1970 ,,	9,90,797·76	...	...	...	...	...	9,90,797.76
1971 ,,	10,04,184·66	...	...	...	...	...	10,04,184,66
1972 ,,	10,00,295·85	...	...	...	...	...	10,00,295·85
1973 ,,	23,66,727·72	...	...	...	...	...	23,66,727·72
1974 ,,	56,54,790·43	...	...	...	...	...	56,54,790·43
1975 ,,	19,40,223·72	...	...	...	...	...	19,40,223·72
1976 ,,	65,47,391·24	...	...	...	...	...	65,47,391·24
1977 ,,	48,06,978·60	...	...	...	...	...	48,06,978·60
1978 ,,	7,40,108·44	...	...	...	...	...	7,40,108·44
1979 ,,	31,34,577 92	...	...	...	...	...	31,34,577·92
1980 ,,	1,33,265·58	...	...	...	34,379·57	...	1,67,645.15
1981 ,,	—	...	...	...	4,06,012·91	...	4,06,012·91
1982 ,,	5,52,068·03	...	52,600.02	...	...	...	6,04,668·05
1983 ,,	26,65,363·96	...	5,20,275·51	...	...	...	31,85,639·47
1984 ,,	8,16,784·74	...	4,21,054·32	...	...	...	12,37,839·06
1985 ,,	—	...	...	12,89,031·17	6,24,964·00	...	19,13,995·17
1987 Pre-planting	—	...	...	24,491·28	20,623·21	...	45,114·94

Rubber	Upto last year	Kodumon	Thannithode	Perambra	Nilambur	Rajapuram	Total to date
1967 Replanting	8,99,989·98	...	...	...	...	...	8,99,989·98
1968 „	1,76,105 28	...	...	...	...	...	1,76,105·28
1969 „	4,99,906·84	...	...	...	...	...	4,99,906·84
1970 „	70,505·30	...	...	...	..	...	70,505·30
1971 „	3,14,844·42	...	...	...	...	...	3,14 844·42
1972 „	2,18,930·02	..	...	...	...	...	2,18,930·02
1973 „	15,03,654·30	...	...	...	...	...	15,03,654·30
1974 „	2,69,512·32	...	...	...	...	...	2,69,512·32
1980 „	49,295·16	...	...	...	...	...	49,295·16
1983 „	3,85,891·13	95,609·31	...	...	...	...	4,81,500·44
Coconut	795·36	...	...	...	...	...	795·36
Evicted area exp.	16,94,037·42	...	...	...	...	..	16,94,037·42
Survey	1,60,561·22	...	...	...	...	...	1,60,561·22
Eucalyptus	15,963·37	...	...	...	...	...	15,963 37
Cashew plantations in Kasargod.	36,65,014·59	...	...	...	...	...	36,65,014·59
Cashew 1976	1,50,069·06	...	...	. .	...	...	1,50,069·06
„ 1977	20,06,054·00	...	...	...	...	...	20,06,054 00
„ 1978	13,65,478·68	...	...	...	...	...	13,65,478·68
„ 1979	8,24,526·79	...	...	...	...	...	8,24,526·79
„ 1980	11,97.002·60	...	...	...	...	...	11,97,002·60
„ 1981	18,87,966·82	...	...	...	...	...	18,87 966·82
„ 1982	17,59,787·41	...	...	...	...	...	17,59,787·41
„ 1983	5,80,552·40	...	...	...	...	...	5,80,552 40
„ 1985	...	...	...	...	...	5,467 22	5,467·22
Cashew in Rubber Estates	15,02,072·55	...	...	44,065·46	...	...	15,46,138·01
Total	8,76,21,102·77	95,609·31	9,93,929·85	13,57,587·91	10,85,979·69	5,467·22	9,11,59,676·75

Subject to our report of even date
For **K. VENKITACHALAM AIYER & CO.**
Chartered Accountants

Sd/-	Sd/-	Sd/-	Sd/-
PHILIP JACOB	**N. K. GOPALAKRISHNA PILLAI**	**T. U. KURUVILLA**	**A. GOPALAKRISHNAN**
Secretary	Managing Director	Chairman	18159, Partner

SCHEDULE

SCHEDULE OF

(Included in and forming part of

ITEMS	ORIGINAL COST: Cost at the end of previous year	Additions during the year	Total Cost	DEPRECIATION: As at the end of previous year	For the Current year	Total depreciation
	Rs. Ps.	Rs. Ps.	Rs. Ps.	Rs. Ps.	Rs. Ps	Rs. Ps.
Freehold land	29,74,702 42	—	29,74,702 42	—	—	—
Buildings	4,17,30,626 76	2,63,846·29	4,19,94,473.05	1,09,79,179 12	9,12,897.21	1,18,92 076.33
Vehicles	47,80,879 44	—	47,80,879.44	35,76,551·58	3,28,918.65	39,05,470.23
Plant & Machinery	76,46,496 86	6,23,630·02	82,70,126 88	52,63,123·73	4,54,521 79	57,17,645.52
Furniture	14,76,182.18	27,643·67	15,03,825.85	7,89,869 75	71.266.23	8,61,135.98
Office equipments	4,01,684 89	6,141·70	4,07,826.59	2,84,753.37	18,390 52	3,03,143.89
Survey instruments	11,098.20	—	11,098.20	10,308.37	118.40	10,426.77
Library	47,104 86	33·00	47,137.86	28,086.42	1,904 84	29,991.26
Road	1,31,58,123.04	3,80,340·84	1,35.38,463 88	—	—	—
Fence	9,78,602 39	28,675·00	10,07,277.39	—	—	—
Electric fittings	51,937 78	562·00	52,499.78	29,626·74	2,577.16	32,203.90
Electric appliances	62,783.33	2,610·00	65,393 33	40,464 14	3,845 31	44,309.45
Electric installation	46,12,871.40	22,543.23	46,35,414.63	25,17,490 50	2,13,310.97	27,30,801·47
Telephone	15,557 38	—	15,557 38	13,604.78	292.88	13,897 66
Wells	6,573 37	—	6,573.37	—	—	—
Water Supply Installation	42,58,751 13	58,198 72	43,16,949 85	22,85,199.23	2,03,201.54	24,88,400.77
Landing pad	1,18,844 25	—	1,18,844.25	—	—	—
Jhankar & Boat	19,051.49	—	19,051.49	13,236.03	581 54	13,817.57
TOTAL	8,23,51,871.17	14,14,224.47	8,37,66,095.64	2,58,31,493 76	22,11,827.04	2,80,43,320.80
Total for the previous year	7,87,00,006.48	38,28,807.38	8,25,28,813.86	2,35,87,587.65	23,95,478.57	2,59,83,066.22

Sd/-
T. U. KURUVILLA
Chairman

Sd/-
N. K. GOPALAKRISHNA PILLAI
Managing Director

E

FIXED ASSETS

the Balance Sheet as at 31st March 1987)

DISPOSAL & ADJUSTMENTS		BALANCE			
Original cost	Depreciation Written off	Total cost at the end of the current year	Total Depreciation at the end of the current year	Net Block	Net Block as on 31-3-1986
Rs. Ps.	Rs. Ps.	Rs. Ps.	Rs. Ps.	Rs. Ps.	Rs. Ps.
93,001.87	—	28,81,700 55	—	28,81,700.55	29,74,702·42
—	—	4,19,94,473.05	1,18,92,076.33	3,01,02,396.72	3,07,51,447·64
1,61,166 41	1,29,808.88	46,19,713.03	37,75,661 35	8,44,051.68	12,04,327·86
—	—	82,70,126.88	57,17,645 52	25,52,481.36	23,83,373·13
—	—	15,03,825 85	8,61,135.98	6,42,689.87	6,86,312·43
—	—	4,07,826 59	3,03,143.89	1,04,682.70	1,16,931·52
—	—	11,098.20	10,426.77	671·43	789·83
—	—	47,137.86	29,991.26	17,146.60	19,018·44
—	—	1,35,38,463 88	—	1,35,38,463.88	1,31,58,123·04
—	—	10,07,277.39	—	10,07,277.39	9,78,602·39
—	—	52,499.78	32,203 90	20,295·88	22,311·04
—	—	65,393 33	44,309 45	21,083.88	22,319·19
—	—	46,35,414 63	27,30,801 47	19,04,613.16	20,95,380·90
—	—	15,557.38	13,897.66	1,659.72	1,952·60
—	—	6,573 37	—	6,573·37	6,573·37
—	—	43,16,949.85	24,88,400.77	18,28,549.08	19,73,551 90
—	—	1,18,844.25	—	1,18,844 25	1,18,844·25
—	—	19,051.49	13,817·57	5,233 92	5,815·46
2,54,168.28	1,29,808 88	8,35,11,927.36	2,79,13,511.92	5,55,98,415 44	5,65,20,377·41
1,76,942.69	1,515,72.46	8,23,51,871.17	2,58,31,493.76	5,65,20,377·41	—

Sd/-
PHILIP JACOB
Secretary

Subject to our report of even date
For **K. VENKITACHALAM AIYER & CO.**
Chartered Accountants

Sd/-
A. GOPALAKRISHNAN
18159, Partner

SCHEDULE F

INVESTMENTS

Previous year Rs.		Current year Rs.
	Investment in shares	
1,000	a) 10 equity shares of Rs. 100/-each fully paid up in Banana & Fruit Development Corporation Limited, Madras (unquoted)	1,000
100	b) 1 A class share of Rs. 100/- each fully paid up in the Mannam Sugar Mills Co-operative stores Limited No. 4324	100
1,100	Total	1,100

SCHEDULE G

CURRENT ASSETS

Previous year Rs.			Current year Rs.
	A. INVENTORIES (Taken and certified by the Management)		
76,72,510	1. Stores & Spares (at cost)	78,20,158.59	
4,75,970	2. Loose tools (at valuation)	5,74,637.15	
3,63,376	3. Agricultural equipments (at valuation)	3,47,058.50	
2,62,81,387	4. Stock of rubber, rubber in process on (value fixed by the Management as on 31-3-1987 less incidental expenses)	2,34,80,977.47	
	5. Nurseries:		
4,43,624	i) Rubber (at valuation)	11,57,653.61	
6,903	ii) Cashew	—	3,33,80,485.32
	B. SUNDRY DEBTORS		
17,48,292	a) Debts outstanding for a period exceeding six months	21,10,313.41	
1,15,07,113	b) Other debts	1,08,19,550.18	
		1,29,29,863.59	
	Less: Provision	Nil	1,29,29,863.59
	C. CASH AND BANK BALANCES		
3,645	a) Stamp and stamp paper in hand	4,287.55	
	b) Bank balances:		
83,27,385	i) With scheduled bank on current account	37,20,280.95	
126,31,139	ii) With treasury savings bank	6,44,203.26	
6,94,61,344	iii) Income tax surcharge deposit in S. B. I. Kottayam	60,380.00	44,29,151.76
	Total		5,07,39,500.67

SCHEDULE H

Previous year Rs.	LOANS AND ADVANCES		Current year Rs.
	Secured & Considered good		
	a) Statf loans		
3,22,475	i) Motor car loans	2,81,135.00	
2,40,701	ii) Motor Cycle loans	2,06,890.80	4,88,025.80
	UNSECURED CONSIDERED GOOD		
95,07,894	a) Alakode Government Estate (due from Govt. of Kerala)	1,12,30,145,14	
67,84,179	b) Oil Palm India Ltd.	65,83.767.99	
49,34,240	c) Advances recoverable in cash or kind or value to be received	59,95,260.00	
	d) Advance payment of Taxes		
54,01,738	i) Agrl. Income Tax	2,23,25,266.00	
15,52,244	ii) Central Income Tax	13,45,274.72	
31,424	e) Prepaid expenses	45,040.30	
13,578	f) Subsidy receivable	—	4,75,24,754.15
	g) Deposits		
3,93,303	i) With post and telegraph, electricity board, Port Trust & other Govt. Depts.	4,36,763.00	
59,000	ii) With Housing Board	59,000.00	
2,89,929	iii) Other deposits	1,79,361.00	6,75,124.00
	Unsecured and considered doubtful		
1,52,584	a) Advances recoverable in cash or in kind or value to be received	4,93,351.55	4,93,351.55
2,97,63,289	Total		4,91,81,255.50

SCHEDULE I

REPAIRS AND MAINTENANCE OF ASSETS

Previous year Rs.		Current year Rs.
15,40,664	Buildings	6,88,770·54
11,14,342	Vehicles	11,63,887·61
14,16,023	Roads	11,81,979·74
2,19,037	Water supply	2,59,789·75
1,64,771	Electrification	1,95,878·18
1,69,835	Fence/Kayyala	3,02,839·12
1,79,153	Others	1,76,901·38
48,03,825	Total	39,70,046·32

SCHEDULE II

MISCELLANEOUS EXPENSES

Previous year Rs.		Crurent year Rs.
2,66,820	Postage, telephone & telegram	2,88,996·84
3,57,895	Printing & Stationery	4,81,838·29
61,876	Office expenses & miscellaneous	37,913·80
25,709	Books and periodicals	24,977·75
57.385	Storage expenses	83,155·14
1,02,328	I. B. expenses	60,754·17
19,796	Rent of Boats	23,965·25
62,120	Entertainment expenses	51,350 89
17,305	Staff training expenses	12,550·00
51,250	Ferry expenses	38,233·45
44,549	Temporary sheds	1,01.752·37
4,117	Research expenses	3,876·33
4,308	Gardening	5,166·51
—	Management Consultancy	21,440·20
5,056	Survey expenses	4,954·94
17,500	Donations	—
18,080	Bank charges	—
11,16,094	Total	12,40,925·93

SCHEDULE III

Previous year Rs.	WELFARE EXPENSES	Current year Rs.
9,91,653	Sickness benefit	11,43,529.06
1,22,740	Maternity benefit	93,282.79
15,54,714	Leave with wages	15,89,744.55
8,99,706	Holiday wages	9,13,460 24
2,56,675	Weather protection expenses	2,52,819.75
7,78,444	Drinking water supply	7,33,207.26
1,83,973	Sanitation	1,59,801.48
44,602	Recreation facilities	47,101.75
31,29,037	Medical & Hospital facilities	32,63,270.28
27,069	Way expenses to workers	28,078.30
37,374	Running & Maintenance of school	41,319.48
3,11,381	Creche expenses	2,04,614.35
70,607	Workmen's compensation	26,875.29
11,821	Worker's education	8,923.13
8,48,413	Uniform to staff & workers	9,71,935,93
2,242	Subsistance allowance	18,971.09
27,436	Labour welfare fund	27,665.00
375	Others	1,442.55
92,98,262	Total	95,26,042.28

Subject to our report of even date
For K. VENKITACHALAM AIYER & CO.
Chartered Accountants

Sd/-	Sd/-	Sd/-	Sd/-
T. U. KURUVILLA	N. K. GOPALAKRISHNA PILLAI	PHILIP JACOB	A. GOPALAKRISHNAN
Chairman	Managing Director	Secretary	18159, Partner

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH 1987

1. Estimated amount of contracts remaining to be executed on capital accounts and not provided for Rs. 19,93,500/- (previous year Rs. 41,85,488/-)

2. Compensation amounting to Rs. 5,353.75 payable to the persons evicted from Kodumon Group of estates has not been provided pending production of succession or heirship certificates.

3. The subsidiary status of Oil Palm India Limited was terminated vide G. O. MS. No. 238/83/AD dated 4-8-1983. The intrinsic value of shares of Oil Palm India Limited as on 1-4-1983 was determined at Rs. 62,05,440/- and the same is adjusted against loans due to Goverment of Kerala against the purchase of these shares. Interest has not been provided from 1-4-1983 on the three loans amounting to Rs. 112 lakhs drawn from the Government of Kerala for investment in oil Palm India Limited as the said loans were cancelled vide G. O. (MS) 238/P3/AD dated 4-8-1983

4. Interest on Government loans under different accounts has been provided in accordance with the orders issued by the Government of Kerala from time to time.

5. The Government as per G. O. MS. No. 229/82/AD dated 20-7-1982 fixed the lease rent payable by the Company for its lease hold properties at Rs. 615/- per Ha: per annum for three years with effect from 18-12-1981. In the absence of any subsequent circulars from the Government the provision for lease rent for the year 1986-87 has been made at Rs. 615/Ha;

6. Sales tax Assessments from 1979-80 to 1984-85 are in the appeal stage before the Deputy Commissioner (Appeals), Quilon. The same are expected to be remanded for fresh hearing before the Assessing Authority i. e. the Assistant Commissioner (Assessment), Sales Tax Special Circle, Kottayam. Pending final disposal of these assessments no provision has been made in the accounts for any additional liability against Sales Tax. Accounts from 1985-86 have not yet been taken up for assessment.

7. a) The Agricultural Income Tax Authorities have completed the assessment for the assessment years 1977-78, fixing the total tax for the year at Rs. 39,93,453.10, which has been fully remitted. The company has filed an appeal before the higher authorities.

b) For the assessment year 1978-79, the agricultural Income tax authorities have assessed an amount of Rs. 13,34,188.70 as tax payable for the year. Out of this, Rs. 10,54,392 18 have been remitted. For the balance tax of Rs. 2,79,796.52, the company obtained stay of collection from the Deputy Commissioner (Appeals) Ernakulam till the disposal of the appeal.

c) For the assessment year 1979-80. the Agricultural Income tax authorities have assessed an amount of Rs. 81,63,752/-as tax payable for the year. So far the company paid a sum of Rs. 76,09,060/- and for the balance tax the company obtained stay of collection. The appeal filed is also pending before the higher authorities.

d) For the assessment year 1980-81, the agricultural Income tax authorities have assessed an amount of Rs.84,85,192/-as per revised order dated 14.3.1988. The Company paid the full amount of tax and also fired an appeal before the higher authorities.

e) For the assessment year 1981-82 the Agricultural Income tax authorities have assessed an amount of Rs. 1,37,53,890/- (will be reduced to Rs. 1,27,78,890/- on giving effect to the Appellate Order of the Deputy commissioner of Agricultural Income tax and Sales Tax). The Company paid Rs. 40,00,000/- as advance tax and a further sum of Rs. 48,76,945/- against this demand. For the balance tax due the Company has obtained a stay of collection. The appeal filed is pending before the higher authorities.

f) For the assessment year 1982-83, the Agricultural Income tax authorities have assessed an amount of Rs, 1,31,28,547/- Out of which the Company already paid Rs. 1,00,00,000/- The appeal filed before the higher authorities is pending disposal.

g) The Company also paid the following amounts as advance tax towards Agricultural Income tax dues for the years shown against them.

Assessment year	Amount Rs.
1983-84	60,00,000
1984-85	60,00,000
1985-86	54,81,738
1986-87	48,43,528
1987-88	60,33,927

The Company filed appeals against the Agricultural Income tax assessment completed for the years 1977-78, 1978-79, 1979-80, 1980-81, 1981-82 and 1982-83 and the management do not anticipate any additional liability towards agricultural income tax and hence provision is not made for the additional tax demanded by the Agricultural Income tax officers for the aforesaid years.

8. The terms and conditions under which the Corporation has taken 975 hectares of covered by Cheemeni Plantation are yet to be determined.

9. Lease deed for lands handed over to the company since 1970 has yet to be executed excepting an area of 749·87 hectares of land (Rajapuram estate) handed over for the development of Cashew Plantation under the world Bank Scheme.

10. The buildings and building 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 subsidised housing scheme for plantation labour Kerala, 1974, and such building as per the above Rules remain as Government property till the loan taken by the Corporation under the scheme is repaid to the Government.

11. Under the loans and advances in schedule 'H' we have shown an amount of Rs. 4,36,763/- as deposit with Government Departments. The details of this amount are as follows:-

	1986-87	1985-86
	Rs.	Rs.
Cochin Port Trust	3,600	3,600
Post & Telegraph Department	51,860	59,860
Electricity Board	3,81,303	3,29,843
	4,36,763	3 93,303

12. The Management of Alakode Government Estate was entrusted to The Plantation Corporation of Kerala Limited from 1974-75. To cover the management expenses there is a provision of Rs. 15,000/- per annum to be paid to the Corporation as per agreement dated 17-1-1977. The Government vide order G. O MS. No. 1343 dated 4-10-1978 have ordered that Alakode Government estate should be taken over by the Plantation Corporation of Kerala Limited for a value of Rs 32.85 lakhs. But the final decision in the matter has not been taken by the company. Pending a final decision, the company has not charged the management expenses of Rs. 15,000/- from the year 1981-82. The total amount due from Government of Kerala towards the excess of expenditure over income for Alakode Government estate upto 31-3-1987 amounting to Rs. 1,12,30,145.14 is shown in the balance sheet under Schedule - 'H' as the amount due from Alakode Government Estate.

13. In making alternate arrangements for the work abandoned by M/s. Encos the Company incurred an expenditure of Rs 3,60,000/- The Goverment in their order No. Ms. 134/81/ID dated 20-4-1981 appointed an arbitrator for the settlement of this and his decision is awaited.

14. An area of 3.20 hectares of 1961 plantation in Kodumon Group of Estates under survay No. 783/1 of Koodal Village has been handed over to the Public Works Department for Kallada Irrigation Project. Compensation for this will be adjusted after finalisation of the valuation by the District Collector, Quilon

15. The maximum amount of advance under Motor Car loan to Officers during the year was Rs. 3,25,640/— (previous year Rs. 4,10,471/—)

16. The maximum amount of advance under Motor Cycle loan to Officers during the year was Rs. 2,40,700/— (previous year Rs. 2,61,164/—)

17. During the year the Company has given certain Rubber Plantations for slaughter tapping. As per the agreement the contractors are permitted to remit the amount greed in instalments. The actual amount received during the year from the contractors is credited to the profit and loss account.

18. A sum of Rs. 86,71,000.99 have been received during the year as consideration for granting permission for the collection of cashew in major estates and a sum of Rs. 34,68,400.40 being 40% of the above is treated as income for the current year and the balance amount of Rs. 52,02,600.59 is treated as income received in advance and the same is shown under current liabilities. However, in respect of the income from cashew trees stanting in rubber estates the entire amount received is credited to the profit and loss account.

19. The Company has not provided depreciation in respect of road, fence, wells landing pads. In respect of building the Company has provided dapreciation prescribed under the Kerala Agricultural Income tax Act. In respect of all other assets the Company has charged depreciation at different rates considering the commercial life of the respective assets. Such rates vary from the rate prescribed under the Kerala Agriculture Income Tax Act as well as the Income Tax Act, 1961.

20. Closing stock of finished goods and work-in-progress have been valued a the price fixed by the Corporation as on 31-3-1987 less incidental expenses. During earliest years the company was valuing the closing stock at since realised/realisable price by computing the weighed average of the goods sold up to the date of valuation. On account of the change in the method of valuation of the closing stock the net profit before taxation for the year is reduced by Rs. 66,452/-

21. With regard to the valuation of ammoniated latex which are kept at various collection centres in the estates, factories etc. for which some more processing is needed to make it saleable as a finished product, the valuation is made on an estimated basis by computing the quantity of the Dry Rubber Content in the respective items.

22. Managerial remuneration paid/payable to Directors:

	Current year Rs.	Previous year Rs.
a) To the Managing Director		
i) Salaries	48,833	49,126
ii) Contribution to PF and superannuation funds	5,537	5,863
iii) Festival allowance	300	—
iv) Other allowances	—	—
v) Leave encashment	2,207	4,521
vi) Perquisites	4,028	2,458
vii) Reimbursement of travelling allowance.	12,657	29,695
b) To the Directors other than Managing Director		
i) Sitting fees	100	8,000
ii) T. A. to Directors	8,398	56,706

Perquisites to Directors

a) The Managing Director is provided with a Car for his official purpose and is charged Rs. 150/- month for his private use limiting to 500 Km. a month. The perquisite in this regard is Rs. 1,800/-

b) The Managing Director has been provided with furnished accommodation charging 10% of the salary and rent in excess of 25% of the salary. The rent paid for the building during the year 1986-87 is Rs. 8,400/- The expenses with regard to medical treatment are also being paid by the company.

c) The Chairman Mr. T. U. Kuruvilla is being paid a honorarium of Rs. 750/-per month. He is provided with a car and for non-official use of the car beyond 500 Km. recovery @ 75 paise per Km. is being made. In Lieu of engaging the Corporation driver a payment of Rs. 25/- has been made to his driver for the day, the car is being used.

23. Additional information pursuant to the provisions of paragraphs 3 & 4 of part II of schedule VI to the Companies Act. 1956

	Quantity Kg.	1986—87 value Rs.
A) Sales by class of goods as per sales register		
i) Rubber	58,73,496	11,27,54,923
ii) Cashew	Quantity particulars are not available as the sales were by auction.	

B) The amount set aside to reserves.

	Current year Rs.	Previous year Rs.
i) Replanting reserve	7,00,000	38,50,000
ii) Rehabilitation reserve	1,34,527	1,31,659

C) Break up of expenditure incurred on employees who were in receipt of:-

	Remuneration not less than Ps. 36,000/- for persons employed through out the period	Remuneration not less than Rs.3000 per month for persons employed for part of the year.
	1986-87	1986-87
i) No. of employees	27	nil
ii) Salary including allowances	Rs. 11,34,989.84	nil

D. The company is of the opinion that since it is an Agricultural Company and carrying on only operation required for making the produce marketable the provision contained in para 3 (ii) a and 4C of part II schedule VI of the Companies Act, 1956 regarding reporting of information in the case of manufacturing Companies are not applicable.

E. Value of imports calculated in CIF basis

	1986-87	1985-86
i) Components and spare parts	Nil	Nil
ii) Capital goods	Rs. 3,69,111·18	Nil
F. Expenditure in foreign currency	Nil	Rs. 7,282

G. Value of imported and indigeneous raw materials, stores and spares consumed:

	Raw materials stores & spare parts	
	1986-87	
	Rs.	%
i) Imported	Nil	—
ii) Indegeneous	1,12,15,330	100%
H. Particulars of dividends remitted in foreign exchange	Nil	—
I. Earnings in foreign exchange	Nil	—

24. The maximum amount of advance availed by the Directors are indicated below:

Managing Director	Rs. 7,352·00
Chairman	Nil

25. The Company has paid to its employees bonus @ 11·15% and a recoverable advance of 8.85% for the calender year 1986 as per Government letter No. 30215/PA3/87/AD dated 1.8.1987. Further as per G. O. (MS) No. 249/88/AD dated 5.8.1988, Government issued orders waiving the recovery of the recoverable advance. As such the amount under recoverable advance has been transferred and included under bonus.

26. **Development expenditure capitalised in respect of Nilambur Estate.**

Salaries and allowances	Rs.	1,71,639.91
Leave encashment	Rs.	13,220.08
Employers contribution to PF	Rs.	12,233.55
T. A. to staff & officers	Rs.	17,396.25
Rent	Rs.	2,673.80
Repairs & maintenance of assets	Rs.	1,07,084.81
Welfare expenses	Rs.	44,252.07
Depreciation including loss on revaluation	Rs.	3,789.46
Miscellaneous expenses	Rs.	31,732.74
Cultivation & upkeep of rubber	Rs.	6.82,376 37
	Rs.	10,86,399.04
Less: Miscellaneous Income	Rs.	419.35
	Rs	10,85,979.69
Capitalised as under Rubber Plantations	Rs.	10,85,979.69

27. Manufacturing and selling expenses for the year 1986-87 include a sum of Rs. 51,98,738.24 being the cost of drums consumed during the year.

28. Sundry Debtors includes the following amount due from the Company, the equity shares of which is fully owned by the Government of Kerala and have treated as company under the same management. As the status of the Alakode Government Estate is not yet finalised, the amount due in this account amounting to Rs. 1,12,30,145 /- is not treated as dues from the companies under the same management.

M/s. Trivandrum Rubber Works Limited.

i)	Debts outstanding for more than six months	Rs.	10,06,402.14
ii)	Others ...	Rs.	1,980.00
	Total	Rs.	10,08,382.14

29. Previous year's figures have been re-grouped/restated wherever necessary to make them comparable with current year figures.

Subject to our report of even date
For **K. VENKITACHALAM AIYER & CO.**
Chartered Accountants

Sd/-	Sd/-	Sd/-	Sd/-
T. U. KURUVILLA	**N. K. GOPALAKRISHNA PILLAI**	**PHILIP JACOB**	**A. GOPALAKRISHNAN**
Chairman	Managing Director	Secretary	18159, Partner

AUDITOR'S REPORT

To

The Shareholders
The Plantation Corporation of Kerala Limited,
Kottayam.

We have audited the attached Balance sheet of the Plantation Corporation of Kerala Limited, Kottayam as at 31st March 1987 and the Profit and Loss Account for the year ended on that date annexed there to and report that:

1. As required by the Manufacturing and other Companies (Auditor's 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 statement on the matters specified in paragraphs 4 and 5 of the said order.

2. Subject to our remarks in paragraph 3 of the Annexure referred to in paragraph 1 above ragarding the valuation of inventories and subject to our other observations in the annexure we state that;

   a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion proper books of account except stock records, as required by law have been kept by the company so far as appears from our examination of such books.

   c) The Balance sheet and Profit and Loss Account referred to in this report are in agreement with the books of account,

   d) i) Agricultural Income tax Assessments have been completed upto and inclusive of the assessment year 1982-83 and Central Income tax assessments have been completed upto the assessment year 1986-87. There is a short provision for taxation in respect of these years and the aggregate amount of taxation not so provided is estimated to Rs. 192 lakhs.

   ii) Lease rent due to the Government of Kerala on the land leased out to the company for the financial years 1981-82 to 1984-85 have been short provided. The aggregate amount of such short provision excluding interest if any payable is estimated to be Rs. 102 lakhs.

   iii) No provision has been made for the debts considered doubtful by us amounting to Rs. 13,38,726.62 which is shown along with debts considered good in respect of which the Companies holds no security other than the debtors personal security.

iv) The subsidiary status of oil Palm India Ltd. was terminated with effect from 1-4-1983. As per the direction of the Government the intrinsic value of shares in Oil Palm India Ltd., as on 1-4-1983 is adjusted against the Government loan. The Company has not provided any interest from 1-4-1983 onwards. In the absence of confirmation from the Government of Kerala for the balance due to it against the loan taken by The Plantation Corporation of Kerala Limited for the purchase of shares in Oil Palm India Limited, we are unable to certify the correctness of the interest provided and the balance in the loan account.

v) Interest on Government loans under different accounts have been provided in accordance with the circulars issued by the Government of Kerala from time to time and produced before us. In the absence of confirmation from the Government of Kerala we are unable to certify the correctness of the balance due to Government under the loan account and the interest provided thereon.

vi) The management of Alakode Government Estate have been entrusted with the Plantation Corporation of Kerala Limited from 1974-75 onwards with a stipulation that the company will be paid a sum of Rs. 15,000/- per annum towards management expenses. Subsequently in 1978 the Government vide order No. Go. MS. No. 1343 dated 4-10-1978 directed that the estate should be taken over by the company for a value of Rs. 32.85 lakhs. But it appears that the final decision in this matter have not been taken by the company. The company has not charged the management expenses of Rs. 15,000/- per annum for the year 1981-82 onwards. A sum of Rs. 1,12,30,145.14 is shown as due from Government of Kerala being excess of the expenditure incurred over the income in respect of the management of Alakode Government Estate. In the absence of confirmation from the Government for this balance due to the company, its classification as good in the balance sheet could not be verified.

vii) The Company has not provided depreciation in respect of road, fence, wells, landing pads and plantations. In respect of buildings the company has provided depreciation at the rates prescribed under the Kerala Agricultural Income tax Act. In respect of all other assets the company has charged depreciation at different rates considering the commercial life of the respective assets. Such rates vary from the rates prescribed under the Kerala Agrl. Income Tax Act as well as the Income tax Act 1961. However in the absence of relevant particulars the exact amount of excess/shortfall in the provision for depreciation compared to the rates prescribed under the Kerala Agrl. Income tax Act and Income tax Act could not be furnished.

viii) The company has not made any provision for depreciation in respect of extra and multiple shifts. In the absence of relavant particulars we are unable to quantify the effect of this in the accounts.

ix) An updated register showidg the location, nature and extent of properties owned by the company (both freehold and lease hold) and the title deeds to the properties were not shown to us.

x) It appears that the particulars of charges created in favour of syndicate Bank on the assets of the company for the loan of Rs. 24,86,800/- together with interest thereon (balance amount outstanding as on 31-3-1987 amounts to Rs. 26,29,025/-) have not been registered with the Registrar of Companies.

xi) Confirmation of balances certifying the correctness of accounts under Sundry Debtors, Sundry Creditors Government loan and other Loans and Advances and Deposits have not been obtained.

xii) The system of maintenance of stock records in respect of the inventories such as stores and spares, agrl. produce, finished goods and goods in process requires a review and refinement. The company has not furnished a consolidated reconciliation statement showing the quantitative particulars of the agricultural produce and other produced/ acquired and sold/consumed goods (such as manure, chemicals, stores and spares) during the year.

xiii) Subject to the foregoing, in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view.

1. In the case of the Balance sheet of the state of affairs of the company as at 31st March, 1987 and:

2. In the case of the profit and loss account of the profit of the company for the year ended on that date.

For **K. VENKATACHALAM AIYER & CO**
Chartered Accountants

A. GOPALAKRISHNAN
(Partner)

Kottayam,
29-12-1988

ANNEXURE TO THE AUDITOR'S REPORT

Referred to in Paragraph 1 of our report of even date on the accounts for the year ended 31st March, 1987 of THE PLANTATION CORPORATION OF KERALA LIMITED, Kottayam.

1. The Company has, except as mentioned in para 2d (ix) of our report regarding non maintenance of registers showing the particulars of Immovable properties, maintained proper records to show full particulars including quantitative details and situation of fixed assets. The management had confirmed that fixed assets have been physically verfied by them and we were informed that the discrepancies noticed were not significant.

2. None of the fixed assets have been revalued during the year.

3. According to the information, explanations and certificates given to us and subject to our observation in para 2d (xii) the stock of finished goods, stores, spare parts, loose tools and other items, have been physically verified by the management at the close of the year and the management confirm that the discrepancies noticed on verification between physical stock and book records have been properly dealt in the books of accounts. In our opinion the valuation of the above mentioned closing stock is fair and proper and in accordance with normally accepted accounting principles. However the valuation is not on the basis as done in previous year. Because of the change in the method of valuation of closing stock in respect of finished goods and goods in process, the profit before taxes of the company is lower to the extent of Rs. 66452/-

4. The company has not obtained any loan from companies, firms or other parties coming within the purview of section 301 and 370 (1c) of the companies Act, 1956 and from companies under the same management.

5. In respect of loans and advances in the nature of loans given by the company, parties have, except in the case of Oil Palm India Limited, Alakode Government Estate and some cases in respect of employees, repaid the principal amounts and have also been regular in the payment of interest wherever applicable in accordance with the terms and conditions laid down by the Company.

6. In our opinion and according to the information and explanations given to us and to the best of our belief there is adequate internal control procedure commensurate with the size of the company and nature of its business for the purchase of stores, plant and machinery equipment and other assets. However, it appears that internal control procedure in respect of the collection and procurement of agricultural produce and their processing at factories and the despatch of the Agricultural produce finished goods requires further modification.

7. According to the information and explanations given to us the company has not made any purchase of stores raw materials or components from subsidiaries 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. As explained to us the company has determined unserviceable or damaged tools and stores, and adequate provision for the loss has been made in the accounts.

9. The company has not accepted any deposits from the public as defined under section 58 A of the Companies Act, 1956 and the Rules framed there under.

10. According to the information given to us the company has maintained reasonable records for the sale and disposal of scrap and realisable by-products.

    However in our opinion the system of maintenance of the records in respect of the generation of such by-products and scrap needs further modification.

11. Internal audit of the accounts of the company for the year has been carried out by firm of Chartered Accountants and in our opinion the internal audit system is commensurate with the size and nature of the business of the company.

12. We are informed by the company that 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 for any of the products of the Company.

13. According to the records of the company, provident fund dues have generally been regularly deposited with authorities though there has been slight delay in a few cases. It is informed that small amounts which remain unpaid inadvertently were paid subsequently.

For **K. VENKITACHALAM AIYER & Co.**
Chartered Accountants

A. GOPALAKRISHNAN
(Partner)

Kottayam
29-12-1988

REPLIES TO THE REPORT OF THE STATUTORY AUDITORS ON THE ACCOUNTS FOR THE YEAR ENDED 31-3-1987

2. (d) (i) Against completed assessments, the company has filed appeal before the higher authorities, as certain expenditure which were usually allowed as per previous assessments were disallowed by the assessing authority. As this appeal have not been finally disposed off, no provision has been made for the additional amount of tax assessed.

(ii) The Government of Kerala has unilaterally enhanced the rate of lease rent from Rs. 25/- per Ha: to Rs. 615/- per Ha: from 18-12-1981. The matter has already been taken up with the Government for a final decision on reduction of rates / assignment of land.

(iii) The Corporation has not considered any debt as doubtful. Regarding the dues from M/s. Trivandrum Rubber works Limited, we have shown the amount as unsecured considered good, since it is a Government company.

(iv) Noted

(v) Noted

(vi) As the final decision as to the take over of Alakode Estate has not been finalised so far, the amount is shown as amount due from Government.

(vii) The company has charged depreciation on its fixed assets according to the policy followed in the previous years. From 1987-88 onwards, the depreciation was charged at the rates prescribed as per the Companies Amendment Act of 1988.

(viii) Noted

(ix) All available records and deeds have been shown to the auditors. Action is being taken to prepare an up-to-date register.

(x) As the lease deed for the land was not executed, the company could not register the charges. The company has since repaid the loan fully before the due dates.

(xi) Noted

(xii) Noted

(xiii) Noted

GOVERNMENT OF KERALA

No. 499 / PU. B1 / 89 / Fin. Finance Department

Comments of the Commissioner & Secretary (Finance) to the Government of Kerala under articles 105 of the Articles of Association of the Plantation Corporation of Kerala Limited on the accounts of the company for the year ended 31-3-1987.

"It is noted that while there is some improvement in the sales turnover of rubber during 1986-87, (Rs. 1,127.55 lakhs against Rs. 1,056.99 lakhs for the previous year.), the marketing and selling expenses, for the year has shot up to Rs. 156.42 lakhs as against Rs. 104.47 lakhs, for the previous year. The provision for bonus has been stepped up from Rs. 17 lakhs to Rs. 25 lakhs during 1986-87, as a result of the orders of Government waiving the recovery of recoverable advance given to the employees. As a result of all these, the net profits for 86-87 stood reduced to a nominal figure of Rs. 1.70 lakhs against Rs. 22.67 lakhs for the previous year. It is also noted that the short provision in respect of Agricultural Income Tax and Central Income Tax (Rs. 192 lakhs), short provision under lease rent due to the Government of Kerala for the years 1981-82 to 1984-85 (Rs. 102 lakhs) non provision for debts considered doutful (Rs. 12.39 lakhs) non provision of depreciation in respect of Roads, Fence, Wells, Landing pads and plantations etc. have actually amounted to under estimation of loss for the year 1986-87.

The internal control procedure now in vogue in the corporation with regard to collection and procurement of agricultural produce and their processing at the factories and the Despatch of agricultural produce / finished goods needs further revamping'

Sd/-
R. NARAYANAN
Commissioner & Secretary (Finance)

Trivandrum
18-4-1989

REPLY TO THE COMMENTS OF THE COMMISSIONER AND SECRETARY (FINANCE) TO THE GOVERNMENT ON THE ACCOUNTS FOR THE YEAR ENDED 31-3-1987

"NOTED"

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT. 1956 ON THE ACCOUNTS OF THE PLANTATION CORPORATION OF KERALA LIMITED, KOTTAYAM FOR THE YEAR ENDED 31st MARCH 1987

I. Balance Sheet

Liabilities

Reserves and Surplus (Schedule-A)-Profit and Loss Account: Rs. 28 lakhs

This has been overstated by Rs. 3.84 lakhs due to non-provision of enhanced (from 7 per cent to 10.75 per cent as per Government order of 30th January 1987) rate of interest on share capital contribution *(Rs. seven lakhs) converted (April 1976) as loan for the prior period.*

II. Profit and loss account-Net profit for the year c/d: Rs. 1.70 lakhs

This is overstated by Rs. 5.94 lakhs due to capitalisation of expenditure on plantations lost in drought which should have been written off.

III. General

(i) Reference is invited to item No. 19 of the Notes annexed to and forming part of accounts and item 2 (d) (vii) of the Auditor's Report wherein it has been stated that the extent of the variation in the rates of depreciation on road, fence, wells and landing pads based on the Kerala Agricultural Income Tax and Income Tax has not been worked out in the absence of relevant particulars. The quantum of non-provision of depreciation works out to Rs. 6.36 lakhs for the current year and Rs. 19.58 lakhs for the previous years.

(ii) The details of previous years figure as required under item 6 (1) of Part-II of Schedule VI to the Companies Act. 1956 have not been furnished in respect of the details given in item Nos. 23 (A), 23 (C), 23 (G) and 24 of the Notes annexed to and forming part of accounts.

(iii) The annual accounts for 1986-87 were approved by the Board of Directors in the meeting held on Ist November 1988. But the annual accounts for 1985-86 certified by the statutory auditors on 8th October 1987 were adopted along with the comments of the Comptroller and Auditor General of India by the Company in the Annual General meeting held on 14th February 1989 only. The certification of accounts for the year 1986-87 before the adoption of the account for 1985-86 by the company in the, Annual General meeting violates the provisions of the Companies Act. 1956, and also contravenes the directions issued by the Company Law Board in this regard.

Sd/-
(ANANDA SHANKAR)
ACCOUNTANT GENERAL (AUDIT)
KERALA

Place: Trivandrum
Date: 22-6-1989

REPLIES TO THE 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 ENDED 31st MARCH 1987.

I. Balance Sheet

Liabilities - Reserves & Surplus (Schedule A)

Noted: We have already requested the Government to reconsider the matter to fix the interest rate at 7%, ie. the rate prevailing at the time of drawal of the loan in 1972. However, we have provided interest at the rate of 10.75 % in the accounts for 1987-88.

II. Profit & Loss Account

At the time of finalisation of accounts for the year 1986-87, the actual extent of loss sustained in Nilambur Estate was not ascertainable and hence this was not written off in 1986-87. However necessary adjustments have been made in the accounts for the year 1987-88.

III. General

i) The Company has charged depreciation on its fixed assets according to the policy followed in the previous years. However on the basis ot amendment in the Companies Act in 1988, we have been charging depreciation at the rates specified by the Companies Act from 1987-88 onwards.

ii) Noted

iii) Noted