THE PLANTATION CORPORATION OF KERALA LTD.

KOTTAYAM - 686 004

36th ANNUAL REPORT 1997-98

THE PLANTATION CORPORATION OF KERALA LTD.

KOTTAYAM - 686 004

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36th

Annual Report

1997-98

Board of Directors

ADV. P.K.CHITHRABHANU
Chairman (from 30-10-1996)

SRI. K.K.SRIVASTHAVA I.F.S.
Managing Director (from 03-04-1996 to 08-04-1997)

SRI. C.S. SACHITH
Managing Director (from 08-04-1997 to 24-11-1997)

SRI. K.P. OUSEPH I.F.S.
Managing Director (from 24-11-1997)

SRI. M.S. DHARAN
Director (from 26-09-1992 to 12-12-1997)

SRI. P.P. JOSEPH
Director (from 16-03-1995 to 13-05-1997)

DR. A.K. KRISHNAKUMAR
Director (from 09-11-1995)

SRI. K. BALACHANDRAN THAMPI I.F.S.
Director (from 24-04-1997)

SRI. C.K. UNNIKRISHNAN
Director (from 22-03-1997)

SRI. R.V. RAMANKUTTY WARRIER
Director (from 22-03-1997)

SRI. JOSE PATHALIL
Director (from 22-03-1997)

SRI. SAJAN PETER, I.A.S
Director (from 13-05-1997 to 27-04-1999)

ADV. P. SANKARAN
Director (from 04-07-1997)

SRI. D. KRISHNAN NAIR
Director (from 12-12-1997 to 20-09-1999)

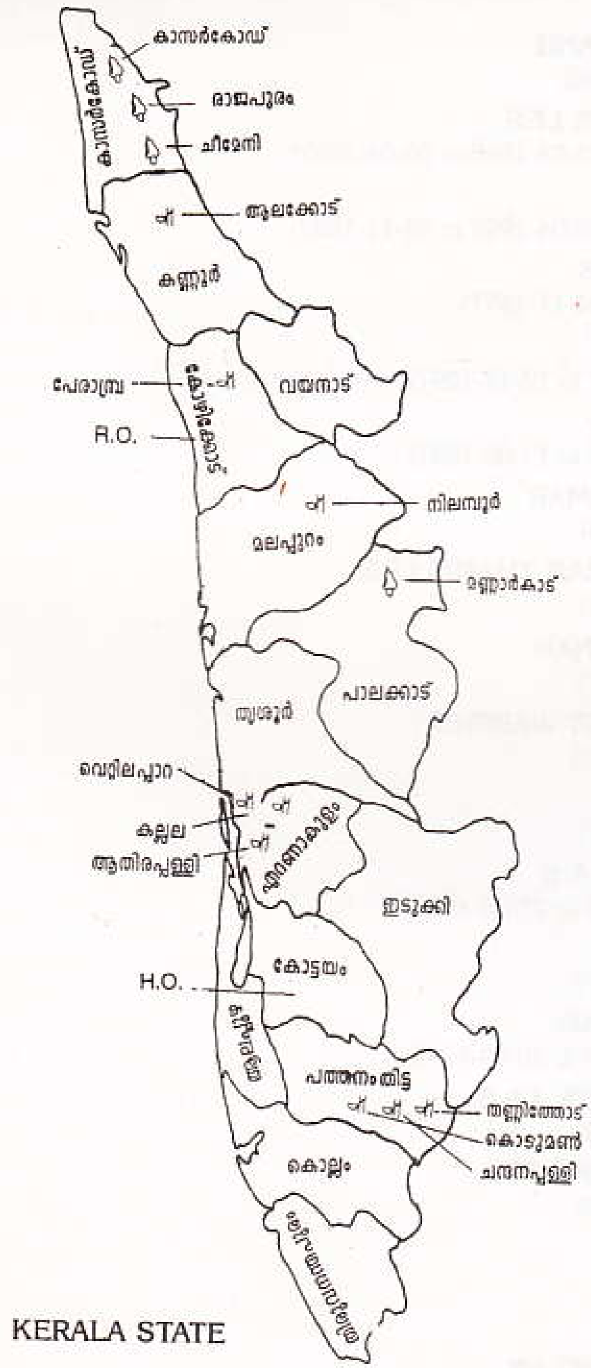
SMT. SHEELA THOMAS I.A.S.
Director (from 27-04-1999)

SRI. A. ABDUL SHUKKOOR
Director (from 20-09-1999)

Secretary
SRI. M.R.V. NAIR

Auditors:
M/s KURYAN & SUSEELAN
Chartered Accountants, Kottayam

CROP FIELDS AT A GLANCE



THE PLANTATION CORPORATION OF KERALA LIMITED
KOTTAYAM - 686 004

The Plantation Corporation of Kerala Limited, the leading industry in Public Sector was registered in 1962 with an authorised share capital of Rs. 750 Lakhs. The paid up capital is Rs. 556.88 lakhs. The main objectives are given below:-

1. To establish Rubber Plantations
2. To establish Cashew Plantations
3. To Cultivate other Plantations crops, Oil Seeds and Food Crops.
4. To Cultivate spices crops etc.

The company has established Rubber Plantation in 7900 hectares and Cashew in 6315 hectares as on today. It has also a few hectares of Cardamom, Coffee and Arecanut in its Alakode Estate and Oil Palm Plantation in 248 hectares in the Vettilappara estate. It has 13 Estates, three Rubber processing factories and one Rubber Wood Processing Unit as per the following tables.

Estates

	Name of the Estate	District	Total	Area in Hectares Rubber	Cashew	Oil Palm	Others
1.	Kodumon	Pathanamthitta	1202	1202	- -	- -	- -
2	Chandanappally	do	1665	1613	52	- -	- -
3	Thannithode	do	668	606	62	- -	- -
4	Vettilappara	Ernakulam & Trissur	775	408	119	248	- -
5	Adirappally	Ernakulam	1522	1330	192	- -	- -
6	Kallala	do	1478	1260	218	- -	- -
7	Nilambur	Malappuram	555	555	- -	- -	- -
8	Mannarghat	Palakkad	544	- -	544	- -	- -
9	Perambra	Kozhikode	1130	794	336	- -	- -
10	Alakode	Kannur	412	132	80	- -	200
11	Rajapuram	Kasargode	1523	- -	1523	- -	- -
12	Kasargode	do	2209	- -	2209	- -	
13	Cheemeni	do	980	- -	980	- -	- -
			14663	7900	6315	248	200

FACTORIES

	Name of factory	District	Processing Capacity
1	Kodumon group Latex factory Nedumoncavu P.O. (Via Koodal) Phone: 0473 - 485228	Pathanamthitta	2500 M.T. annually
2	Kalady group Latex factory Kerala Estate Kalady Plantation P.O. (Via Alluva) Phone: 0484 - 696662	Ernakulam	2300 M.T. annually
3	Vettilappara Crumb rubber factory Kalady Plantation P.O., (Via Aluva) Phone: 0484 - 696965	Ernakulam	1000 M.T. annually
4	Kodumon Rubber Wood Facory Nedumoncavu P.O., (Via Koodal) Phone: 0473 - 446141	Pathanamthitta	36000 cft. annually

NOTICE TO SHAREHOLDERS

Notice is hereby given that the 36th Annual General Meeting of the Corporation will be held at the Registered office of the Corporation, Kottayam on Monday the 10th August, 1998 at 3.00 PM. to transact the following business

1. To consider the adjournment of the consideration of the accounts for the year 1997-98 to a suitable 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 the Articles 63 (2) of the Articles of Association. The following directors retire and are eligible for reappointment.

(1) Sri. Sajan Peter I.A.S
(2) Sri. K. Balachandran Thampi I.F.S
(3) Dr. A.K. Krishnakumar
(4) Sri. D. Krishnan Nair
(5) Sri. C.K. Unnikrishnan
(6) Sri. R.V. Ramankutty Warrier
(7) Sri. Jose Pathalil
(8) Adv. P. Sankaran

By Order of the Board
for the Plantation Corporation of Kerala Ltd.

Sd/-
M.R. Viswambharan nair
Secretary

Kottayam
6-7-1998

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

NOTICE TO SHAREHOLDERS

Notice is hereby given that the 36th (adjourned) Annual general Meeting of the Corporation will be held at the Registered Office of the Corporation at Kottayam on Tuesday the 30th November 1999 at 2.30 PM to transact the following business.

To receive, consider and adopt the Directors' Report, Auditors' Report and the audited Profit & Loss Account for the year ended 31st March 1998 and the Balance Sheet as on that date.

By Order of the Board
for The Plantation Corporation of Kerala Ltd.

Sd/-
M.R.VISWAMBHARAN NAIR
Secretary

Kottayam
1-11-1999

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

DIRECTORS' REPORT

Gentlemen,

Your Directors present the 36th Annual Report of the Corporation for the year ended 31st March 1998.

Due to the general recession in the economy and sluggish market conditions, the demand for Rubber and Rubber trees fell short of all expectations. The South East Asian Economic crisis resulted in availability of Rubber at very cheap price internationally, as these countries are dominant players in international rubber market. With the result the price realisation of rubber and rubber trees which stood at Rs. 65.36 per Kg. and Rs. 1036/- per rubber tree respectively in 1995-96, reduced to Rs. 46.44 per Kg. and Rs. 746/- per rubber tree in 1997-98, thereby making the business operations of the Corporation unprofitable. Consequently for the first time since 1974, the Corporation registered a net loss of Rs. 497.89 lakhs during the period under review. The future out look in the short term is not encouraging and your Directors do not forsee any relief in the situation.

FINANCIAL POSITION

The Authorised Capital of the Corporation is Rs. 750/- lakhs and the Paid Up Capital which stood at Rs. 556.88 lakhs as on 31.3.1997 continued unchanged during 1997-98.

The corporation has repaid all the loans payable to Government of Kerala except the loan drawn for investment in Oil Palm India Limited. The said loan has been cancelled by Government of Kerala when the Subsidiary Status of Oil Palm India was terminated. The balance outstanding in the loan account of Rs. 32,61,222/- as on 31.3.1996, is transferred and treated as Capital Reserve Account. However, the penal interest for the delayed remittance of loan instalments and interests is due to Government of Kerala. In earlier years, when the Corporation was meeting its working capital requirements with overdraft facility, the loan instalments and interest could not be remitted in time.

Requests were made for waiver of penal interest. The request has been declined on the ground that the Corporation's financial position has been improved subsequently. The balance outstanding as on 31.3.1998 as payable on the above account amounted to Rs. 60.14 lakhs.

PROFIT & LOSS ACCOUNT

The net loss for the year as per the Profit & Loss Account is Rs. 497.89 lakhs after making the following provisions:

Depreciation	...	Rs.55.70 lakhs
Provision for Gratuity	...	Rs.431.18 lakhs

An amount of Rs. 1.50 crores has been provided for taxation.

AGRICULTURAL INCOME TAX

The assessment of Agriculture Income Tax of the Corporation has been completed upto Financial Year 1995-96. For the completed assessments, the Company has filed appeals before the higher authorities which are pending for disposal.

SALES - RUBBER

During 1997-98, the quantity of rubber sold was 1796.560 MTs. worth Rs. 834.50 lakhs against 2695.803 MTs. worth Rs. 1450.39 lakhs of the previous year. Average price realised in 1997-98 was Rs. 46.44 per Kg. against Rs. 53.80 per Kg. realised in 1996-97.

RUBBER ESTATES

There are nine rubber estates under the ownership of the Corporation, which are located in the Districts of Pathanamthitta, Ernakulam, Trichur, Malappuram, Kozhikode and Kannur.

AREA UNDER RUBBER & OIL PALM

i)	Tapping area (rubber)	...	3195 hect.
ii)	Immature area (rubber)	...	3177 hect.
iii)	Area under Oil Plam	...	248 hect.
iv)	Vacant land & land under clearance for replanting		1558 hect.
			8178 hect.

CASHEW AREA

There are four cashew estates Viz. Kasargode, Rajapuram, Cheemeni and Mannarght under the Corporation. The estates are maintained in satisfactory condition: There are cashew areas in other estates too. The total area under cashew is about 6315 hectares.

ENGINEERING WORKS

The following works were carried out/arranged during 1997-98.

Sl.No.	Name of work	Work done
Kodumon Estate		
1.	Semi-grouting and chipping carpet to the road from Division D to F - 4 Kms	Completed
Chandanappally Estate		
1.	Repairs and maintenance of buildings	Completed
2.	Re-metalling and semi-grouting road from Puthusserry to Division Office - 3 Kms.	Due to slow progress, the work is re-arranged through another agency M/s. Kerala Land Development Corporation.
3.	Re-metalling and semi-grouting road from Manager's office to Dn.D - 4 Kms.	Due to slow progress, the work is re-arranged through another agency M/s. Kerala Land Development Corporation.
4.	Providing G.I. barbed wire fencing for 1997 replanting area - Division-A	Completed
5.	Providing G.I. barbed wire fencing for 1997 replanting area - Division-E	Completed
6.	Wiring of office building	Completed
7.	Repairs and chipping carpet the road from Ottathek to Kalappara	Work in progress
Thannithode Estate		
1.	Forming approach road to Collecting Station, Division-C and culvert.	Competed

2.	Construction of 3 x 3 metre culvert-Dn.C.	Completed
3.	Repairs & maintenance of buildings.	Completed

Head Office Kottayam

1.	Construction of General Manager's quarters-1 No., Repairs & ,maintenance of Head Office building and Staff quarters, Vadavathoor.	Work in progress
2.	Vadavathoor-Wiring of 'B` type quarters.	Completed
3.	Head office, Kottayam - Panelling to Receptionist's and visitors' room.	Completed

Kalady Group

1.	Re-metalling and semi-grouting the road from Division office to 83 area.	Work in progress
2.	Adirappally Estate - Repairs & maintenance of buildings- additional works in Dn.D & G.	Completed
3.	Vettilappara Estate - Repairs & maintenance of buildings- additional works in Dn.A, B & C.	Completed
4.	Kallala Estate-Repairs & maintenance of building-additional works in Dn.F.	Completed
5.	Kallala Estate -Providing 2 Kms. barbed wire fencing for 1997 replanting area-Dn.C.	Completed
6.	Kallala Estate-Providing 2Kms G.I. barbed wire fencing for 1997 replanting area in Dn.D.	Completed
7.	Adirapplly Estate-Providing 4 Kms. G.I. barbed wire fencing for 1997 replanting area in Dn.F.	Completed
8.	Vettilappara Estate-Providing 6 Kms. G.I. barbed wire fencing for 1997 replanting area in Dn.B.	Completed
9.	Adirappally Estate-Providing G.I. barbed wire fencing for 1997 replanting area in Dn.A & F.	Completed
10.	Kallala Estate -Repairs & chipping carpet to road from Dn.F Junction to Dn.A - !st Section.	Work almost completed
11.	Kallala Estate-Repairs & chipping carpet to road from Post Office Junction to Dn.B.Junction	Work almost completed
12.	Vettilappara Estate - Providing water supply in Dn.B & C-Stage 1.	Completed
13.	Kallala Estate -Metalling road to Kundu and construction of culvert in Dn.C.	Metal supply in progress
14.	Adirappally Estate-Repairs and chipping carpet road from post Office Junction to Dn.B.Junction.	Metal supply in progress
15.	Adirappally Estate-Repairs and maintenance of buildings in Dn.D & E.	Completed

16.	Adirappally Estate-Repairs and chipping carpet to road from Post Office Junction to Dn.F-II Section.	Metal supply in progress
17.	Kallala Estate-Repairs & maintenance of buildings in Dn.G and repairs to Effluent Treatment plant.	Completed
18.	Kallala Estate - Repairs & chipping carpet to road from Dn.F.Junction to Dn.A-II Section	Work almost completed
19.	Adirappally Estate-Repairs and chipping carpet to road from post Office Junction to Dn.F-I section.	Work almost completed
20.	Vettilappara Estate-Repairs & chipping carpet to road from Adirappally Junction to Dn.B.	Work arranged
21.	Vettilappara Estate _ Repairs and chipping carpet to road from Dn.B to C.	Work arranged

Malabar Group

1.	Perambra Estate-Re-metalling and semigrouting the road to 22 area-2 Kms.	Work in Progress
2.	Perambra Estate-Repairs and maintenance of buildings.	Completed
3.	Alakode Estate-Lower Cheekkad Wiring of buildings.	Completed
4.	Nilambur Estate-Repairs and maintenance of internal road in 1st section, construction of 'E' type quarters- 4 sets in Punchakolly Dn.	Work in Progress
5.	Nilambur Estate-Repairs & maintenance of Internal roads-2nd section and construction of 'E' type quarters-3 sets in Punchakolly.	Work in progress
6.	Nilambur Estate - Construction of new road for the planting area and construction of twin 'C' type quarters-1 set, Canteen-cum Recreation Club- 1 No., Latex Collecting Station-1 No. in Punchakolly Dn.	Work in Progress
7.	Nilambur Estate-Construction of 'E' type quarters-3 sets, Canteen-cum-recreation Club- 2 Nos., Latex Collecting Station- 2 Nos. at Palakayam and Vaniampuzha Dns.	Work in Progress
8.	Perambra Estate- Re-roofing school building with pipe trusses and A. C. sheet.	Completed
9.	Rajapuram Estate - Metalling the road and construction of 'E' type quarters - 2 sets at Panathoor & repairs and maintenance of building.	Work arranged.

PERSONNEL MANAGEMENT, INDUSTRIAL RELATIONS AND LABOUR WELFARE

The earlier set up of the Company continued unchanged during the year under report. Industrial relations were smooth and cordial. This is achieved by upholding the principles of Industrial Democracy. Joint conferences, discussions and negotiations at various levels were held to sort out issues concerning staff and workers amicably.

The Corporation continued to have its faith in human resources and its development as a means of achieveing individual and organisation effectiveness. Need based training was given to a good number of employees by sponsoring them to various professional bodies as well as by organising in house training courses. The knowledge and skill acquired by the employees from the training course were utilised to improve the efficiency of the Corporation.

Welfare orientation, an essential ingrediant of Corporation's Management Philosophy continued to have its supremacy during the year. In addition to provide basic amenities such as free quarters with electricity and water supply, medical, educational and recreational facilities, measures were taken to bring about improvement on the welfare amenities. The welfare fund loan which was introduced to help the workers and other employees to meet emergency requirements was extended to more number of employees by enhancing the fund amount. Towards the cost of the uniforms and its maintenance, the tappers are being paid an all inclusive allowance at the rate of Rs. 350/annum. In the event of death of a worker an amount of Rs. 1,000/- is being paid by the Corporation towards funeral expenses.

The salary revision of Staff & Officers due on 25.10.1996 is pending for settlement. Government guidelines from the Government to initiate discussion on salary revision has now been received.

The Corporation could give recognition to its human assets. In accordance with the existing norms, timely promotions were given to employees in various status. In the matter of appointments, the Corporation continued to confirm to Rules and directions with respect to communal rotation and reservation to Scheduled Caste & Scheduled Tribes. Under the Compassionate Employment Scheme 11 dependents were appointed in staff category and 4 dependents in workers category.

During the year, 28 Staff members and 12 Officers left the services of the Corporation by way of retirement/resignation/death etc. Due to the superannuation of employees, the Corporation has been facing acute shortage of manpower, particularly in the supervisory cadre. As there has been undue delay in recruitment on the part of Public Service Commission, the situation has become all the more difficult. Despite these constraints, the activities of the estates could be carried out with substantial effectiveness.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

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

PARTICULARS OF EMPLOYEES

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

BOARD OF DIRECTORS

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

CHAIRMAN

Adv.P.K. Chithrabhanu, appointed as Chairman from 30.10.1996, continued to hold the office of the Chairman during the remaining period under report.

MANAGING DIRECTOR

Sri K.K. Srivastava, I.F.S. appointed as Managing Director from 3.4.1996 held the office of Managing Director till 8.4.1997. Sri C.S. Sachith appointed as Managing Director from 8.4.1997 held the office of the Managing Director till 24.11.1997. Sri K.P. Ouseph, I.F.S. appointed as Managing Director from 24.11.1997 held the office of the Managing Director during the remaining period under report.

HIGHLIGHTS OF CURRENT ACTIVITIES

As on 31/3/1999, an area about 4768 hectares were planted with high yielding varieties of rubber and 248 hectares with Oil Palm.

Considering the long standing demand of the employees of Malabar region estates, it was decided to construct a group Hospital for Malabar Region estates at Periya in Kasaragode estate. The foundation stone for the hospital was laid by Hon'ble Minister for Agriculture, Sri Krishnan Kaniyamparambil on 31.10.1998. The construction of the hospital is nearing complection.

In the process of diversification, it was decided to establish a pilot project of 'Farm Tourism' in Adirappally and the foundation stone of this Project was also laid by Hon'ble Minister for Agriculture on 5.1.1999 and the construction of the project is progressing well.

With a view to start rubber based industries, the Corporation has identified two Projects, one for the manufacture of Examination Gloves and the other for Conveyer Belts. The Project and feasibility report for the manufacture of Examination Gloves duly approved by the Board has been submitted to the Government for its approval.

The 'Mythri' Housing Scheme and Corporation's own Housing Loan Scheme was inagurated on 1.1.1999, by the Hon'ble Minister for Agriculture. In the 'Mythri' Housing Scheme of the Housing Board, by remitting Rs. 12,500/- as advance by the Corporation, the workers will get a grant of Rs. 28,000/- from Housing Board and the advance remitted by the Corporation will be recovered in 60 instalments. The Scheme has been very popular with the workers of the Corporation and so far 84 applications has been processed and Rs. 10,50,000/- has been remitted as advance to Housing Board. The decision of the Corporation is to sponsor 500 eligible workers under this Scheme.

Pending finalisation of salary revision of Staff & Officers of the Corporation, interim relief at the rate of Rs. 100+10% of the basic pay subject to a total minimum of Rs.200/- (Rs. two hundred) per month was granted w.e.f. 1.7.1998.

The reward to appreciate exceptionally good performance of employees of the Corporation was given away on 1.1.1999. For the first time in the Corporation a Cultural and Sports event was held at Kodumon estate on 25.2.1999. The programme received wide participation of employees and their families.

ACKNOWLEDGMENT

Your Directors are grateful to the Government of Kerala, Rubber Board, Banks and others for the continued support during the year under review.

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

For and behalf of the Board of Directors,

Sd/-
Adv. P.K. Chithrabhanu
(Chairman)

Kottayam,
2-10-99

ANNEXURE - 1

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

A. CONSERVATION OF ENERGY

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

FORM - B

(See Rule 2)

Form of Disclosure of Particulars with Respect of Absorption

Research and Development		Not significant.
(e)	Foreign Exchange earnings and outgo.	Nil
(f)	Activities relating to exports initiatives taken to increase exports development of new export market for new products and services and export plans.	Nil
(g)	Total foreign exchange used and earned.	
	Used ...	Nil
	Earned ...	Nil

ANNEXURE - II

Details of directors including changes taken place during the year ending 31-03-1998.

Sl. No.	Name	Address	Date of appointment
1.	Sri. M.S Dharan	Additional Secretary, to Govt. Finance Department, Secretariat, Trivandrum.	From 26/09/1992 to 12/12/1997.
2.	Sri. P.P Joseph	Under Secretary to Govt., Agricultural Department, Secretariat, Trivandrum.	From 16/03/1995 to 13/05/1997.
3.	Sri. P.N Surendran, I.F.S	Principal Chief Conservator of Forests, (General) Vazhuthakad, Trivandrum.	From 03/08/1995 to 24/04/1997.
4.	Dr. A.K. Krishnakumar	Rubber Production Commissioner, Rubber Board, kottayam.	From 09/11/1995.
5.	Sri. C.K. Unnikrishnan	President, Ayyampuzha Panchayat Kalady Plantation P.O, Via. Aluva.	From 23/03/1997
6.	Sri. R.V Ramankutty-Warrier	Rappal Warriam Thottipal P.O, Thrissur.	From 23/03/1997
7.	Sri. Jose Pathalil	Kannivayal P.O, Cherupuzha, Kasaragode.	From 23/03/1997
8.	Sri. K Balachandran-Thampi - I.F.S.	Chief Conservator of Forests, World Bank Project, Thiruvananthapuram.	From 24/04/1997
9.	Sri. Sajan Peter I.A.S.	Secretary to Government Agriculture, Secretariat, Trivandrum.	From 13/05/1997
10.	Adv. P Sankaran	Puthiyoottil House, Kadiyangad P.O, Via. Perambra, Kozhikode Dist.	From 04/07/1997
11.	Sri. D. Krishnan Nair	Joint Secretary to Govt. Finance Department, Secretariat, Trivandrum.	From 12/07/1997

Review of Accounts of Plantation Corporation of Kerala Limited. Kottayam
for the year ended 31st March 1998 by
the Comptroller and Auditor General of India.

1. FINANCIAL POSITION

The table below summarises the financial position of the company under broad headings for the three years up to 1997-98.

(Rupees in lakhs)

		1995-96	1996-97	1997-98
	Liabilities			
1	Paid up capital	556.88	556.88	556.88
2	Reserves and Surplus	2808.51	3021.58	2385.48
3	Borrowings	32.61	Nil	Nil
4	Trade dues and Current Liabilities (including provisions)	4262.04	3977.60	4184.84
	Total	**7660.04**	**7556.06**	**7127.20**
	Assets			
1.	Gross Block	1273.98	1301.94	1332.38
2.	Less Depreciation	675.33	732.05	783.44
3.	Net Block	598.65	569.89	548.94
4.	Development of Property	1861.81	2153.61	2480.50
5.	Capital Work-in-progress	18.11	53.68	30.39
6.	Investments	100.01	125.01	125.01
7.	Current Assets, Loans and Advances	5081.46	4653.87	3942.36
	Total	**7660.04**	**7556.06**	**7127.20**
	Capital employed	4629.95	4897.92	4578.00
	Net Worth	3365.39	3578.46	2942.36

Note: 1. Capital employed represents net fixed assests incuding capital work in progress plus working capital.

2. Net worth represents paid up capital plus reserves and surplus.

2. CAPITAL STRUCTURE

The debt equity ratio of the company was 0.058 : 1 in 1995-96. the borrowings during the years 1996-97 and 1997-98 are 'Nil'.

3. RESERVES AND SURPLUS

The reserves and surplus accumulated at the end of three years upto 1997-98 amounted to Rs. 2808.51 lakh, Rs. 3021.58 lakh and Rs. 2385.48 lakh respectively. The reserves and surplus worked out to 36.66% of the total liabilities in 1995-96, 39.99% in 1996-97 and 33.47% in 1997-98 and 504.33% of the equity capital in 1995-96, 542.59% in 1996-97 and 428.37% in 1997-98.

4. LIQUIDITY AND SOLVENCY

a) The percentage of current assets to total net assests decreased from 66.34 in 1995-96 to 61.59 in 1996-97 and to 55.31 in 1997-98

b) The percentage of current assets to current liabilities (including provisions) decreased from 119.23 in 1995-96 to 117.00 in 1996-97 and to 94.21 in 1997-98

c) The percentage of quick assets (sundry debtors, cash and bank balances and advances recoverable to current liabilities excluding provisions) varied from 155.21 in 1995-96 to 179.06 in 1996-97 and to 141.08 in 1997-98.

5. SOURCES AND USES OF FUNDS

Funds amounting to Rs. 762.90 lakh from internal sources and Rs. 207.24 lakh from external sources are utilised during the year 1997-98 as shown below:

		(Rs. in Lakhs)
i)	Decrease in Accumulated Profit	636.10
ii)	Increase in fixed assets (including work in progress)	7.15
iii)	Development of property	326.89
	Total	970.14

6. WORKING RESULTS

The working results of the company for the three years upto 1997-98 are given below:

(Rupees in lakh)

		1995-96	1996-97	1997-98
i)	Profit(+)/Loss(-) for the year as per accounts (before tax)	(+)1034.90	(+) 362.38	(-)497.89
ii)	Provision for taxation	160.00	175.00	150.00
	Profit (+)/Loss (-) after tax	(+) 874.90	(+)187.38	(-) 647.89

7. COST TRENDS

	1995-96	1996-97	1997-98
		(Rupees in lakh)	
Sales	2120.89	1858.04	1254.78
Profit (+)/Loss (-) for the year	(+) 1034.90	(+)362.38	(-)497.89
Cost of Sales	1085.99	1495.66	1752.67
Percentage of cost of sales to sales	51.20	80.50	139.68

8. PRODUCTION PERFORMANCE

The value of production for the three years upto 1997-98 is worked out below:

	1995-96	1996-97	1997-98
		(Rupees in lakh)	
a) Sales	2120.89	1858.04	1254.78
b) Closing stock of finished goods and work-in-progress	580.26	277.07	273.64
c) Opening stock of finished goods and work-in-progress	205.26	580.26	277.07
d) Value of Production (a+b-c)	2495.89	1554.85	1251.35

The percentage of value of production to net worth declined from 74.16 in 1995-96 to 43.45 in 1996-97 and to 42.53 in 1997-98. The percentage of value of production to total net asset declined from 32.58 in 1995-96 to 20.58 in 1996-97 and to 17.56 in 1997-98.

9. INVENTORY

The following table indicates the comparative position of inventory and its distribution at the close of the three years upto 1997-98.

		1995-96	1996-97	1997-98
			(Rupees in lakh)	
a)	Stores and Spares	80.70	87.33	136.97
b)	Loose Tools	8.39	8.79	11.18
c)	Stock in trade of finished goods (including work-in-progress)	580.26	277.07	273.64
d)	Agricultural equipments	5.08	5.59	5.74
		674.43	378.78	427.53

The stock in trade was equivalent to 3.28 months' sales in 1995-96, 1.79 months' in 1996-97 and 2.6 months' in 1997-98

10. SUNDRY DEBTORS AND TURNOVER

The following table indicates the volume of book debts and sales for the three years up to 1997-98.

As on 31st March	Book Debts considered good	Book Debts considered doubtful	Total	Sales during the year	Percentage to sales
1996	42.91	——	42.91	2120.89	2.02
1997	50.05	——	50.05	1858.04	2.69
1998	121.44	——	121.44	1254.78	9.7

Sd/
R.K. Verma
Accountant general
(Audit), Kerala

Thiruvananthapuram
Date: 7.10.1999

1997-'98
Annual Accounts
&
Schedules

THE PLANTATION CORPORATION

BALANCE SHEET

Previous Year Rs. Ps.	LIABILITIES		Current Year Rs. Ps.
	Share Capital		
75,000,000.00	Authorised... 75,000/Equity shares of Rs. 1,000/each		75,000,000.00
55,688,000.00	Issued... 55688/....Equity Shares of Rs. 1,000/each		55,688,000.00
55,688,000.00	Subscribed, called up and paid up 55688/Equity Shares of Rs. 1000/each. of the above shares 12,182/ shares are allotted as fully paid up pursuant to a contract without payments being received in cash.		55,688,000.00
302,158,315.66	**Reserves & Surpluses (Shedule A)**		238,548,253.81
	Unsecured Loans		
	From Govt. of Kerala for		
	i. Estate Development		
6,013,792.51	ii Interest accrued and due	6,013,792.51	6,013,792.51
	Current Liabilities & Provisions		
198,240,925.35	a. Current Liabilities (Sch. B)	209,129,051.17	
193,505,644.07	b. Provisions (Sch. C)	203,341,971.07	412,471,022.24
755,606,677.59	Total		712,721,068.56

Sd/-
Adv. P.K. Chithrabhanu
Chairman

Sd/-
K.P. Ouseph I.F.S.
Managing Director

AS AT 31-03-1998

Previous Year Rs. Ps.	ASSETS		Current Year Rs. Ps.
	Fixed Assets		
215,360,827.36	a. Plantations — Schedule D	248,049,680.37	
56,988,931.78	b. Plant & Machinery, Roads, Buildings etc. sch E	54,894,448.29	
5,367,993.95	c. Capital work in progress	3,039,464.14	305,983,592.80
	Investments		
12,501,100.00	In shares at cost - Sch. F		12,501,100.00
	Current Assets, Loans & Advances		
386,959,209.23	a. Current Assets Sch. G	306,604,705.19	
78,428,615.27	b. Loans and advances Sch. H	87,631,670.57	394,236,375.76
755,606,677.59	Total		712,721,068.56

Sd/-
M.R.V. Nair
Secretary

For Kuryan & Suseelan
Chartered Accountants

Sd/-
V.K. Kuryan
Partner

THE PLANTATION CORPORATION

Profit & Loss Account

Previous Year Rs. Ps.	EXPENDITURE	Current Year Rs. Ps.
59,105,472.27	To Opening Stock Finished Goods	28,506,034.65
33,405,583.60	To Salaries & Allowances	52,691,079.64
160,231.35	To Salaries & Allowances to MD	169,980.94
2,710,941.88	To Leave Encashment	2,505,054.76
12,168,779.99	To Employer's Contribution PF	14,890,759.90
22,307,115.14	To Bonus & Production incentive	12,593,305.77
1,218,587.79	To Voluntary Retirement	95,737.44
11,548.40	To Honorarium to Chairman	27,645.15
23,557.75	To T A & Sitting Fee to Directors	130,801.72
869,286.89	To T A To Staff & Officers	982,328.99
19,675.30	To Rent	32,376.80
2,115,602.33	To Rates & taxes	2,177,649.35
5,110,026.21	To Electricity Charges	7,365,727.91
15,189,871.00	To Lease Rent	15,189,870.60
426,659.75	To Insurance Charges	496,473.25
1,673,514.15	To Advertisement Charges	1,998,392.58
220,275.35	To Legal Expenses	484,558.11
32,000.00	To Remuneration to Auditors (including expenses)	42,000.00
....	To interest on Loan	31,721.00
13,849,355.92	To Repairs & Maintenance Assets Sch I	18,591,728.27
2,932,693.58	To Miscellaneous expenses Sch-II	3,163,939.91
22,774,190.67	To welfare expenses Sch-III	23,263,992.90
6,031,937.70	To Depreciation	5,569,633.90
12,750,285.79	To Cultivation & Upkeep of Rubber	14,158,533.54
38,938,797.45	To Tapping & Collection of rubber	32,893,355.04
16,160,138.70	To Manufacturing & selling expenses	14,322,109.78
12,866,807.01	to Cultivation & Upkeep of Cashew	12,462,342.80
12,773.18	To Cultivation & Upkeep Oil Palm	2,159,907.94
584,393.55	To Cultivation & Upkeep Other crops	654,653.02
262,414.18	To Collection charges Cashew	568,623.36
....	To Harvesting Oilpalm	60,879.39
104,637.00	To Purchase of Latex	....
29,211,454.88	To Provision Gratuity	43,118,027.57
36,237,846.21	To net profit c/d to P&L Appropriation A/c	....
349,486,454.97	**Total**	**311,399,225.98**

Sd/-
Adv. P.K. Chithrabhanu
Chairman

Sd/-
K.P. Ouseph I.F.S.
Managing Director

OF KERALA LIMITED

for the year Ended 31-03-98

Previous Year Rs. Ps.	INCOME		Current Year Rs. Ps.
	By Sales		
145,039,648.99	Rubber	83,450,095.28	
39,581,275.40	Cashew	40,853,272.56	
248,787.75	Slaughter tapping	....	
934,181.23	Agriculture Produce	1,174,703.22	
89,159,476.98	Rubber Trees & Firewood	74,272,552.44	
30,750.00	Sale of Tender forms	29,975.00	
104,173.22	Empties & Unserviceables	76,970.10	
			199,857,568.60
	By Interest Income		
1,173,714.24	From Contractors & Customers	1,136,798.17	
270,353.88	Staff Loans	220,828.32	
40,212,625.77	Treasury & Bank deposit (Gross) (TDS Rs. 88,22,455/- Previous year Rs. 72,66,723/-)	26,990,574.10	
529,144.14	Others	739,411.00	
			29,087,611.59
	By other Income		
147,505.60	Rent of Building	166,229.50	
512,902.90	Profit on Sale of Assets	243,507.00	
1,906,501.03	Miscellaneous Income	2,042,111.80	
1,063,568.00	Inter crops	495,110.35	
65,811.19	Net Profit R.W. Project	84,413.84	
	Processing charge Received	1,545,508.00	
			4,576,880.49
	By Closing Stock Finished Goods & W I P		
27,706,731.65	Rubber	27,363,730.10	
375,863.00	Cashew	106,400.35	
423,440.00	Other Agricultural Produces	617,589.00	
			28,087,719.45
——	Net Loss C/D to P & L Appropriation A/C		49,789,445.85
349,486,454.97	**Total**		**311,399,225.98**

Sd/-
M.R.V. Nair
Secretary

For Kuryan & Suseelan
Chartered Accountants

Sd/-
V.K. Kuryan
Partner

PROFIT AND LOSS APPROPRIATION ACCOUNT FOR THE YEAR ENDED 31-03-1998

Previous Year Rs. Ps.		Current Year Rs. Ps.	Previous Year Rs. Ps.		Current Year Rs. Ps.
1,289,586.50	Prior period Expenses		170,680,958.67	By Balance as per last Balance Sheet	188,134,218.00
			5,000.00	By Prior Period income	....
17,500,000.00	Tax Provision	15,000,000.00	36,237,846.21	By not Profit as per P & L account	....
	Net loss as per P & L account	49,789,445.85			
188,134,218.38	Net profit transferred to reserves and surpluses	123,344,772.53			
206,923,804.88		188,134,218.38	206,923,804.88		188,134,218.38

Sd/-
Adv. P.K. Chithrabhanu
Chairman

Sd/-
K.P. Ouseph I.F.S.
Managing Director

Sd/-
M.R.V. Nair
Secretary

For Kuryan & Suseelan
Chartered Accountants

Sd/-
V.K. Kuryan
Partner

SCHEDULE — A

RESERVES & SURPLUS AS ON 31-03-'98

Previous Year Rs. Ps.			Current Year Rs. Ps.
6,133,243.30	1. CAPITAL RESERVE		
	As per last balance sheet	6,133,243.30	
	Additions this year	108,000.00	
			6,241,243.30
81,958,000.00	2. Replanting Reserve		81,958,000.00
14,079,091.48	3. Rehabilitation reserve		14,079,091.48
1,875,000.00	4. Subsidy received from Govt. of Kerala - Housing scheme		1,875,000.00
2,897,940.00	5. Subsidy Received from Govt. of Kerala cashew plantation upkeep		2,897,940.00
7,080,822.50	6. Subsidy received from Rubber Board Rubber Cultivation		
	As per last Balance Sheet	7,080,822.50	
	Additions this year	1,071,384.00	8,152,206.50
188,134,218.38	7. Profit & Loss Account		123,344,772.53
302,158,315.66			238,548,253.81

Sd/- Adv. P.K. Chithrabhanu Chairman	Sd/- K.P. Ouseph I.F.S. Managing Director	Sd/- M.R.V. Nair Secretary	For Kuryan & Suseelan Chartered Accountants Sd/- V.K. Kuryan Partner

SCHEDULE B

CURRENT LIABILITIES AS ON 31-03-98

Previous Year Rs. Ps.		Current Year Rs. Ps.
1,006,674.42	Sundry Creditors	2,170,110.23
126,716,346.84	Other Liabilities	142,066,864.27
3,484,470.17	E M D	4,021,769.17
15,631,073.02	Security Deposit	12,032,943.02
106,800.00	Sale of Land to K W A	106,800.00
2,218,577.48	KGST Payable	1,742,287.00
23,555,135.00	Income received in Advance	21,332,639.70
10,000.00	Housing Scheme Workers	10,000.00
30,807.52	Welfare Fund	37,215.90
641,000.00	Sale of Secondary growth	641,000.00
24,530,062.90	Agriculture income tax due	24,530,062.90
309,978.00	Central dales tax payable	116,828.98
....	Central Income tax payable	320,530.00
198,240,925.35	**Total**	**209,129,051.17**

SCHEDULE C

Provisions As on 31-03-98

Previous Year Rs. Ps.			Current Year Rs. Ps.
149,815,159.00	**1. Gratuity**		
	As per last Balance Sheet	149,815,159.00	
	Add additions this year	43,118,027.57	
		192,933,186.57	
	Less: paid this year	16,867,933.57	176,065,253.00
5,500,000.00	**2. Bonus**		
	As per last Balance Sheet	5,500,000.00	
	Add additions this year	3,500,000.00	
		9,000,000.00	
	Less: Adjusted this year (from 1-1-97 to 31-3-97)	5,500,000.00	3,500,000.00
38,190,485.07	**3. Taxation**		
	As per last balance Sheet	38,190,485.07	
	Add additions this year	15,000,000.00	
		53,190,485.07	
	Less: Adjusted this year	29,413,767.00	23,776,718.07
193,505,644.07	**Total**		**203,341,971.07**

Sd/- Adv. P.K. Chithrabhanu Chairman	Sd/- K.P. Ouseph I.F.S. Managing Director	Sd/- M.R.V. Nair Secretary	For Kuryan & Suseelan Chartered Accountants Sd/- V.K. Kuryan (Partner)

SCHEDULE D
DEVELOPMENT OF PROPERTY AS ON 31-03-1998

Item	Opening Balance	Additions	Disposals	Closing Balance
Rubber	191,534,146.63	33,103,586.32	2,495,316.11	222,142,416.84
Cashew Plantations	15,146,930.25	....	....	15,146,930.25
Coffee Plantations	478,684.94	....	....	478,684.94
Arecanut Plantations	470,426.14	....	....	470,426.14
Oil Palm Plantations	5,595,550.96	2,080,582.80	....	7,676,133.76
Teak Plantations	112,002.86	....	....	112,002.86
Coconut Plantations	795.36	....	....	795.36
Survey	225,195.53	....	....	225,195.53
Evicted Area expenses	1,694,037.42	....	....	1,694,037.42
Eucalyptus	15,963.37	....	....	15,963.37
Cardamum Plantations	87,093.90	....	....	87,093.90
	215,360,827.36	35,184,169.12	2,495,316.11	248,049,680.37

Sd/-
Adv. P.K. Chithrabhanu
Chairman

Sd/-
K.P. Ouseph I.F.S.
Managing Director

Sd/-
M.R.V. Nair
Secretary

For Kuryan & Suseelan
Chartered Accountants

Sd/-
V.K. Kuryan
Partner

FINAL CONSOLIDATED ASSET SCHEDULE AS ON 31-03-98 - SCHEDULE - E

Name	Original Cost			Depreciation			Disposals		Balance			
	At the End of previous year Rs. Ps.	Additions during the year Rs. Ps.	total cost Rs. Ps.	At the End of previous year Rs. Ps.	For the current year Rs. Ps.	Total Depreciation Rs. Ps.	Original cost Rs. Ps.	Depreciation written off Rs. Ps.	Total Cost at the end of 31.03.98 Rs. Ps.	Total Depreciation as on 31.03.98 Rs. Ps.	Net Block as on 31.03.98 Rs. Ps.	Net Block as on 31.03.97 Rs. Ps.
Furniture	2165536.42	151490.46	2317026.88	1572609.90	120402.69	1693012.59	0.00	0.00	2317026.88	1693012.59	624014.29	592926.52
Office Equipments	2082819.03	394647.00	2477466.03	1172468.80	289676.87	1462145.67	0.00	0.00	2477466.03	1462145.67	1015320.36	910350.23
Electric Appliances	95956.13	0.00	95956.13	78468.84	3497.27	81966.11	0.00	0.00	95956.13	81966.11	13990.02	17487.29
Electric installations	5822040.31	118495.20	5940535.51	4816815.21	145560.00	4962375.21	0.00	0.00	5940535.51	4962375.21	978160.30	1005225.10
Telephone	258899.38	24973.00	283872.38	83447.24	25460.32	108907.56	0.00	0.00	283872.38	108907.56	174964.82	175452.14
Survey Instruments	12484.92	0.00	12484.92	11790.82	102.59	11893.41	0.00	0.00	12484.92	11893.41	591.51	694.10
Library	51758.36	0.00	51758.36	43048.45	870.99	43919.44	0.00	0.00	51758.36	43919.44	7838.92	8709.91
Roads	17847410.64	0.00	17847410.64	6370181.77	573861.44	6944043.21	0.00	0.00	17847410.64	6944043.21	10903367.43	11477228.87
Fence/Kayyala	7488946.55	267303.00	7756249.55	3062639.12	453768.38	3516407.50	0.00	0.00	7756249.55	3516407.50	4239842.05	4426307.43
Electric Fittings	88136.78	39937.25	128074.03	64313.87	9397.60	73711.47	0.00	0.00	128074.03	73711.47	54362.56	23822.91
Plant & Machinery	16145771.08	978936.94	17124708.02	12765809.95	709075.17	13474885.10	0.00	0.00	17124708.02	13474885.12	3649822.90	3379961.13
Building	542163509.94	701451.65	54917802.59	28771039.70	1451227.77	730222267.50	0.00	0.00	54917802.59	30222267.47	24695535.12	25445311.24
Vehicles	11955495.81	894591.81	12850087.62	7895841.25	1291443.88	9187285.13	633893.40	600246.40	12216194.22	8587038.73	3629155.49	4059654.56
Water supply instal	8015958.13	88090.35	8104048.48	5981736.23	615114.15	6596850.38	0.00	0.00	8104048.48	6596850.38	1507198.10	2034221.90
Freehold Land	3148635.65	0.00	3148635.65	0.00	0.00	0.00	0.00	0.00	3148635.65	0.00	3148635.65	3148635.65
Ammonia Cylinders	523639.00	0.00	523639.00	425056.21	39433.12	464489.33	0.00	0.00	523639.00	464489.33	59149.67	98582.79
Wells	136599.34	18255.19	154854.53	25220.63	6375.80	31596.43	0.00	0.00	154854.53	31596.43	123258.10	111378.71
Landing Pad	118844.25	0.00	118844.25	47687.83	3557.81	51245.64	0.00	0.00	118844.25	51245.64	67598.61	71156.42
Jankar & Boat	19051.49	0.00	19051.49	17226.61	182.49	17409.10	0.00	0.00	19051.49	17409.10	1642.39	1824.88
Total	130194334.21	3678171.85	133872506.06	73205402.43	5739008.34	78944410.77	633893.40	600246.40	133238612.66	78344164.37	54894448.29	56988931.78

Sd/-
Adv. P.K. Chithrabhanu
Chairman

Sd/-
K.P. Ouseph I.F.S.
Managing Director

Sd/-
M.R.V. Nair
Secretary

For Kuryan & Suseelan
Chartered Accountants
Sd/-
V.K. Kuryan (Partner)

SCHEDULE - F

Previous Year Rs. Ps.	Investments As on 31-03-98	Current Year Rs. Ps.
1,000.00	a) 10 Equity shares of Rs. 100/- each fully paid up in Banana & Fruit Development Corporation Ltd. MADRAS	1,000.00
100.00	b) One A class share of Rs. 100/- fully paid up in Mannam Sugar Mills Co-operative Society No. 4324	100.00
10,000,000.00	c) 1000 equity shares of Rs. 10,000 each fully paid up in the Kerala Feeds Ltd., Trichur	10,000,000.00
2,500,000.00	d) 2,50,000 equity shares of Rs. 10 each fully paid up in the Cochin International Air Port Ltd.	2,500,000.00
12,501,100.00	TOTAL	**12,501,100.00**

Sd/-
Adv. P.K. Chithrabhanu
Chairman

Sd/-
K.P. Ouseph I.F.S.
Managing Director

Sd/-
M.R.V. Nair
Secretary

For Kuryan & Suseelan
Chartered Accountants
Sd/-
V.K. Kuryan
Partner

SCHEDULE - G CURRENT ASSETS AS ON 31-03-98

Previous Year Rs. Ps.				Current Year Rs. P.S.
	A	**INVENTORIES** (As taken, valued and certified by the management)		
8,733,084.12	1.	Stores and Spares at cost	13,696,982.24	
878,579.40	2.	Loose Tools	1,117,649.54	
558,874.15	3.	Agrl and Other Equipments	573,806.29	
	4.	Stock of rubber and rubber		
27,706,731.65		In process (Value fixed by management less incl. expenses)	27,363,730.10	
2,158,633.94	5.	Stock of rubber wood	2,377,337.80	
375,863.00	6.	Stock of Cashew Nuts	106,400.35	
423,440.00	7.	Closing Stock - Others	617,589.00	
	8.	Nurseries:-		
269,839.65		Cashew	82,692.37	
123,881.71		Budwood - Rubber	131,416.75	
3,549.80		Arecanut	....	
....		Others	14,449.21	
363,782.25		Oil Palm	90,000.00	
4,911,609.36		Polybag (Rubber)	4,670,812.02	
1,749,221.81		Rubber Seedlings	1,765,822.76	52,608,688.43
	B.	**SUNDRY DEBTORS**		
		(Unsecured considered good) Exceeding six months		
5,005,497.12		Other debts		12,143,994.28
	C.	**CASH & BANK BALANCES**		
223.00	a.	Stamps & Stamp Papers	223.00	
1,099.14	b.	Cash Balance		
	d.	Bank Balances:-		
	1)	With Scheduled Banks		
6,575,916.84		in Current Accounts	1,637,347.58	
188,882.00	2)	With treasury S.B.	170,641.00	
13,565,809.44	3)	Cash in transit	14,745,228.95	
	d.	Fixed Deposits:-		
258,396,600.00	1)	With treasury	189,183,100.00	
31,798,346.00	2)	With scheduled Banks	21,100,000.00	
20,669,744.85	3)	Int. receivable on FD	12,715,481.95	
500,000.00	4)	With PCK Empl. Society	300,000.00	
2,000,000.00	5)	KSFE (Bhadratha)	2,000,000.00	241,852,022.48
386,959,209.23		TOTAL		**306,604,705.19**

Sd/- Adv. P.K. Chithrabhanu Chairman	Sd/- K.P. Ouseph I.F.S. Managing Director	Sd/- M.R.V. Nair Secretary	For Kuryan & Suseelan Chartered Accountants Sd/- V.K. Kuryan (Partner)

SCHEDULE - H LOANS AND ADVANCES AS ON 31-03-98

Previous Year Rs. Ps.			Current Year Rs. P.S.
	1. SECURED (Considered good)		
	STAFF LOAN		
500,499.60	1) Motor Car loan	518300.60	
270,396.50	2) Motor Cycle loan	149924.50	668,225.10
	II UNSECURED (Considered good)		
772,523.28	a) 1. Oil Palm India Ltd.	715,156.08	
	2. K.S.C.D.C.	2,500,000.00	
	3. K.S.H.D.C.	15,000,000.00	
20,167,490.00	b) Advances recoverable in cash or kind for value to be received	26,119,442.50	
	c) Advance payment of taxes		
764,494.21	1. Sales tax	2,177,301.21	
7,630,461.00	2. Agrl. Income tax	9,834,275.00	
41,795,219.00	3. Central Income tax	24,235,338.00	
108,443.00	d) Prepaid expenses	80,644.00	
	e) Tax refund due		
190,175.00	1. Income tax	68,259.00	
5,082,748.18	2. Agrl. Income tax	5,082748.18	
61,668.25	f) Rebate receive Govt. Loan	61,668.25	85,874,832.22
	H) DEPOSITS		
859,510.00	1. K.S.E.B. Port trust and other Govt. Dept.	890,510.00	
12,750.00	2. With Housing Board	12,750.00	
96,231.00	3. Other Deposits	96,231.00	
23,653.00	4. With Court	23,653.00	
92,353.25	5. With Suppliers	65,469.25	1,088,613.25
78,420,615.27	TOTAL		87,631,670.57

Sd/- Adv. P.K. Chithrabhanu Chairman	Sd/- K.P. Ouseph I.F.S. Managing Director	Sd/- M.R.V. Nair Secretary	For Kuryan & Suseelan Chartered Accountants Sd/- V.K. Kuryan Partner

SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31-03-98

SCHEDULE — I   REP. & MAINTENANCE OF ASSETS

Previous year Rs. Ps.		Current Year Rs. Ps.
2,964,066.49	Repairs to Vehicles	2,896,038.53
4,444,796.45	Repairs to Building	5,540,051.72
1,103,577.37	Repairs to Plant & Machinery	1,856,730.36
2,583,056.98	Repairs to Roads	5,459,720.73
525,968.91	Repairs to Electrification	357,523.14
368,825.02	Repairs to Water Supply	1,012,016.71
94,824.03	Repairs to Office Equipments	128,718.62
1,062,247.19	Repairs to Fence/Kayyala	821,340.51
231,597.92	Repairs to Tools	232,176.65
130,800.07	Repairs to Temporary Shed	185,510.46
73,932.96	Repairs to Jhankar & Boat	13,430.50
225,513.96	Repairs to Computer	54,427.50
40,148.57	Repairs to Furniture	34,042.84
13,849,355.92	TOTAL	**18,591,728.27**

Sd/-	Sd/-	Sd/-	Sd/-
Adv. P.K. Chithrabhanu	K.P. Ouseph I.F.S.	M.R.V. Nair	For Kuryan & Suseelan
Chairman	Managing Director	Secretary	Chartered Accountants
			Sd/-
			V.K. Kuryan
			Partner

SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31-03-98

SCHEDULE -- II MISCELLANEOUS EXPENSES

Previous year Rs. Ps.		Current Year Rs. Ps.
738,916.58	Postage, Telephone & Telegram	772,055.48
483,015.27	Printing & Stationery	395,131.77
168,877.97	Office Expenses & Others	184,911.67
655,948.30	Security Expenses	648,586.36
77,792.98	Storage Expenses	110,186.94
21,344.24	Survey Expenses	110,866.19
48,337.45	Books & Periodicals	46,433.10
229,827.61	I B Expenses	201,351.59
125,743.29	Entertainment Expenses	231,305.12
61,023.49	Staff Training Expenses	75,183.28
278,159.54	Ferry Expenses	312,788.41
1,000.00	Donations	26,500.00
42,706.86	Bank Charges	48,640.00
2,932,693.58	TOTAL	**3,163,939.91**

Sd/-
Adv. P.K. Chithrabhanu
Chairman

Sd/-
K.P. Ouseph I.F.S.
Managing Director

Sd/-
M.R.V. Nair
Secretary

For Kuryan & Suseelan
Chartered Accountants
Sd/-
V.K. Kuryan
Partner

SCHEDULE TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31-03-98

SCHEDULE — III WELFARE EXPENSES

Previous year Rs. Ps.		Current Year Rs. Ps.
2,845,586.86	Sickness Benefit	2,365,342.61
113,610.12	Maternity Benefit	119,104.31
3,777,646.17	Leave with wages	4,334,987.14
4,793,311.66	Holiday Wages	3,843,319.69
447,884.15	Weather Protection expenses	359,819.62
2,015,256.49	Drinking Water Supply	2,031,410.58
372,737.13	Sanitation	387,747.48
123,413.43	Recreation Facility	148,379.97
6,306,217.32	Medical & Hospital Facility	7,840,605.35
53,946.48	Way Expenses to Workers	41,772.86
57,652.54	Running & Maint of School	68,739.49
33,868.41	Creche Expenses	27,855.68
109,327.59	Workmen's Compensation	89,986.68
146,931.00	Group Insurance	150,513.00
914,768.27	Uniform to Staff & Workers	789,000.28
190,926.70	Subsistence Allowance	206,357.14
90,136.00	Labour Welfare Fund	82,344.37
374,269.35	Deposit Linked Insurance	367,130.65
1,201.00	Awards & Incentives	1,001.00
5,500.00	Funeral Expenses	8,575.00
22,774,190.67	TOTAL	23,263,992.90

Sd/- Adv. P.K. Chithrabhanu Chairman	Sd/- K.P. Ouseph I.F.S. Managing Director	Sd/- M.R.V. Nair Secretary	Sd/- For Kuryan & Suseelan Chartered Accountants Sd/- V.K. Kuryan Partner

RUBBER WOOD FACTORY

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31-03-98 (SCHEDULE IV)

Previous Year Rs. Ps.		Current Year Rs. Ps.	Previous Year Rs. Ps.		Current Year Rs. Ps.
1,750,971.87	To Opening Stock	2,158,633.94	2,874,086.67	By Sale of Processed Rubber Wood	3,935,221.90
2,038,776.00	To Purchase of Rubber Trees	2,586,562.50	716,103.66	By Sale of By - Products & Waste	921,596.58
422,147.51	To Pay & Allowances	396,536.60			
255,421.32	To Factory Wages	214,747.39			
68,323.36	To Bonus to Staff and Workers	45,770.09	19,925.00	By Interest on Deposits	21,632.00
60,639.00	To Contribution to PF	51,680.00	2,990.05	By Interest on staff Loans	1,058.36
96,376.03	To Welfare Expenses	45,931.84	72,484.73	By Miscellaneous Income	30,975.20
10,808.20	To Travelling Expenses	7,967.55	2,158,633.94	By Closing Stock	2,377,337.80
100,447.81	To Rep. & Main- of Assets	142,055.58			
14,102.25	To Advertisement & Sales Promotion	51,430.75			
200,312.76	To Cutting & Trans- portation of Trees	411,292.00			
9,287.09	To Office Expenses	9,050.26			
166,040.97	To Depreciation	169,374.44			
584,758.69	To Manfg. & Selling	912,375.06			
65,811.19	To Net Profit Trans- ferred to P&L A/C	84,413.84,			
5,844,224.05	TOTAL	7,287,821.84	5,844,224.05	TOTAL	7,287,821.84

Sd/-
Adv. P.K. Chithrabhanu
Chairman

Sd/-
K.P. Ouseph I.F.S.
Managing Director

Sd/-
M.R.V. Nair
Secretary

For Kuryan & Suseelan
Chartered Accountants
Sd/-
V.K. Kuryan
Partner

SIGNIFICANT ACCOUNTING POLICIES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 1998

1. Basis of Accounting

The Accounts are prepared under the historical cost convention using the accrual method.

2. Fixed Assets:

The Fixed Assets are accounted on historical cost basis which includes purchase price and all other costs attributable to bringing the assets into its working condition as reduced by depreciation upto 31st March 1998. There has been no revaluation of fixed assets during the period under audit.

3. Depreciation

Depreciation has been provided for in the accounts at the rates specified in Schedule XIV of the Companies Act 1956. The Reducing balance method of depreciation has been consistently followed by the Company.

4. Inventories:

a) Closing Stock of finished goods and work in progress are valued at lower of costs or net realisable value as in previous years. Net realisable value of finished goods is selling price less associated selling cost.

b) Serviceable tools and implements and other equipments are valued at cost less depreciation.

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

d) Stores & spares are valued at cost less provision if any for obsolescence.

5. Treatment of Expenses during construction period.

Expenses during construction period is included under the capital work in progress and the same is allocated to the respective fixed assets on the completion of construction.

6. Development Expenditure

Cost of Development of Plantation is capitalised until maturity. In the year of disposal of the depleted assets the sale proceeds are recognised as revenue after setting off the related development expenditure.

7. Investments:

Investments are stated at cost.

8. Retirement Benefits

Gratuity and leave encashment benefits are provided for on the basis of actuarial valuation of an approved actuary.

9. Contingent Liabilities

The Contingent Liabilities have been accounted and disclosed on the basis followed in previous years.

Sd/-	Sd/-	Sd/-
Adv. P.K.Chithrabhanu	K.P. Ouseph I.F.S.	M.R.V. Nair
Chairman	Managing Director	Secretary

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 1998

1. Reserves & Surpluses

The Corporation has received Rs. 81,52,207/- as Rubber Board Subsidy upto 31.03.1998 (Previous Year Rs. 70,80,823/-) and the Corporation is contingently liable to the Board for the same in case the Plantation is destroyed or is used for any public purpose.

2. Unsecured Loans

(a) Loan to K.S.H.D.C.

i) In pursuance of Govt. order no Go (Rt) No 1546/96/AD dated 01.11.1996 the Company sanctioned Rs 3 crores to Kerala State Horticultural Products Development Corporation Ltd. Out of the above loan Rs. 1.5 crores was disbursed during the year. Interest for the current year @18% is Rs. 23,95,973/-

In spite of the repeated requests, the K.S.H.D.C. has not paid any part of the loan or interest due to the Corporation. Now they have requested the Govt. of Kerala to convert the loan into share capital. As the final decision is pending before the Govt. the Corporation has not recognised this interest income in the books.

ii) Interest amounting to Rs. 166,737/- in respect of a loan of Rs. 25,00,000/- given to the above corporation in the year 1994-95 is not received though the principal amount was recouped.

(b) Loan to K.S.C.D.C.

In pursuance of the Govt. order GO Rt No 1828/97/AD Dated 04-11-97 the Corporation sanctioned Rs. 25 lakhs to the Kerala State Coconut Development Corporation and the entire amount was disbursed during the year. Interest for the current year at the agreed rate of 12% per annum amounts to Rs. 134958/- The K.S.C.D.C. has closed down its operations since April 1998. This fact makes the realisability of the interest doubtful. Hence it has not been recognised as income in the books.

3. Other Liabilities:

Labour Welfare Fund

An amount of Rs. 37,215/ (previous year Rs. 30,808/-) payable to the Labour Welfare Fund of the State Government represents fund created out of time-barred advances.

4. Provisions:

i) Gratuity and Leave encashment benefit liability has been provided on the basis of Actuarial Valuation.

Liability for expenses includes an amount of Rs. 9,57,904/- (previous year 10.87,820/-) in respect of unencashed portion of earned leave of employees as on 31-03-98.

ii) a. Based on the calendar year earnings, Bonus @ 8.33% and production Incentive @3.67% have been paid to the employees for the year 1997-98 vide G.O.Rt. No. 1274/98/AD dt. 01.09.98. Those who are not eligible for Bonus, production incentive is paid @Rs. 1800/- as per the above GO.

b. A provision of Rs. 35 lakhs has been made in the accounts towards bonus pertaining to January 1998 to March 1998.

c. Taxation

Agricultural Income Tax and Central Income tax assessments are completed upto the assessment year 1996-97. Based on the completed assessment and return filed upto assmt. year 1997-98 there is a short provision of Rs. 155.90 lakhs. Since most of the assessments are under appeal no additional provision has been made in this regard.

Proceedings under sec 147 of the Income Tax Act 1961 has been initiated against the Company for the asst year 1986-87 in respect of income from Cenex processing. Income tax on this proposed additional income of Rs. 115,65,036 is Rs. 60.70 lakhs. The Company has raised its objection to the proposal as the same income was already brought to tax under the Kerala Agrl. Income Tax Act.

5. Fixed Assets:

a. The total area of land handed over to the Company by the Government of Kerala as on 31-03-98 is 14399.76 Hectares. (Previous Year total area 14399.76 Hect.). Certain areas have been subjected to survey. Particulars of area are given below:

Rubber Plantations	7590.63	Hect.
Cashew in Rubber estates	1056.45	Hect.
Cashew Plantations	5237.68	Hect.
Submergible area	220.00	Hect.
Area under buildings, factories, Roads, Canals, marshy places, fire belts etc.	295.00	Hect.
	14399.76	Hect.

b. The terms and conditions under which the company has taken 975 hect. of land covered by Cheemeni Estate are yet to be determined. No provision for lease rent is made for the 975 hectares. The Company is paying land tax for the land of Cheemeni. The entire revenue from the estate is treated as income.

c. Lease deeds for lands handed over to the Company since 1970 are pending execution except for the land handed over for development of Cashew Plantations (Rajapuram estate) under the world Bank Scheme.

d. An area of 3.28 Hectares of 1961 plantations in Kodumon Group of estates under survey No. 783/1 of Koodal village has been handed over to PWD for Kallada Irrigation Project.

e. An area of 0.56 Hect. of land in Cheemeni estate has been handed over to the Kayyoor Cheemeni Panchayat and 0.4 Hect. in R S No. 260/IAIC to Indian System of Medicines free of cost vide Govt. order (Rt) 77/95/RD dt 12.01.95.

f. During the year 94-95, the Corporation received a sum of Rs. 106,800/- as advance towards consideration for the transfer of 2.15 Hect. of land in Cheemeni village in Hosdurg taluk to the Kerala Water Authority vide Government order No. 2392/pui/94/ AD dt. 21.07.94. The Amount so received has been shown under the head "current liabilities". There is a dispute with regard to the value fixed. The matter is being pursued by the Corporation.

g. The cost of Buildings, Roads, Landing pads and Fences is Rs. 399.06 lakhs of which assets worth Rs. 310.37 lakhs are constructed on lease hold lands.

h. Buildings completed include cost of building constructed with loan and subsidy assistance from the Government of Kerala.

6. Sundry Debtors:

Sundry Debtors include Rs. 235,956.41 due for more than six months from Companies owned by the Government of Kerala and Government of India, details of which are as under:

Trivandrum Rubber Works, Tvm	1,39,846.47
Hindustan Latex Ltd., Tvm	17,446.54
Hindustan Latex Ltd, Belgaum	78,663.40
	2,35,956.41

7. Staff Loan:

Motor Vehicle loans to officers and staff are fully secured by hypothecation of the vehicles in favour of the company. The maximum amount of such loan during the year works out to Rs. 6,95,478.70 (Previous year Rs. 7,70,896.10).

8. Advances Recoverable in Cash or in kind:

Advances recoverable in cash or in kind for value to be received under "Loans and Advances", include the following amounts due by the employees of the company.

	Previous Year Rs.	Current Year Rs.
T.A. Advance	2,10,113	2,49,152
Salary advance	22,30,048	31,46,638
Other Advances	40,017	65,29,731
Interest on Vehicle Loan	4,16,575	4,35,507
Stores Recoverable	86,381	93,055
Fuel Charges Recoverable	6,707	7,458
IB Charges Recoverable	7,504	19,722
Postage Recoverable	3,095	5,693
Medical bills recoverable	12,676	14,458

9. Loans and Advances:

Deposits with Government Departments

These comprise balances with:	Previous Year Rs	Current Year Rs.
Cochin Port trust	3,600	3,600
Civil Supplies Corporation	10,000	10,000
Post & Telegraph Department	40,317	40,317
Kerala State Electricity Board	8,05,593	8,36,593

10. Plantation Tax:

As per revised assessment orders (Order No B-5 5072/81 dated 04.07.98 and 22.07.98) an amount of Rs. 51,64,422.35 is refundable to the Company by the Tahasildars of Adoor Taluk, Alwaye Taluk and Mukundapuram taluk, as on 31.03.98. At the same time an amount of Rs 10,77,327.50 is payable by the Company to the Thahasildars of Kozhenchery Taluk, Quilandy Taluk, Nilembur Taluk and Thaliparampa taluk as on 31.03.98. On the basis of returns filed by the Company the net amount refundable to the company is Rs. 46,54,000.45. The Company has preferred appeals against the orders (Refer to item 21 (d)).

11. Sales Tax:

K.G.S.T. Assessments and C.S.T. assessments upto 1993-94 are completed.

12. Lease Rent:

The rate of lease rent as per GO (MS) No 11/89 dt. 20.01.89 is Rs. 1300/ Hect. payable to Forest Department w.e.f. 18.12.87. In view of the repeated representations made by the corporation the Government has ordered (Vide letter L2-62939/95 dt 22.02.97) to accept remittance from the Corporation @ Rs. 475/Hect. per annum w.e.f. 01.01.81 on a purely provisional basis. Corporation is providing in its books of account lease rent @ Rs. 1300/ Hect. and payment is made @Rs 475/ Hect. The Forest Department has claimed penal interest of Rs. 848.19 lakhs for not remitting lease rent at the increased rate. However this has not been provided since the final decision has not been made by the Government.

13. Managerial Remuneration:

Managerial Remuneration paid/payable to Managing Director is as follows:

	Current Year Rs.	Previous Year Rs.
Pay & Allowances	169,981	160,231
Festival Allowances	... ...	1,000
Medical Reimbursement	1,862	... .

The Managing Director is provided with car for his official purposes. For limited private use he is charged with Rs 2/km.

The Managing Director is also provided with furnished quarters for which 7.5% of the basic salary is recovered. This accommodation facility has been availed by the M D upto 31.07.1997.

14. Remuneration to other directors:

	Current Year Rs.	Previous year Rs.
T.A. & Sitting fee to Directors	130,802	23,558
Honorarium to Chairman	27,645	11,548

15 Auditors' Remuneration:

	Current Year Rs.	Previous year Rs.
Statutory Auditors fees	18,000	18,000
Expenses to Statutory Auditors	7,000	7,000
Other services (Incl. Income tax and Sales tax audit fees)	17,000	7,000

16. Repairs and Maintenance:

The expenditure on repairs and maintenance of roads is net expenditure after deducting nominal tolls collected for usage of estate roads.

17. Depreciation

The Company has charged depreciation at the rate prescribed in Sch XIV of the Companies Act except in the case of office equipments, Survey istruments and library. Excess depreciation charged on this account amounts to Rs. 5,536/-

18. Manufacturing And Selling Expenses:

This includes cost of 10908 Nos. packing drums used worth Rs. 42,79,422.90

19. Sales:

a. Additional information pursuant to the provisions of paragraph 3, part II of Schedule VI to the Companies Act 1956.

Sale of goods (as classified in Sales Register) :	Current year Qty MT.	Current year Value Rs. (in lakhs)	Previous Year Qty Mt.	Previous Year Value Rs. (in lakhs)
Rubber	1796.56	834.50	2695.08	1450.39
Cashew		408.53		395.81

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

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

20 Rubber Wood Factory:

The Corporation has a pilot plant at Kodumon for the treatment of rubber wood collected from the estate. The working result of the project has been separately shown in schedule IV of the profit and Loss Account for the year ended 31-03-98.

21. Contingent Liabilities:

a. Estimated amount of contracts remaining to be executed on capital account and not provided for is Rs. 28,730,533/- (previous year Rs. 13,184,404/-)

b. The Corporation is liable to pay compensation of Rs. 5,353.75 (Previous year Rs. 5,353.75) to persons evicted from Kodumon Group of estate, which has not been provided for since the persons are deceased and the claimants have to produce succession certificate.

c. 27 Cases are pending against the company for which the amounts payable are not ascertainable as claims of the parties have not been finalised. As such, they are not acknowledged as creditors and have not been provided for.

d. The Corporation has paid plantation tax based on the latest assessment. The Corporation is contingently liable for the same to the extent of Rs. 5,66,906.65 (previous year 3922190)

This is on account of the difference between the amount provided in the accounts (Rs. 46,54,001.45) and the net amount as per revised assessment order referred to in item 10-Rs.40,87,094.85)

22. Additional information as per clause 4D of part II to Schedule VI.

		Current Year	Previous year
a.	CIF Value of imports during the year	Nil	Nil
b.	Expenditure in foreign currency	Nil	Nil
c.	Value of raw materials, stores, spare parts and components during the year:		

		Value (Rs. Lakhs)	Consumption (%)	Value (Rs. lakhs)	Consumption (%)
1.	Imported Value	Nil	Nil	Nil	Nil
2.	Indigenous (stores And Spares)	227.34	100%	222.34	100%

			Amount		Amount
d.	Particulars of dividend Remitted in foreign exchange	Nil			Nil

e.	Earning in foreign exchange	Nil	Nil

23. Total wages paid during the year to workers, tappers, field workers and factory workers is Rs. 869.28 lakhs. (Previous year 858.78 Lakhs)

24. From Kodumon estate some rubber trees were removed by a contractor without the knowledge of the corporation. The loss is estimated at Rs. 491,394/-. (Previous year 491,394/-) Legal proceedings have been initiated by the corporation against the concerned persons for recovery of the estimated amount.

25. Cash flow statement for the year ended 31st March 1998 has not been prepared and annexed to the accounts, since it is not a listed company and it is not made mandatory under the Accounting Standards issued by the Institute of Chartered Accounts of India.

26 Previous year figures have been regrouped/recast wherever necessary.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1. Registration Details

Registration No : 01997 State Code : 09

Balance Sheet Date : 31/03/98

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

Public Issue	Rights Issue	Bonus Issue	Private Placement
Nil	Nil	Nil	Nil

3. Position of Mobilisation and deployment of Funds

(Amount in Rs. Thousands)

Total Liabilities	Total Assets
712721	712721

Sources of Funds:-

Paid up Capital	Reserves and Surplus
55688	238548
Secured Loans	Unsecured Loans
Nil	6014

Application of Funds:-

Net Fixed Assets	Investments
305983	12501
Net Current Assets	Misc. expenditure
(-) 18235	Nil
Accumulated Losses	
Nil	

4. Performance of Company (Amount in Rs. Thousands)

Turnover	Total Expenditure
261610	311399
Profit/Loss Before tax	Profit/Loss After tax
(-) 49789	(-) 64789
Earning Per Share (Equity - Face value Rs. 1000/-each)	Dividend (percentage)
Nil	Nil

5. Generic Names of Three Principal Products/Services of Company

(As per Monetary terms)

1.	Item Code No. (ITC Code)	:	Nil
	Product Description	:	Centrifuged Latex (A natural normal latex based product)
2.	Item Code No. (ITC Code)	:	Nil
	Product Description	:	ISNR Grades (A natural Rubber Scrap based product)
3.	Item Code No. (ITC Code)	:	Nil
	Product Description	:	Cashew Nuts (Cashew plantation Crop)

Sd/-	Sd/-	Sd/-	For Kuryan & Suseelan
Adv. P.K. Chithrabhanu	K.P. Ouseph I.F.S.	M.R.V. Nair	Chartered Accountants
Chairman	Managing Director	Secretary	Sd/-
			V.K. Kuryan
			Partner

AUDITORS REPORT TO THE MEMBERS OF THE PLANTATION CORPORATION OF KERALA LIMITED, KOTTAYAM, KERALA.

We have audited the attached Balance Sheet of **The Plantation Corporation of Kerala Limited** as at 31st March 1998 and the relative Profit & Loss Account for the year ended on that date annexed thereto, both signed by us under reference to this report.

We report that:-

1. We have obtained all the information and explanations, save those referred to elsewhere in this report, which to the best of our knowledge and belief were necessary for the purpose of our audit.
2. In our opinion proper books of account as required by Law have been kept by the Corporation, so far as appears from our examination of those books. Returns adequate for the purpose of audit have been received from the estates of the Corporation.
3. The Balance Sheet and Profit & Loss Account are in agreement with the books of account.
4. In the absence of confirmation of balances of advances and Deposits and interest outstanding on Government loans we are not able to confirm the correctness of these balances.
5. In our opinion, unsecured loans to Kerala State Horticultural Products Development Corporation Ltd. And Kerala State Coconut Development Corporation Ltd. referred to as item No: (2) of Notes forming Part of the Accounts are prejudicial to the interests of the Corporation.
6. The maximum amount due from officers classified under loans & Advances has not been disclosed as required by Schedule VI to the Companies Act, 1956.
7. In our opinion and to the best of information and according to the explanation given to us, the said Balance Sheet and Profit & Loss Account read together with the notes thereon and subject to our qualificaiton in paragraphs 4,5&6 above give the information required by the Companies Act, 1956 and also give a true and fair view:-
   a) in the case of the Balance Sheet, of the state of affairs of the Corporation as at 31st March 1998 and
   b) in the case of the Profit and Loss Account, of the Loss for the year ended on that date.
8. As required by the Manufacturing and other companies (Auditor's Report) Order, 1988, issued by the Company Law Board in terms of Sec. 227 (4A) of the Companies Act, 1956, we have set out our report on the matters specified in the above order in an annexure.

FOR KURYAN & SUSEELAN
Charted Accountants
Sd/-
V.K. KURYAN (Partner)

Kottayam
30th April 1999

ANNEXURE REFERRED TO IN LAST PARA OF THE AUDITORS REPORT

1. The Corporation has maintained proper records to show full particulars including quantitative details and situation of fixed assets. The fixed assets have been physically verified by the management at the close of the financial year. We have observed that the discrepancies noticed were not significant and they have been properly dealt with in the books of account.

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

3. 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.

4. The procedures for physical verification of stock followed by the Management are reasonable and adequate in relation to the size of the Corporation and the nature of its business.

5. Discrepancies noticed on physical verification of stock as compared to book records have been properly dealt with.

6. Valuation of stocks is fair and proper and is in accordance with normally accepted accounting principles and is on the same basis as adopted in the preceding years.

7. The company has not availed any loans either secured or unsecured from companies firms or other parties listed in the register, maintained under section 301 and 370 (1B) from companies under the same management.

8. In our opinion, the rate of interest and other terms and conditions on which loans have been granted to Companies, firms and Other parties, listed in the registers, maintained under Sec. 301 and to the Companies under the same management are not prima facie prejudicial to the interest of the Company save those referred to in item No. 2 of our report.

9. In respect of loans and advances in the nature of loans, given by the Company, the parties have repaid the principal amount and have also been regular in payment of interest

wherever applicable in accordance with the terms and conditions laid down by the company except in the following cases:-

(a) Kerala State Coconut Development Corporation Ltd.

(b) Kerala State Horticultural Products Development Corporation Ltd.

10 In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of stores, raw materials including components, plant and machinery, equipments and other assets and with regard to the sale of goods. However the internal control procedure in respect of collection and procurement of agricultural produce and its processing at factories needs significant improvement.

11. In our opinion and according to the information and explanations given to us, the Company has not purchased any goods, materials or services in pursuance of contracts or arrangement, entered in the register maintained under section 301 of the Companies Act 1956 as aggregating during the year to Rs. 50,000/- (Rupees fifty thousand) or more, in respect of each party.

12 As explained to us, unserviceable or damaged stores and raw materials are determined by the management and adequate provisions have been made in the accounts for loss so determined.

13 The Company has not accepted any deposits from the Public.

14 The Company has maintained records for the sale and disposal of scrap and realizable by products.

15 The Company has an internal audit system commensurate with the size and nature of its business.

16. Maintenance of cost records under section 209 (1) (d) of the Companies Act 1956, is not applicable to the Company.

17 According to the records of the company, Provident Fund and Employees State Insur-

ance dues have been regularly deposited with appropriate authorities.

18. According to the information and explanations given to us and subject to what has been stated in Notes forming part of Accounts, no undisputed amounts payable in respect of Income Tax, Wealth-Tax, Customs Duty and Excise Duty were outstanding as at 31st March 1998 for a period of more than six months from the date they became payable.

19 According to the information and explanations given to us, no personal expenses of employees or directors have been charged to revenue account, other than those payable under contractual obligations or in accordance with generally accepted business practice.

20 The Company does not fall within the ambit of a Sick industrial Company vide sec. 3(1) (O) of the Sick Industrial Companies (Special Provisions) Act of 1985.

FOR KURYAN & SUSEELAN
Chartered Accountants

Sd/-
V.K. Kuryan (Partner)

Kottayam
30th April 1999

REPLY TO THE REPORT OF THE STATUTORY AUDITORS FOR THE YEAR 1997 - 98

4. Noted

There is no practice of obtaining confirmation of balances for those accounts. The Corporation has already repaid the entire loan to Government of Kerala together with interest. The balance outstanding amount represents penal interest when the Corporation could not repay the loan instalments and interest on the due date due to shortage of funds.

5. The loan to Kerala State Horticultural Products Development Corporation and Kerala State Coconut Development Corporation are paid as per Government Order. Adequate disclosure is made in Note. No. 2 forming part of accounts.

6. Noted.

OFFICE OF THE ACCOUNTANT GENERAL (AUDIT) KERALA, THIRUVANANTHAPURAM

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 1998.

BALANCE SHEET

1. Liabilities

Reserves and Surpluses (Schedule - A) : Rs. 2385.48 lakh.

1. This includes Rs. 18.75 lakh being the subsidy received from government of Kerala prior to 1982 for Housing Scheme, the assets have already been created and put to use.
2. This also includes Rs. 81.52 lakh being the subsidy received from rubber Board in respect of rubber plantations which have matured for tapping.

II Assets

Fixed Assets (Schedule - E)

1. Previous year's figure corresponding to the vertical total in respect of each item in the Schedule of fixed assets have not been shown.

Current Assets (Schedule - G)

(a) Inventories - stock of rubber and rubber in process Rs. 273.64 lakh.

This is overstated to the extent of Rs. 8.87 lakh due to adoption of higher rate for 3120 barrels of centrifuged latex held in stock than that fixed by the sale price sub-committee in April 1998, and sold subsequently at reduced price.

III Sundry Debtors (Unsecured considered good)

Other debts Rs. 121.44 lakh.

This includes Rs. 2.36 lakh due for more than six months from government companies. Debts outstanding for a period of exceeding six months and other debts have not been shown separately on the face of the balance sheet as required in Part - I of Schedule VI to the Companies Act, 1956.

IV. Loans and Advances (Schedule - H) : Rs. 876.32 lakh.

Loans and advances outstanding for a period exceeding 6 months and other loans and advances have not been shown separately as required under Part I Schedule VI to the Companies Act, 1956.

Profit and Loss Account

V Income - Interest income: Rs. 290.88 lakh.

This is understated by Rs. 14.94 lakh due to

		Rs. in lakh
i	Non accounting of interest received on Treasury Saving Bank during the Year	0.10
ii	Short accounting of interest accrued but not due on deposit in Bhadratha Scheme	12.64
iii	Short accounting of interest accrued but not due in fixed deposit with State Treasury	2.20
		14.94

VI General

Reference is invited to item 13 and 14 of the notes forming part of the accounts disclosing the Managerial Remuneration paid/payable to Managing Director and other Directors. The fact along with the terms and conditions of providing a car to the Part time Chairman has not been disclosed.

Sd/-
R.K. VERMA
ACCOUNTANT GENERAL
(AUDIT), KERALA

Thiruvananthapuram
Date: 7.10.99

REPLY TO THE COMMENTS UNDER SECTION 619 (4) OF THE COMPANIES ACT 1956 ON THE ACCOUNTS OF THE PLANTATION CORPORATION OF KERALA LTD. FOR THE YEAR ENDED 31ST MARCH 1998

Balance Sheet

I. 1. The Subsidy was received for meeting capital expenditure. The subsidy is shown separately so that the full value of the asset is disclosed in the balance Sheet.

2. In the case of rubber Board subsidy there is a contingent liability which is separately disclosed by way of Ncte No. I forming part of accounts.

II Assets

Fixed Assets (Schedule) E

1. Noted. Figures for the previous year in respect of each item is shown separately in the Schedule.

Current Assets (Schedule - G)

(a) Inventories - The stock valuation relates to the values as on the date of Balance Sheet. This method of valuation is approved by the Board and consistantly followed by the Company for more than 10 years.

III Noted

IV Noted

V **Profit & Loss Account**

(1) + (ii) + (iii) The income is accounted during 1998-99 as prior period income.

VI Noted.

GOVERNMENT OF KERALA

No.48024/Pub1/99/Fin.

Dated 9.6.1999

COMMENTS OF PRINCIPAL SECRETARY (FINANCE) ON THE AUDITED ACCOUNTS OF PLANTATION CORPORATION OF KERALA LTD. FOR THE YEAR ENDED 31ST MARCH 1998

The income from sales has shown a steep fall of Rs. 7.52 crore as compared to that of the previous year. The net loss during the year under review is Rs. 4.97 crore which is attributed to low selling price of rubber and massive replanting of rubber trees. However, the administrative and welfare expenses have increased considerably strict economy measures may be imposed on every sphere of activity. Collection charges for cashew was more than doubled against only a marginal increase in income from sales.

Bad and doubtful debts should be provided for and urgent steps may be taken to realise monies receivable from Sundry Debtors. The Board of Directors may look into these aspects and find ways to keep the Corporation profitable.

Sd/-
PRINCIPAL SECRETARY (FINANCE)

REPLY TO THE COMMENTS UNDER SECTION 619 (4) OF THE COMPANIES ACT 1956 ON THE ACCOUNTS OF THE PLANTATION CORPORATION OF KERALA LTD. FOR THE YEAR ENDED 31ST MARCH 1998

Balance Sheet

I. 1. The Subsidy was received for meeting capital expenditure. The subsidy is shown separately so that the full value of the asset is disclosed in the balance Sheet.

2. In the case of rubber Board subsidy there is a contingent liability which is separately disclosed by way of Nete No. I forming part of accounts.

II Assets

Fixed Assets (Schedule) E

1. Noted. Figures for the previous year in respect of each item is shown separately in the Schedule.

Current Assets (Schedule - G)

(a) Inventories - The stock valuation relates to the values as on the date of Balance Sheet. This method of valuation is approved by the Board and consistantly followed by the Company for more than 10 years.

III Noted

IV Noted

V **Profit & Loss Account**

(1) + (ii) + (iii) The income is accounted during 1998-99 as prior period income.

VI Noted.

REPLY TO COMMENTS OF THE FINANCE SECRETARY ON THE ACCOUNTS OF PLANTATION CORPORATION OF KERALA LTD. FOR THE YEAR ENDED 31ST MARCH 1998

The Sale of rubber in the year 1997-98 has decreased from 2695 MTS to 1796 MTS. As the major area of rubber has been put under replanting on phased programme, the production of rubber is decreasing year by year. Reduction in price of rubber and rubber trees also have adversely affected the income of our Corporation, the details of which are as follows:-

Sl No	Year	Total Production of rubber	Price per kg of rubber (Rs.)	Total income from rubber (Rs. in Crores)	Average price Trees (Rs.)	Total of income from Sales of Trees (Rs. in Crores)	Remarks
1	1996-97	3163 MT	53.80	14.50	997	8.91	
2	1997-98	2868 MT	46.45	8.34	746	7.42	

The comments on increase in the administration and welfare expenses is noted and steps are being taken to control this expenditure. However it may be noted that the periodical increase in expenditure due to inflationary trends is a natural phenomenon.

The increase in collection charges for cashew from Rs. 2.62 lakhs to Rs. 5.68 lakhs is due to the fact that more areas came under direct collection which had to be adopted in 1997-98 as the rates offered in tender-cum-auction were low.

Bad and doubtful debts will be provided for in the year 1998-99 and steps will be taken to realise the monies receivable from sundry debtors. Some of the dues are pending under suit filed accounts.