



THE PLANTATION CORPORATION OF KERALA LTD.

KOTTAYAM - 686 004

(An ISO 9001-2008 Certified Company)

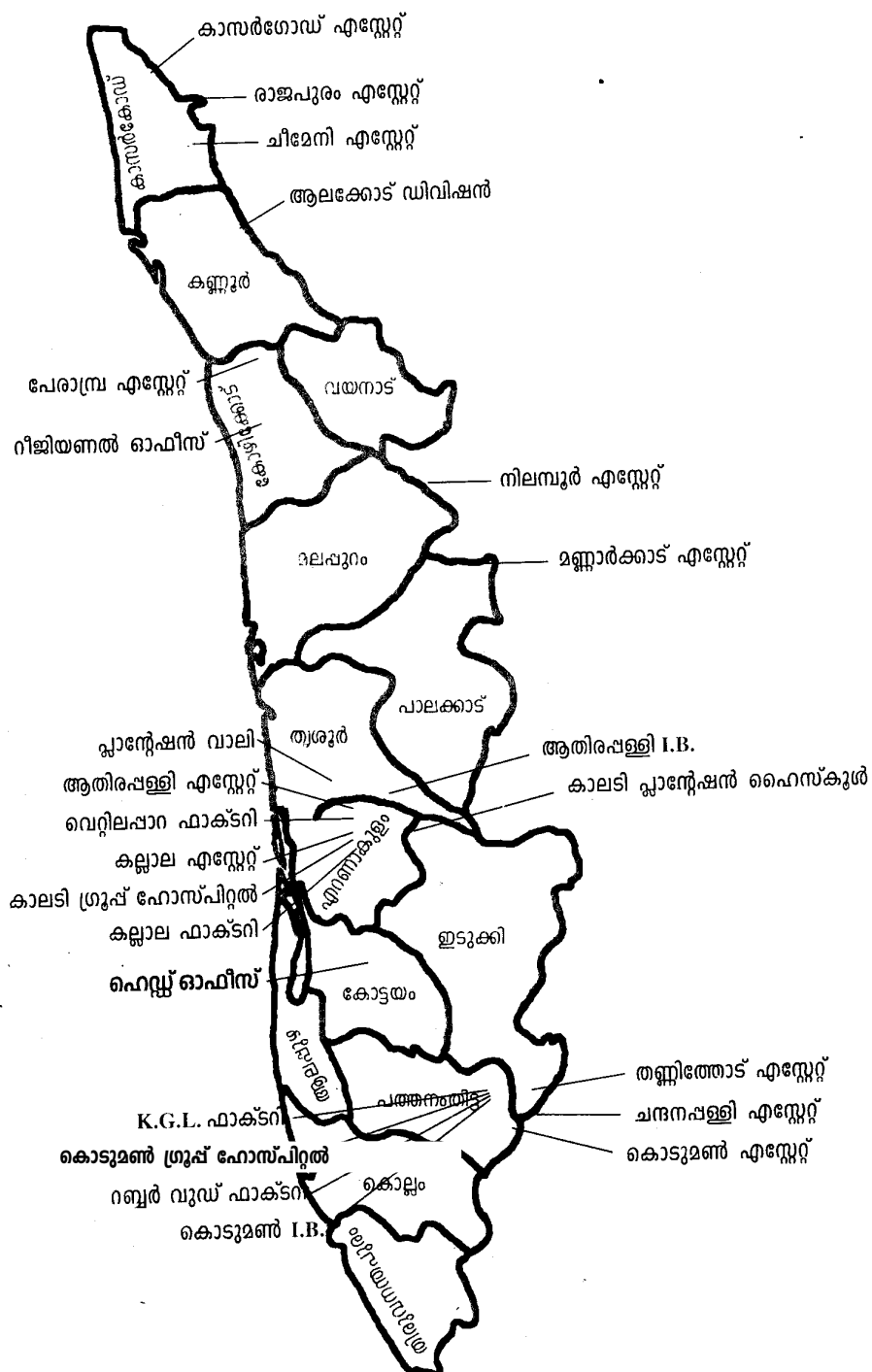


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50th Annual Report

2011 - 2012

LOCATION OF VARIOUS UNITS OF PLANTATION CORPORATION



BOARD OF DIRECTORS

Dr. Varughese George
Chairman (From 24.12.2011)

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

Sri. P T Thomas
Director (From 9.12.2011)

Sri Davendra Kumar Dhodawat IAS
Chairman (From 5.7.2011 to 23.12.2011)

Sri. Vijayan Kunissery
Director (From 25.06.2007 to 14.05.2011)

Sri. V.K.Sinha, I.F.S.
Director (From 12.06.2007 to 5.1.2012)

Sri. M.L.Raveendranatha Hegden
Director (From 10.06.2010 to 9.12.2011)

Sri. P.N.Prabhakaran
Director (From 04.11.2006 to 06.05.2011)

Auditors
M/s.Kuryan and Suseelan
Chartered Accountants
Kottayam

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

Sri. K.Subair Khan
Managing Director (From 4.12.2010)

Dr. J Thomas
Director (From 9.12.2011)

Sri. M V Markose
Director (From 9.12.2011)

Sri. T.J.Anjalose, Ex-M.P.
Chairman (From 10.08.2006 to 18.05.2011)

Sri. C.K.Unnikrishnan
Director (From 04.11.2006 – 27.06.2011)

Sri. K.V.Babu
Director (From 25.06.2007 to 04.07.2011)

Sri. K.Ajith Kumar
Director (From 30.06.2010 to 9.12.2011)

Sri. K.V.Krishnan
Director (From 31.08.2006 to 23.06.2011)

Internal Auditors
Argee & Co.
Chartered Accountants
Ernakulam

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NOTICE TO SHAREHOLDERS

Notice is hereby given that the 50th Annual General Meeting of the Corporation will be held on Friday, the 28th September, 2012 at 11.00 AM at the Registered Office of the Corporation at Muttambalam (P.O), Kottayam-4 to transact the following business;

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2012 and Profit and Loss Account for the year ended on that date, the reports of Directors and Auditors thereon.
2. To consider declaration of dividend on equity shares.
3. To record the appointment of Directors by the Governor of Kerala in place of Directors retiring at the Annual General Meeting under Article 63(2) of the Articles of Association. The following directors retire and are eligible for re-appointment.
 - i. Sri. S.P. Singh IFS
 - ii. Dr. J. Thomas
 - iii. Sri. M. V. Markose
 - iv. Sri. P. T. Thomas
4. To Authorize the Board of Directors to fix the remuneration of the Auditors appointed by the Comptroller and Auditor General of India.

SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:

“RESOLVED that pursuant to section 31 of the Companies Act, 1956, and other applicable provisions, if any, the Articles of Association of the Company be altered in the manner following;

1. Article 105 may be modified as below;

“The Company shall submit a copy of the Balance Sheet and Profit and Loss Accounts with a copy of the Auditors Report to the Finance Secretary to the Government of Kerala who shall have the right to comment upon or supplement to the Audit Report in such manner as he may think fit. Any such comments upon or supplement to the audit report shall be placed before the annual general meeting of the Company.”

2. Para (a) and (f) of Part A of Article 115 may be altered as;
 - a) Creation of new posts and appointments to the officers category. (Junior management position and above)
 - f) Extension of service or re-employment of employees other than workers.

“RESOLVED FURTHER that for the purpose of giving effect to the aforesaid resolution Managing Director or the Company Secretary of the Company be and is hereby authorized to take further necessary steps.”

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

Kottayam
05.09.2012

Sd/-
Harish K
Company Secretary (i/c)

Note:-

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member. A form of proxy is attached. A proxy Form must be returned duly completed to reach the office not less than 48 hours before the meeting.
2. Directors' report, Auditors' report, audited profit and loss account for the year ended 31st March 2012 and Balance Sheet as on that date are also seen attached herewith.

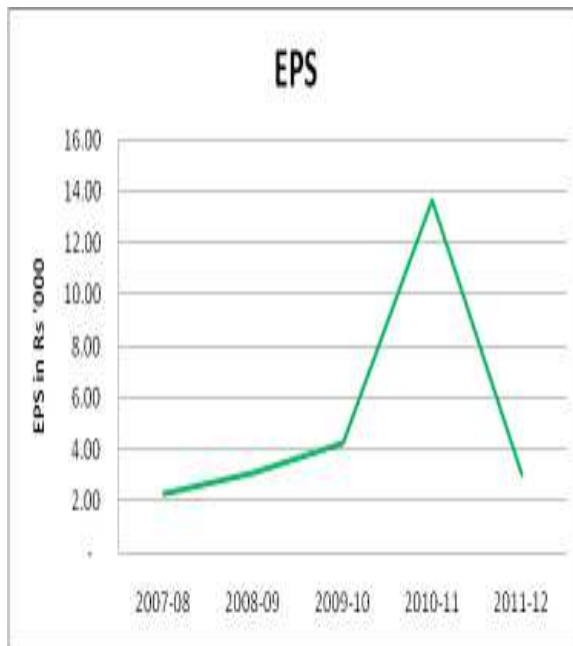
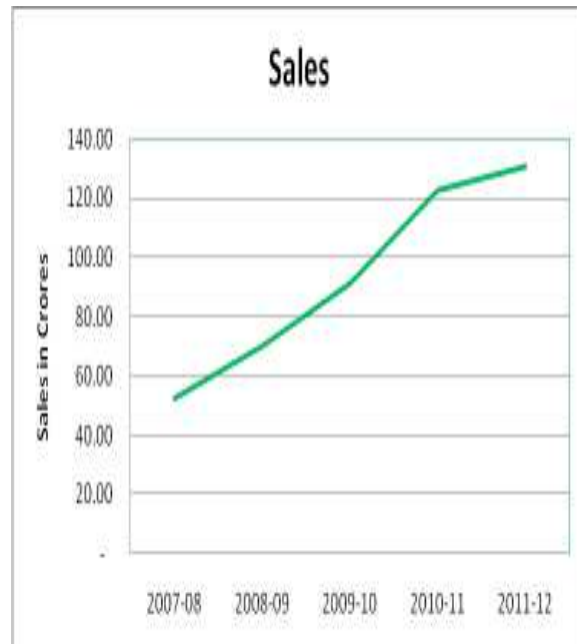
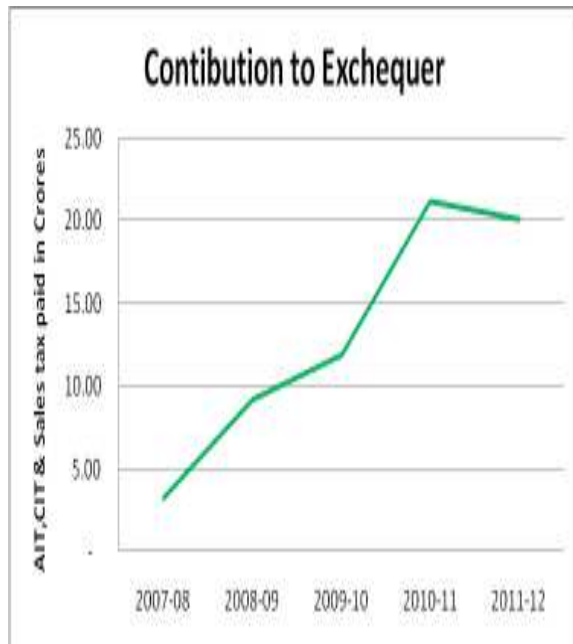
DIRECTORS' REPORT FOR THE YEAR 2011-'12

Gentlemen,

Your Directors have pleasure in presenting the 50th Annual Report of the Corporation for the year ended 31st March, 2012.

FINANCIALS AT A GLANCE

	₹ in lakh		
Particulars	2011-12	2010-11	2009-10
Sales	13,050.37	12,242.55	9,111.91
Stock differential	114.46	150.20	73.95
Other income	1,569.91	1,174.57	1,125.78
Net revenue after adjusting stock differential	14,734.74	13,567.32	10,311.64
Manufacturing and operating cost	6,602.04	5,290.50	5,420.85
Depreciation	182.24	160.74	114.20
Provision for Gratuity	1,592.85	-	1,410.45
Tax provision	2,004.52	2,347.30	1,004.73
Net profit before tax	3,717.34	7,589.00	3,366.14
Earnings Per Share	3,075.75	* 13,627.72	4,249.00
Capital	556.88	556.88	556.88
Reserves	17,810.73	16,063.12	8,477.32
Net worth	18,367.61	16,620.00	9,034.20
*EPS calculated after taking into considering the release of excess gratuity provision of ₹ 2,339 lakh.			



Note: Profit and EPS have been arrived at after considering the contribution to endosulphan victims amounting to ₹ 27.05 crores.

DIVIDEND

Your Directors are pleased to recommend a dividend of 5% on the paid up equity capital of the company. The outgo on dividend would be ₹ 27, 84,400.00.

TRANSFER TO RESERVES

Your company has transferred a sum of ₹ 17,173,395.00 to General Reserves.

TERM LOAN

The Corporation had availed a loan from Government of Kerala for investment in Oil Palm India Limited. The said loan has been cancelled by the Government of Kerala when the subsidiary status of Oil Palm India Limited was terminated. The balance outstanding in the loan account was ₹ 32, 61,222.00 as on 31/03/1996. This was transferred to Capital Reserve Account.

Subsequently as per letter no.L11 (1) 15099/84 dated 24-11-1999 Director of Agriculture has requested to remit an amount of ₹ 62, 75,140.00 as shown below:

Principal	-	₹	32, 61,222.00
Interest	-	₹	28.67, 382.00
Penal Interest	-	₹	<u>1, 46,536.00</u>
		₹	<u>62, 75,140.00</u>

The Company had requested Government of Kerala for exemption from the above payment considering the serious financial crisis faced by the Company and also on the contention that the entire loan of ₹ 112.00 lakhs was already cancelled by the Government of Kerala as per G.O.(MS) No.239/83/AD dated 04-08-1983.

The above request was not considered by the Government. Government ordered to convert the amount of ₹ 62, 75,140.00 as Share Capital of Government.

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

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

AGRICULTURAL INCOME TAX

The assessment order of Agricultural Income Tax has received up to Assessment Year 2009-10. For the current year ₹ 10 Crores is provided for Agricultural Income Tax. For most of the completed assessments the company has filed appeals before the higher authorities which are pending litigations and the Corporation is pursuing cases for favourable orders.

SALES

Rubber

During the year 2011 – 2012 the value of rubber sold was ₹ 11,238.56 lakhs as against value of ₹ 10,641.26 lakhs in 2010-'11.

Cashew

During the year 2011-'12 the amount received on sale of Cashew was ₹ 397.53 as against ₹ 297.24 lakhs in 2010-'11.

PRODUCTION

1. Rubber Estates

There are seven Rubber estates owned by the Corporation, which are located in the Districts of Pathanamthitta (Kodumon, Chandanappally & Thannithode Estates), Ernakulam, Thrissur (Kallala & Adirappally Estates), Kozhikode (Perambra Estate) and Malappuram (Nilambur Estates). These estates are raised in the lands leased out to P.C.K. Ltd., by the State Forest Department. In Kallala & Adirappally Estate, the Corporation has also raised Oil Palm Plantations. The Kasargode Estate is fully owned by PCK and replanted rubber in 336.46 Ha during 2011-12. Further the Corporation is in the process of planting rubber in the suitable areas of Kasaragode Estate where about 300 Ha, have already been planted with rubber.

2. Cashew Estates

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

3. Factories

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

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

The construction of new Centrifuge Factory at Kodumon Estate has been completed and was commissioned in the year 2011-12.

4. Production

i) Rubber

The production target was 5816 MTs (PY 6398) and the achievement was 5,545.61 MTs (PY 5,915.45) during the period 2011 -2012. In terms of target achievement percentage for the year 2011-12 is 95.35% (PY 92.46%)

ii) Cenex

The production of cenex during the period 2011 - 2012 was 3,418.486 MTs (DRC) (PY 4,050.028) [KGL Factory – 2,004.971 MTs & Kallala Factory –1,413.515 MTs).

iii) Rubber Wood Factory

During the period 2011-2012 year, the quantity of 4, 789.104 cft. (PY 13,915.65) of treated rubber wood was sold and the value realized was ₹ 17,16,030.00.

iv) Oil Palm Plantations

The FFB harvested during the year 2011 - 2012 was 5,642.550 MTs.(PY 5,496.510)

v) Plantation Valley

The Plantation Valley, farm tourism project of PCK in Athirappally has earned revenue of ₹ 49.85 lakhs (PY 37.68) and a net profit of ₹ 38.32 lakhs (PY ₹ 7.78) during the year.

NEW ACTIVITIES

2011 - 2012

1. Commissioned new centrifuged latex (Cenex) Factory at Kodumon Estate
2. Installed a mini solar power unit to provide electricity to labour lines at Vaniyampuzha division of Nilambur Estate
3. Started rubber cultivation in 310 acres at Cheemeni on compensation land received for transfer of land to Central University at Kasaragod.

2012 – 2013

1. Construction of Office cum Complex at Regional Office, Calicut
2. Proposal for construction of cashew nut processing factory at Kasaragod
3. Proposal for value added product manufacturing unit in Rubber Wood Factory –Kodumon
4. Proposal for new latex crump factory at old KGL factory.
5. Proposal for new oil palm factory at Adirappally.

Proposed application of funds:- (₹ in Crores)

A. Statutory:

1. Payment of arrear salary and wages	28.00
2. Lease rent as demanded by the Govt.	91.00
3. Investment in Kannur Airport as per GO	0.50
4. Sales tax liability for pending assessments	4.00
Sub total	123.50

B. Upkeep of assets/Capital expenditure:

1. Replanting	13.00
2. Construction and Maintenance works	55.00
3. New projects	17.50
Subtotal	86.00
Total commitment	209.50

Apart from these there is an order from Govt. for fund payable to endosulphan victims (if fructified by a further order) – 60.22 crores. Therefore, the total financial commitment runs to ₹ 270 crores. Against this, the corporation has an amount of around ₹ 150 crores in the Bank as Fixed Deposit. Balance fund has to be generated out of current year's operation or through other sources if all the above commitments have to be met in the F.Y 2012-13.

INDUSTRIAL RELATIONS

The industrial relations during the period 2011-12 remained cordial and peaceful. Following are some of the major activities in this area.

- Wage parity i. e equal wages for equal effort was implemented. The field workers in cashew estate and all incentive worker were sanctioned the same wage rate as that of rubber estate field workers.
- As a measure to encourage food security, organic cabbage cultivation was carried out successfully in Kasaragod Estate.
- Commercial nurseries were established to make available high yielding varieties of rubber and cashew plants to common man.
- Agreed on terms of transfer policy for workers and staff in an all-union meeting.
- After a long gap of over 15 years the workers and staff quarters renovation by the Corporation to enhance the living condition of the employees.
- The repairs and maintenance of infrastructure facilities like roads and water connection were also taken up in all the estates.

Extraordinary items

The Government of Kerala vide order no. GO (MS) 147/12/H&FW dated 26.05.2012 has directed the Corporation to pay compensation to endosulphan victims as recommended by the National Human Rights Commission. The total amount computed as per a further letter no 50073/GI/2010/H&FW dated 31.05.2012 is ₹ 87.26 crores. As first installment, an amount of ₹ 27.04 crores was remitted to the Government on 4.06.2012. The liability for an amount of ₹ 27.04 crores is recognized as on 31.03.2012. The Corporation have made representation to the Government for refund of the amount already paid via a Govt. grant and to exempt the Corporation from further payment of amount as mentioned in the letter.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGES AND OUTGO

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

PARTICULARS OF EMPLOYEES

Particulars under Section 217 (2A) of the Companies Act 1956 read with Companies (Particulars of employees) Rules 1975 as amended is not provided since none of the employees falls in that limit.

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

- (i) In the preparation of annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures wherever applicable.
- (ii) We had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and the profit or loss of the company for that period.
- (iii) We had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act so as to safeguard the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) The annual accounts are prepared on a going concern basis.

DIRECTORS

The details of Board of Directors including changes that taken place during the period under report is given in Annexure – II

CORPORATE GOVERNANCE

The report on Corporate Governance is given in Annexure – III

AUDITORS

M/s Kuryan and Susheelan, Chartered Accountants, Kottayam were appointed by Comptroller and Auditor General of India as the Auditors of the company for the year 2011-12.

ACKNOWLEDGEMENT

Your Directors are grateful to the Government of Kerala, Rubber Board, The Directorate of Cashew nut & Cocoa Development, Horticulture Mission, Canara Bank, S.B.T and North Malabar Gramin Bank and others for the continued support during the year under review.

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

For and on behalf of the Board of Directors

Kottayam
20.09.2012

Sd/-
Dr. Varughese George
Chairman

ANNEXURE – I

Statement under Section 217(1) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY

(a) Energy conservation measures taken	Nil
(b) Additional investment and proposals; if any being implemented for reduction of energy	Nil
(c) Impact of the measures (a) and (b) above for previous years in getting steady subsequent impact on the cost of production of goods.	Nil
(d) Total energy consumption per unit of Production	Not applicable

FORM – B

(See Rule 2)

Form of Disclosure of particulars with respect of absorption (to the extent applicable)

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

ANNEXURE – II

Details of Directors including changes taken place during the year ending 31-03-2012

Sl No.	Name	Address	Date of Appointment
1	Dr. Varughese George <i>Chairman</i>	Kodumthara Malayil, Eraviperror P.O, Thiruvalla	24.12.2011
2	Sri. K.Subair Khan <i>Managing Director</i>	Minar, Kalarikonam, Arakkannur P.O, Ayoor	14.12.2010
3	Sri. S.P. Singh IFS	<i>Principal Chief</i> Forest Conservator (Social Forestry) Vazhuthacud, Thrivananthapuram	05.01.2012
4	Dr. J. Thomas	Rubber Production Commissioner Rubber Board, Kottayam	09.12.2011
5	Sri. P.T. Thomas	Addl. Secretary, Agriculture Department, Thiruvananthapuram	09.12.2011
6	Sri. M.V. Markose	Joint Secretary, Finance Department, Thiruvananthapuram	09.12.2011
7	Sri. T.J. Anjalose <i>Chairman</i>	Thyil House Pollathai PO Alleppey 688 567	10.08.2006 to 18.05.2011
8	Dr. Davendra Kumar Dhodawat <i>I.A.S.</i>	Secretary to Government, Agriculture Dept.Govt. of Kerala	30.10.2009 to 23.09.2010 and from 05.07.2011 to 23.12.2011
9	Sri. V.K. Sinha IFS	Additional Principal Chief -Conservator of Forests (Plg.) Vazhuthacud, Thiruvananthapuram	12.6.2007 to 05.01.2012
10	Sri. V. Presenan	Additional Secretary Finance Dept.Govt. of Kerala	11.12.2008 to 30.06.2011
11	Sri. K. Venugopal	Joint Rubber Production Commissioner (Extn.) Rubber Board, Kottayam	17.6.2009 to 10.06. 2011
12	Sri. K.V. Krishnan	Kochunilayam Ravaneeswaram Pallikkara, Kasaragode	31.08.2006 to 23.06.2011

13	Sri.P.N.Prabhakaran	Pullolil Kanjirappally - 686627	04.11.2006 to 06.05.2011
14	Sri. C.K. Unnikrishnan	Leela Vilasom Chowara, Ernakulam 683571	04.11.2006 to 27.06.2011
15	Sri. Vijayan Kunissery	Pranamam, Pooja Nagar, Puthur, Palakkad – 678 001	25.6.2007 to 14.05.2011
16	Sri. K.V. Babu	Kundu Valappil, Vellore PO Payyannur, Kannur	25.6.2007 to 04.07.2011
17	Sri. M.L. Raveendranatha - Hegden	Joint Rubber Production Commissioner (Extn.), Rubber Board,Kottayam-2.	10.6.2010 to 15.09.2011
18	Sri. K. Ajith Kumar	Joint Secretary, Finance Dept., Govt. of Kerala.	30.6.2010 to 09.12.2011
19	Dr. A. Jayathilak IAS	Secretary to Government Agriculture Dept., Govt. of Kerala	23.09.2010 to 09.12.2011

ANNEXURE III**REPORT ON CORPORATE GOVERNANCE**

During the period 2011-12, meetings of the Board of Directors were convened as per Section 285 of the Companies Act, 1956. The details regarding number of Board meetings held during the period 2011-12 and meetings attended by the Directors are as follows:

Sl. No.	Name of the Director	Total No. of Board meetings	Total number of meetings attended by the Director	Total number of meetings required to be attended	Whether AGM attended by the Director
1	Sri. T.J. Anjalose	8	2	2	NA
2	Dr. A. Jayathilak, IAS, Director	8	0	4	NA
3	Sri. V.K.Sinha, I.F.S.	8	1	6	NA
4	Sri. K. Ajith Kumar, Director	8	1	4	NA
5	Sri. M.L. Raveendranatha Hegden	8	1	4	NA
6	Sri. K.V. Krishnan	8	2	2	NA
7	Sri. C.K. Unnikrishnan	8	2	2	NA
8	Sri. P.N. Prabhakaran	8	2	2	NA
9	Sri. Vijayan Kunissery	8	2	2	NA
10	Sri. K.V. Babu	8	2	2	NA
11	Sri. K.Subair Khan	8	8	8	Yes
12	Dr. Davendra Kumar Dhodawat IAS	8	2	2	Yes
13	Dr. Varughese George	8	4	4	NA
14	Dr. J. Thomas	8	1	4	NA
15	Sri. P. T. Thomas	8	3	4	NA
16	Sri M V Markose	8	4	4	NA
17	Sri S P Singh IFS	8	1	2	NA

REPORT OF THE AUDITORS

TO THE MEMBERS OF THE PLANTATION CORPORATION OF KERALA LTD.

1. We have audited the attached balance sheet of M/s. PLANTATION CORPORATION OF KERALA LIMITED, MUTTAMBALAM P.O, KOTTAYAM as at 31st March 2012, the profit and loss statement for the year ended on that date (along with notes attached) and also the cash flow statement annexed thereto. The management of the company is responsible for the preparation and presentation of these financial statements. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion. While planning and performing audit procedures and evaluating and reporting the results thereof, we have considered the risk of material misstatements in the financial statements resulting from fraud and error. However, due to the inherent limitations of an audit, there is un-avoidable risk that some material misstatements of financial statements, on account of fraud or error, may not be detected even though the audit is properly planned and performed in accordance with the Auditing Standards generally accepted in India.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 we enclose in the Annexure a statement on matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that :
 - a.) Though Loans amounting to ₹ 150 lakhs given to Kerala State Horticulture Products Development Corporation Ltd. and ₹ 25 lakhs given to Kerala State Coconut Development Corporation Ltd. are outstanding for a long period, no provision has been made with regard to the said unsecured loans. The consequential financial impact is unascertainable since the quantum of recovery possible is unknown, according to the information provided.
 - b.) ₹ 48.21 lakhs shown under Long-term borrowings(Note No.4) is due to the Government of Kerala for estate development being interest accrued and due is subject to confirmation/adjustment by the concerned Government departments.
 - c.) Balance of each item under Other current liabilities (Note No.6), Trade Payables (Note No.5), Trade receivables (Note No.12), Long term loans and advances (Note No.10) and Short term loans and

advances (Note No.14) are subject to confirmation, reconciliation and consequential adjustment. We have relied only on the books of accounts maintained and information and explanations furnished by the company. The impact, if any, on the financial statements is not ascertainable.

- d.) The company has not charged depreciation on development of property (Note No.8) for various cultivations viz. ₹ 4269.22 lakhs for Rubber plantation, ₹ 701.57 lakhs for cashew, ₹ 321.43 lakhs for oil palm and ₹ 33.58 lakhs under other heads. The company should have amortised the development of property on a systematic basis over their useful lives. As the amount of such non-provision of depreciation pertaining to the current year and prior periods is not furnished, the consequential impact on the financial statement is not ascertainable.
- e.) The company has not recognised impairment of development of property with respect to vanilla cultivation of ₹ 5.23 lakhs in accordance with Accounting Standard-28(AS-28). As a result we are of the opinion that the profit was overstated to the extent of ₹ 5.23 lakhs and development of property (Note No.8) under fixed assets is overstated to that extent. Also the impairment of development of property due to natural calamities like windfall, fire etc... has not been quantified and recognised in Profit & Loss Statement.
- f.) The company has shown subsidy of ₹ 62.63 lakhs received from Government of Kerala during the year under the head "Subsidy from Government under Note no.3 Reserves and Surplus". The total subsidy from Rubber Board till 31.03.2012 is ₹ 150.48 lakhs and from Government of Kerala against Cashew Plantation is ₹ 310.34 lakhs. These Government grants related to specific assets should have been deducted from the gross value of the assets in arriving their book value. Alternatively it could have been credited in the Profit & Loss Statement in a systematic and rational manner over the useful life of the asset in the proportion in which depreciation on those assets charged. The above method of treatment as prescribed in "Accounting Standard 12-Accounting for Government grant" has not been complied by the company. The impact as a result of the departure on the financial statement is not ascertainable in the absence of relevant details.
- g.) Since no records are made available to us for verifying the individual break-up of many items under "Other liabilities" (Note No. 6), amounting to ₹ 122.14 lakhs, we are unable to verify the correctness of the same. The impact of the same, if any, on the financial statements is not ascertainable.
- h.) As shown in Note No.12 to the financial statements, the Company has classified Sundry Debtors amounting to ₹ 28.18 lakhs as unsecured- considered good, which is not appropriate in accordance with the disclosure requirement of Schedule VI to the Companies Act, 1956. In the absence of records relating to the Sundry Debtors against which provision for doubtful debts is created, we are unable to verify the correctness of the amount shown as provision for doubtful debts of Rs. 13.88 lakhs and Sundry Debtors of Rs. 28.18 lakhs in Note No.12. The impact of the above, if any, on the financial statements is not ascertainable.
- i.) As shown in Note No.35 (A),(B) & (C) to the financial statements, the company has not made provision for disputed Central Income Tax demands amounting to ₹ 35.48 lakhs, disputed Agricultural

Income Tax demands amounting to ₹ 2,154.87 lakhs and disputed Sales Tax demands amounting to ₹ 17.69 lakhs. From the information provided to us, the probable outcome of these disputed tax demands and the impact thereof on the financial statements are not ascertainable.

- j.) The Government of Kerala vide G.O (MS) 147 / 12 / H&FW dated 26.05.2012 directed the company to pay a compensation to Endosulphan victims. Vide letter No.50073 / G1 / 2010 / H&FWD dated 31.05.2012 such compensation was computed at ₹ 8726 lakhs and the company was directed to pay ₹ 2704.25 lakhs as first instalment. The company has provided ₹ 2704.25 lakhs only in the accounts (Note No.28). As a result, we are of the opinion that a non- provision to the tune of ₹ 6021.75 lakhs resulted in an overstatement of profit and understatement of liabilities to that extent.

Subject to our comments in paragraph (4) above

- I. 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;
- II. In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of these books;
- III. The balance sheet, profit and loss statement and cash flow statement dealt with by this report are in agreement with the books of account;
- IV. The balance sheet, profit and loss statement and cash flow statement dealt with by this report comply with the applicable accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- V. Vide Notification No. GSR 829 (E) dated 21st October 2003, the Central Government had directed that the provisions of Section 274 (1)(g) of the Companies Act, 1956 shall not apply to a Government Company. Accordingly, reporting on the matter specified under Section 227 (3) (f) is not applicable to the company;
- VI. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a. In the case of the balance sheet, of the state of affairs of the company as at 31st March 2012;
 - b. In the case of the profit and loss statement, of the Profit for the year ended on that date; and
 - c. In the case of the cash flow statement, of the cash flows for the year ended on that date.

Kottayam
03rd August 2012

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

ANNEXURE TO THE REPORT OF THE AUDITORS

DATED 01st August, 2012
TO THE MEMBERS OF M/S THE PLANTATION CORPORATION OF KERALA LIMITED
MUTTAMBALAM P.O., KOTTAYAM
FOR THE YEAR ENDED 31ST MARCH 2012

Statement on Matters Specified In Paragraphs 4 and 5 of The Companies (Auditor's Report) Order, 2003

- i. (a) The Company has maintained records for the fixed assets. However, the company is in the process of updating the Fixed Asset Register showing the quantitative details and situation of Fixed Assets.
- (b) As explained to us, fixed assets other than land both under freehold and leasehold were physically verified by the management in accordance with program of verification, which in our opinion, is reasonable having regard to the size of the company and nature of its assets. It was further explained to us that no material discrepancies were noticed on such verification other than land and development expenditure with respect to vanilla plantations of ₹ 5.23 lakhs. In the case of freehold land and leasehold land, the company has not produced title deeds for our verification and thus we are unable to ascertain the correctness of land holdings as stated in the title deeds with the record of land holdings.
- (c) During the year, the Company has not disposed off substantial part of its Fixed Assets.
- (ii) (a) It has been explained to us that, the Company has conducted physical verification of inventory during the year at reasonable intervals. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion the procedures of physical verification of inventory needs to be strengthened to make the same adequate in relation to the size of the Company and the nature of its business.
- (c) As explained to us, the company is maintaining proper records of inventory. Discrepancies noticed on verification between physical stocks and the records are not material and have been appropriately dealt with in the books of accounts.
- (iii) (a) During the year the company has not granted any loans secured or unsecured to the companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.(b) In light of (a) above, no comment is required under Paragraph 4 (iii) (b) of the said order.(c) In respect of loans and advances in the nature of loans given by the company during the earlier periods to Kerala State Coconut Development Corporation Ltd. (Rs. 25 lakhs) and Kerala State Horticulture Products Development Corporation Ltd. (Rs. 150 lakhs), receipt of the principal amount and interest are outstanding for a long time.(d) According to the information provided, the Company has taken reasonable steps for the recovery of the principal and interest, but no material evidence regarding this was made available to us..
- (e) The Company has not taken any loans secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Act, and so no comments are required under clauses (e), (f) and (g) of Paragraph 4 (iii) of the said order.

- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods. In our opinion and according to the explanations given to us, there is no continuing failure to correct major weakness in the internal control.
- (v) It was explained to us that, during the year the company has not entered into any contract or arrangement that need to be entered in the register maintained pursuant to Section 301 of the Act. Therefore, the requirement under paragraph 4(v) (b) of the said Order is not applicable for the company.
- (vi) The company has not accepted deposits from the public. Hence, the requirement under paragraph 4(vi) of the said Order is not applicable to the company.
- (vii) The internal audit function is carried out by a firm of independent Chartered Accountants appointed by the management and is commensurate with the size and nature of the business of the Company.
- (viii) We have broadly reviewed the books of account relating to material, labour and other items of cost maintained by the company pursuant to the rules made by the Central Government for maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however carried out a detailed examination of the same.
- (ix) **a.** To the best of our knowledge and according to the information and explanations given to us, the company is regular in depositing undisputed statutory dues including income tax, sales tax and other material statutory dues with the appropriate authorities. **b.** The disputed statutory dues that have not been deposited on account of disputed matters pending before appropriate authorities are as under : Central Income Tax of Rs. 35.48 lakhs, Agriculture Income Tax of ₹ 2,154.87 lakhs and Sales Tax of ₹ 408.69 lakhs as given in Note No. 35(A), (B), (C) respectively in the forums where the disputes are pending are mentioned.
- (x) The company has no accumulated losses as at the end of the financial year. The Company has not incurred cash losses during the financial year under audit and in the immediately preceding financial year.
- (xi) Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the company has not defaulted in repayment of dues to financial institutions and banks.
- (xii) In our opinion and according to the information and explanations given to us, no loans and advances have been granted by the company on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore the requirements under paragraph 4(xiii) of the said Order are not applicable for the company.

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

Kottayam
3rd August 2012

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

**REPLY TO THE COMMENTS OF STATUTORY AUDITORS ON
THE ACCOUNTS OF THE PLANTATION CORPORATION OF KERALA
LTD. FOR THE YEAR ENDED 31.03.12**

- a. The loan amounting to ₹ 150 Lakhs and ₹ 25 Lakhs are given to Kerala State Horticultural Products Development Corporation Ltd. and Kerala State Coconut Development Corporation Ltd. as per Government order GO (Rt) No 1546/96/AD dated 1/11/1996 and GO (Rt) No 1828/97/AD dated 1/11/1997 and the same are fully Government owned Public Sector Undertakings. As the payment of principal amount and interest are not regular, it may be noted that the matter was again placed before with the Government as the loan has been paid as per Government direction and the details for the same is shown in Note No. 10(1)& 10(2) forming part of financial statements.
- b. This figure remains in the Balance sheet for the last several years and relates to the penal interest provided for the Government loan granted to Plantation Corporation of Kerala Ltd. The Corporation has fully repaid the principal amount due and interest amounts on Government loan.
- c. The report on the balance of each item under Current Liabilities (Note.6) Trade Payables (Note.5) Trade Receivables (Note No. 12) Long term Loans and Advances-(Note No.10) and short term Loans and advances (Note No. 14) are only a general statement and not specific. Regarding Sundry Debtors separate action is being taken for detailed verification of each customers account and also relevant provision has been made for doubtful debts in case of State Public sector Undertakings.
- d. The treatment of development expenditure for Plantation followed by the Corporation is shown in clause j of Note No. 1 significant accounting policies followed by the Corporation as on 31.03.12. This practice has been consistently followed and for the amortization of development of Plantation assets the Company has provided ₹ 107 lakhs towards replanting reserve.
- e. As per clause j of Note No.1, the policy of the company in treatment of development of Plantations is clearly disclosed. The policy is that at the time of disposal of the plantation, the proceeds are treated as profit or loss after setting off the related development expenditure less subsidy, if any, received. Here there is no such disposal of plantation, in the case of vanilla cultivation. Vanilla Cultivation it is legally disputed in different Courts including Hon'ble High Court of Kerala, therefore the written off of this plantation has not been done during this year.
- f. The treatment of subsidies is shown in clause k of Note No.1 Significant Accounting policies and Note No. 3(B) of Notes forming part of financial statements. The company is following capital accounting method as per AS-12. As the subsidy is not meant for the purpose of procurement of capital asset and moreover the development of property is not depreciable, the subsidy amount is not credited as development of property, but shown as separate head under Reserve & Surplus.

g.& h. We are in the process of verification of “advance from customers”, Sundry Debtors and other liabilities and the same is corrected up to financial year 2007-08. Reconciliation and correction of contra entries are being made for the rest of financial years. We expect to complete this exercise with in a period of six months.

- i. As disclosed in Note No. 35(A), Company has not made any provisions for disputed tax demand.

Agricultural Income Tax :- Regarding the cases relates to period from 1976-77 to 1995-96, we have received tribunal orders allowing most of our claims and the orders are pending before the assessing authorities for modification.

Sales Tax:- KGST 2001-02 to 2004-05 and CST 2002-03 to 2004-05 we have received tribunal orders and the same is pending before the assessing authorities for modification. And all other cases our appeal is pending before various Tax authorities and the corporation is expecting favorable orders.

Follow up action is being taken in all these cases.

Govt. of Kerala vide G.O No,50073/G1/2010/H&FW dated 31/5/2012, directed The Plantation Corporation of Kerala Ltd to contribute ₹ 8726 Lakhs to the compensation package to Endosulphan Victims (being 50% of total compensation package) and also directed to remit ₹ 2704.25 Lakhs as first installment and Company paid ₹ 2704.25 Lakhs on 04-06-2012 as directed by Government. Regarding the balance amount we have requested the Government to reconsider the matter and exempt The Plantation Corporation from paying Compensation and we are expecting favorable decision from Government. It may also be noted that Government vide order GO (MS) No.34/12/ AGRI dt.21.02.12 has fully exempted the Corporation from paying any Compensation. As such there is no further liability to the corporation and so the there is no provision required for ₹ 6021.75 Lakhs.

THE PLANTATION CORPORATION OF KERALA LIMITED KOTTAYAM
BALANCE SHEET AS AT 31ST MARCH, 2012

Particulars	Note No.	Previous Year ₹	Current Year ₹
EQUITY AND LIABILITIES			
I) Shareholder's Funds			
a) Share Capital	2	5,56,88,000.00	5,56,88,000.00
b) Reserves and Surplus	3	1,78,10,73,105.64	1,60,63,12,157.78
II) Non-Current Liabilities			
a) Long-term borrowings	4	48,20,960.51	48,20,960.51
III) Current Liabilities			
a) Trade payables	5	75,99,891.80	44,51,124.32
b) Other current liabilities	6	34,28,46,331.64	26,90,40,125.61
c) Short-term provisions	7	1,09,52,28,106.07	62,38,92,113.07
Total		3,28,72,56,395.66	2,56,42,04,481.29
ASSETS			
IV) Non-current assets			
a) Fixed assets			
i) Tangible assets	8	69,25,99,192.42	60,29,30,791.58
ii) Intangible assets	8	82,992.00	95,841.00
iii) Capital work-in-progress	8	52,07,569.86	4,92,33,875.65
b) Non-current investments	9	1,50,01,000.00	1,50,01,000.00
c) Long term loans and advances	10	4,06,48,752.76	2,55,33,456.56
V) Current assets			
a) Inventories	11	14,71,14,685.38	12,32,51,180.90
b) Trade receivables	12	14,29,904.20	92,33,433.20
c) Cash and cash equivalents	13	1,70,59,92,745.21	1,30,93,23,177.71
d) Short term loans and advances	14	62,05,17,186.96	38,51,32,338.91
e) Other current assets	15	5,86,62,366.87	4,44,69,385.78
Total		3,28,72,56,395.66	2,56,42,04,481.29

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

For and on behalf of Board of Directors

As per report of Even date.

Sd/-
Dr. Varughese George
Chairman

Sd/-
K. Subairkhan
Managing Director

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

Sd/-
Harish K.
Company Secretary i/c

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

Kottayam
03.08.2012

THE PLANTATION CORPORATION OF KERALA LIMITED KOTTAYAM

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	Note No.	Previous Year ₹	Current Year ₹
I. Revenue from operations	16	1,30,50,37,133.54	1,22,42,55,283.48
II. Other Income	17	15,69,91,460.60	11,74,57,017.31
III Prior Period Income	18	1,01,93,879.80	23,39,23,237.00
Total Revenue		1,47,22,22,473.94	1,57,56,35,537.79
IV. Expenses:			
Cost of materials consumed	19	25,34,17,196.23	21,84,62,036.11
Purchase of Stock-in-Trade		33,32,566.00	12,94,308.94
Changes in inventories	20	(1,14,46,044.00)	(1,50,20,243.00)
Employee benefit expense	21	45,80,86,527.20	21,91,33,787.34
Depreciation and amortization expense	8	1,82,24,040.18	1,60,73,502.64
Administrative and Other expenses	22	10,46,52,258.47	9,01,60,332.09
Prior Period Expense	23	37,96,983.00	19,01,344.00
Total Expenses		83,00,63,527.08	53,20,05,068.12
V. Profit before extraordinary items and tax		64,21,58,946.86	1,04,36,30,469.67
VI. Extraordinary Items	28	27,04,25,000.00	5,00,00,000.00
VII. Profit before tax (V-VI)		37,17,33,946.86	9936,30,469.67
VIII. Tax expense: Current tax		20,04,51,700.00	23,47,29,895.00
IX. Profit/(Loss) for the period (VII-VIII)		17,12,82,246.86	75,89,00,574.67
X. Earning per equity share:			
Basic and Diluted		3,075.75	13,627.72

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

For and on behalf of Board of Directors

As per report of Even date.

Sd/-
Dr. Varughese George
ChairmanSd/-
K. Subaikhhan
Managing DirectorSd/-
Sreelakumar S.
G.M. (F & A) i/cSd/-
Harish K.
Company Secretary i/cFor Kuryan & Suseelan
Chartered Accountants(FRN : 001635S)
C.A V K Kuryan(Partner)
Membership No. 021949Kottayam
03.08.2012

THE PLANTATION CORPORATION OF KERALA LIMITED KOTTAYAM
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012.

Previous Year ₹		Particulars	Current Year ₹	
		A. CASH FLOWS FROM OPERATING ACTIVITIES		
	76,16,08,576.67	Net Profit before Taxation & after Extraordinary Item		37,17,33,946.86
1,60,73,502.64		Adjustments for: Depreciation & Amortisation	1,82,24,040.18	
7,19,158.31		Write off	8,64,585.14	
(8,27,72,122.70)		Interest on Investments	(13,47,95,523.09)	
(8,74,89,965.00)		Profit on Sale of Trees	(9,14,62,813.96)	
(11,24,406.11)		Profit on Sale of Assets	(3,70,061.21)	
(8,50,000.00)		Dividend Received	(7,50,000.00)	
5,00,00,000.00		Extraordinary Items	27,04,25,000.00	
(11,49,178.52)	(10,65,93,011.38)	Interest Income on Loans & Advances	(15,36,267.16)	6,05,98,959.90
	65,50,15,565.29	Operating Profit before Working Capital Changes		43,23,32,906.76
		Adjustments for:		
(16,11,88,219.73)		Increase / (Decrease) in Provisions	6,22,73,424.00	
29,37,646.84		Increase / (Decrease) in Current Liabilities	7,69,54,973.51	
(1,41,36,515.75)		(Increase) / Decrease in Inventories	(2,38,63,504.48)	
(55,42,101.00)		(Increase) / Decrease in Debtors	78,03,529.00	
26,38,080.05	(17,52,91,109.59)	(Increase) / Decrease in Advances & Deposits	(2,93,11,645.25)	9,38,56,776.78
	47,97,24,455.70	Cash Generated from Operations		52,61,89,683.54
	(19,58,32,919.00)	Income Tax Paid		(23,34,15,515.00)
	28,38,91,536.70	Cash Flow before Extraordinary Items		29,27,74,168.54
	0.00	Contribution to CM's DRF		(5,00,00,000.00)
	28,38,91,536.70	Net Cash from Operating Activities		24,27,74,168.54

		B. CASH FLOWS FROM INVESTING ACTIVITIES		
(3,66,43,754.90)		Purchase of Fixed Assets	(2,29,93,035.43)	
(4,57,26,586.51)		Development Property	(4,08,68,689.73)	
13,75,258.01		Sale of Fixed Assets	3,78,500.00	
8,74,89,965.00		Sale of Trees	9,14,62,813.96	
7,55,66,913.97		Interest Received on Investments	12,06,02,542.00	
11,49,178.52		Interest Received on Loans & Advances	15,36,267.16	
8,50,000.00		Dividend Received	7,50,000.00	
24,64,000.00		Subsidy Received	62,63,101.00	
	8,65,24,974.09	Net Cash Available from Investing Activities		15,71,31,498.96
		C. CASH FLOWS FROM FINANCING ACTIVITIES		
(27,84,400.00)		Dividend Paid	(27,84,400.00)	
(4,51,700.00)		Dividend Distribution Tax Paid	(4,51,700.00)	
	(32,36,100.00)	Net Cash Available from Financing Activities		(32,36,100.00)
	36,71,80,410.79	Net Increase / (Decrease) in Cash and Cash Equivalents		39,66,69,567.50
	94,21,42,766.92	Opening Cash & Cash Equivalents		1,30,93,23,177.71
	1,30,93,23,177.71	Closing Cash & Cash Equivalents		1,70,59,92,745.21

For and on behalf of Board of Directors

As per report of Even date.

Sd/-
Dr. Varughese George
Chairman

Sd/-
K. Subairkhan
Managing Director

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

Sd/-
Harish K.
Company Secretary i/c

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

Kottayam
03.08.2012

THE PLANTATION CORPORATION OF KERALA LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
31.03.2012

1. Significant accounting policies

A. Basis of Accounting:

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

B. Use of Estimates:

The preparation of the financial statements in conformity with the GAAP requires that the management makes estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liability as at the date of the financial statement, and the reported amounts of revenue and expenses during the reported year. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

C. Fixed Assets:

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

D. Taxes on Income:

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

E. Earnings per Share:

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

F. Depreciation:

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

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

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

G. Sales:

Sales are accounted at the time of preparation of invoices in the case of all products except Cashew. The right of collection of cashew nuts from most of the Corporation estates has been awarded under the tender – cum – auction system. As the crop season is from February to June, 40% of the auction price has been recognized as income of the current year and the balance as deferred income.

H. Inventories:

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

I. Treatment of expenses during construction period:

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

J. Development expenditure:

Expenditure incurred for the development of plantation is capitalized and is shown in the Balance Sheet as tangible assets – Development of Property. At the time of disposal of the plantation, the proceeds are treated as profit or loss after setting off the related development expenditure less subsidy, if any, received.

K. Subsidies:

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

L. Investments:

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

M. Employee Benefits:**(i) Short term Employee Benefits:**

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

(ii) Post employment benefits (defined benefit Plans)

The employees' gratuity plan is a defined benefit plan. The present value of the obligation under such defined benefit plan is determined as on 31.03.2012, the balance sheet date, based on an independent actuarial valuation by Life Insurance Corporation of India. The valuation is determined using projected unit credit method.

(iii) Post employment benefit (defined contribution plan)

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

(iv) Long Term Employee Benefits

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

N. Contingent Liabilities:

Contingent liabilities are disclosed for:

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

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

2. Share Capital

Authorised issued and paid up capital

Particulars	As on 31st March 2012		As on 31st March 2011	
	Numbers	₹	Numbers	₹
Authorised				
Equity shares of Rs 1000 each	75,000	7,50,00,000.00	75,000	7,50,00,000.00
Issued, Subscribed and Paid up				
Equity Share Capital				
Equity shares of Rs 1000 each*	55,688	5,56,88,000.00	55,688	5,56,88,000.00
Total	55,688	5,56,88,000.00	55,688	5,56,88,000.00

* Of the above shares, 12,182 shares are allotted as fully paid up pursuant to a contract without payments being received in cash. Hon'ble Governor of Kerala holds 55,684 shares of the Corporation.

3. Reserves and Surplus

Particulars	Current Year ₹	Previous year ₹
1) General Reserve		
Balance as at the beginning of the Year	10,59,76,168.44	5,32,43,130.44
Add : Additions made during the Year	1,71,73,395.00	5,27,33,038.00
Balance as at the end of the Year	12,31,49,563.44	10,59,76,168.44
2) Capital Reserve	11,97,89,050.90	11,97,89,050.90
3) Replanting Reserve		
Balance as at the beginning of the Year	11,82,58,000.00	10,84,58,000.00
Add : Additions made during the Year	1,07,00,000.00	98,00,000.00
Balance as at the end of the Year	12,89,58,000.00	11,82,58,000.00
4) Rehabilitation Reserve	1,40,79,091.48	1,40,79,091.48
5) Surplus/(Deficit) in the Statement of Profit and Loss)		
Balance as at the beginning of the Year	1,20,83,91,165.46	51,48,08,028.79
Add : Profit during the Year	17,12,82,246.86	75,89,00,574.67
Less : Provision for Dividend	(27,84,400.00)	(27,84,400.00)
Transfer to General reserve	(1,71,73,395.00)	(5,27,33,038.00)
Transfer to Replanting reserve	-	-
Balance as at the end of the Year	(1,07,00,000.00)	(98,00,000.00)
	1,34,90,15,617.32	1,20,83,91,165.46
Subsidy From Government		
1) Subsidy from Rubber Board (Rubber Cultivation)		
Balance as at the beginning of the Year	1,29,84,491.50	1,29,84,491.50
Add : Additions made during the Year	20,63,757.00	-
Balance as at the end of the Year	1,50,48,248.50	1,29,84,491.50
2) Subsidy from Government of Kerala (Cashew Cultivation)		
Balance as at the beginning of the Year	2,68,34,190.00	2,43,70,190.00
Add : Additions made during the Year	41,99,344.00	24,64,000.00
Balance as at the end of the Year	3,10,33,534.00	2,68,34,190.00
Total	1,78,10,73,105.64	1,60,63,12,157.78

- a. The Reserves and Surplus consists of General Reserve, Replanting Reserve, Capital Reserve, Rehabilitation Reserve and capital subsidy from Govt. 10% of net profit after tax is transferred to General Reserve. In the case of replanting reserve 2% of Development of property account is transferred. No amount has been transferred to Capital reserve and Rehabilitation Reserve in the current year.
- b. The Subsidy from Government includes Capital Subsidy received for Rubber and Cashew Cultivation from Government. The Corporation is contingently liable to the Government for the same in case the plantation is destroyed or is used for any public purpose.

4. Long Term Borrowings

Particulars	Current Year ₹	Previous year ₹
From Govt of Kerala, for Estate Development, Interest accrued and due (since 31.03.1999)	48,20,960.51	48,20,960.51
Total	4,820,960.51	48,20,960.51

5. Trade Payables

Particulars	Current Year Rs	Previous year Rs
Sundry Creditors*	75,99,891.80	44,51,124.32
Total	75,99,891.80	44,51,124.32

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

6. Other Current Liabilities

Particulars	Current Year ₹	Previous year ₹
a) Other Liabilities	1,22,14,291.62	1,27,08,245.57
b) Lease rent Payable	13,91,01,642.08	12,21,66,971.34
c) EMD	1,23,73,304.17	86,96,362.17
d) Security Deposit	4,24,01,517.72	3,86,47,087.72
e) Advance against sales	2,35,17,927.60	2,07,14,381.60
f) Labour welfare fund	37,445.35	37,445.35
g) Agricultural Income Tax Due	1,77,37,151.90	1,77,37,151.90
h) Fringe Benefit Tax Due	-	4,68,012.00
i) Central sales Tax Payable	6,84,354.89	4,46,691.91
j) Value added Tax Payable	51,07,098.56	66,63,698.57
k) Luxury Tax Payable	22,398.00	15,879.00
l) Liability for Expenses	6,51,92,979.52	2,41,82,234.79
m) Advance from Contractors	48,20,892.00	28,57,268.00
n) Retention Account	39,78,616.50	38,62,090.50
o) Wages Payable Account	1,23,10,081.29	62,27,190.75
p) With held Contractors	33,46,630.44	36,09,414.44
Total	34,28,46,331.64	26,90,40,125.61

The balance outstanding in the Labour welfare fund that mainly includes funds credited out of time – barred wages and bonus unclaimed for a period of more than three years. Balance in the same as on 31/03/2012 is ₹ 37,445.35 (PY ₹ 37,445.35)

7. Short term provisions

Particulars	Current Year ₹	Previous Year ₹
Provision for employee benefits:		
a) Gratuity		
Balance as at the beginning of the Year	10,46,94,047.00	45,89,92,142.00
Prior Period Adjustments	-	23,39,23,237.00
Current Year Provision	15,92,84,967.00	-
Paid this Year	13,31,51,710.00	12,03,74,858.00
Balance as at the end of the Year	13,08,27,304.00	10,46,94,047.00
b) Bonus*	4,75,00,000.00	3,05,00,000.00
c) Leave Encashment	3,16,00,000.00	1,24,59,833.00
d) Provident Fund and other charges (refer note no. 36)	76,65,490.00	76,65,490.00
Others		
a) Provision for Taxation		
Balance as at the beginning of the Year	37,66,87,486.07	15,70,90,495.07
Add : Current Year Provision	20,04,51,700.00	23,47,29,895.00
Less Adjusted this Year	1,18,14,131.00	1,51,32,904.00
Balance as at the end of the Year	56,53,25,055.07	37,66,87,486.07
b) Provision for sales Tax	3,91,00,857.00	4,00,00,000.00
Less Adjusted this Year	-	8,99,143.00
Balance as at the end of the Year	3,91,00,857.00	3,91,00,857.00
Provision for Donation to CM's DRF	-	5,00,00,000.00
Provision for Endosulfan victims	27,04,25,000.00	-
e) Proposed Dividend for the Year	27,84,400.00	27,84,400.00
Total	1,09,52,28,106.07	62,38,92,113.07

*Provision for bonus is made at 29.5% of eligible earnings to employees.

8) FIXED ASSETS**TANGIBLE ASSETS**

	ORIGINAL COST				DEPRECIATION				NET CARRYING AMOUNT	
	As at 4/1/2011 Rs. P.	Additions during the year Rs. P.	Disposal / Adjustments Rs. P.	As at 31/03/2012 Rs. P.	Up to 31/03/2011 Rs. P.	For the year Rs. P.	Disposal / adjustments Rs. P.	Up to 31/03/2012 Rs. P.	Net Block as on 31.03.12 Rs. P.	Net Block as on 31.03.11 Rs. P.
1.Furniture	4292824.66	243785.00	0.00	4536609.66	3586481.96	197608.41	0.00	3784090.37	752519.29	706342.71
2.Office equipments	4249699.65	120896.00	0.00	4370595.65	3673957.64	144671.86	0.00	3818629.50	551966.15	575742.04
3.Electrical appliances	927083.79	38485.00	0.00	965568.79	591089.10	94963.07	0.00	686052.17	279516.62	335994.70
4. Electrical Installation	7839742.69	6866228.00	0.00	14705970.69	6971731.64	665025.39	0.00	7636757.03	7069213.66	868011.13
5.Telephone	458664.67	7067.00	0.00	465731.67	343331.08	23109.91	0.00	366440.99	99290.68	115334.33
6.Survey instruments	10517.54	0.00	0.00	10517.54	10446.83	10.61	0.00	10457.44	60.10	70.71
7.Library	70903.36	13892.00	0.00	84795.36	63733.96	14608.94	0.00	78342.90	6452.46	7169.40
8.Roads	36816538.79	1790484.00	0.00	38607022.79	16802309.74	1031928.30	0.00	17834238.04	20772784.75	20014229.02
9.Fence/Kayala	23565927.21	1348818.00	0.00	24914745.21	10015485.30	1466252.42	0.00	11481737.72	13433007.49	13550441.88
10.Electric Fittings	299906.03	37573.00	0.00	337479.03	221041.70	26916.05	0.00	247956.31	89522.72	78864.32
11.Plant & machinery	59724917.49	14933563.50	0.00	74658480.99	36609053.70	7083712.37	0.00	43692766.07	30965714.92	23115863.79
12. Buildings	83984262.67	38047794.72	0.00	122032057.39	49335392.62	2960483.69	0.00	52295876.31	69736181.08	34648870.04
13.Vehicles	29086211.24	1202107.00	622968.00	29665350.24	16517359.70	3717674.84	614529.21	19620505.34	10044844.90	12568852.41
14.Water supply installations	9210599.33	1679673.00	0.00	10890272.33	8896055.27	379343.59	0.00	9275398.86	1614873.47	314544.06
15.Amonium cylinders	523639.00	0.00	0.00	523639.00	523561.60	30.96	0.00	523592.56	46.44	77.40
16.Wells	461249.95	406046.00	0.00	867295.95	150571.14	21930.56	0.00	172501.70	694794.25	310678.81
17.Landing pad	118844.25	0.00	0.00	118844.25	84144.26	1735.00	0.00	85879.26	32964.99	34700.00
18.Jhankar boat	32650.00	0.00	0.00	32650.00	9000.74	2364.93	0.00	11365.67	21284.33	23649.26
19.Freehold land	3148635.65	0.00	0.00	3148635.65	1.65	0.00	0.00	1.65	3148634.00	3148634.00
20.Computer	4364624.20	282929.00	0.00	4647553.20	3563058.20	378820.28	0.00	3941878.48	705674.72	801565.92
21.Development of Property*	491711155.67	43886985.88	3018296.15	532579845.40					532579845.40	491711155.67
Total	760898597.84	110906327.10	3641264.15	868163660.79	157967807.84	18211191.18	614529.21	175564468.37	692599192.42	602930791.58
Previous Year Total	695121466.26	68889645.27	3112513.69	760898597.84	144755964.98	16073502.64	2861661.79	157967807.84	602930791.58	556286339.61
INTANGIBLE ASSETS										
Computer Software	117490.00	0.00	0.00	117490.00	21649.00	12849.00		34498.00	82992.00	95841.00
CAPITAL WORK IN PROGRESS										
Capital work in progress	49233875.65	1,18,39,551.43	5,58,65,857.22	5207569.86	0.00	0.00	0.00	0.00	5207569.86	49233875.65

* Refer Note no: 8(a)

a) Development of Property

Item	Opening Balance ₹	Additions ₹	Disposals ₹	Closing Balance ₹
Rubber	39,48,33,440.67	3,31,82,601.88	10,94,524.20	42,69,21,518.35
Cashew Plantations	5,94,90,669.25	1,06,66,214.00		7,01,56,883.25
Arecanut Plantations	11,55,473.18	38,170.00		11,93,643.18
Oil Palm Plantation	3,21,43,207.66			3,21,43,207.66
Teak Plantations	7,54,364.50			7,54,364.50
Cocoa Plantation	12,797.00			12,797.00
Coconut Plantations	2,47,445.82			2,47,445.82
Survey	2,29,734.53		2,29,734.53	0.00
Evicted Area Expenses	16,94,037.42		16,94,037.42	0.00
Eucaliptus & Accasia	6,11,243.64			6,11,243.64
Vanilla Plantations	5,22,819.00			5,22,819.00
Pathimugham Plantation	15,923.00			15,923.00
Total	49,17,11,155.67	4,38,86,985.88	30,18,296.15	53,25,79,845.40
Previous Year	44,59,84,569.16	4,57,26,586.51	0.00	49,17,11,155.67

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

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

Area under Cultivation : 13,028.83 Ha

Other Crops : 61.90 Ha

Replanting & Slaughter Tapping : 644.28 Ha

Vacant and Rocky : 400.26 Ha

Gross Total : 14,135.27 Ha

c) Even though the terms and conditions for the transfer of 3714.62 acres of land in Cheemeni Estate has determined by the Government vide GO (MS) No. 227/2004/RD dated 30.06.2004, the Corporation has requested to reconsider the whole matter and to make a fair and proper arrangement with regard to the land vide letter dated 27.01.2006 with Revenue Department as this property is entrusted

to PCK as excess land under the provisions of the Kerala Land Reforms Act. The actual area handed over to the Corporation as per records is only 975 hectares. The Corporation was paying Land Tax for the said property till 2003-04. Therefore the whole issue relating to the fixation of lease rent at ₹ 1300 per hectare for the land is under reconsideration of the Government. However pending settlement of the dispute, provision for lease rent of ₹ 1300 per hectare is made for 1378.3556 hectare (excluding 126.55 hectares of land handed over to Prison department) in the accounts for the year-ended 31.03.2006 for the years 2004-05 and 2005-06. Provision for lease rent of ₹ 1,300/-per hectare is made in the accounts from the year 2006-07 onwards.

- d) The 975 hectares in Cheemeni Estate includes 126.55 hectares transferred to the Prison Department as per G.O (MS) No. 95/99/RD dated 18.03.1999. An area of 126.55 Ha in Thuravu II division was transferred and possession is handed over to Prison Department invoking urgency claim subject to the condition that the terms and conditions of transfer will be decided later. The Corporation has claimed an amount of ₹ 582.30 Lakhs from the Prison Department (by production loss and value of timber trees) as compensation. However, no adjustment in this regard has been made in the accounts since the matter is still pending. At the time of final decision in this matter, the amount receivable will be provided in the accounts.
- e) Government has vide order No G.O. (MS)NO.19/2009/ID dated 07-02-09, directed the corporation to hand over 2000 acres of land from Cheemeni Estate for its proposed Thermal Power Project. The Project has not taken off until date. The Corporation is still in possession of the said land and enjoying the benefits of agriculture from the land. No correspondence is received at the Corporation to alienate the land for the above mentioned purpose. No adjustment has been made in the books in this regard.
- f) Government has vide its letter No. 25376/PUI/08/AD dated. 05-01-2009 directed to hand over 100 acres of land from Cheemeni Estate for its proposed IT Park. The Government vide order no 122/2010/RD dated 30.3.2010 have directed the Corporation to transfer the land to KSITI and the land was valued at ₹ 25 Crores and to treat the same as share capital contribution to KSITI. Further the Project has not taken off until date. The Corporation is still in possession of the said land and enjoying the benefits of agriculture from the land. No correspondence is received at the Corporation to alienate the land for the above mentioned purpose. Hence, no adjustment has been made in the books in this regard.
- g) Lease deeds for lands handed over to the Corporation since 1970 are pending execution except for the land handed over for the development of cashew plantations (Rajapuram Estate) under World Bank Scheme.
- h) The written down value of Buildings, Roads, Landing pads and Fences is ₹ 1,040 Lakhs of which assets worth ₹ 965 Lakhs are constructed on lease hold lands.
- i) Government vide its order GO (MS) No. 96/2012/RD dated 5.03.2012 has asked the Corporation to hand over 51 acres of land to Central University from Kasaragod Revenue land. As per the Board decision, Corporation have asked for a compensatory land equivalent to the value of 51 acres of land at Kasaragod. The matter is pending at the Govt. level, no adjustments has been made in the books in this regard.
- j) Depreciation was charged on Plant and Machinery from the date on which asset put to use and in case of other assets from the date of purchase or on completion of construction. The factories are operated in single, double and triple shift basis. So for the current year the extra shift depreciation on plant and machinery has been provided in proportion with the number of days for which the concern worked double shift or triple shift bears to the number of working days during the year.

- k) The Corporation has engaged in the construction of new Cenex Factory at Kodumon. The construction started on 19.08.2007. The works were completed during the current year. The Factory was commissioned on 5.9.2011. An Amount of ₹ 4,87,17,762.72 was transferred to fixed assets from work in progress.

9. Non current investments

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

10. Long term loans and advances

Particulars	Current Year ₹	Previous year ₹
I. LOANS & ADVANCES		
1. Secured (Considered Good)		
Staff Loan		
a) Motor Car Loan	54,07,776.00	54,700.00
b) Motor Cycle Loan	81,70,964.10	1,61,084.10
c) Housing Loan	41,268.60	75,378.60
2. Unsecured (Considered Good)		
a) K.S.C.D.C.	25,00,000.00	25,00,000.00
b) K.S.H.P.D.C.	1,50,00,000.00	1,50,00,000.00
c) Advances recoverable in cash or kind for value to be received.	24,84,783.81	22,74,738.81
d) Rebate receivable on Govt. Loan (Inclusive of Guarantee Commn. Refund due)	2,58,205.25	2,58,205.25
II. DEPOSITS (unsecured considered good)		
1. KSEB, Port Trust & other Govt. Dept.	42,98,997.00	32,32,326.80
2. Other Deposits	14,50,110.00	10,44,309.00
3. With Court	10,36,648.00	9,32,714.00
Total	4,06,48,752.76	2,55,33,456.56

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

In pursuance of the Government order (Rt) No. 1546/96/AD dated 01.11.1996, the Corporation has paid ₹ 1.5 crores to Kerala State Horticultural Products Development Corporation Limited. The K.S.H.P.D.C. has not paid part of the loan or interest due to the Corporation. The Govt., of Kerala has directed to convert the loan and interest into share capital. The Corporation's Board meeting held on 30.10.1999 has accorded sanction to convert the principal amount of loan to share capital and to request the Govt. to pay the interest to the Corporation rather than converting the same into share capital. However, the Govt. of Kerala vide letter no. 3840/PU1/99/AD dated 10.01.2000 did not accept the proposal of the Corporation and has affirmed that the Govt., adheres to the earlier Govt. direction and hence interest of ₹ 27 Lakhs at the rate of 18% has not been provided. The matter was again taken up before the Board of Directors and the board decided to stick on to its earlier decision on 30/10/1999 and the same was informed to the Government and pending at high power committee.

2. Loan to Kerala State Coconut Development Corporation Ltd.

In pursuance of the Government order (Rt.) No. 1828/97/AD dated 01.11.1997, the Corporation has paid ₹ 25 Lakhs to the Kerala State Coconut Development Corporation Limited during 1997-98. Interest for the current year at the agreed rate of 12% per annum amounts to ₹ 3 Lakhs. (Previous year Rs.3 Lakhs). The K.S.C.D.C. has closed down its operation since April 1998 and is under liquidation. It is expected to realize the amount on disposal of the immovable property of the Corporation. Hence no provision for loss or interest income is made in the accounts.

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

Particulars	Current Year ₹	Previous year ₹
BSNL	500.00	500.00
Cochin Port Trust	3,600.00	3,600.00
Water Authority	18,370.00	18,370.00
Civil Supplies Corporation	10,000.00	10,000.00
Post & Telegraph Department	41,317.00	41,317.00
KSEB and Others	42,25,210.00	31,58,539.80
Total	42,98,997.00	32,32,326.80

11. Inventories

Particulars	Current Year ₹	Previous year ₹
1. Stores and Spares at cost	4,36,83,254.07	3,50,22,065.29
2. Loose Tools	65,54,923.82	56,32,907.89
3. Agricultural and Other Equipments	8,03,092.87	7,43,675.88
4. Stock of Rubber & Rubber in Process	7,61,28,858.00	6,47,13,274.00
5. Stock of Rubber Wood	24,56,294.00	32,38,462.00
6. Stock of Cashew Nuts	12,86,846.00	9,74,050.00
7. Closing Stock - Others	12,94,178.00	7,94,346.00
8. Nurseries :		
Budwood - Rubber	8,77,438.74	15,94,748.07
Polybag - Rubber	75,94,116.83	50,58,914.11
Seedlings - Rubber	47,93,194.41	38,63,942.32
Oil Palm Nursery	2,91,604.00	2,91,604.00
Cashew Nursery	12,41,602.36	12,95,768.06
Other Nurseries	1,09,282.28	27,423.28
Total	14,71,14,685.38	12,32,51,180.90

12. Trade receivables

Particulars	Current Year ₹	Previous year ₹
Sundry Debtors (Unsecured considered good) Exceeding six months	5,96,217.70	5,96,217.70
Others	22,21,473.41	1,00,25,002.41
	28,17,691.11	1,06,21,220.11
Less: Provision for doubtful Debts	(13,87,786.91)	(13,87,786.91)
Total	14,29,904.20	92,33,433.20

Sundry Debtors include ₹ 27,85,291.11 (Previous year Rs. 57,93,209.11) from companies owned by the Government of Kerala and Government of India details of which are as under:

Oil Palm India Ltd, Kottayam	: ₹	21,89,073.41
State Farming Corporation of Kerala Ltd, Punalur	: ₹	5,22,127.70
Handicraft Development Corporation	: ₹	74,090.00
Total	: ₹	27,85,291.11

Regarding the other sundry debtors, follow up action is being taken for realization.

13. Cash and cash equivalents

Particulars	Current Year ₹	Previous year ₹
Bank Balances:		
1) With Scheduled Banks in Current Accounts	93,62,475.21	1,30,62,161.71
2) With Treasury S.B. A/c.	6,955.00	2,706.00
3) With Scheduled Banks in Fixed Deposits more than 12 months	82,05,00,000.00	-
4) With Scheduled Banks in Fixed Deposit Less than 12 months*	38,62,95,136.00	62,48,26,924.00
5) With Treasury S.B. A/c. in Fixed Deposits less than 12 months	33,97,80,992.00	59,63,84,199.00
6) Investment Deposit Scheme - Treasury	15,00,47,187.00	7,50,47,187.00
Total	1,70,59,92,745.21	1,30,93,23,177.71

*Out of the above fixed deposits amounting to ₹ 1,38,403.00 with Canara Bank is kept as bank guarantee.

14. Short Term Loans and Advances

Particulars	Current Year ₹	Previous year ₹
a) Advances recoverable in cash or kind for value to be received.*	4,20,82,081.56	2,88,26,960.01
b) Advance payment of taxes:		
1) Sales Tax	1,38,04,873.18	1,29,19,683.18
2) Agricultural Income Tax	34,27,82,658.00	23,02,82,658.00
3) Central Income Tax	20,50,40,938.00	9,66,33,584.00
c) Tax refund due :		
1) Income tax	1,09,77,333.00	1,06,96,188.00
2) Agricultural Income Tax	50,82,748.18	50,82,748.18
3) Plantation Tax	6,91,167.79	6,45,330.29
d) Deposit with supplier	55,387.25	45,187.25
Total	62,05,17,186.96	38,51,32,338.91

*Include capital advances for contract works amounting to ₹ 1,73,89,758.75 (P.Y. ₹ 95,33,887.75)

15. Other Current Assets

Particulars	Current Year ₹	Previous year ₹
Interest Receivable on Fixed Deposits	5,86,62,366.87	4,44,69,385.78
Total	5,86,62,366.87	4,44,69,385.78

16. Revenue from operations

Particulars	Current Year ₹	Previous year ₹
Rubber	1,12,38,55,851.93	1,06,41,26,202.43
Cashew	3,97,53,418.20	2,97,24,882.20
Oil Palm	3,35,76,410.00	2,55,51,182.00
Agriculture Produce	73,40,775.59	64,33,415.19
Trees and Firewood	9,14,62,813.96	8,74,89,965.00
Processed Rubber wood	25,42,074.00	65,22,144.00
Income from Plantation Valley	49,85,270.00	37,68,489.00
Tender Forms	8,60,062.86	4,60,762.66
Empties and Unserviceables	6,60,457.00	1,78,241.00
Total	1,30,50,37,133.54	1,22,42,55,283.48

17. Other Income

Particulars	Current Year ₹	Previous year ₹
Rent of Building	1,73,874.00	1,76,157.00
Profit on sale of Assets	3,70,061.21	11,24,406.11
Dividend from Long Term Investments	7,50,000.00	8,50,000.00
Miscellaneous Income	55,69,260.62	1,50,35,255.64
Slaughter Tapping	1,37,96,474.52	1,63,49,897.34
Interest Income	13,63,31,790.25	8,39,21,301.22
Total	15,69,91,460.60	11,74,57,017.31

18. Prior Period Income

Particulars	Current Year ₹	Previous year ₹
FBT Due	2,28,648.00	-
CIT refund	33,800.00	-
Interest received on FBT	39,004.00	-
Interest short accounted for 2008-09 and 2010-11 now accounted	18,55,791.00	-
Liability reversed*	57,14,070.00	-
Income from sale of cashew not accounted in the previous year now accounted	21,34,948.80	-
Interest recoverable on contract	54,810.00	-
Excess gratuity provision released	1,32,808.00	23,39,23,237.00
Total	1,01,93,879.80	23,39,23,237.00

*This amount was provided as PF liability for the pay revision, which is due on 1.4.2006. The amount was omitted to be reversed in the immediately succeeding year when the payment was made. The amount is now accounted as prior period income.

19. Cost of materials consumed

Particulars	Current Year ₹	Previous year ₹
Manufacturing Expenses	4,91,81,167.59	3,55,11,381.43
Tapping & Collection - Rubber	13,84,38,599.20	11,58,30,670.59
Collection Charges - Cashew	10,40,896.00	3,24,525.00
Harvesting Expenses - Oil Palm	31,28,217.00	29,31,111.00
Cultivation & Upkeep - Rubber	3,25,94,059.14	3,76,21,522.81
Cultivation & Upkeep - Cashew	1,84,33,911.30	1,66,69,808.28
Cultivation & Upkeep - Oil Palm	37,90,166.00	35,48,038.00
Cultivation & Upkeep - Other Crops	5,01,011.00	6,18,134.00
Electricity Charges	63,09,169.00	54,06,845.00
Total	25,34,17,196.23	21,84,62,036.11

20. Changes in inventory

Particulars	Current Year ₹	Previous year ₹
Opening Stock - Rubber and Agrl. Products	6,97,20,132.00	5,46,99,889.00
Less: Closing Stock		
Rubber	7,61,28,858.00	6,47,13,274.00
Cashew	12,86,846.00	9,74,050.00
Other Agricultural Produces	12,94,178.00	7,94,346.00
Treated Rubber Wood	24,56,294.00	32,38,462.00
Total	-1,14,46,044.00	-1,50,20,243.00

21. Employee benefit expense

Particulars	Current Year ₹	Previous year ₹
Salaries & Allowances	12,19,59,202.53	9,27,91,858.60
Salaries & Allowances to MD	9,52,945.00	1,76,439.00
Honorarium to Chairman	36,129.00	1,20,000.00
TA & Sitting Fee to Directors	1,22,339.00	5,38,203.00
Leave Encashment	2,65,13,951.00	1,23,35,517.50
Employer's Contribution - PF	3,53,22,026.00	3,48,58,320.00
TA to Staff & Officers	19,35,278.20	21,68,567.95
L I C - Group Gratuity Premium	8,54,477.00	5,00,000.00
Bonus & Production Incentive	6,34,66,259.00	4,06,11,776.00
Welfare Expenses	4,76,38,953.47	3,50,33,105.29
Provision for Gratuity	15,92,84,967.00	0.00
Total	45,80,86,527.20	21,91,33,787.34

22. Administrative and other expense

Particulars	Current Year ₹	Previous year ₹
Rep. & Maintenance of Assets	3,73,08,481.87	2,93,63,017.63
Insurance Charges	51,93,673.00	46,36,324.00
Selling Expenses	1,04,782.00	1,25,615.00
Rent	4,90,003.00	3,47,957.00
Advertisement Charges	45,29,915.00	37,92,875.10
Rates & Taxes	39,50,638.26	30,31,252.69
Legal Expenses	18,95,996.00	17,88,799.00
Security Expenses	73,84,588.18	50,20,335.86
Professional Fees	7,64,039.00	8,24,260.00
Miscellaneous Expenses	84,12,447.54	75,22,491.27
Electricity Charges	1,75,53,824.99	1,64,69,411.00
Lease Rent	1,69,58,076.74	1,71,27,832.79
Bank Charges	1,05,792.89	1,10,160.75
Total	10,46,52,258.47	9,01,60,332.09

23. Prior period expense

Particulars	Current Year ₹	Previous year ₹
Difference in stock valuation		17,75,331.00
Stores control account	9,06,307.00	-
Agency commission - HO	-	14,483.00
Plantation Tax	-	17,430.00
Sundry Creditors		
(Chandanapally – Slaughter tapping)	22,68,585.00	-
Chandanappally Estate- Building Tax	-	55,952.00
Mannarghat Estate- Professional Tax Employees	-	11,250.00
TSR Factory Contribution to PF	-	26,898.00
Security deposit	2,38,836.00	-
Awards and incentives	53,220.00	-
Advertisement charges - factory	3,28,548.00	-
Salary -KGL factory	1,487.00	-
Total	37,96,983.00	19,01,344.00

24. Disclosure as per AS 29

Disclosure for each class of provision

Particulars	Gratuity ₹	Bonus ₹	Leave Encashment ₹
Opening Balance	10,46,94,047	3,05,00,000	1,24,59,833
Additions during the year	15,92,84,967	4,75,00,000	2,65,13,951
Utilization during the period	13,31,51,710	3,05,00,000	73,73,784
Unused amount written back	0	0	0
Closing balance	13,08,27,304	4,75,00,000	3,16,00,000

25. Disclosure as per AS 15

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

Defined Benefit Plan

Particulars	Gratuity		Leave Encashment*
	As on 31st March 2012 ₹	As on 31st March 2011 ₹	As on 31st March 2012 ₹
Valuation method - Projected unit credit method			
1. Assumptions			
Mortality	LIC -1994 -96 Ultimate		
Discount rate	0.08	0.08	0.08
Withdrawal rate (depending on age)	1% - 3%	1% - 3%	1% - 2%
Salary Escalation	0.15	0.10	0.15
2. Valuations			
Present value of past service benefit	43,95,19,851	31,64,45,094	-
Current Service cost	2,76,23,844	1,84,78,140	73,00,000
Total Service gratuity	52,22,64,437	50,22,40,418	-
Accrued gratuity	28,83,72,540	28,64,91,368	-
3. Contribution			
Fund value as on renewal date	33,70,03,092	21,17,51,047	-
Amount payable	13,08,27,304	10,46,94,047	3,16,00,000

*Actuarial valuation for leave encashment was made from the year 2011-12; hence the respective previous year figures are not available.

26. Segment reporting as per AS 17

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

₹ in Lakhs

Particulars	Agriculture Business		Plantation Valley		Rubber Wood Factory		Total	
	Curr.Yr.	Prev.Yr.	Curr.Yr.	Prev.Yr.	Curr.Yr.	Prev.Yr.	Curr.Yr.	Prev.Yr.
Segment Revenue	14,079.11	13,159.59	49.85	37.68	33.02	80.83	14,161.98	13,278.10
Segment Results	6,110.34	10,884.81	3.02	7.78	(16.07)	15.37	6,097.29	10,907.96
Dividend & Interest Income							1,370.82	836.22
Unallocated H.O Expenses							1,046.52	1,307.87
Extraordinary Items							2,704.25	500.00
Current Tax							2,004.52	2,347.30
Net Profit / (Loss)							1,712.82	7,589.01
Other Information								
Tangible Assets	6,796.61	5,890.82	123.10	130.97	6.28	7.52	6,925.99	6,029.31
Depreciation	173.19	150.94	7.97	8.65	1.08	1.15	182.24	160.74
Other Assets	25,937.65	19,603.53	2.71	2.88	6.38	6.33	25,946.74	19,612.74
Liabilities	14,499.06	9,016.92	2.01	1.32	3.88	3.81	14,504.95	9,022.04
Write Off	24.90	5.22	-	-	-	-	24.90	5.22

27. Deferred tax assets and liabilities

Even though the Corporation has achieved a net profit of ₹ 37.17 Crores (PY ₹ 99.36 Crores) during the current year, the Corporation has not recognized the corresponding deferred tax liability/ deferred tax assets, because the DTA relating to the accumulated loss of the previous years was not recognized during the earlier period as the assessment for AIT from 1976-77 are not yet completed. Depreciation as per IT Act has been taken only for Rubber Estates and Factories as only the Cenex Profit comes under the purview of Income Tax.

28. Extraordinary items

The Government of Kerala vide order no. GO (MS) 147/12/H &FW dated 26.05.2012 has directed the Corporation to pay compensation to endosulphan victims as recommended by the National Human Rights Commission. The total amount computed as per a further letter no 50073/GI/2010/H&FW dated 31.05.2012 is ₹ 87.26 crores. As first installment, an amount of ₹ 27.04 crores was

remitted to the Government on 4.06.2012. The liability for an amount of ₹ 27.04 crores is recognized as on 31.03.2012. The Corporation have made representation to the Government for refund of the amount already paid via a Govt. grant and to exempt the Corporation from further payment of amount as mentioned in the letter. Therefore, the Corporation has not made any provision for the balance amount of ₹ 60.22 crores on the belief that the Corporation would be fully exempted from any further payment on the issue.

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

Particulars	Current Year ₹	Previous year ₹
(a) Net Profit after tax but before considering Extra ordinary items (₹ in Lakhs)	4,417.07	8,089.01
(b) Extra ordinary item- Compensation towards endosulphan Victims (₹ in Lakhs)	2,704.25	500.00
(c) Profit attributable to equity shareholders (₹ in Lakhs)	1,712.82	7,589.00
(d) Weighted average number of Equity shares	55,688.00	55,688.00
(e) Basic/ Diluted EPS (a)/(d)	7,931.82	14,525.58
(f) Basic/ Diluted EPS (c)/(d)	3,075.75	13,627.72
(g) Face Value of Equity share	1,000.00	1,000.00

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

Particulars	Expense	Income
Sundry creditors (slaughter tapping – Chandanapally)	22,68,585.00	-
Stores control account	9,06,307.00	-
CIT refund	-	33,800.00
FBT Due	-	2,28,648.00
Interest short accounted for 2008-09 and 2010-11 now accounted	-	18,55,791.00
Interest received on FBT	-	39,004.00
Liability reversed	-	57,14,070.00
Salary -KGL factory	1,487.00	-
Advertisement charges - factory	3,28,548.00	-
Advance against sales	-	21,34,948.80
Sales of cashew	-	54,810.00
Security deposit	2,38,836.00	-
Awards and incentives	53,220.00	-
Interest recoverable on contract	-	1,32,808.00
Total	37,96,983.00	1,01,93,879.80

31. Related party disclosure**Remuneration to Key Managerial Personnel**

Related Party : Managing Director.

	Current Year ₹	Previous Year ₹
Name of Related Party	Sri K. Subair Khan	Sri K. Subair Khan
Period of Service	April 2011- March 2012	December 2010- March 2011
Rendering of Services	9,52,945.00	1,76,439.00

The Managing Director is also provided with a rent free furnished residential accommodation by taking a flat on rent by the Corporation. The perquisite enjoyed in this regard during the year is ₹ 90,000/- (P.Y ₹ 22,500/-)

32. Managerial remuneration

Particulars	Current Year ₹	Previous year ₹
TA & Sitting fee to Directors	1,22,339.00	5,38,203.00
Honorarium to Chairman	36,129.00	1,20,000.00

33. Auditor's remuneration

Particulars	Current Year ₹	Previous year ₹
Statutory Auditor's fee	1,10,300.00	1,10,300.00
Expenses to Statutory Auditors	11,030.00	11,030.00
Internal Auditor's Fee	3,19,870.00	3,19,870.00
Tax Audit fee	44,120.00	44,120.00
Total	4,85,320.00	4,85,320.00

34. Additional information as per Schedule VI of the Companies Act**a) Value of goods consumed during the year**

Particulars	Current Year ₹		Previous year ₹	
a) CIF Value of Imports - Capital Goods	40,30,113 (15,216 GBP & 44,000 Euro)		Nil	
b) Value of raw materials, stores, spares and components during the year.	Value (₹ lakhs)	Consumption	Value (₹ lakhs)	Consumption
i). Imported value	Nil	Nil	Nil	Nil
ii). Indigenous (Stores & spares)	636.69	100%	592.29	100%

- b) Total wages paid during the year to tappers, field worker and factory workers are ₹ 1870.47 lakhs (P. Y: ₹ 1462.39 lakhs)
- c) Total Sales commission paid during the year to selling agents is ₹ 66.61 lakhs (P.Y: ₹ 43.75 lakhs)
- d) Manufacturing expense include cost of packing drums worth ₹ 1,17,73,851 (P.Y: ₹ 1,13,86,690).
- e) Sales

Particulars	Current Year ₹		Previous year ₹	
	Quantity (M.Ts.)	Value (Rs. Lakhs)	Quantity (M.Ts.)	Value (Rs. Lakhs)
Sale of goods (As classified in the sales register)				
Rubber	5,421.02	11,238.56	5,625.52	1,06,41.26
Cashew	NA	399.20	NA	297.25
Oil palm	5,569.77	335.76	5,399.00	2,55.51
Treated Rubber Wood	5,090.76cft	25.42	13,916.96 cft	65.22

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

35. Taxation Matters

A) Central Income Tax

The assessment order of Central Income tax has received up to the Assessment Year 2009-10. For the current year ₹ 10 Crores is provided for Central Income Tax. The following is the list of central income tax cases pending at various forums. No additional provision has been made for these cases as all are pending litigation and the Corporation is pursuing cases for favorable orders.

Name of the statute	Nature of the dues	Amount (₹ Lakh)	Period to which the amount relates	The forum where dispute is pending
Income Tax Act, 1961	Central Income Tax	4.01	1987-88	Hon. High Court order 1961 pending for modification.
		1.19	1989-90	CIT (A) order pending for modification.
		1.16	1990-91	CIT (A) order pending for modification.
		16.87	2003-04	CIT (Appeals)
		12.25	2004-05	CIT (Appeals)

B) Agricultural Income Tax

The assessment order of Agricultural Income Tax has received up to Assessment Year 2009-10. For the current year ₹ 10 Crores is provided for Agricultural Income Tax. The following is the list of agricultural income tax cases pending at various forums. No additional provision has been made for these cases as all are pending litigations and the Corporation is pursuing cases for favourable orders.

Name of the statute	Nature of the dues	Amount (₹ Lakh)	Period to which the amount relates	The forum where dispute is pending
Agricultural Income Tax Act, 1991	Agricultural Income Tax	39.93	1976-77	Tribunal Order pending for modification.
		8.96	1977-78	“ “
		81.64	1978-79	“ “
		84.85	1979-80	“ “
		137.54	1980-81	“ “
		131.29	1981-82	“ “
		55.63	1982-83	“ “
		169.06	1983-84	“ “
		158.41	1984-85	“ “
		187.50	1985-86	“ “
		38.09	1986-87	“ “
		131.35	1987-88	“ “
		214.11	1988-89	“ “
		62.86	1989-90	“ “
		144.21	1990-91	“ “
		124.10	1994-95	“ “
		200.99	1995-96	“ “
		36.79	2003-04	DC(Appeals)
		65.40	2004-05	DC(Appeals)
		70.79	2005-06	DC(Appeals)
		11.37	2008-09	DC(Appeals)

C) Sales Tax (KGST/KVAT/CST)

KGST assessments and CST assessments are completed only up-to 2009-10 except for the year 2008-09. No provision has been made on the additional demand since the assessment orders are under appeal. A demand of ₹ 2,97,94,209/- has been raised against the Corporation in respect of KGST assessment and ₹ 68,69,645 has been raised in respect of CST assessment for 1998-99 to 2004-05. In the Financial Year 2009-10 Rs 4 Crores has been provided for the same. A further demand for ₹ 14.96 lakhs, ₹ 3.86 lakhs and ₹ 23.23 lakhs was raised for the years 2005-06, 2006-07 and 2009-10 respectively and the matter is under appeal. Since there is, enough provision in the accounts, no further provision is created for these demands. Follow up action is being taken in all cases. The details are furnished below.

Name of the statute	Nature of the dues	Amount (Rs. Lakh)	Period to which the amount relates	The forum where dispute is pending
Kerala General Sales Tax Act, 1963	Tax demanded in appeal.	74.71	2001-02	Tribunal order pending for modification
" "	" "	158.89	2002-03	Remanded to DC(A)
" "	" "	8.79	2003-04	Tribunal order pending for modification
" "	" "	55.55	2004-05	" "
KVAT Act, 2003	" "	23.23	2009-10	DC(Appeals)
CST Act, 1956	" "	27.15	2002-03	Tribunal order pending for modification
CST Act, 1956	" "	35.06	2003-04	" "
CST Act, 1956	" "	6.49	2004-05	" "
CST Act, 1956	" "	14.96	2005-06	DC(Appeals)
CST Act, 1956	" "	3.86	2006-07	DC(Appeals)

D) Plantation Tax

The Plantation Tax Assessments up to 2007-08 has been completed. On the basis of the latest Assessment Order No.B5-5072/81 dated 21-02-2012, necessary adjustments and payments have been made during the current year. The Net refundable Plantation Tax after the above adjustments amounts to ₹ 6, 91,167.79. (Previous year tax refundable was ₹ 6, 45,330.29).

36. PF and Other charges

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

37. Contingent liability

- Estimated amount of contractors for which the Corporation is contingently liable on Capital Account is ₹ 1.5 crores (P.Y ₹ 75 lakhs)
- 113 cases (Previous year 150 cases) are pending against the Corporation for which amounts are not ascertainable, as claims of the parties have not been finalized. As such they are not acknowledged as creditors and have not been provided for.
- Lease rent – As per Note 38.

38. Lease Rent

The rate of lease rent as per G.O. (MS) No. 11/89 dated 20/01/1989 is ₹ 1,300/- per Ha., payable to Forest Department with effect from 18-12-1987. In view of the repeated representations made by the Corporation, the Government has ordered (vide letter L32/62939/95 dated 22-02-1997) to accept remittance from the Corporation at ₹ 475/- per hectare per annum w.e.f. 01.01.1981 on a purely provisional basis. Corporation is providing in its books of accounts lease rent at ₹ 1,300/- per Ha. And payment was made at ₹ 475/- per Ha. till 1998-99. Payment of ₹ 475/- per Ha from 1999-2000 onwards has not been made due to paucity of funds. The Forest Department has claimed penal interest of ₹ 848.19 Lakhs for not remitting lease rent at the increased rate. The lease rent claimed by the Government is against the relevant provisions of the lease deed. Since the rate of lease rent remaining to be settled is appealable, the question of penal interest does not arise at present. As such this has not been provided since the final decision has not been taken by the Government. The Government also vide G.O.(MS) No. 21/2003/AD dated 27-01-2003 has deferred the payment of lease rent by the Corporation till completion of repayment of the entire loan and interest availed by the Corporation from Canara Bank. There has been a decision to fix the lease rent payable by the Corporation up to the end of 1991 at ₹ 475/- per Ha. No adjustment has been made in the accounts in respect of excess provision, if any, up to the end of 1991 as the final decision is pending with the Government. As per G.O. (MS) No. 128/U8/AD dated 07/08/2008 the Government has directed to remit ₹ 7 Crores as lease rent and the Corporation has remitted ₹ 5 Crore in the Financial Year 2009-10 and the balance ₹ 2 Crores during the year 2010-11. The issue was again discussed at a high level meeting of Minister concerned on 19.03.2012.

39. Oil Palm India Ltd.

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

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

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

With the loan amount, the Corporation has invested in shares worth ₹ 121.20 Lakhs in Oil Palm India Ltd. For the termination of subsidiary status of Oil Palm Ltd., as per Government orders referred above, the Govt. has fixed the intrinsic value of each share worth ₹ 1,000/- at ₹ 512/- per share [GO (MS) No. 294/85/AD dated 04.11.1985].

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

The balance amount of ₹ 32,16,222/- outstanding in the books of the Corporation towards the loan was transferred to Capital Reserve Account during financial year 1996-97.

During 1999-2000, the Corporation was directed to repay an amount of ₹ 62,75,140/- [Principal: ₹ 32,61,222/-, interest: ₹ 28,67,382/- and penal interest: ₹ 1,46,536/-] vide GO (MS) No. 238/99/AD dated 19.08.1999 and letter No. L II (I) 5099/84 dated 24.11.1999 from the Director of Agriculture. The Govt. of Kerala vide GO (MS) No.34/2002/AD dated 15.03.2002 has ordered that the amount of ₹ 62, 75,140/- be converted in to Share capital and has directed the Managing Director to issue Share Certificate for the said amount to the Government. However, no provision is made in the accounts for the same as the matter is still under correspondence with Government.

40. Dividend

Rs.27,84,400/- is provided for proposed dividend for the financial year 2011-12 and dividend distribution tax @ 16.2225% is also provided.

41. Regrouping

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

For and on behalf of Board of Directors

As per report of Even date.

Sd/-
Dr. Varughese George
Chairman

Sd/-
K. Subairkhan
Managing Director

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

Sd/-
Harish K.
Company Secretary i/c

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

Kottayam
03.08.2012



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

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

31 मार्च 2012 को समाप्त वर्ष के लिए दि प्लान्टेशन कॉरपोरेशन ऑफ केरला लिमिटेड
कोट्टयम के लेखाओं पर कम्पनी अधिनियम 1956 की धारा 619(4) के अधीन
भारत के नियंत्रक महालेखापरीक्षक की टिप्पणियाँ

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS
OF THE PLANTATION CORPORATION OF KERALA LIMITED, KOTTAYAM FOR
THE YEAR ENDED 31 MARCH 2012.**

The preparation of financial statements of **The Plantation Corporation of Kerala Limited, Kottayam** for the year ended **31 March 2012** in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619 (2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the Auditing and Assurance Standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 03 August 2012.

I, on behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under section 619 (3) (b) of the Companies Act, 1956 of the financial statements of **The Plantation Corporation of Kerala Limited, Kottayam** for the year ended **31 March 2012**. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and Company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under section 619 (4) of the Companies Act, 1956.

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

डॉ बिजु जेकब

Dr. Biju Jacob

तिरुवनन्तपुरम

Thiruvananthapuram
Dated: 19.09.2012

महालेखाकार (आ. एवं रा. क्षे. ले.प.) केरल
ACCOUNTANT GENERAL (E & RSA) KERALA



GOVERNMENT OF KERALA

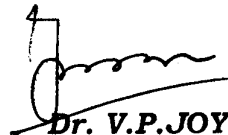
No.71104/PU-B1/2012/Fin

Finance (PU-B) Department.

**COMMENTS OF PRINCIPAL SECRETARY (FINANCE) ON THE ANNUAL
AUDITED ACCOUNTS OF PLANTATION CORPORATION OF KERALA LIMITED
FOR THE YEAR ENDED 2011-2012**

- 1), *The profit of the Corporation during the period under review has come down to ₹ 17.12 crore from ₹ 75.89 crore in 2010-11 which is alarming. This is mainly due to the surge in employee benefits and on account of doubling in prior period expenses. However, the profit is over stated to the tune of ₹ 5.23 lakh as the Company has not recognized impairment of development of property with respect to vanilla cultivation.*
- 2) *The profit of the Company has been overstated and liabilities understated on account of non-provision of ₹ 6021.75 lakh for Endosulfan victims.*
- 3) *Balance of items under other current liabilities, Trade Payables, Trade receivables, Long term loans and advances and short term loans and advances should be confirmed and duly reconciled.*

- 4) *Depreciation on development of property for various cultivations should be charged in the account.*
- 5) *Prescribed accounting standards should be maintained by the Company.*
- 6) *Steps should be taken to settle all the disputes regarding 'Central Income Tax, Agricultural Income Tax and Sales Tax'.*
- 7) *Company should strengthen the procedures of physical verification of inventory commensurate with the size of the Company and the nature of its business.*
- 8) *Company should settle the disputed liability on account of Provident Fund due to non-payment of wages/salary to workers and employees.*



Dr. V.P.JOY
PRINCIPAL SECRETARY (FINANCE)

Thiruvananthapuram.

06/09/2012.

**REPLY TO THE COMMENTS OF PRINCIPAL SECRETARY (FINANCE) ON
THE ANNUAL AUDITED ACCOUNTS OF
THE PLANTATION CORPORATION OF KERALA LTD.
FOR THE YEAR ENDED 31ST MARCH 2012**

1. The main reasons for such a big difference in profit between two years are,
 - a. The contribution to endosulphan victims paid of Rs.27.04 Crores charged to Profit & Loss account in the year 2011-12.
 - b. Excess contribution provided in the earlier years rectified and released, Rs.23.39 Crores was accounted as prior period income & that added to the profit for the year 2010-11.

Operating Profit	2011-12	2010-11
Revenue from operations	13,050.37	12,242.55
Other income	1,569.91	1,174.57
Operating profit	14,620.28	13,417.12
Operating expenses	2,567.5	2,197.56
Change in inventory	(114.46)	(150.20)
Administrative expense & depreciation.	5,809.62	3,253.68
Operating profit	6,357.62	8,116.08

Other points are noted.